



OZONE FUND III



The Urban Workforce Housing Solution

Riaz Capital is a Bay Area-based development and asset management company, focused on addressing the changing housing needs of the urban workforce

Artthaus Studios | 2020 | Adaptive Reuse | Riaz Capital Headquarters

FUND OVERVIEW

Ozone Fund III Stabilized Overview

~1,600

Total Residences

\$27M

Aggregate Annual NOI

3.2x

Target Investor Equity Multiple

11%

Target Average Cash on Cash

\$100M

Total Equity

~\$250K

Cost Per Residence

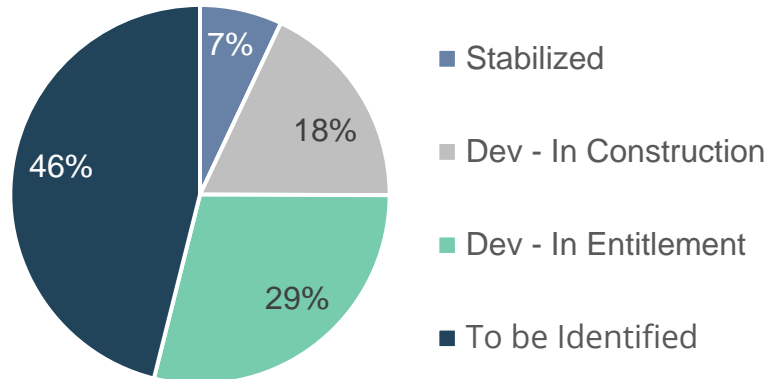
15%

Target Investor IRR

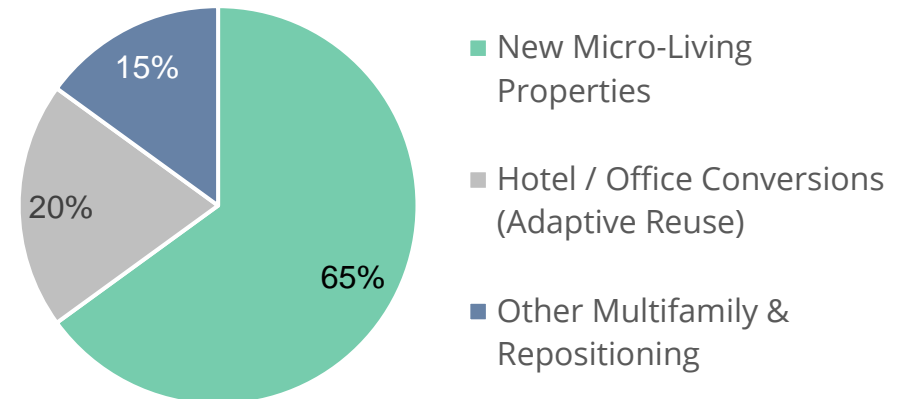
~\$110k

Average Annual Distribution per
\$1m invested

Status at YE 2022



Three Deployment Models



PORTFOLIO DEVELOPMENT STRATEGY

Multi-Asset Fund Avoids Single Point of Failure

Stabilized or In Construction



In Development



To Be Identified



People



~30

Real Estate Professionals



20+ Years

Bay Area
Development

Portfolio



~\$500M

Total Real Estate
Assets



3,000+

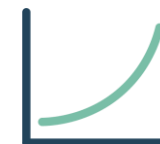
Units Under
Management &
Development



38

Buildings

Performance



36% IRR

Across 12 Exits Since
2010



~\$130M

Value Created in 10
Years

MICRO-LIVING: EVOLUTION BY EXPERIENCE

Our roots in luxury and workforce housing have led us to Micro-Living

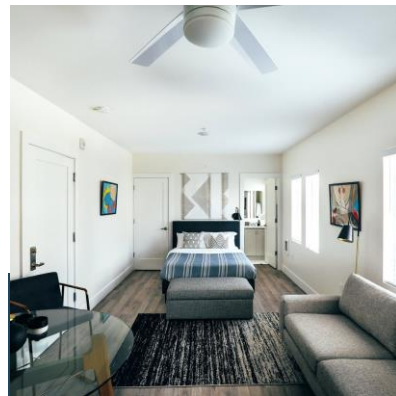


Luxury



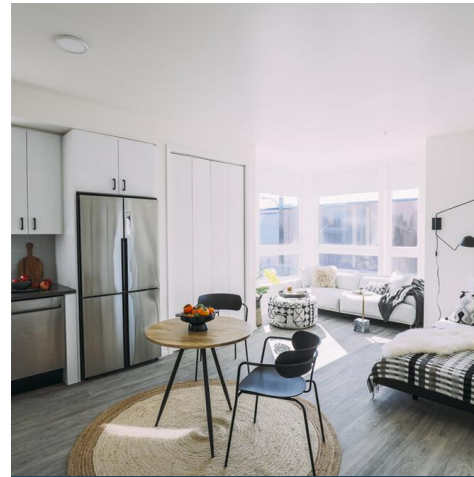
Mass Market

1999-2010



Micro Studios

2011-2018



Mass Luxury

2018-2020



Micro-Living

2020-

PORTFOLIO DEVELOPMENT EXPERIENCE

Variety of Implementation Models Provides Flexibility in Deployment



OUR INVESTMENT THESIS

By adhering to our principles, we consistently create value



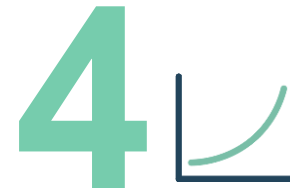
**CYCLE
RESISTANT**



**RESIDENT
EXPERIENCE**



**EFFICIENT
BUILDER**



**STRONG
CASH FLOW**



**ESG &
IMPACT**

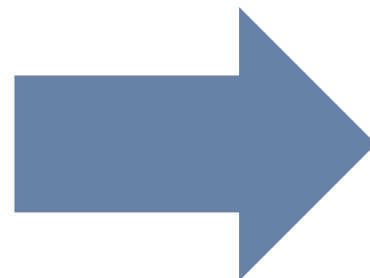
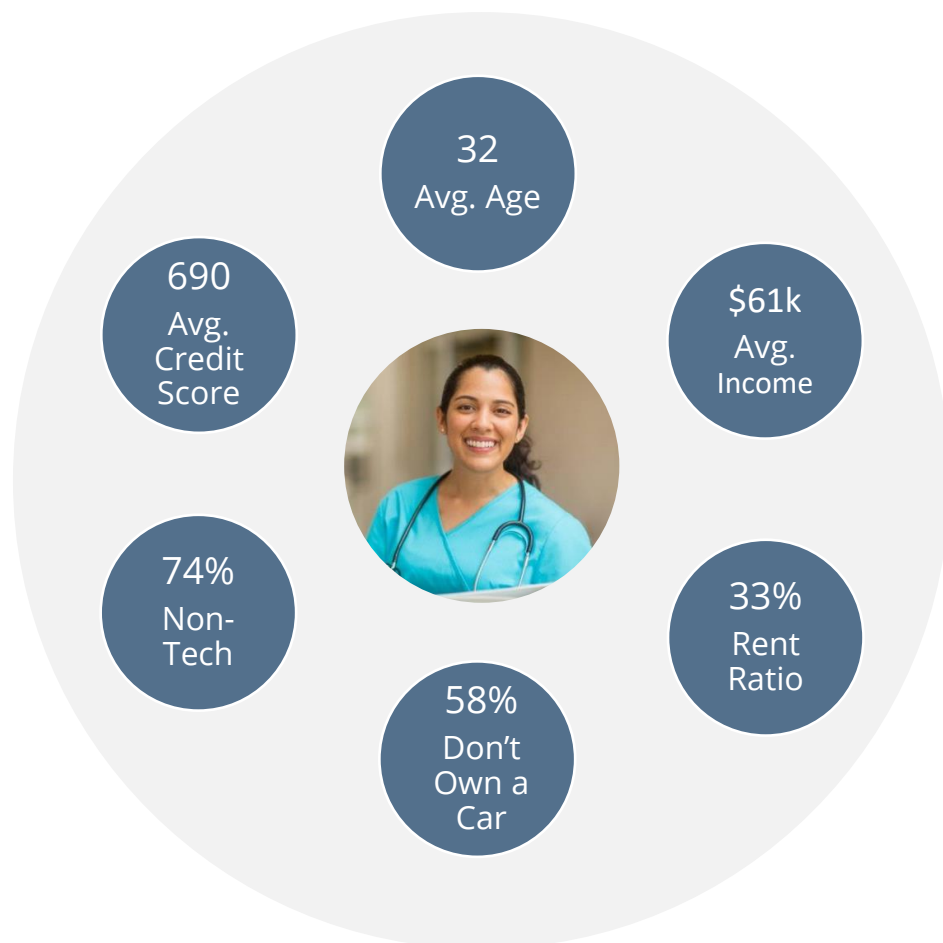
1 CYCLE RESISTANT



Rose on Bond | 2018 | Adaptive Reuse

STABLE CUSTOMER

Young, single workforce professionals making \$50,000 to \$120,000 per year



PREDICTABLE PERFORMANCE

Our customers are the most stable segment in housing, even during the pandemic



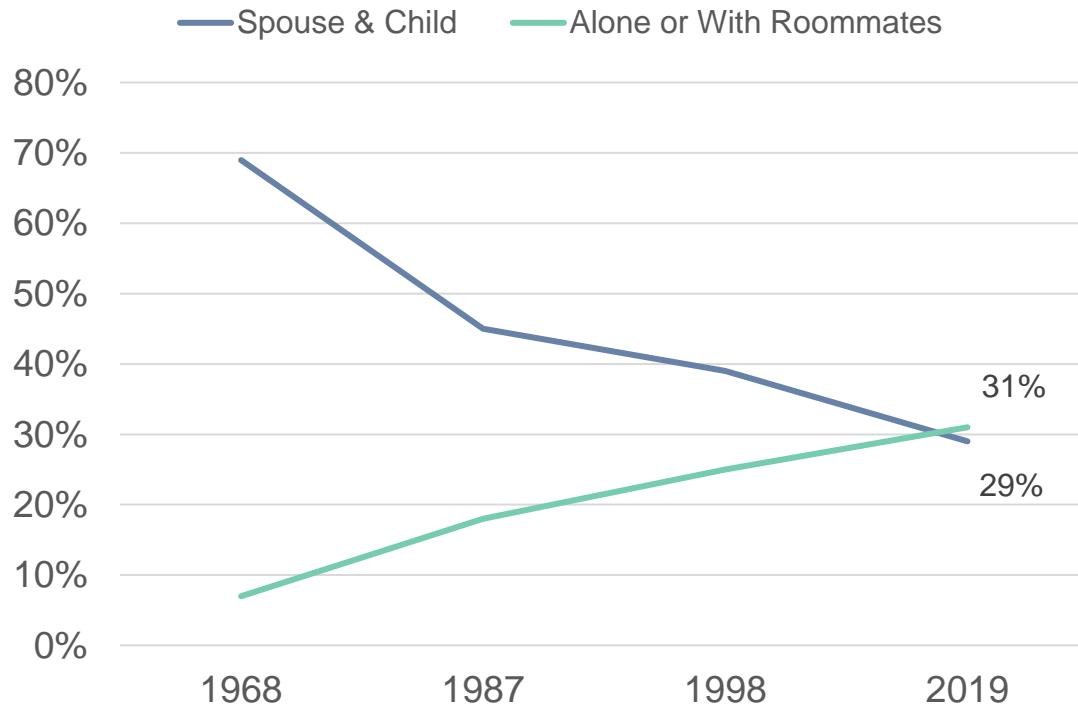
*Lease-up data from The Linden, 10/1/2020 opening

**April 2020-April 2021 across 1,500-unit operating portfolio

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FAMILY HOUSEHOLDS HAVE DROPPED: 69% TO 29%

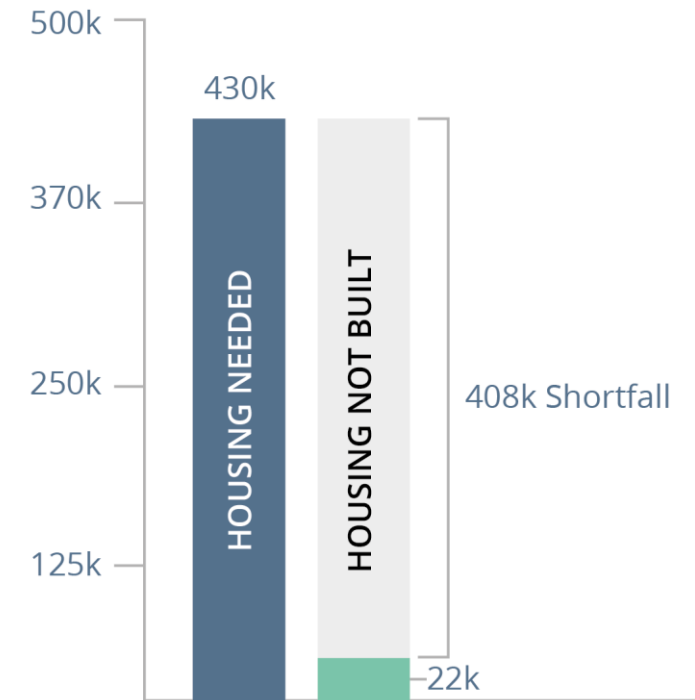
Household Arrangements of Americans (Age 23-38)



Source: [The Brookings Institution, December 2020](#)

HOUSING HAS NOT KEPT PACE

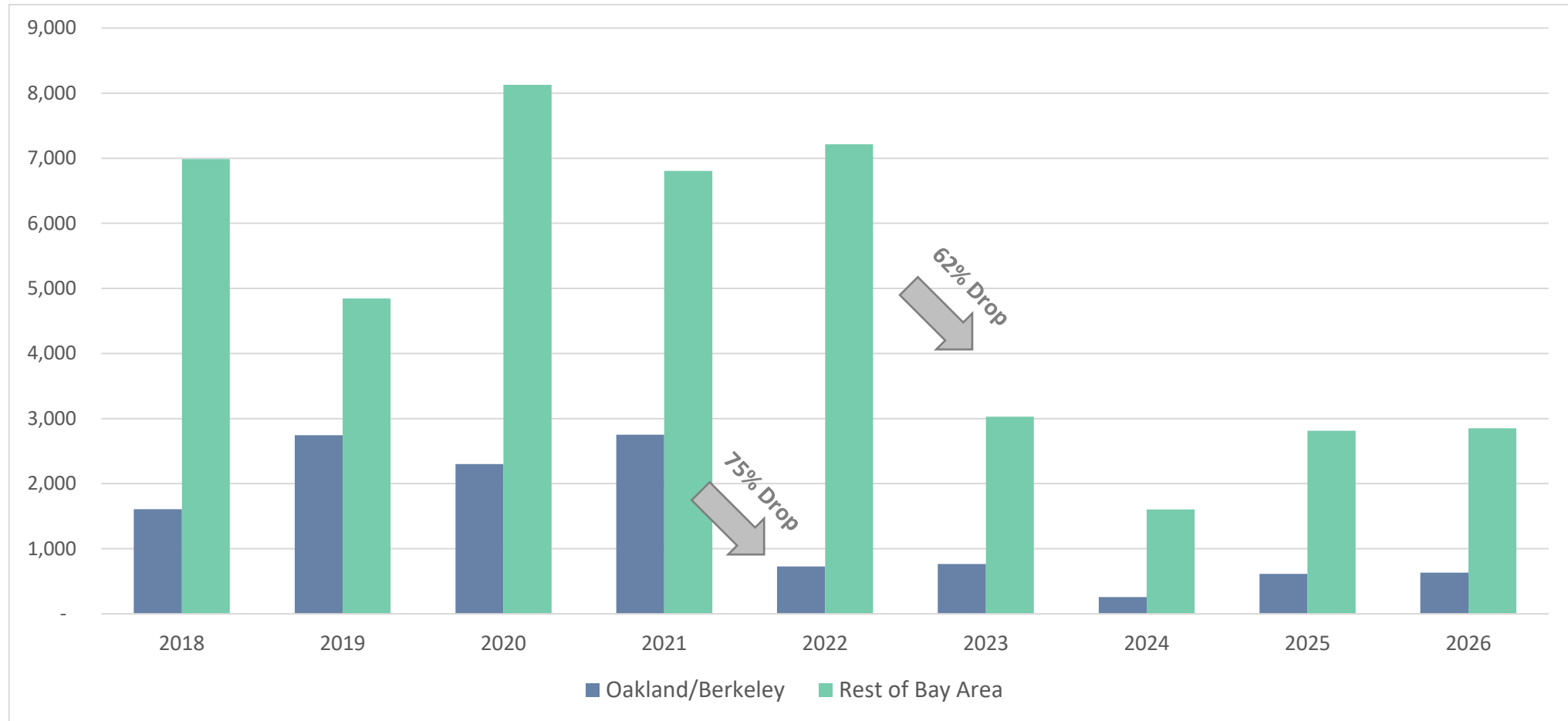
408,000 Unit Shortfall in the Bay Area



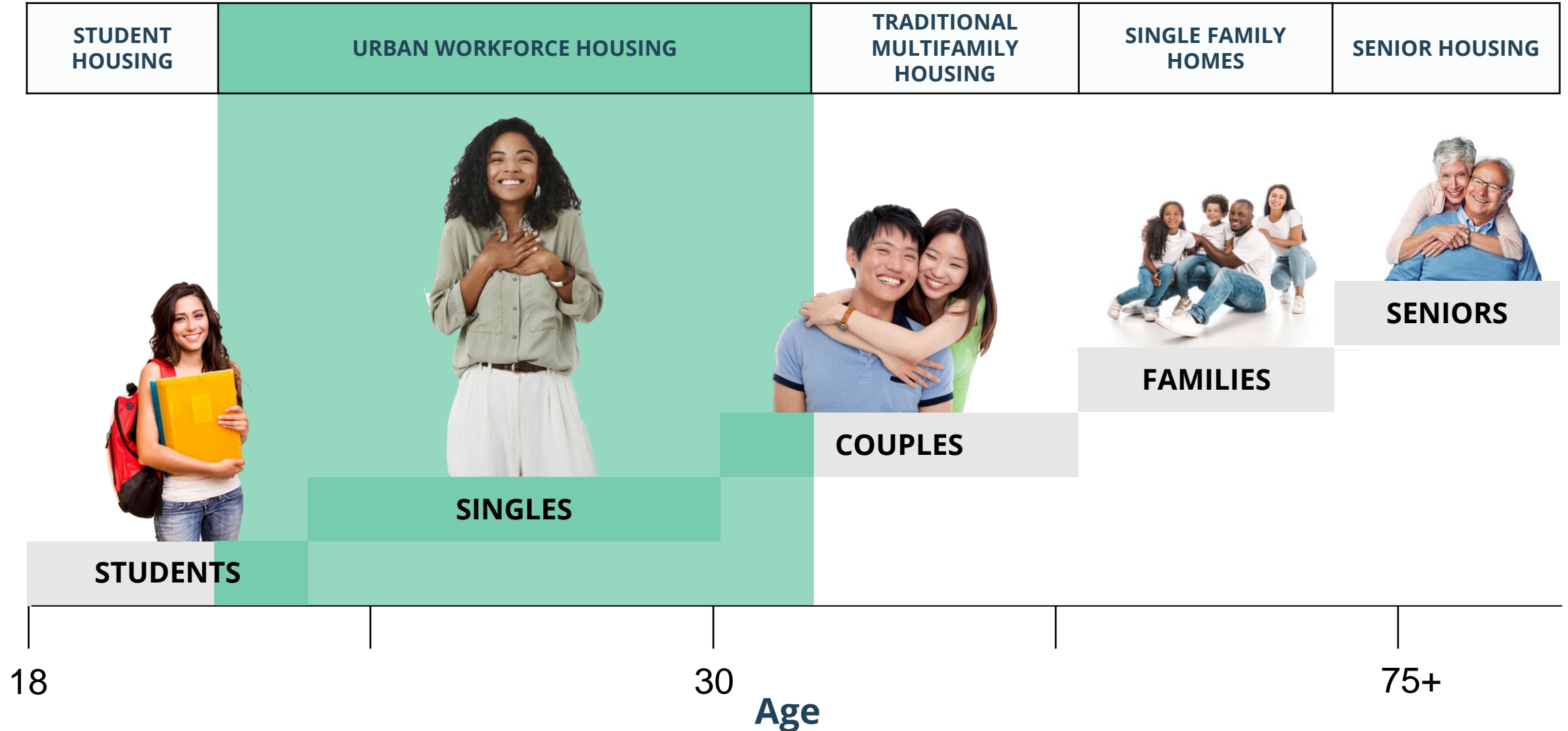
Source: [Next10, February 2019](#)

SIGNIFICANT DROP IN FORECASTED DELIVERIES

Oakland/Berkeley area is expected to see a 75% drop in unit deliveries

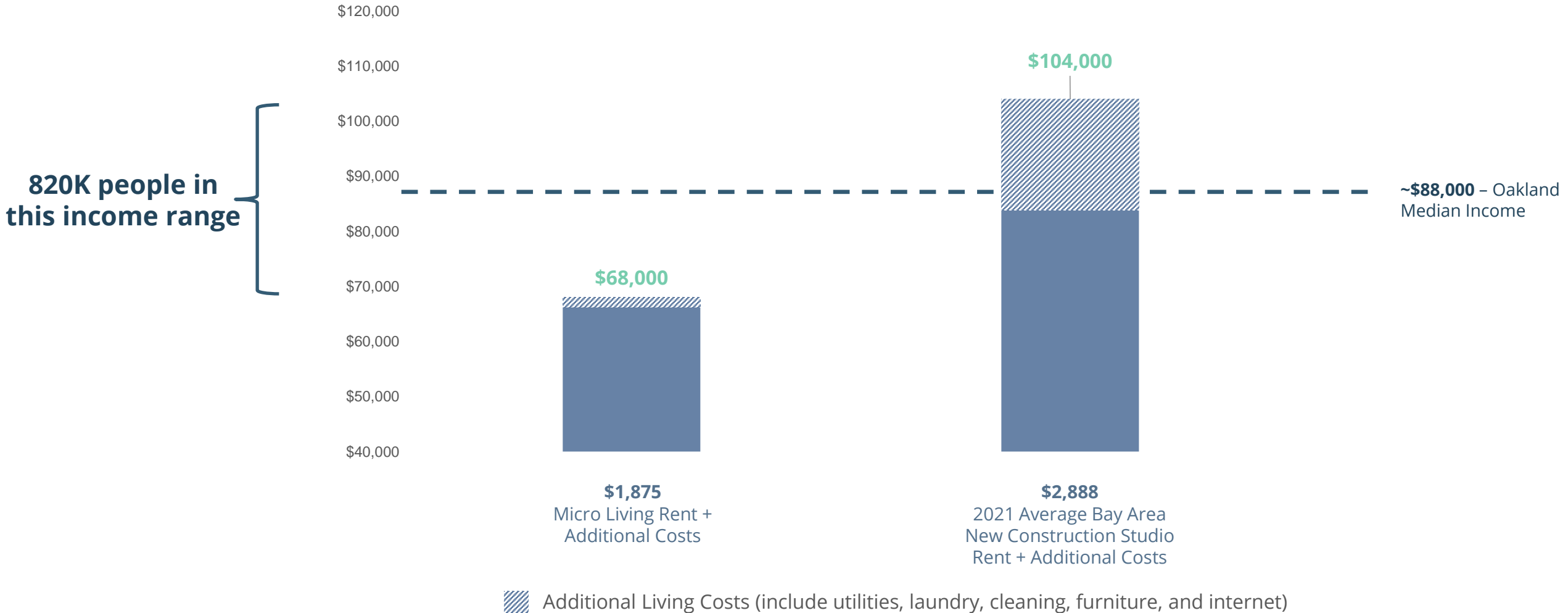


WE ARE BRIDGING THE OVERLOOKED GAP...



ADDITIONAL 820,000 QUALIFY FOR OUR MICRO-LIVING UNITS

820,000 more qualifying renters than market average based on all-in housing costs



2 RESIDENT EXPERIENCE



Hannah Park | 2020 | New Development

OUR SOLUTION

1. Functional Design
2. Premium Quality
3. Convenient Locations
4. Transit Accessible
5. Appropriate Amenities

Studios for people who otherwise could not afford them



Renters Have a Mental Checklist

"DOES IT MEET MY NEEDS?"

1. Comfortable bed ☒
2. Closet space ☒
3. Private bathroom ☒
4. Kitchenette ☒
5. Living Space ☒
6. Workspace ☒



325 Sq Ft



275 Sq Ft

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Micro-Living Midrise – Studio Layout

290sf – 325sf



Micro-Living Midrise – Studio Layout

290sf – 325sf



Micro-Living Midrise – Studio Layout

290sf – 325sf

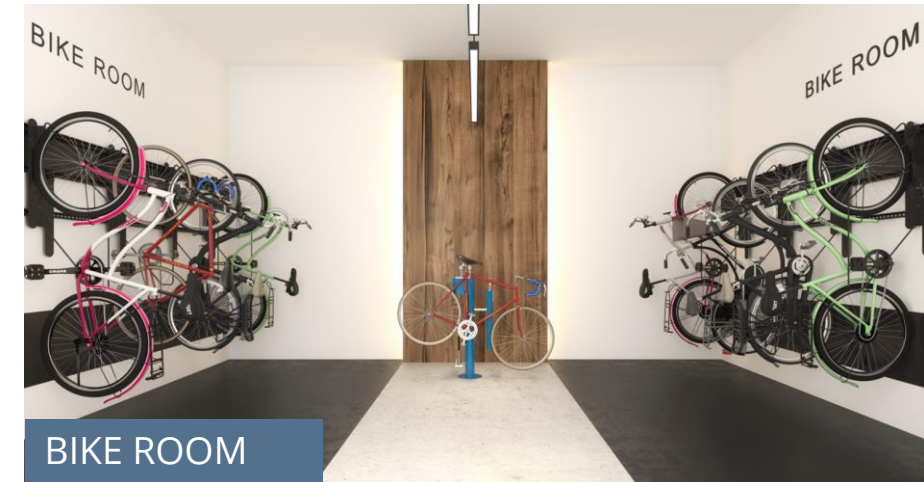


Micro-Living Midrise – Two Residence Layout

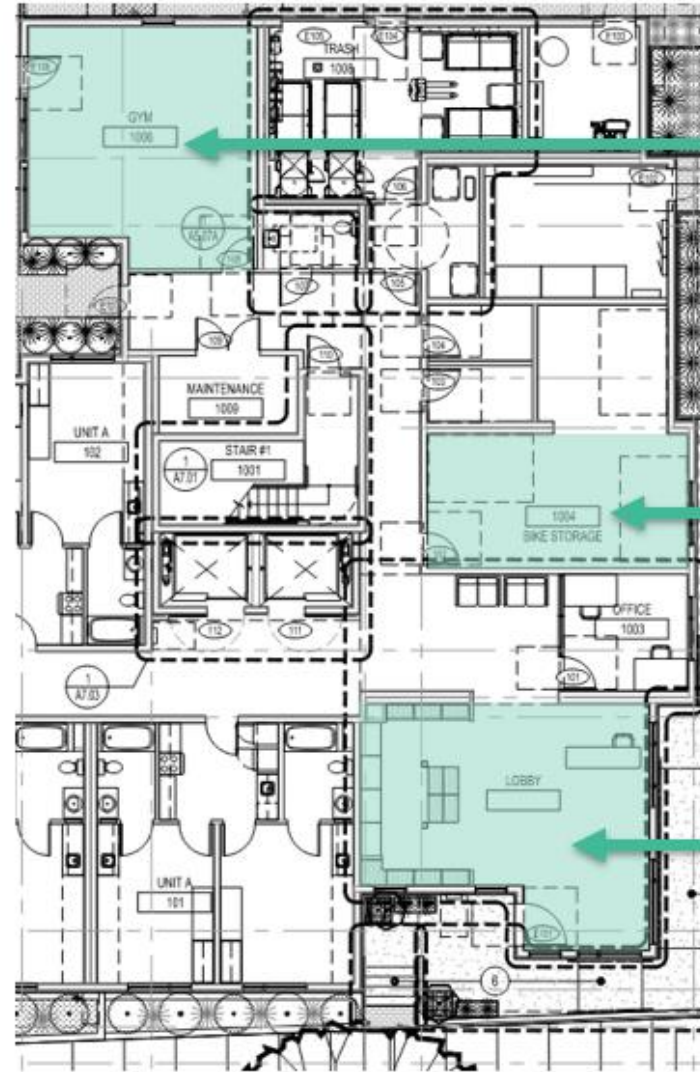
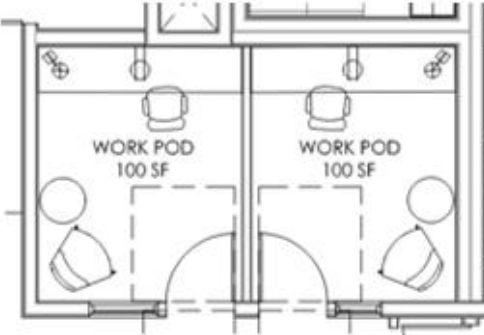
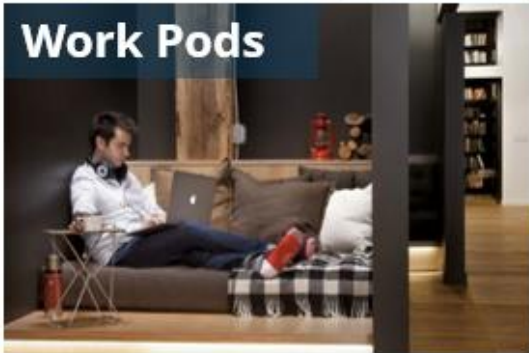
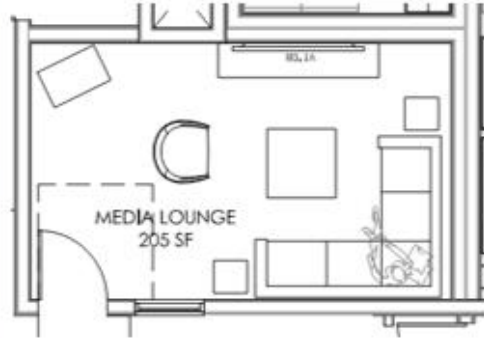
550sf – 650sf



LOCATION AND CONVENIENCE ARE DECISION DRIVERS



FUNCTIONAL AMENITIES

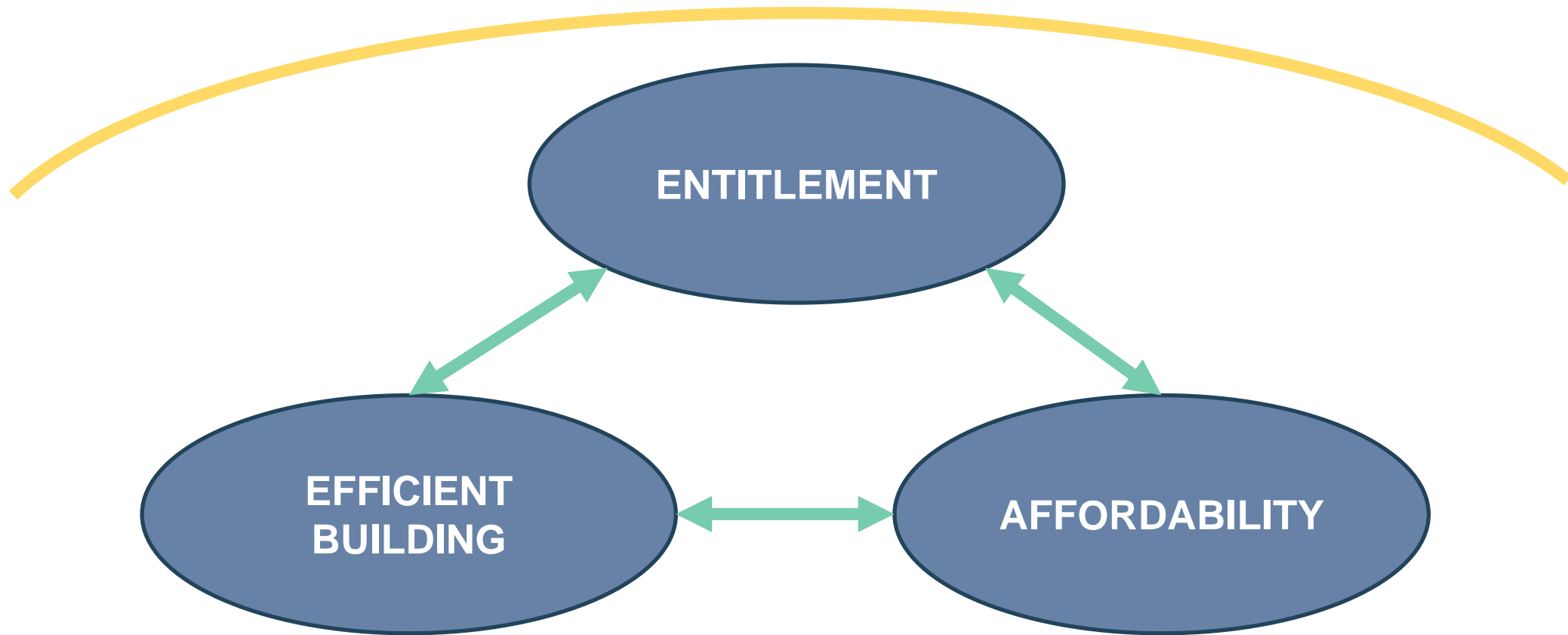


3 EFFICIENT BUILDER



1460 Contra Costa Blvd | 2016 | Suburban Repositioning

OPPORTUNITY ZONES



WE LEAD THE INDUSTRY IN DRIVING EFFICIENCY & YIELD

We keep a relentless focus on the costs and timelines to drive returns

Cost to Deploy per Residence		Acquisition to Operation		Yield (= NOI / Cost to Deploy)*	
Riaz Capital	~\$250k	Riaz Capital	30 months	Riaz Capital	6.5%
Bay Area Average	\$570k	SF Average	72 months	Bay Area Average	5.5%

*Yield is a component of the overall return; overall return is higher due to leverage and developer margin

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HOW WE BUILD VALUE IN 5 STEPS

Innovative design enables a lean manufacturing approach to housing



1
Standardized design
drives efficiency



2
Build where & what
residents value



3
Efficient building
with high density



4
Optimize entitlement
process & limit fees



5
Transit and bike
oriented

THE CALIFORNIA STATE DENSITY BONUS

The California State Density Bonus Gives Developers Powerful Tools for Housing Creation



100 Unit Project → 150 Unit Project

1. **Increase in Housing Units** – Density bonus of up to 50%
2. **Waivers & Concessions** – Reduction in on-site parking, required open space, property line setbacks or height
3. **Predictable Entitlement Timeline** – 60-day comment period

STANDARDIZATION DRIVES EFFICIENCY

Replication and repetition allow for value engineering principles to make large-scale impact



ASSEMBLY LINE APPROACH TO WORKFORCE HOUSING

30 MONTHS vs. 72 MONTHS

Month 1

Site Acquired

Property acquired



Month 9

Project Entitled

Project designed is accepted and approved by the City Planning Department



Month 25

Construction End

Construction is finished, residents begin moving in



Month 30

Stabilization

All residents are moved in



TARGET: The full project lifecycle, from acquisition to stabilization in 30 months

IMPLEMENTING TECHNOLOGY TO ENHANCE RETURNS

Model C



SIZE	FLOOR	AVAILABLE
239 SQ FT	2	JULY 2021

LIGHTNING-FAST WIFI
 HOSPITALITY CLEANING SERVICE
 MOVE-IN READY
 PREMIUM FINISHES

Choose Your Options

Lease Length: 12 Mont
 Suite Cleaning: No
 Parking: No

Base Rent: \$1768
 Community Fee: \$95
1 MONTH FREE! - \$147
 Effective Monthly Rent: **\$1716**

[BOOK YOUR TOUR](#)

DIGITAL LEASING PROCESS

Please review the documents below.

FINISH

☐ (7) The date in Paragraph 8 of the contract is changed to _____
☐ (8) The amount in Paragraph 13A(1)(b) of the contract is changed to \$ _____
☐ (9) The cost of sender required repairs and treatment, as itemized on the attached list, will be paid by Seller: \$ _____
☐ (10) Buyer has paid Seller an additional Option Fee of \$ _____ for an extension of the contract on or before 5:00 p.m. on _____
☐ (11) Buyer agrees to the unrestricted right to terminate the contract for which the Option Fee was paid, set forth in the Third Party Financing Addendum is changed to _____
☐ (12) Other Modifications: (Insert only factual statements and business details applicable to this sale.)

EXECUTED the _____ day of _____, 20____ (BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)

Designated by: John Brown Designated by: Kygel Stearns
 Buyer: _____ Seller: _____
 Designated by: Smith Kellman Designated by: SCN HERE
 Buyer: _____ Seller: _____

DocuSign



SALTO
inspiredaccess

ELECTRONIC ACCESS CONTROL



Online Order Pick-Up

PACKAGE MANAGEMENT

4 STRONG CASH FLOW



3010 Adeline St | 2013 | Multifamily Repositioning

\$3.2M in Total Cash Flow over 10 Years on \$1m Invested

3.2x

Target Investor Equity Multiple

15%

Target Investor IRR

11%

Target Average Cash on Cash

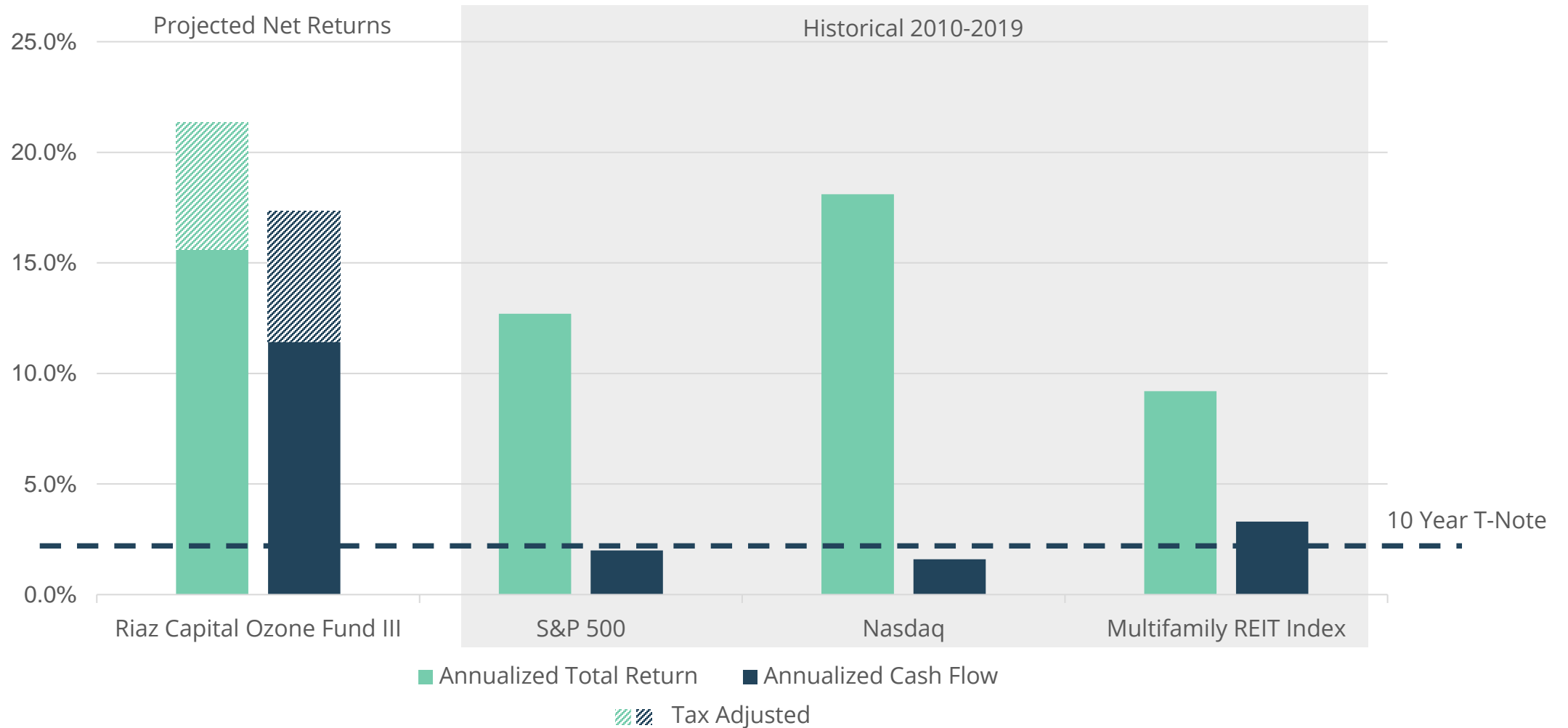
~\$110k

Average Annual Distribution per
\$1m invested

Cash Flow	2021-2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
	Years 0-3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
	Deployment			Refinance		Operations			Liquidate	
Individual Investor Cash Flow	\$0	\$96,939	\$119,898	\$316,327	\$183,673	\$130,102	\$132,653	\$112,156	\$2,074,979	\$3,166,727
Cash on Cash (Invested)	N/A	9.7%	12.0%	31.6%	18.4%	13.0%	13.3%	11.2%	207.5%	316.7%
Cumulative Capital Returned	\$0	\$96,939	\$216,837	\$533,163	\$716,837	\$846,939	\$979,592	\$1,091,748	\$3,166,727	
% of Investor Capital Returned	0%	10%	22%	53%	72%	85%	98%	109%	317%	

INVESTING FOR YIELD

Ozone Fund III Offers Both Competitive Returns and Attractive Yields



5 ESG & IMPACT



The Northgate | 2021 | New Development

COMMITTED TO IMPACT: ~2,000 PEOPLE HOUSED

Transit

92
Walk Score
48 National Urban Average

88
Bike Score
53 National Urban Average

75
Transit Score
37 National Urban Average

Equitable Housing

24%
Rent/ Median Income

0
People Displaced

32%
Affordability Index Score
Housing + Transportation
68% National Average

Emissions & Efficiency

240
Square Feet /Resident*
526 National Average

69%
Lower Emissions using
wood-frame vs. concrete

100%
Electric (No Gas)

*Presumes 1 resident per Micro-Studio and 1.25 residents per traditional studio.

FUND SUMMARY

The Linden | 2020 | New Development

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PROJECTED INVESTMENT RETURNS

Stable 10-Year Returns

Return Summary	IRR	Equity Multiple	Average Cash on Cash
	15%	3.2x	11%
Opportunity Zone Tax Benefits	+6%	+1.8x	+6%
Tax Adjusted Return Summary	IRR	Equity Multiple	Average Cash on Cash
	21%	5.0x	17%

FUND & COMPLIANCE MILESTONES



GENERAL RULE: Capital gains must be contributed within 180 days of sale

OPPORTUNITY ZONE PROGRAM DEFERS AND ELIMINATES CAPITAL GAINS TAXES

	Year 0 (2021)	Year 0 (2021)	Year 5 (Dec 31 st , 2026)	Year 11 (Dec 31 st , 2032)	Year 26 (Dec 31 st , 2047)
	Capital Gain Event	Deploy and Defer	Pay Taxes	Exit & Eliminate	Exit & Eliminate
		<i>Investment basis is deemed to be \$0 at the time of investment into OZ Fund</i>	<i>Investor pays deferred capital gains at 90 cents on the dollar, and basis is equal to the cash invested</i>	<i>Investor pays NO CAPITAL GAINS TAX¹ on appreciation of investment</i>	<i>OZ investment must be exited by Dec 31st, 2047.</i>
Investment Basis	\$2,500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Tax Basis	\$1,500,000	\$0	\$100,000	\$3,166,727	\$10,104,728
IRS Taxable Gain	\$1,000,000	\$1,000,000	\$900,000	\$0	\$0
Investment Value	\$1,000,000	\$1,000,000	\$1,900,000	\$3,166,727	\$10,104,728
Tax Payment	n/a	\$0	\$214,200²	\$0	\$0
Tax Savings	n/a	\$0	\$23,800	\$526,251	\$1,792,071
Tax Adjusted Value	n/a	n/a	n/a	\$3,795,428	\$13,369,804

EXIT OR EXTEND

¹ Opportunity Zone benefits apply to federal capital gains taxes but not to California state taxes. Investor will be liable for CA state capital gains tax.

² Expected to be covered by distribution(s)

OUR TEAM

873 32nd St | 2018 | Multifamily Repositioning

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 1,500 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 Micro Living Studio.

ACCOUNTING AND OPERATIONS



Maxim Reshulsky
Chief Portfolio Officer & Partner

Maxim Reshulsky 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.

DEVELOPMENT AND CONSTRUCTION



Seth Lang
Vice President of Development & Partner

Seth Lang is a partner at Riaz Capital, where he leads the project and acquisitions teams as Vice President of Development. Seth spent three years at Deloitte and Touche, LLC, as a Senior Associate in the audit practice working primarily with commercial real estate.

HUMAN RESOURCES



Ariel Boyce-Smith
Human Resources & Legal Affairs

Ariel Boyce-Smith handles Human Resources and Talent Acquisitions. She runs recruiting, training and professional development. Ariel was previously with the San Francisco Public Defender’s Office. She holds a Bachelor’s Degree from the University of Washington and a J.D. from Golden Gate University.

FINANCE AND ACQUISITION



Paul DiCarlo
Chief Investment Officer & Partner

Paul DiCarlo is a Partner at Riaz Capital, where he leads the asset management and investment team as the Chief Investment Officer for the Company. 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.

DESIGN AND ENTITLEMENT



Lisa Vilhauer
Vice President of Land Entitlement

Lisa Vilhauer has over 15 years of experience in entitlements and construction, and has entitled over 3,000 single and multi-family housing, urban infill, mixed use and commercial units. Lisa works directly with our VP of Development to lead the entitlement and permitting process.

ADVISORY BOARD

Well-rounded group of advisors providing strategic expertise



Katherine August-deWilde
Vice Chair and Former
President, First Republic
Bank



Arjun Divecha
Former Chairman and
Head of Emerging
Markets, GMO



Bob Gray
Partner and Co-Founder,
Rockwood Capital



Aaron Sasson
Serial Entrepreneur &
Investor, BioSight, Winmore,
GT Nexus, Lanetix, Scopus
Technology



Brad Hilsabeck
Former Partner and Chief
Executive Officer, GMO

SUMMARY OF TERMS

Limited Partner	Riaz Capital Ozone Fund III, LP
General Partner	Riaz Capital Ozone III Operators, LLC
Size of Ozone Fund III	\$100 million
Minimum Commitment	\$250,000
GP Commitment	\$2 million
Contribution Period	Callable capital, all funds contributed by 12/31/2022. Investors may accelerate capital contributions, up to the value of capital commitment
Term	12/31/2033 with the option to extend for two 1-year periods
Target Return	3.2x net investor equity multiple (5.0x post tax); ~15% net Investor IRR (21.3% post tax)
Waterfall Summary	After return of investor capital and an 8% annually compounded preferred return, 75% of all distributions to investor**
Management Fee	1.5% blended fee on contributed capital (2% through 12/31/2026 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.

*(GP reserves right to accept lower amounts)

**75% profit share presumes an investment at or above Riaz Capital's minimum required investment amount of \$250,000. Investments below \$250,000 will be subject to a 70% profit share unless grouped with additional investments to meet the \$250,000 threshold, or if subscription documents are signed prior to 10/31/2021.

NOTICE TO RECIPIENTS

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The Investment involves significant risks and investors should have the financial ability and willingness to accept the risk characteristics of the Investment. Investors should review the Partnership Agreement and Private Placement Memorandum, conduct such investigations and evaluation as they deem necessary or appropriate and consult their own legal, accounting, tax and other advisors in order to make an independent determination of the suitability and consequences of the Investment. Performance of the Investment may be volatile, and investors may experience results that differ materially from those shown herein. There can be no assurance that estimated returns or any projections set forth in this presentation will be realized or that actual returns or results will not be materially different than those estimated herein. Investors may lose all or a substantial portion of their investment in the Investment. In considering any prior performance information contained in this document, investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Investment will achieve comparable results.

THANK YOU

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

Garrick Monaghan
investors@riazinc.com

Follow us on social media:
<https://www.linkedin.com/company/riaz-capital/>

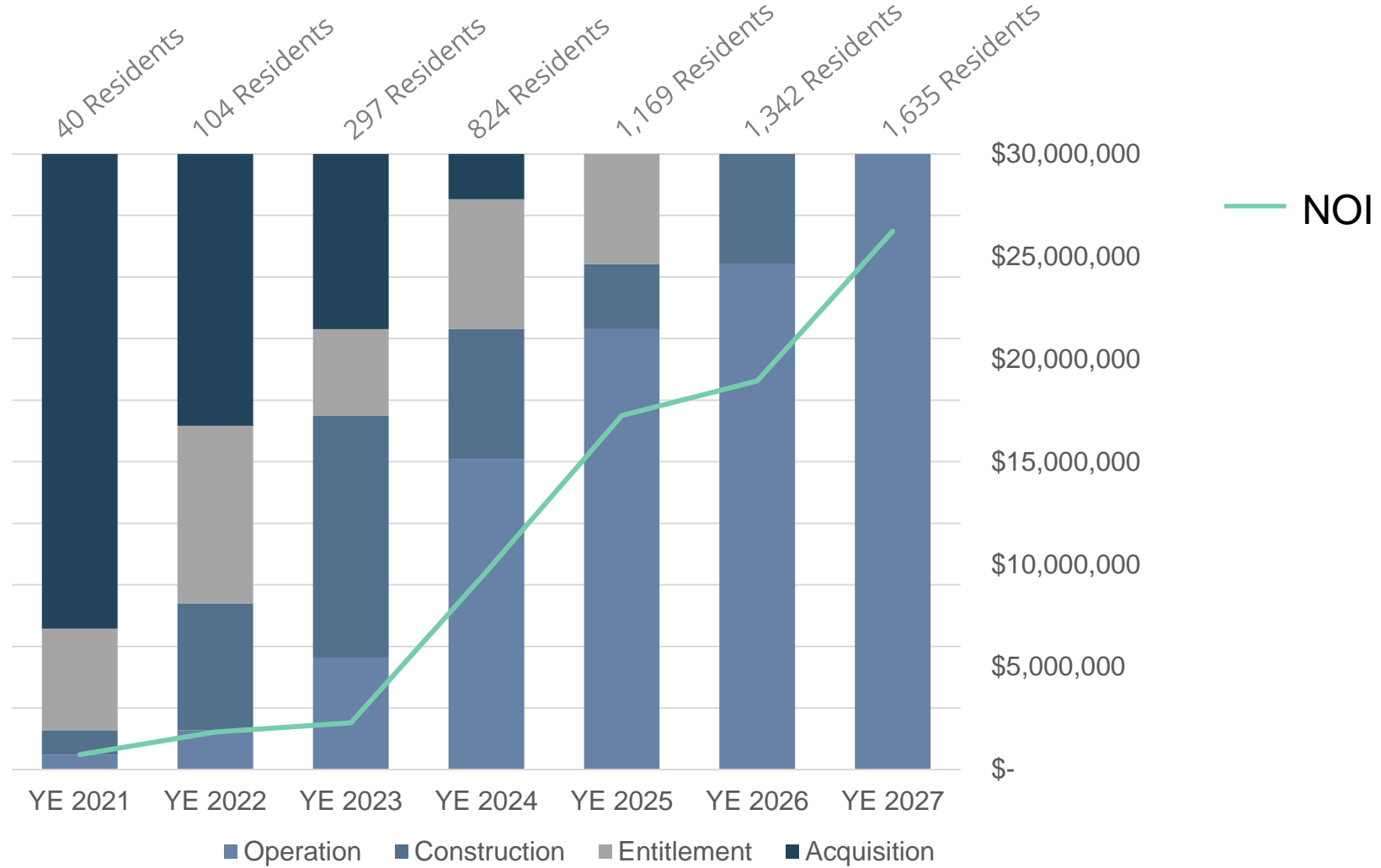


OZONE FUND III APPENDIX

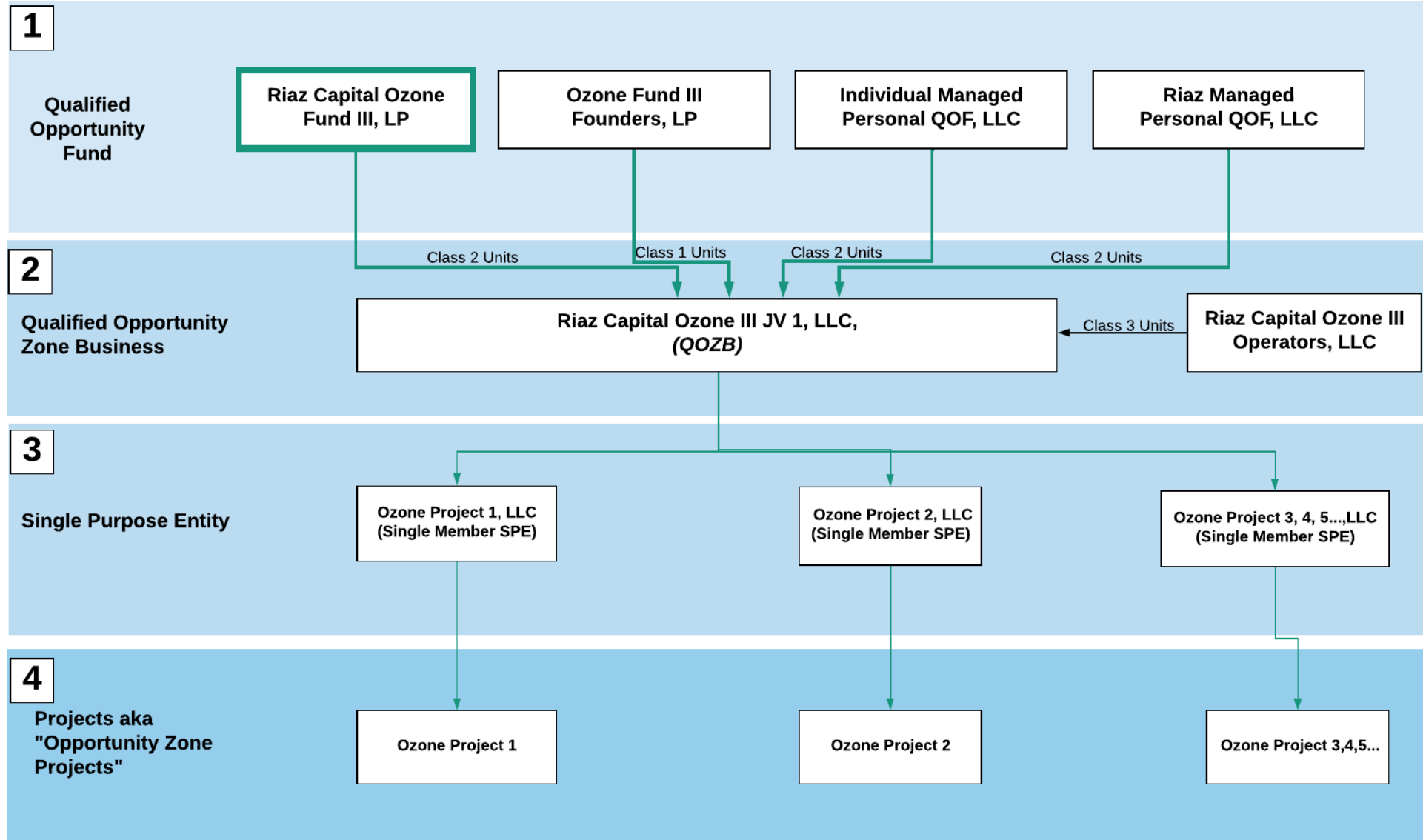
RIAZ

C A P I T A L

DEPLOYMENT CALENDAR



Investment Structure



Rollover Option

