

EarlyShares

ativore  
GLOBAL INVESTMENTS

# Real Estate Crowdfunding- Commercial & Residential Property Investments

New Ways to Add High-Return Assets to Your Portfolio

Heather Schwarz-Lopes  
March 2015

# New U.S. Laws = New Investment Opportunities

For the first time in 80 years  
Accredited Investors  
can directly access  
the private investment market.

EarlyShares makes that possible.

# The JOBS Act



JOBS Act Passed  
April 2012

Title II General Solicitation  
took effect September 2013

Meaning:  
Issuers can now advertise to  
and solicit potential investors  
for their capital raises



## Regulation D Rule 506(c)

New regulatory exemption for  
General Solicitation

Why:

- Expand investors' access to the private market
- Give entrepreneurs sources for capital
- Generate jobs and economic growth

How:

- Issuers post capital raises on intermediaries (portals) like EarlyShares
- All purchasers in the securities offering must be accredited investors
- The issuer must take “reasonable steps” to verify accreditation status of investors

# Who Can Invest

## Accredited Investors:

Net Worth:

**\$1M**

(excluding the value of primary residence)



+



-



Income:

**\$200K+**

(Individual)

**\$300K+**

(Joint)

(and reasonable expectation of same income in current year)



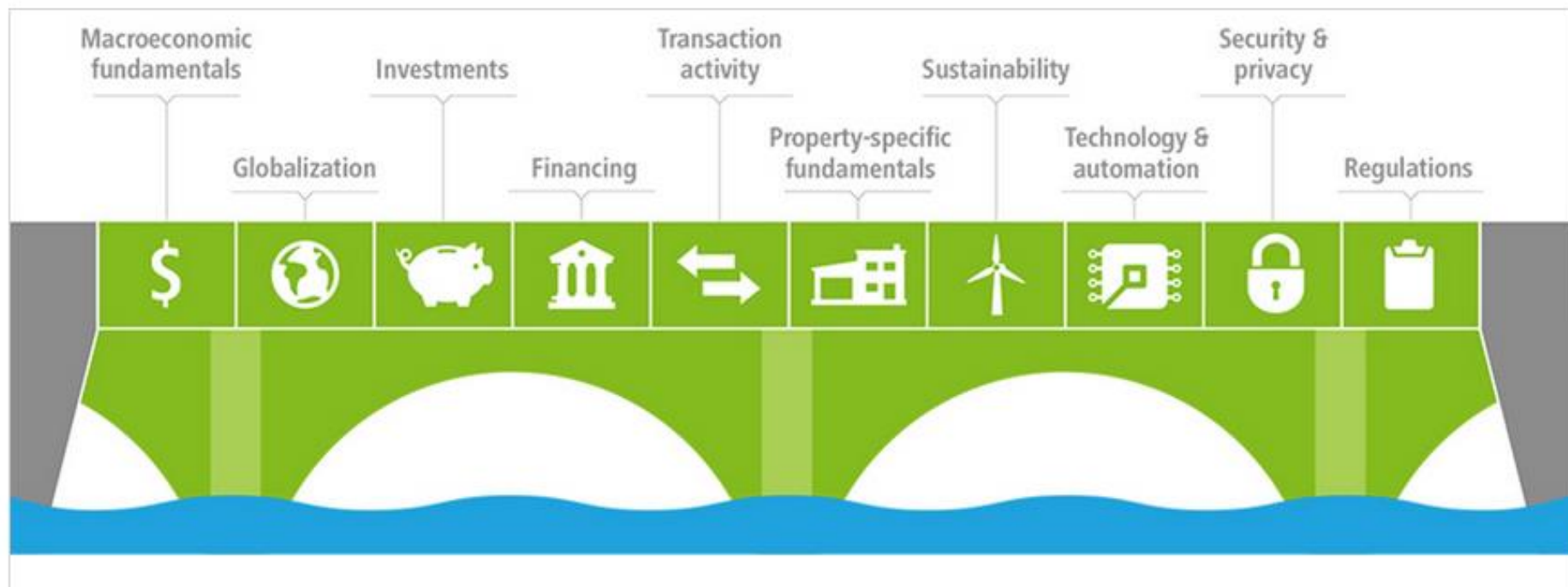
EarlyShares and other platforms facilitate verification of investor accreditation as a service to issuers.

Investor background checks are also performed (OFAC, AML, Patriot Act).

# Commercial Real Estate Outlook for 2015+

In many ways, the commercial real estate (CRE) industry is on a more solid footing than it has been for quite some time. The US economy continues to progress and investors are generally seeing robust performance across most property types and markets.

Source: Deloitte, Feb. 2015



# Commercial Real Estate Outlook for 2015+

## Convergence of tech innovation, new regulations & a resurgent market

### A 'Goldilocks economy' for commercial real estate

COMMENTARY

Andrew J. Nelson, chief economist/USA for Colliers International  
Thursday, 5 Mar 2015 | 12:53 PM ET



Forbes



My Say Contributor

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ENTREPRENEURS | 12/16/2014 @ 9:55AM | 13,663 views

### Why Commercial Real Estate Is Ripe For Disruption In 2015

market

### Real-Estate Crowdfunding Set to Top \$2.5 Billion This Year



Image credit: Basheer Tome | Flickr

THE WALL STREET JOURNAL. | MARKETS

\$12



151

99

WEALTH ADVISER

### Boosting Returns with Commercial Real Estate

Direct investments and REITs popular with advisers and their clients

# Advantages & Benefits for Investors

- Cashflow & Appreciation (quarterly distributions)
- Currency Hedge
- Diversification
  - Broaden existing investment portfolio
  - Multiple smaller investments vs. Single large investment
- Leverage Arbitrage
- Professional Investment Management
  - Transparency & Corporate Investment Governance
- Professional Property Management
- Limited Liability vs. Direct Ownership Liability
- High Touch & High Service
- ACCESS!!! (invest alongside experts)

# EarlyShares Real Estate Focus – Property Types

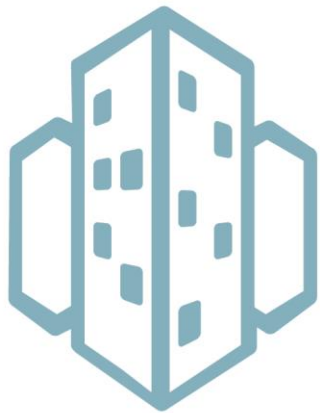
We are focused on the major property types and have developed critical expertise in sourcing, selecting, vetting and managing these transactions:

- NNN / NN Retail  
ex: Walgreens
- Retail Centers – Anchored with Fortune 500 tenants
- Apartment Buildings / Multi-Family
- Medical Offices / Office Buildings
- Portfolios of Single Family Homes (Hold / Fix & Flip)  
ex: Atlanta Residential
- Private Debt Instruments / Asset Based Lending  
Collateralized by First Lien Mortgage Positions
- Transaction size: \$500,000- \$20,000,000  
Average yields: 7%, Average overall returns: 12%



# Our Selection Methodology

The EarlyShares team has decades of expertise in real estate with over \$2B in transactional volume. We assess each investment against 16 criteria in four channels: People, Property, Potential, and Predictability.



Real Estate

## PEOPLE

Who's developing, managing, or operating the property?

- Reputable sponsor or developer with track record of above-average returns
- Deep experience in asset class & property type of offering
- Senior-level principal serving as 'point person' for offering
- Expertise in syndicating deals

## POTENTIAL

What makes this a compelling investment opportunity?

- Market overview
- Property appraisal
- Capital stack details
- Desirable IRR/Cash-on-Cash/Interest Rate/LTV

## PROPERTY/PROJECT

What are the defining characteristics of the property or project?

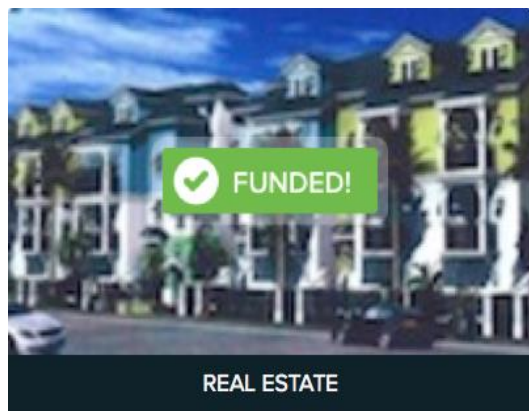
- Location & demographics
- Project plans & timelines
- Zoning & entitlements
- Environmental factors

## PREDICTABILITY

How is the deal structured?

- Equity/debt/mezzanine financing
- Sponsor financial participation (10% minimum)
- Use of proceeds; repositioning/renovation strategy
- Cash flow & return projections

# Recently Funded Deals



## Key West Townhouses

OPEN SOURCE CAPITAL, LLC

KEYS, FL

Industry: Residential

Participation note opportunity in a luxury 20-unit townhouse development.

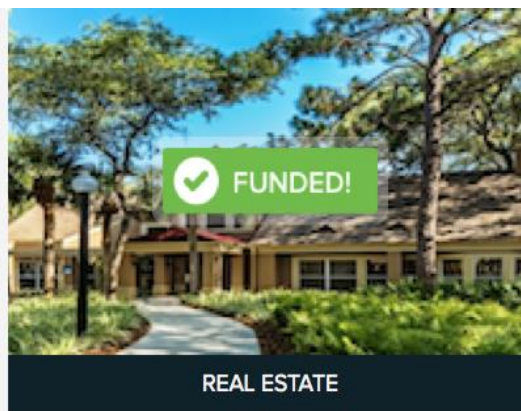
POSTING

PROFIT PART.

Min. Investment: \$25,000

Cash on Cash 8%

Est. IRR: 18.4%



## Park East

INSULA COMPANIES

TAMPA, FL

Industry: Multi-Family

Purchase of a 192-unit Class B+ rental community located in Tampa, Florida.

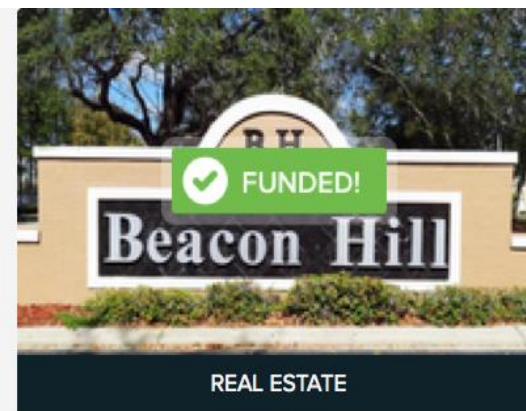
POSTING

EQUITY

Min. Investment: \$25,000

Cash on Cash 9%

Est. IRR: 16.9%



## Beacon Hill Apartments

RIVERGATE RE

ORLANDO, FL

Industry: Multi-Family

Investment Opportunity for the purchase of a 192-unit Multifamily Property.

POSTING

EQUITY

Min. Investment: \$25,000

Cash on Cash 9.17%

Est. IRR: 16.50%

# Current Open Deals – Central Plaza

(\$850k invested; \$100k available)



**Central Plaza Shopping Center** 

**\$ FLUXO DE CAIXA**

- Shopping tradicional em St Petersburg, Florida
- Estrategicamente posicionado - tráfego elevado
- 100% alugadas para redes de varejistas americanas
- Contratos de aluguel de 3 a 10 anos com garantias

Investimento : **USD\$ 100.000,00**  
Rentabilidade estimada de aluguel : **10,6% aa**

# Current Open Deals – Riverside Plaza



## Riverside Plaza



### \$ FLUXO DE CAIXA

- Shopping tradicional em Belvidere-Chicago, IL
- Estrategicamente posicionado - tráfico elevado
- Principalmente alugadas para redes de varejistas americanas
- Contratos de aluguel de 2016-2020 com garantias

Investimento : **USD\$ 100.000,00**

Rentabilidade estimada de aluguel : **9.5% aa**

# Current Open Deals – Atlanta Residential



## Atlanta Residential



### FLUXO DE CAIXA

- Diversified portfolio of homes in Atlanta, GA
- Contratos de aluguel pra 3 anos
- Early exit strategy
- Reduced liability vs. Direct ownership

Investimento : **USD\$ 100.000,00**

Rentabilidade estimada de aluguel : **6.5-7.0% aa**

# Coming Soon– Winn Dixie Shopping Center- Florida



# Best in Class Partners & Service Providers

## Sourcing / Management / Financing

 BruttenGlobal

 Pillar



 FIRSTKEY

## Legal / Compliance / Administration

 ativore  
GLOBAL INVESTMENTS

 CBIZ

 EGS  
Ellenoff Grossman & Schole LLP

 crowdcheck

 GRAY | ROBINSON  
ATTORNEYS AT LAW

 McCARTER  
& ENGLISH  
ATTORNEYS AT LAW

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