

# Equity Capital Advisory Partners Fund

## Sponsor Overview



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*Creekside at Providence  
Mt. Juliet, Tennessee*



*Cash Invested: \$6,906,059  
Cash Returned: \$13,193,053  
IRR: 30.70%*

*ECAP's depth and breadth of institutional experience and our ability to respond quickly to opportunities with significant capital provides a competitive advantage not seen in the secondary and tertiary real estate markets.*

## ECAP Overview

For over a decade Equity Capital Advisory Partners (ECAP) has been investing in the secondary and tertiary real estate markets and consistently earning above market rates of return. Our methodical, comprehensive, and exhaustive due diligence and underwriting process results in investments that have the greatest potential for income generation and capital appreciation. ECAP has invested in projects totaling almost \$300 million including multi-family, office, light industrial, and retail.

The two most significant differentiators of ECAP's real estate investment program are: (i) our institutional level of due diligence, and analysis. (ii) our focus on the secondary and tertiary real estate markets. ECAP principals have over 90 years of underwriting, acquisition, asset management, and disposition experience in the real estate and financial markets.

Commercial real estate is one of the only segmented and inefficient investment markets remaining in the United States, and therefore, creates opportunities for disciplined diligent investors to earn solid returns. These opportunities are most prevalent in the secondary and tertiary real estate markets because these markets tend not to attract significant capital funding sources. Over the last decade ECAP funds have consistently outperformed market benchmarks and ECAP's last fund returned in excess of 14% to investors.



*Moretti at Vulcan Park  
Birmingham, Alabama*



*Cash Invested: \$2,248,288*  
*Cash Returned: \$7,526,515*  
*IRR: 30.28%*



ECAP's focus on the secondary and tertiary markets and on projects on the lower end of the size spectrum provide significant investment opportunities in both geographical and product type diverse markets.

## Current Market Opportunity

### In General

“Be greedy when others are fearful.” The classic Warren Buffet investment strategy fits well in the current environment. The U.S. has experienced, not one, but two unprecedented recent events: the Covid-19 pandemic and protests/riots throughout our major urban environments. The social, cultural, and economical disruption caused by these events is unprecedented in recent history. And history teaches us that in these epochs investment is both prudent and often times highly profitable.

### Specifics

The states in the Southeast, Southwest, and Mountains are seeing significantly more job and population growth than the Midwest and Northeast. Recent demographic trends throughout the U.S. have seen a shift away from urban locations in favor of suburban and even rural locations. *These demographic trends highly favor the secondary and tertiary real estate markets that ECAP targets.* The Wall Street Journal, New York Times, and CBRE (the largest commercial real estate firm in the world) have noted the strong preference for suburban living and working locations over dense urban locations. CBRE notes a dramatic increase in its clients' desire to live, work, shop, and play in less dense suburban locations. “The aging of the millennial population into their mid-30s will provide a tailwind to suburban demand, as more and more young couples move out of urban areas in search of more space and better school districts as they start to grow their families,” PGIM Real Estate said in its recent report. The majority of suburban locations also offer tax advantages to companies and employees alike increasing these locations' desirability.

# ECAP's Blueprint to Success

The current state of the commercial real estate market in the secondary and tertiary areas of the United States offers an exceptional investment opportunity. Not only are there opportunities to buy existing properties below replacement cost with strong cash-on-cash returns but also development prospects are ripe in several areas that may provide significant upside appreciation.

## Step One:

**Strategically target specific markets.** ECAP focuses on markets that provide positive, dynamic job and population demographics. These markets include:

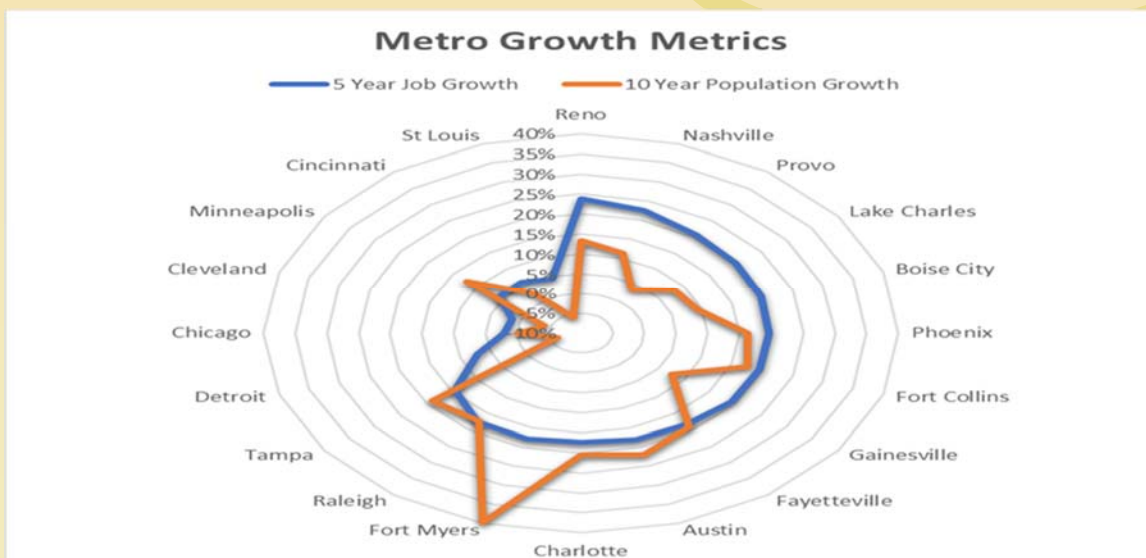
Austin	Nashville	Fort Collins	Reno
Charlotte	Provo	Phoenix	Fayetteville

Each real estate market is unique with its own supply and demand characteristics, political environment, and economic ecosystem. ECAP highly values demand creators in politically stable, competitive tax locations. Job and population growth are leading indicators of strong real estate markets.

## Step Two:

**Boots on the ground due diligence.** Real estate is local; intimately understanding the area is crucial to making solid investment decisions. In some markets the most dynamically growing areas are suburban and in other areas revitalization efforts have taken root and provide favorable investment prospects. We spend a significant amount of time in our markets to fully understand the nuances of the economic and political landscape.

An understanding and appreciation of the local city council's or zoning board's position on growth and development can be invaluable in making investment decisions. ECAP often partners with local developers/managers to capture location specific knowledge and to have constant consistent access to the community.



### Step Three:

**Institutional Due Diligence & Underwriting.** ECAP principals have over \$3 billion of real estate investment and management experience. Collectively, we have underwritten, acquired, developed, and managed real estate projects ranging from \$2 million small office acquisitions to \$300 million urban high-rise developments. ECAP brings institutional knowledge and practices to bear on every investment decision. Our due diligence and underwriting process is second to none and includes several independent third-party evaluations and reports.

An investment recommendation is prepared for each and every investment that includes 10 year financial models that are stress tested using modified monte-carlo simulations, a detailed assessment of the local market's demand and supply dynamics, and several third party reports including environment, appraisal, and title.

### Step Four:

**Asset Management.** ECAP is a hands-on organization that proactively manages our real estate investments. Operating budgets are prepared for every investment that includes leasing targets, property management programs, and capital improvement plans. ECAP evaluates every potential lease to determine its cash flow benefits and overall accretive value to the asset. National credit quality tenants may bring accretive value to properties that higher paying local tenants may not possess. Analysis of a tenant's comprehensive impact on a property is necessary to maximize value for our investors.

### Step Five:

**Audit and Reporting.** ECAP utilizes a third-party independent Certified Public Accounting firm for all reporting, compliance, and performance measurement. We are a completely transparent enterprise and believe that engaging an independent third-party for reporting, compliance, and performance measurement assures that we exhibit the highest degree of both actual and perceived integrity.

### Step Six:

**Monetize Gains.** Every ECAP investment analysis begins with an assessment of exit options. Our goal is not only to recognize gains and appreciation but also to realize those gains for our investors. Various options are evaluated to monetize appreciation of an investment including sales, recapitalizations, and complete refinancings. ECAP evaluates the interest rate and credit environment, 1031/TIC markets, and institutional markets to maximize the amount realized from a monetization event.

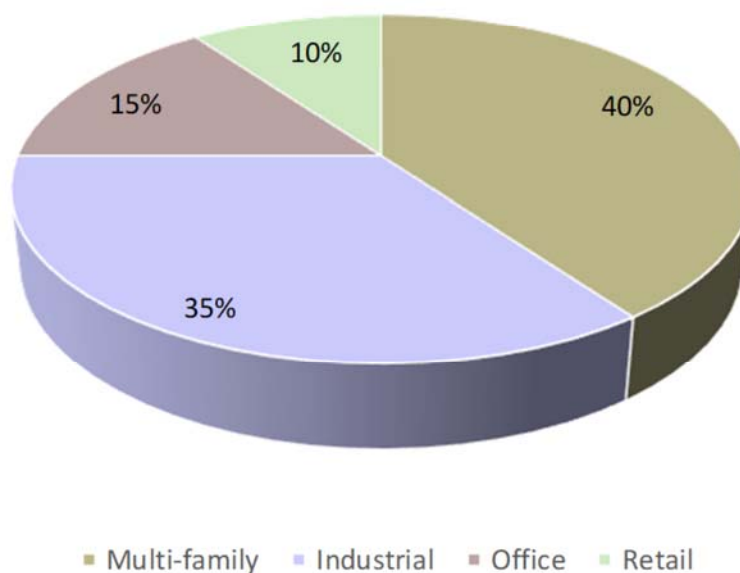
# ECAP Financial Model

## Sample Acquisition Pipeline

(Total Gross Property Cost based on 60.0% LTV)

	2020/21	2022
<b>Portfolio Acquisitions</b>		
Existing:		
Multi-family	\$ 50,000,000	\$ 25,000,000
Industrial	37,500,000	12,500,000
Office	12,500,000	
Retail	12,500,000	
Development:		
Multi-family	\$ 12,500,000	\$ 12,500,000
Industrial	25,000,000	12,500,000
Office	12,500,000	12,500,000
Retail	12,500,000	
<b>Cumulative Acquisitions</b>	<b>\$ 175,000,000</b>	<b>\$ 250,000,000</b>

## Sample Portfolio Diversification





## Sample of Portfolio Cash Flow based on Acquisition/Development Budget

	2020/21	2022	2023	2024	2025
<b>Portfolio Income</b>					
Existing:					
Multi-family	3,500,000	6,000,000	6,375,000	6,534,375	6,697,734
Industrial	3,750,000	5,375,000	5,500,000	5,555,000	5,610,550
Office	1,062,500	1,125,000	1,125,000	1,136,250	1,147,613
Retail	1,250,000	1,500,000	1,500,000	1,530,000	1,560,600
Development:					
Multi-family	-	1,125,000	2,250,000	2,306,250	2,363,906
Industrial	-	3,000,000	4,500,000	4,545,000	4,590,450
Office	-	1,250,000	2,500,000	2,525,000	2,550,250
Retail	-	1,500,000	1,500,000	1,530,000	1,560,600
<b>Total Portfolio Income</b>	<b>9,562,500</b>	<b>20,875,000</b>	<b>25,250,000</b>	<b>25,661,875</b>	<b>26,081,703</b>
<b>Cash-on-Cash Yield</b>	<b>14%</b>	<b>21%</b>	<b>28%</b>	<b>30%</b>	<b>30%</b>

## Benefits of Real Estate in Investment Portfolios

**Steady Cash Flow.** Commercial real estate offers consistently steady cash flow in the form of rents and lease payments.

**Inflation Protection.** Real estate historically has offered one of the best protections against inflation. In times of expansionary monetary policy, real estate can provide significant purchasing power protection.

**Tax Benefits.** Real estate is a long-term investment and under existing tax law generally enjoys the lower tax rates of long-term capital gain treatment. In addition, real estate investors often enjoy the tax benefits of depreciation. Real estate income is not subject to self-employment tax. *(You should consult your own tax advisor/accountant for specifics tax treatment of your investment, income, and allowed deductions.)*