

2009

CALIFORNIA PRIVATE CAPITAL GROUP



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ABOUT CALIFORNIA PRIVATE CAPITAL GROUP

Formally formed in 2009 in Los Gatos, California, California Private Capital Group (“CAPCG”) is a boutique, private equity investment group focusing primarily on acquisition, development, rehabilitation and management of apartment communities throughout the State of Texas and California. With a commitment to “Enriching Lives Through Better Communities,” the company has been providing quality living spaces for its residents and produced excellent returns for its investors.

Over the past few years the company has acquired and managed many multifamily properties totaling hundreds of units. Today, the firm manages over a 1,000 apartment homes in multiple communities in high-growth cities in California and Texas.

California Private Capital Group is successful in part because of its disciplined adherence to geographic and property specialization. By concentrating on apartment investments in the San Francisco Bay Area in California and the Dallas Fort-Worth and Houston areas in Texas, the group has gained strong local market knowledge.



Focusing mostly on underperforming or value-add communities, California Private Capital Group possesses a unique expertise that has proven invaluable in identifying attractive investments and renovating and managing its communities to their highest value.

In establishing investment partnerships, it is our philosophy to structure each investment so that the return to California Private Capital Group is completely linked to the success of the partnership. This philosophy, along with solid historical financial returns, has attracted a group



of loyal investors, many of whom have invested in multiple partnerships.

Along with a significant financial investment, California Private Capital Groups commitment to its partners and investments is reflected in a high level of staff involvement in the operations and management of all of its properties, utilizing skilled employee teams in property management, construction and maintenance. California Private Capital Group manages from an owner's perspective and is driven to maximize cash flow and enhance the long-term value of its assets.

California Private Capital Group has amassed an impressive track record through careful analysis of potential acquisitions, experienced decision making, and aggressive management and oversight of properties. By finding the best-priced properties with the most upside potential and providing highly effective management, California Private Capital Group has provided outstanding returns to its partnership investors.





OUR RESIDENTIAL COMMUNITIES



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OUR STORY !

Beginning as an entrepreneurial venture with an investment in a single apartment buildings, Silicon Valley based California Private Capital Group has grown over the past few years to become a company managing hundreds of apartment homes located within multiple communities in California and Texas.

California Private Capital Group has started operating in 2008 and was formally incorporated in 2009. During a period when real estate values were declining, the group saw the opportunity to acquire underperforming or value-add apartment properties that they believed had the potential to be turned around through renovation and improved management.

California Private Capital Group has been able to raise capital for steady growth through an investment structure under which each property was purchased by a newly formed limited partnership, with investors recruited from a network of high-net-worth individuals. The company's properties are owned by a pool of many investors, most of who have invested in multiple partnerships.



Since inception, California Private Capital Group acquired multiple apartment communities totaling hundreds of units in California and the Northern Texas region. In most cases, these properties required some level of renovation and a complete turnaround in their financial and operational management to make them successful. In some cases, the dramatic improvements made to the company's properties provided a catalyst to upgrade surrounding neighborhoods.

California Private Capital Group combines market insight, geographic and property specialization, real estate development expertise, disciplined management, and a dedication to the interests of investors to achieve steady growth and consistently superior returns.

Today, through a continuous process of acquisition, disposition and reinvestment, California Private Capital Group has amassed a portfolio of strongly performing apartment investments.

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ACQUISITION STRATEGY

We believe in the power of relationships and hence treat each relationship with respect, openness and professionalism. As such we have built a trusted network of brokers, lenders, banks and loan servicers to provide access to the most compelling, off-market multifamily real estate opportunities. We are positioning ourselves to be among the first 2 or 3 phone calls these groups make when they want to dispose of their non-performing multifamily assets.

Our current typical acquisition target:

- ✓ Pro-forma 11.0% cap or better after rehab and stabilization based on Total Project Cost.
- ✓ Bank owned property, foreclosure pending or distress property
- ✓ 100 units or more per transaction.
- ✓ Located in one of the Texas Primary Markets: Dallas-Ft Worth, Houston, San Antonio or Austin.

Underwriting Criteria

- ✓ Pro-forma physical occupancy typically 88-92%.
- ✓ Concessions and vacancy loss will vary depending on the submarket, but typically, this will range between 11-16% total vacancy losses.
- ✓ Operating Expenses per unit per year will range from \$3700-\$4400/unit/yr for non-all bills paid properties, and from \$4700-\$5500/unit/year for all-bills paid properties.
- ✓ CapX reserve will generally run \$250-\$300/unit-year.
- ✓ Bottom line: based on our stabilized pro forma NOI, it must be at least an 11.0% cap rate on total cost of project, which includes all associates fees, transactions costs, interesting/NOI carry, and hard rehab & repair costs.

Physical Criteria

- ✓ 100 units or more
- ✓ Pitched Roofs preferred
- ✓ Brick exterior construction preferred
- ✓ Individually metered preferred
- ✓ 2 story garden style preferred (vs. 3 story)
- ✓ No major foundation issues
- ✓ Built 1970s or newer



LOCATION Criteria

- ✓ High Traffic areas located on or near a busy street.
- ✓ Good visibility helps marketing and speed of lease-up.
- ✓ Convenience. Nearby retail, e.g. grocery stores, Fiesta, Wal-Mart, Home Depot, Walgreens, Banking, etc.
- ✓ Major Freeway Access. Within 5-10 minute drive to major highway.
- ✓ Schools. Whenever possible, within walking distance to an elementary school, high school or college.

Operational Philosophy: “Make Our Residents Happy”

This is our main and central theme, and ultimately our motto and driving force behind everything we do. We know we’ve accomplished this mission when turnover decreases, retention increases, referrals increase – each of which has a real, positive bottom line impact on the financial performance of the property. To further expand, on how we make our residents happy, there are a few key ideas that are important:

Add Value First. Each “distressed” property we buy has typically been neglected for years – the residents haven’t been cared for, and the property most likely is in serious need of “catch-up” repairs. Before we expect to see any significant, lasting increase in income, we believe in cleaning out any delinquent paying residents first, making the necessary rehab repairs to the property, and improving the resident experience.

Take Care of our Residents. From the moment a prospective resident drives by the property, to walking into the leasing office, to being greeted by the property staff – it’s essential that both existing and prospective residents feel cared for.

Hire Great Staff. This may sound like common sense, but we seek to only bring on “great” people to work at our properties. Our budgets and bonuses are on the high end of the competitive scale, which allows us to attract and retain the best and the brightest.

Work with the Community. We work closely with the police and fire departments, schools & colleges, hospitals, local business and code enforcement to improve the neighborhoods in which we serve.





THE MARKET

DALLAS FORT-WORTH (“DFW”)

Dallas is the third-largest city in Texas and the ninth-largest in the United States. Divided between Collin, Dallas, Denton, Kaufman, and Rockwall counties, the city had a 2010 population of approximately 1.2 million, according to the United States Census Bureau. The city is the largest economic center of the 12- county Dallas–Fort Worth–Arlington metropolitan area that according to the March 2010 United States Census Bureau release, had a population of roughly 6.5 million as of July 2009. It is the largest metropolitan area in the South and fourth-largest metropolitan area in the United States.



The city's economy is primarily based on banking, commerce, telecommunications, computer technology, energy, and transportation, and is home to several Fortune 500 companies. Located in North Texas and a major city in the American South, Dallas is the core of the largest inland



metropolitan area in the United States that lacks any navigable link to the sea. The city's prominence arose from its historical importance as a center for the oil and cotton industries, and its position along numerous railroad lines. Dallas developed a strong industrial and financial sector, and a major inland port, due largely to the presence of Dallas/Fort Worth International Airport, one of the largest and busiest airports in the world. It was rated as a beta world city by the Globalization and World Cities Study Group and Network.

The Dallas/Fort Worth metroplex has one of the largest concentrations of corporate headquarters for publicly traded companies in the United States. The city of Dallas has 12 Fortune 500 companies, and Dallas/Fort Worth as a whole has 23. In 2007-08, Comerica Bank and AT&T located their headquarters in Dallas. Irving is home to four Fortune 500 companies of its own including ExxonMobil, the most



profitable company in the world and the second largest by revenue for 2008, Kimberly-Clark, Fluor (engineering), and Commercial Metals. Additional companies headquartered in the metroplex include Southwest Airlines, American Airlines, RadioShack, Neiman Marcus, 7-Eleven, Brinker International, AMS Pictures, id Software, ENSCO Offshore Drilling, Mary Kay Cosmetics, Chuck E. Cheese's, Zales and Fossil.

Corporate headquarters in the northern suburb of Plano include HP Enterprise Services, Frito Lay, Dr Pepper Snapple Group, and JCPenney.

Short Video Links:

State of Texas - Texaplex

Dallas / Fort Worth Texaplex



TEAM PROFILE

YAHAV DINAI



Mr. Dinai is the Founder and Managing Member of California Private Capital Group. Mr. Dinai is in charge of the group's operations in the US, investor's relations, assets management and ties to the Jewish community in the Silicon Valley. He brings over 15 years of experience in public accounting, financial management, strategic planning and execution for technology firms while holding a variety of prior leadership roles in Pricewaterhousecoopers and Ernst & Young, two of the world's largest accounting firms. Mr. Dinai is currently also a regional Partner at SOAProjects, an accounting and IT risk advisory services firm, rated 7th largest CPA firm in the Silicon Valley, California.

Over the years, Mr. Dinai was actively involved as a principal in real estate transactions involving the acquisition, financing, marketing and management of residential and commercial real estate.

Mr. Dinai is a Certified Public Accountant (CPA), he received his graduate's degree in economics and accounting from the Tel Aviv University, Israel and his master degree in law (LLM) from the Bar-Ilan University, Israel.

DAVID SHAFFER



With 13 plus solid years of experience in real estate Mr. Shaffer is in charge of acquisitions at California Private Capital Group and is indirectly in charge of managing more than 2,500 units in the DFW region for multiple owners.

Mr. Shaffer began his career by working for a local residential developer in Texas and quickly started his own business as a sub-contractor in real estate development. He then went on to work for Ed Berrong Real Estate where his focus was on both commercial and multifamily sales. Upon entering the Dallas/Fort worth MSA at Marcus & Millichap, Mr. Shaffer exceeded expectations and was recognized as the "top producer" in 2001 for the Dallas office. He continued his success there for four years before he was approached by GVA Cawley to head up the investment sales team. Mr. Shaffer continued to prove himself as a "top producer" while managing a sales team during his advancement with the company. Mr. Shaffer went on to establish Wellington Realty based on a proven track record in performing on closing complex real estate transactions. In Mr. Shaffer's 10+ years in commercial real estate, he has closed \$700 Million in transactions.



Mr. Shaffer holds a Bachelors of Business in Administration Finance, Graduate Finance Certificate and Masters in Entrepreneurship from SMU, Cox School of Business.

Professional Affiliations

- Certified Commercial Investment Member - CCIM Texas Real Estate Council – TREC
- North Texas Commercial Association of Realtors - NTCAR National Multi-Housing Council – NMHC
- International Council of Shopping Centers - ICSC Urban Land Institute - ULI

MARK NUSBAUM



Mr. Nusbaum is in charge of Property and Project Management at CAPCG, currently in charge of managing more than 2,500 units in the DFW region for multiple owners. Mr. Nusbaum has 10+ years of property management and ownership experience. As former CEO and manager of Texas Family Mortgage, Mr. Nusbaum led an effort to have successfully purchased, managed, and sold numerous properties in both the DFW area and South Florida region. Having witnessed the demise of many properties because of poorly chosen management teams, Mr. Nusbaum set forth to create the type of Management Company that would impress any multi-family owner. With Mark Nusbaum at the helm of California Private Capital Group, our company is seeking to redefine what it means to be a quality management company. Mr. Nusbaum holds a Bachelors of Business in Accounting from the University of North Texas

Affiliations & Certifications - Apartment Association of Greater Dallas (AAGD)

DANIT NEEMAN



Bringing more than 15 years of real estate and telecom financial industry experience Mrs. Neeman is responsible for the global corporate Finance and Administration Property Management functions, including financial planning and execution of budgets, processes and efficiencies, as well as Human Resources. She currently serves also as VP Finance & Accounting at Actelis Networks, a Networking Company in the Silicon Valley.

During her career, Mrs. Neeman was also a worldwide controller at Sheer Networks Inc., a networking company. Previous experience also includes managerial positions at PricewaterhouseCoopers and Ernst & Young.

Over the years, Mrs. Neeman has been actively involved as a principal in the acquisition, financing, marketing and management of residential and commercial real estate. Mrs. Neeman is a certified public accountant (CPA) in Israel and in the U.S. She holds a BA in accounting and economics from Tel-Aviv University and an LLM in Law from Bar-Ilan University in Israel.

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