



Real Estate Investing On Point



Vertically
Integrated



Technology
Driven



Socially
Conscious

Real Estate Investment Funds

June 2023



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Who We Are

We are a vertically integrated, technology driven residential real estate investment company. Our current investment strategy focuses on acquiring, redeveloping, and managing affordable and workforce housing rentals. Our team consists of seasoned asset managers who are dedicated to keeping our projects on time and on budget while delivering high quality rental homes and apartments.

Our investment philosophy is simple: we focus on earning a high rate of return for our investors with as little risk as possible. This is achieved by our experienced in-house construction and property management. As well as our conservative affordable and workforce housing strategy which involves a percentage of subsidized rentals proven to be resilient throughout the entire economic cycle, including downturns and recession. We are constantly innovating within the industry and staying ahead of market trends allowing us to capitalize even in uncertain economic environments.

GSP REI by the Numbers as of June 2023

- ▶ **Founded in 2019:** Consistent Returns Paid Since Inception
- ▶ **3 Active Funds:** Two Real Property Funds for Accredited Investors, One 1st Mortgage Fund with our Institutional Partner, LL Funds
- ▶ **\$55MM Combined Assets Under Management:** \$15MM in Real Property, \$40MM in 1st Mortgages
- ▶ **420+ Rentals and Loans Actively being Managed:** 100 Rental Properties, 320+ 1st mortgages
- ▶ **\$158MM+ in Institutional and Private Capital Committed:** \$150MM committed from our institutional partner and \$8MM+ raised from private accredited investors
- ▶ **Portfolio is Diversified throughout 40+ States:** Rentals focus on 3 states MD, PA, and NJ, 1st Mortgages throughout 40+ states



What We Do

We acquire scattered site Single Family Rentals and Real Estate Backed Assets (Non-performing 1st Mortgages) in high demand areas with an under supply of workforce and affordable housing. We purchase individual properties, portfolios, and pools of mortgages at below market value through our relationships with Government-Sponsored Enterprises (GSE's) such as HUD (The Department of Housing and Urban Development), experienced local real estate professionals, financial institutions, and in-house direct-to-seller marketing.

We earn a high rate of return on invested capital by buying right and redeveloping the properties through our aggressive in-house, all-in-one asset management; which includes project, construction, and property management and loss mitigation. We maintain full control of the entire redevelopment cycle from acquisition to property management; allowing us to minimize risk, reduce cost, and control timelines.

Why Affordable Housing



1. INCREASING NATIONWIDE DEMAND

The demand for affordable housing in the United States has reached critical levels and is continuing to rise. Research from Nuveen, a major institutional investor reveals that nearly half of all U.S. renters are considered “rent-burdened”, allocating more than 30% of their income towards rent payments. Even more concerning is the fact that one in four of these “rent-burdened” individuals are “severely rent-burdened”, spending over 50% of their income on rent. To put this into perspective, the National Low Income Housing Coalition estimates that the nation faces a shortage of 7.3 million rental homes that are both affordable and available to extremely low-income renters. This scarcity means that for every 100 households in this income bracket, only 33 affordable rental homes exist. Such shortages persist across all states and major metropolitan areas. Despite ongoing efforts at the local, state, and federal levels, the need for affordable housing continues to intensify nationwide. This mounting demand and critical lack of supply creates an attractive investment opportunity.

2. FAVORABLE YIELD STABILITY THROUGHOUT THE ECONOMIC CYCLE - INCLUDING A RECESSION

Nuveen’s research showcases the affordable housing sector’s resilience, illustrating that affordable housing investments have **consistently outperformed 10-year Treasuries over the past two decades**. Compared to traditional real estate sectors, **affordable housing has generally delivered higher yields throughout the last 20 years**, as indicated by Nuveen’s research. This long-term track record indicates that affordable housing investments can provide investors with attractive returns and stability, even during economic downturns.

According to Nuveen’s report, an additional favorable aspect of affordable housing is its tendency to avoid downward rent adjustments during a recession, unlike market-rate apartments. This characteristic highlights the durability of cash flow in this sector compared to other forms of housing. Simultaneously, the scarcity of affordable housing options and the overwhelming demand for them contribute to the sector’s robust performance. Nuveen notes that properties designated for lower-income renters exhibit higher occupancy rates and experience less volatility compared to traditional apartments. This phenomenon can be attributed to the persistent undersupply of affordable housing relative to the substantial demand, creating a stable and consistent pool of potential tenants for these properties.

Why Affordable Housing Cont.

3. BACKED BY GOVERNMENT SUBSIDIES

One of the significant advantages of investing in affordable housing is the access to government subsidies, such as Section 8 vouchers. These subsidies provide property owners with stable and predictable rent collections since the government makes direct payments on behalf of eligible tenants. Consequently, affordable housing investments benefit from reduced risk and enhanced cash flow reliability. The availability of government support adds a layer of security and makes affordable housing investments even more attractive to investors.

4. ALIGNMENT WITH PUBLIC AND PRIVATE SOCIAL IMPACT INVESTING GOALS

Governments at all levels, local, state, and federal have acknowledged the pressing need to tackle the affordable housing crisis and have implemented initiatives to incentivize investments in this sector. By engaging in this market, investors not only have the potential for financial gains including reliable, stable income, appreciation, and tax advantages; but also play a pivotal role in addressing the vital housing needs of communities. Social impact investment in affordable housing not only generates economic returns but also drives positive change and improves the well-being of individuals and families in need.

Properties We Acquire



Occupied Value Add



Vacant Value Add

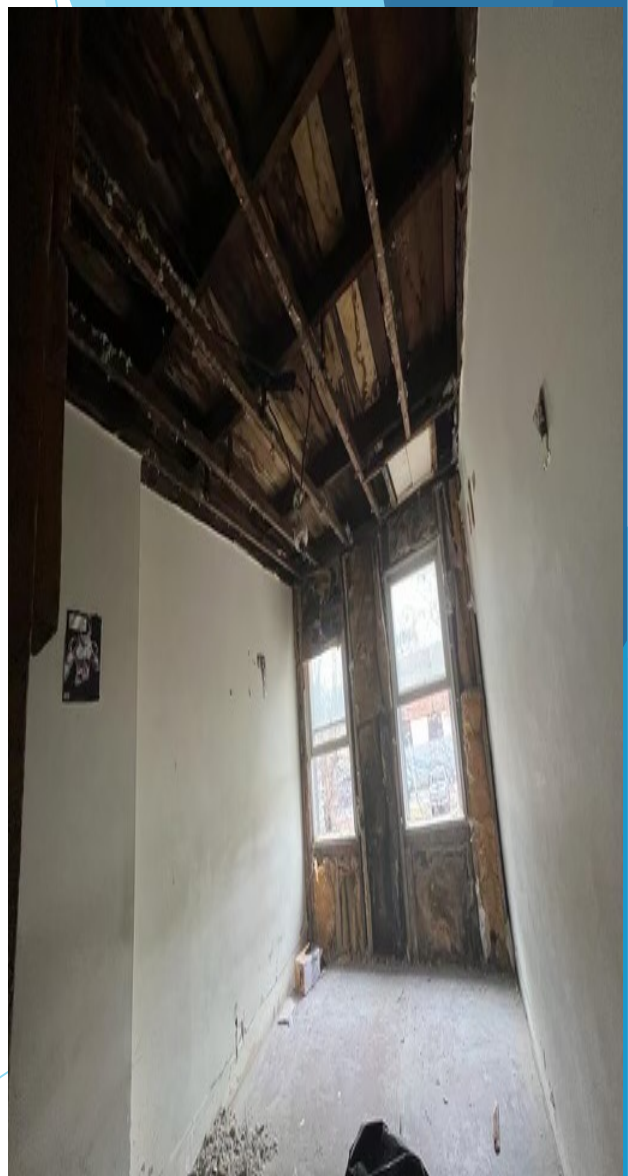
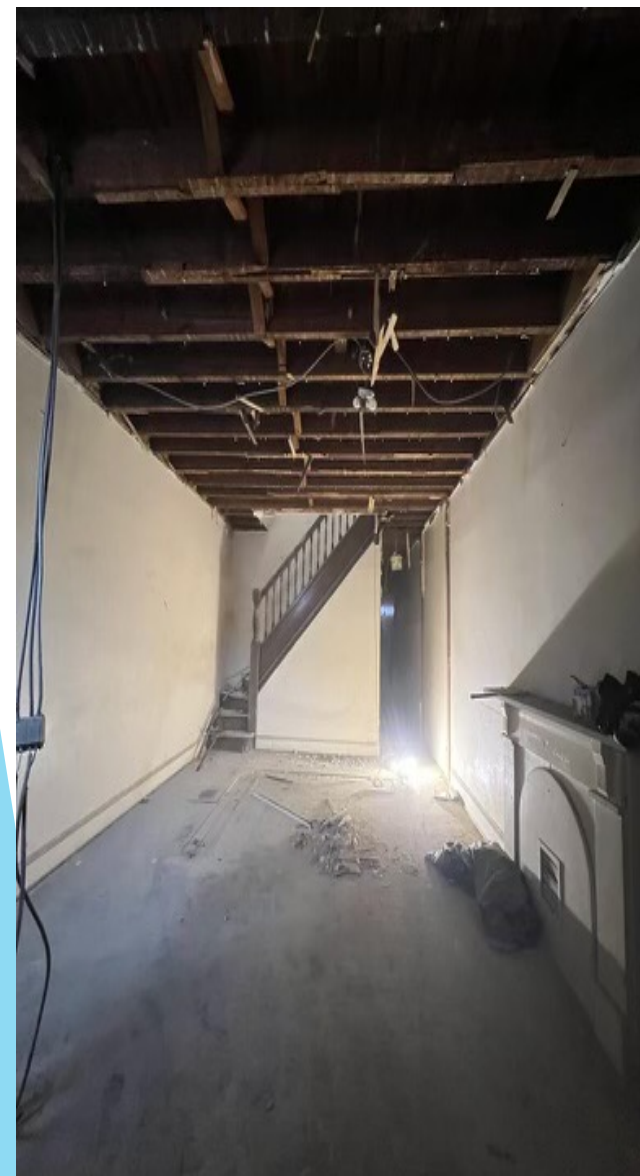


Full Renovation Distressed

2,3,4 Bedroom Single Family Properties



Portfolio Properties: Before

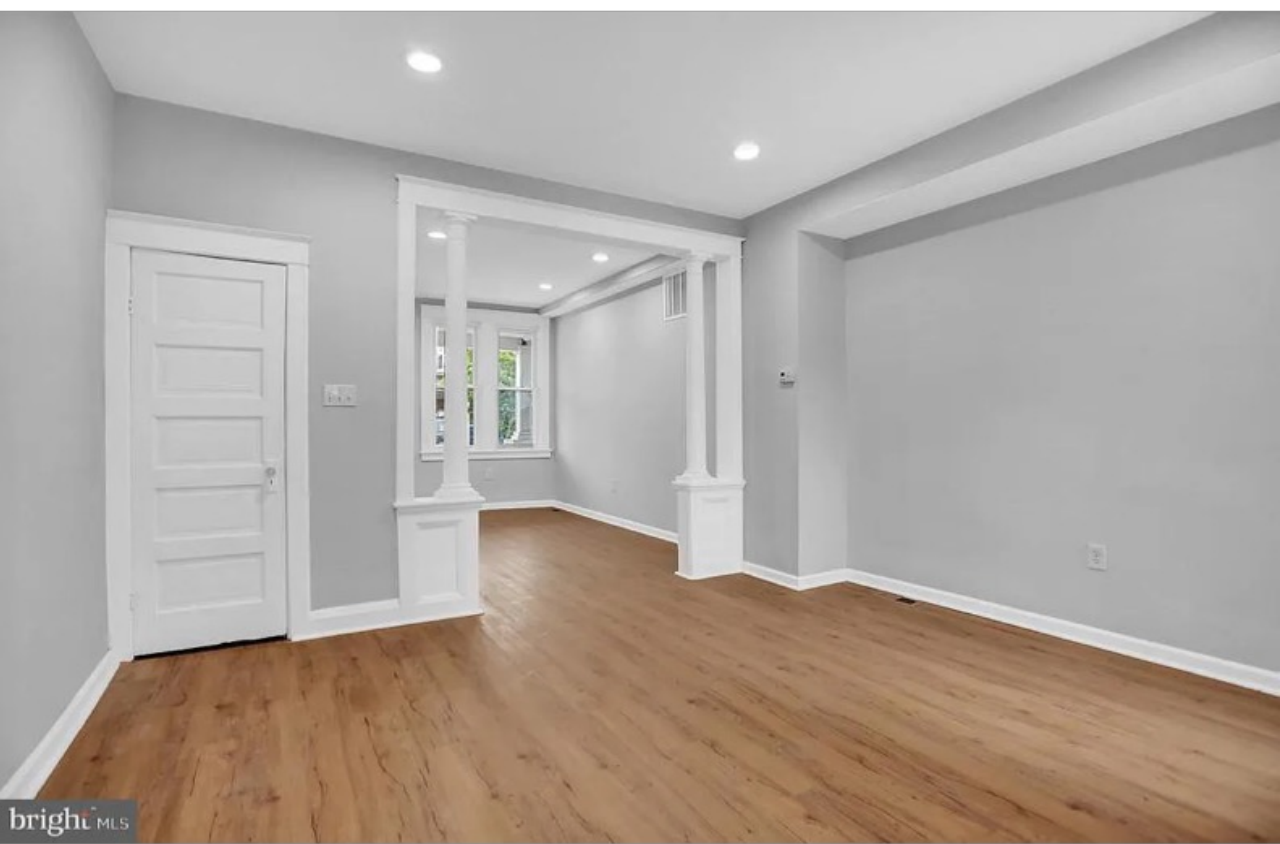


Portfolio Properties: Before

Portfolio Properties: After



GSP  **REI**



GSP  **REI**

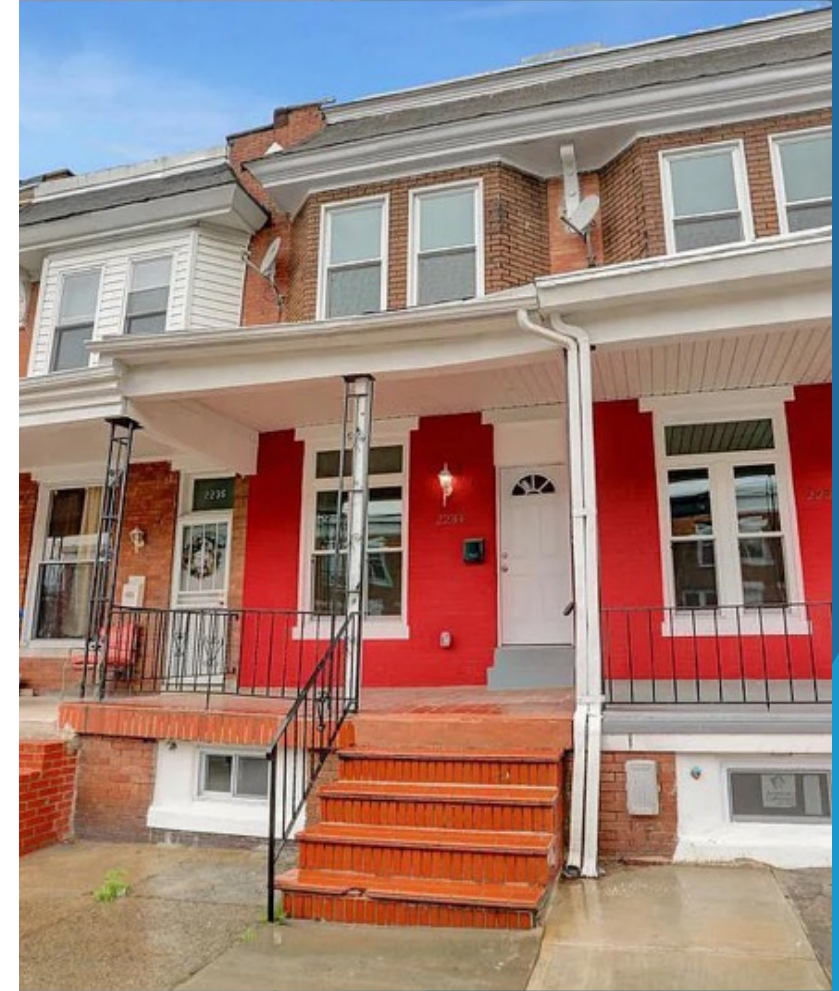
Portfolio Properties: After



Portfolio Properties: After



GSP  **REI**



Portfolio Properties: After

Acquisitions

Channels

- Auctions
- Off Market Deals
- On Market Deals
- Direct to Seller
- Government Programs
- REO
- NPL (1st Mortgages)

Types

- Individual Single-Family Homes
- Single Family Portfolios (Roll Up Strategy)
- Apartment Buildings
- Land

Operations



Vertically Integrated

In-House
Construction
Management

In-House Property
Management



Technology Driven



Number of Team Members: 30

Fund Offerings: General Details

Regulation D. 506(c)

Accredited Investors Only

Limited Liability Company (LLC)

Investors' Liability is Limited to their Investment

Accepts Personal, Entity, Self Directed Retirement Accounts (SDIRA and Solo 401k), and Trust

Current Fund Offerings

Growth Fund (GSP Growth Fund I, LLC)

- ❖ The Growth Fund is a 50% Investor/50% Manager Profit and Equity Sharing Fund that provides investors a fixed annual preferred return that is distributed monthly, semi-annual profit-sharing distributions, and equity growth over the duration of the investment as well as the tax advantages of real estate ownership.

Income Fund (GSP III, LLC)

- ❖ The Income Fund is a Fixed Rate/Fixed Term Fund that pays investors a fixed rate of return for a fixed term. Investors can receive distributions monthly, or they can compound their distributions for a higher rate of return.

Previous Fund Offerings: GSP I, LLC and GSP II, LLC are closed to new investments. Both funds have paid their fixed returns (9%, 10%, and 12% per annum) consistently on time since inception.



Growth Fund: Overview

Primary Assets Type(s)
Residential Rentals

Minimum Investment
\$50,000 (\$1k per share)

Anticipated Length of Investment
5-7 years

Average Annual Return
20-23%

Preferred Return
6% per annum (Distributed Monthly)

Average Annual Cash Yield
8-11%

Equity Multiple
2.5-2.8X

- *Projected Net Investor Returns based on a 5 year hold*
- *Various Tax Advantages for Investors*
- *Limited redemptions starting in year 3*
- *Financial Statements provided quarterly*
- *Financial Review Calls with Management held quarterly*

Growth Fund: Overview Continued

Growth Fund: Projected Net Returns*

Average Annual Return** **20.56%** (Not Including Debt Pay Down)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Preferred Return	6%	6%	6%	6%	6%	6%	6%
Profit Split	0.00%	1.27%	2.11%	3.13%	4.28%	5.69%	7.24%
Total Cash Yield	6.00%	7.27%	8.11%	9.13%	10.28%	11.69%	13.24%
Average Cash Yield			7.13%		8.16%		9.39%
Equity Multiple**			1.75X		2.54X		3.70X

Sample \$100K Investment

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Preferred Return	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Profit Split	\$0	\$1,270	\$2,110	\$3,130	\$4,280	\$5,690	\$7,240
Total Cash on Cash	\$6,000	\$7,270	\$8,110	\$9,130	\$10,280	\$11,690	\$13,240
Equity Growth	\$114,559	\$138,075	\$167,117	\$202,123	\$244,405	\$295,357	\$356,933
Average Annual Return**	\$120,559	\$145,345	\$175,227	\$211,253	\$254,685	\$307,047	\$370,173

*These are projections based on past performance. There is no guarantee these results will be achieved.

**Factors in the Preferred Return and 50/50 GP/LP Profit and Equity Split

Income Fund: Overview

Primary Assets Type(s)

Residential
Rentals

Minimum Investment

\$25,000 (\$1k per share)

1 Year Term

Fixed Return | Distributions

9% per annum | Monthly or Compounding (9.38%)

3 Year Term

Fixed Return | Distributions

10% per annum | Monthly or Compounding (11.6%)

5 Year Term

Fixed Return | Distributions

12% per annum | Monthly or Compounding (16.33%)

- *Minimum investment for 5 year, 12% per annum is \$150,000 (\$1k per share)*
- *Financial Statements provided quarterly*
- *Financial Review Calls with Management held quarterly*

Growth Fund vs. Income Fund

The Similarities

- Invest in Single Family Affordable and Workforce Rental Housing primarily throughout Baltimore, MD and Philadelphia, PA.
- Consistent Monthly Payments distributed 15th of each month via ACH
- Quarterly Financial Review Reports and Calls
- K1's annually

The Differences

- The Growth Fund will generate UBIT in a SDIRA. The Income Fund does not.
- The Income Fund allows monthly payments to be compounded. The Growth Fund does not.
- The Growth Fund has tax advantages. The Income Fund does not.
- The Growth Fund has upside potential. The Income Fund does not.



Fund Investing Benefits

- ▶ **Completely Passive Returns:** Passive funds backed by real property and first position mortgages.
- ▶ **Consistent Cash Flow:** Depending on the offerings, our funds pay consistent monthly or quarterly returns, with the ability to compound distributions.
- ▶ **Tax Advantages:** Our Growth Fund provides our investors with Tax Advantages through sharing in the depreciation of the fund. Our Income Fund does not generate UBIT in SD-IRA accounts.
- ▶ **No Brokerage or Hidden Fees:** Investments in the funds are direct to the company. Advertised projected returns are Net of Fees.
- ▶ **Low Minimum Investment:** Our Income Fund has a minimum investment of \$25k (\$1k per share).
- ▶ **Transparent Financial Statements:** Provided quarterly for all funds.
- ▶ **Quarterly Progress Report Calls:** Management openly discusses purchases, upcoming trades/pipeline, company updates, activities and questions from investors.
- ▶ **Experienced Management Team:** Over 60 years of combined real estate and note investing experience, managing over \$500MM in acquisitions, development, and redevelopment.
- ▶ **Diversification:** Our funds consist of properties and first mortgages throughout the Mid-Atlantic, Southeast and Midwest Regions.
- ▶ **Timely Investment:** Workforce and Affordable Housing supply is at an all-time low and greatly needed in today's economy, our target markets, and needed even more during a recession.

Our Stress Tested Investment Model



- ▶ The Investment Model that follows is a stress tested model derived from our actual portfolio purchases over the last few years, but stress tested to factor in any unforeseen downturns in the real estate market, as well as increase to cost.
- ▶ We took our actual average all-in purchase and renovation cost of \$100k and increased it by 15%, showing an all-in cost of \$115k.
- ▶ We decreased our actual average after-repair value of \$185k by \$20k, showing an after-repair value of \$165k, which represents an 11% decrease.
- ▶ We decreased our actual average rent of \$1,650 by \$175 to \$1,475, representing an 11% decrease.
- ▶ We increased our refinance interest rate to 7.25%. We are typically in the low 6% range.
- ▶ We planned for one annual refinance when we typically refinance between 2 to 4 times a year.
- ▶ With a \$5MM raise and one annual refinance this allows us to purchase around 40-50 properties a year, which is in line with what we do now. Our existing team can execute on much higher annual volume.
- ▶ We took other measures to be extremely conservative in our projections including increasing our taxes and insurance expenses and decreasing our target market's annual appreciation rate to 2% (actual 20-year appreciation rate is 5%).
- ▶ To be clear, we do not see anything happening in the Affordable and Workforce Housing markets we invest in that would negatively impact after-repair values or decrease rents. We have been experiencing the opposite, values and rents are continuing to rise because the demand for these types of single-family rentals is at an all time high, and the supply remains critically low.

GSP REI Our Model: The Assumptions

Asset Profile						
	Target Unit Count		310			
	Purchase Price Per		70,000			
	Closing Costs Per Acquisition		6%			
	Renovation Cost Per		45,000			
	After Rehab Value Per (ARV)		165,000			
	Equity per Acquisition		25%			
	Debt per Acquisition		75%	\$5MM Raise	6% Preferred Return	
	Time to Rehab		45	days		
	Time to Rent		30	days		
	Occupancy Rate		95%			
	Acquisition Fee		2%			
Revenue						
	Average Rental Rate		1,475			
	Property Management Fee		10%			
	Property Tax		0.6%	of property value		
	Insurance		0.5%	of property value		
	Maintenance		7%	Rental Income		
Financing						
	Refinance Interest Rate		7.25%			
	Refinance LTV		75%			
	Refinance Periods			Every 12 months		



Our Model: Unit Count

Units Under Management									
	Months	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Units Acquired
Acquired Units		41	42	43	44	45	47	48	310
Total Asset Value	\$ -	\$ 6,765,000	\$ 13,695,000	\$ 20,790,000	\$ 28,050,000	\$ 35,475,000	\$ 43,230,000	\$ 51,150,000	
Portfolio Value		\$ 6,765,000	\$ 13,968,900	21,485,178	29,320,082	37,479,983	46,139,683	55,140,877	
Market Growth Rate	2.00%								



Months				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue										
		Rental Income		\$ 689,415	\$ 1,395,645	\$ 2,118,690	\$ 2,858,550	\$ 3,615,225	\$ 4,405,530	\$ 5,212,650
		Rent / Rehab Delay		\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Total Revenues				\$ 589,415	\$ 1,295,645	\$ 2,018,690	\$ 2,758,550	\$ 3,515,225	\$ 4,305,530	\$ 5,112,650
Operating Expenses										
		Property Taxes		40,590	82,170	124,740	168,300	212,850	259,380	306,900
		Property Insurance		33,825	68,475	103,950	140,250	177,375	216,150	255,750
		10% Management Fees		58,942	129,565	201,869	275,855	351,523	430,553	511,265
		Repairs / Maintenance		41,259	90,695	141,308	193,099	246,066	301,387	357,886
		Debt Service		-	367,847	735,694	1,103,541	1,471,388	1,839,234	2,207,081
		Preferred Return		300,000	300,000	300,000	300,000	300,000	300,000	300,000
		Asset Managment		67,000	130,000	200,000	265,000	328,000	390,000	450,000
Total Expenses				541,616	1,168,752	1,807,561	2,446,044	3,087,201	3,736,704	4,388,882
Net Operating Income				47,799	126,893	211,129	312,506	428,024	568,826	723,768
Retained Earnings			-	47,799	174,693	385,822	698,328	1,126,352	1,695,178	2,418,946
Owner / Operator	50%			23,900	63,447	105,564	156,253	214,012	284,413	361,884
External Investor	50%			23,900	63,447	105,564	156,253	214,012	284,413	361,884
Ending Debt			(38,362,500)							
Ending Portfolio Value + Cash			61,080,877							
Portfolio Equity			22,718,377							

Average Annual Return	20.56%	Not Including Debt Pay down
Beginning Investment	5,000,000	
Investment at YR 7	18,508,661	

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Cash on Cash	6.00%	7.27%	8.11%	9.13%	10.28%	11.69%	13.24%
Equity Multiple at YR 7	3.70						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
\$100K Investment Annual Return							
\$ 100,000	\$ 120,559	\$ 145,345	\$ 175,227	\$ 211,253	\$ 254,685	\$ 307,047	\$ 370,173

			3 yr			5 yr			7 yr	
			ACOC	7.13%		ACOC	8.16%		ACOC	9.39%
			EM	1.75		EM	2.55		EM	3.70

Management Team



Ron Lockhart

Co-Founder & Managing Partner

Ron brings over 20 years of real estate investing and construction management experience to the company. His chief responsibilities include strategic planning and oversight of the company's vision. Ron manages our entire real property strategy, including our in-house construction and property management teams.

Peter Neill

Co-Founder & Managing Partner

Peter brings over 9 years of real estate investing and capital raising experience to the company. Peter plays an active role in the company's funds structure, formation, and management. He is chiefly responsible for fulfilling the company's capital raising goals by marketing and communicating the company's private offerings and maintaining key relationships with the company's investors.

Wade Carroll

Managing Partner

Wade brings over 20 years of real estate and note investing experience to the company; including managing a portfolio of over 600 single family rentals. Wade manages the entire note purchasing cycle including acquisitions, loan workouts and modifications, foreclosure and disposition and pricing.

Brian Campbell

Lead Construction Manager

Brian brings over 10 years of construction management and real estate investing experience to the company. Brian's chief responsibility is managing our construction teams and keeping our projects on time and on budget.

Jon Havey

Lead Property Manager

Jon brings over 20 years of property management and real estate investing experience to the company. Jon's chief responsibility is providing our tenants with a high-quality experience while aggressively managing our properties for risk mitigation.



Questions?

Contact Us:

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