Manchester Road Apartments
2547 Manchester Road Akron, Ohio 44319

Investment Summary

Justin Todd and Matt Probst representing Grizzly Real Estate Holdings, LLC (as Sponsor) has a contract to purchase Manchester Road Apartments and is seeking capital partners having accredited investor status to participate.

In order to qualify any interested party will be required to read the final Private Placement Memorandum, complete a suitability questionnaire and subscription agreement.

Property Information

- Manchester Road Apartments was built in 1976 and is located on .5 acres at 2547 Manchester Road Akron, Ohio 44319. It consists of 18 units in a two-story apartment building.
- Located in a convenient and accessible location in Southern Akron on the northern tip of Portage Lakes. The location of this building is ideal as it is close to highways, central Akron and many manufacturing facilities, as well as the popular Portage Lakes
- The property is in good condition with a current occupancy of 83.3%

Capital Improvements in the Last 12 Months (Over $80,000)

- Paint exterior building/trim
- Extensive roof renovation
- Rebuild/repair exterior staircases and rails
- 11 of 18 units renovated and updated
- Many new appliances
- New parking berms installed
- Many updated wall a/c units
- Fixture upgrades
- All units updated with CO_2 & smoke detectors to HUD requirements

Property Strategy

- Manchester Apartments is a Akron Metro Housing Authority (AMHA) building, which has a great value-add upside opportunity. Current average rents are $760/unit with average rent rates in the area of $850. This will allow new management to increase rents $90/unit ($19,440 in additional annual gross revenue) during the stabilization period, estimated to be 18 months. The property is currently underperforming due to the failure of current management to complete upgrades and improvements to 7 of the 18 units and organically increase rents while maintaining the most efficient operation of the property.
- The new management company will increase rents within the first 18 months of operations by making minor upgrades to the property including exterior repairs, signage, lighting, and cosmetic improvements to the units as they are turned over such as new vinyl plank flooring, modern paint schemes, updated lighting and appliances.
- The new owner will work to market the 1 vacant unit by marketing them on various apartment rental websites and work with the Akron Metro Housing Authority to place tenants in the section 8 program at the property.
- The strategy is to refinance the property in 18 months to return capital to investors and put more favorable, longer term debt on the asset at that time or sell the property if the appropriate cap rate allows a favorable return on investment

Financial Summary (see attached pro-forma and supporting documentation)

Acquisition Summary

- Purchase price - $940,000
- Improvements - $71,100
- Acquisition Cost/Reserves* - $47,000
- **Total Uses = $1,058,100**

Financing Summary

- Debt - $657,215
- Equity - $400,885
- **Total Sources = $1,058,100**

Stabilized Value @ 18 Months (for refinance or sale)

- Net Operating Income - $107,629
- Market Value (8.5% CAP) - $1,267,000
- Equity Created - $208,900

** Includes a 2% acquisition fee to sponsor, Grizzly Real Estate Holdings, cash reserves and debt closing costs.*

INVESTMENT OFFERING

- Ownership will be vested in a new entity being formed as an Ohio LLC partnership with Grizzy Real Estate Holdings, LLC acting as Manager.
- Class B units in the new entity is being offered to accredited investors as follows:
    - $400,000 is being offered to capital partners
    - Price per unit - $25,000 Class B
    - Total Units – 16 Class B
    - $25,000 minimum investment
    - Membership Interest – 1.25% per Class B unit
    - Preferred Return (paid quarterly) – 8% Class B
- Class C units are being offered in return for being a loan sponsor. A loan sponsor will be required to be a personal guarantor of the debt obtained by the company. Class C partner must be able to meet the financial criteria set by the lending institution.
    - Total Units - 1
    - Membership Interest - 20% per Class C unit

Refinance Option at 18 Months

REFINANCE OPTION AT PROFORMA			
Stabilized value (Enter market CAP rate)		8.50%	$ 1,267,000
Loan Amount (Enter LTV)		65.00%	$ 823,550
Refinance Cost	1% - 2%	1%	$ (8,236)
Loan payoff			$ (653,935)
Net Proceeds			$ 161,379
Investor capital return			$ (161,379)
Investor capital remaining			$ 239,506
Net cash proceeds			$ -

Sale Option at 18 Months

SALE OPTION AT PROFORMA			
Stabilized value (CAP rate)		8.50%	$ 1,267,000
Sales Cost	2% - 4%	2.50%	$ (31,675)
Loan payoff			$ (653,935)
Net Proceeds			$ 581,390
Return of Partner Capital			$ (400,885)
Projected Gain			$ 180,505

Return on Investment

PARTNER RETURN ON SALE AT PROFORMA			
Equity Distributions (Enter Equity Share %)		40.0%	$ 72,202
Preferred Returns			$ 48,106
Total			$ 120,308
Annualized Return			20.0%

STABILIZATION OF REVENUE

Rental Income

The current rental income is $760 per unit, with three vacancies. The seller has indicated that units are being marketed and leased at the current market rate of $850 per month. Two of the three vacant units are already under contract and are expected to be occupied by the end of March at this rate. Our plan is to raise the rent for the remaining units to $850 per month after upgrading the remaining 7 out of 18 units.

Other Income

Additional income is generated from pet fees and late payment penalties.

Loss to Lease

The current "loss to lease" represents the gap between the average rent per unit ($760) and the market rate ($850). This amounts to a total loss to lease of $38,370, presenting a value-add opportunity as rental rates are adjusted to market levels.

Vacancy Rate

While our goal is to achieve full occupancy, we are conservatively assuming that one unit will remain vacant during the renovation of the remaining seven units and tenant turnover. As a result, the pro forma projects a reduction in net rental income by $10,200 annually.

Income Summary

Within 18 months of closing, through a combination of unit upgrades and rent increases to $850 per month, net rental income is projected to grow by $57,810 per year—representing a 49% increase.

INCOME			POTENTIAL	CURRENT
Gross Potential Rent			$ 183,600	$ 164,160
Other Income	*$200-$400/Unit*	*$ 133*	$ 2,399	$ 2,399
Gross Potential Income			$ 185,999	$ 166,559
Loss to Lease	*0% - 5%*	*0.00%*	$ -	$ 38,370
Vacancy Rate	*4% - 8%*	*0.055553*	$ 10,200	$ 10,200
Delinquency	*4% - 6%*	*0.00%*	$ -	
Gross Collected Income			$ 175,800	$ 117,990

STABILIZATION OF EXPENSES

Insurance

The insurance expense estimate is based on the current owner's policy costs. For the purpose of this pro forma, we have assumed a modest increase. During the due diligence process, we will obtain updated insurance quotes from our existing providers to ensure accurate forecasting.

Taxes

Current real estate tax figures have been verified through the Summit County Auditor’s website. Given that the property is being sold at a higher price than the seller’s purchase price two years ago, we anticipate an increase in taxes. However, Summit County typically does not reassess taxable value at the time of sale but rather on a multi-year schedule. As a result, tax expenses may remain at current levels for the foreseeable future.

Utilities

The current utility expenses appear slightly elevated. For conservative estimation, we have assumed costs at the higher end of the average, approximately $800 per unit per year. During due diligence, we will review invoices to gain a clearer understanding of actual expenditures and identify potential efficiency improvements. Additionally, many tenants currently do not pay for utilities. In alignment with common market practices, we may transition gas and electric expenses to tenants, which could enhance net operating income (NOI).

Repairs and Maintenance

The seller has included certain capital expenditures under repairs and maintenance to leverage tax deductions for the current year. These include unit upgrades, plumbing improvements, and exterior work. As part of due diligence, we will review invoices and work performed to gain a comprehensive understanding of these costs. For the pro forma, we have conservatively estimated repair expenses at the higher end of the average, approximately $1,000 per unit per year.

Management

The seller currently employs a third-party management company at an approximate cost of 10% of rental income. We plan to handle some management functions internally by leveraging our existing team, thereby reducing the management fee to 3% of total revenue.

General and Administrative Expenses

The current general and administrative expense is primarily attributed to software costs incurred by the seller’s management company. Since we already utilize similar software within our operations, no additional expenses are anticipated in this category.

General Reserve

A modest replacement reserve has been budgeted to account for potential appliance replacements, including stoves, refrigerators, and window air conditioning units. A more precise assessment will be conducted during the property inspection to determine the condition of existing appliances and estimate potential turnover needs.

Other Expenses

This category includes minor operating costs such as snow removal, cleaning, and licensing/permit fees. As these expenses are relatively immaterial, we have budgeted in line with the seller's actual 2024 expenditures.

EXPENSES			PROJECTED	CURRENT
Insurance	*$450 - $700 per unit*	*$ 333*	$ 6,000	$ 5,784
Taxes	*.5% - 2.5% of PP*	*0.0148*	$ 13,912	$ 13,200
Utilities	*$700 - $800 per unit*	*$ 800*	$ 14,400	$ 17,229
Repairs & Maintenance	*$700-$1000 per unit*	*$ 1,000*	$ 18,000	$ 48,058
Management	*3% - 5%*	*3.0%*	$ 5,274	$ 12,776
General & Admin	*$200 - $300 per unit*	*$ -*	$ -	$ 648
Replacement Reserve	*$100 - $250 per unit*	*$ 200*	$ 3,600	$ 3,087
Other Expenses	*amount per unit*		$ 6,985	$ 6,985
Total Expenses			$ 68,171	$ 107,767

Expense Ratio	38.8%	91.3%

GENERAL PARTNER INFORMATION

Matt Probst

Matt Probst is the co-owner of Grizzly Real Estate Holdings located in Wadsworth, Ohio. Together with co-owner Justin Todd, Grizzly Real Estate has experience flipping single family homes and managing both single family home and multi-family units, located in the Akron, Ohio and surrounding area,

Matt founded and served as Chief Financial Officer of The Shady Springs Group for 12 years. Subsequent to selling three of four divisions of the company, Matt has held positions with various companies including Corporate Controller for RMS Investment Corporation, a Commercial real estate management company and Chief Financial Officer for Martin Designs, a stationary importing and wholesale distribution business.

Matt holds a Bachelor of Science in Accounting from the University of Akron and has completed the necessary requirements for a real estate certificate. Upon completion of college Matt spent 3 years at PricewaterhouseCoopers LLP in the Company's Middle Market Advisory Services Group. The group specializes in the auditing and management consulting of startup and growth oriented business including the initial public offering process with the Securities and Exchange Commission.

He founded Personalized Wellness Center in January 2005 and in 2023 founded Personalized Vitality Clinic, a medical clinic specializing in weight loss and anti-aging medications.

Justin Todd

Justin is a 20 year educator in the Ohio High School Education System serving in a multitude of leadership roles including Teacher, Athletic Administrator, Assistant Principal and Head Football Coach. Currently serving the Wadsworth City School District in a Director Role as well as Head Football Coach, his teams are recognized as perennial championship contenders and consistently perform as a top rated football program in the state of Ohio.

In his role as Head Football Coach he is tasked with strategic planning and oversight for over 500 student athletes, 50 coaches and support personnel spanning 9 levels of football while balancing a budget of $250,000 annually. Justin has also proven successful in the Real Estate Investment market with a focus on Single Family properties in the area of Wholesaling, Fix & Flips and Buy & Holds.

Justin holds a Bachelor of Arts from the University of Mount Union and a Masters of Science from California University of Pennsylvania as well as earning an Administrative Certificate from Salem University. He is married to his wife of 19 years Janelle, together they have three children; Braydan, Kora and Everett.