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Peer Insights REPORT

Q&A with Amy Saunders of Titan Capital Investments

Managing Partner

Principle Series:

Titan Capital Investments is a respected commercial real estate firm specializing in Class B/C value add apartment complexes in the Southeast. The team has been in the Southeast market for over 40 years and has developed an expertise as a local investor and operator in the area with entrenched relationship. Titan looks to add value through renovations and management efficiencies. Upon each acquisition, our property management company manages each asset with in-house management. The fund has developed a proven strategy investing in assets that have value add opportunities in specific growth markets in the Southeast including NC, SC, FL, GA, and TN. Titan Capital Website

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Why does Titan focus on multifamily investing in the Southeast?

"As longstanding Georgia residents, Titan's team has seen the growth of the Southeast first- hand. The Southeast market including GA, TN, SC, NC, FL and AL, is experiencing rapid growth which in turn influences the demand for apartments in our target market. A few of these factors include:

• Overall Population Growth – The Southeastern states' population growth continues

to outpace the nation's best known metropolitan regions. New residents are moving out of higher income tax states and choosing Southeast metropolitan areas for the more amenable cost of living and climate.

• Job Growth - The diversification of employers in the Southeast and new employers moving in has generated new jobs and attracted skilled talent to the area. Unemployment continues to steadily decrease or remain flat in Southeast metro areas. The region is experiencing a boom in job growth with the reemergence of a strong manufacturing base. There is also an influx of Fortune 500 Companies opening offices in the region which ultimately creates more demand for housing

• Change in Behavior: Individuals, particularly Baby Boomers and Millenials, are choosing to rent over home ownership in order to maintain a more flexible lifestyle. For those Millennials interested in home-ownership they are waiting until later in life to make a home purchase.

• Demand outweighs Supply – With new job growth and increase in population comes new supply in the market. The new housing supply coming online does not meet current housing needs, allowing for renovations and rent increases in existing supply. Current rent prices are 15-20% behind new supply leaving space for upward movement in Class B/C rents.

Overall, multifamily investing has outperformed every major commercial real estate asset class on a risk-adjusted basis. Coupled with the tax efficiencies afforded to investors using cost segregation depreciation methods, multifamily asset investment makes a compelling investment case.
"

How does your business model work and what milestones have you accomplished?

The team is dedicated to creating homes for our residents while providing a healthy risk adjusted return for our investors and do this by putting people first. Our investors partner with us in each acquisition, receiving an annual return as well as participate in the depreciation tax shields of the asset. The Titan team has developed a proven process for evaluating each new asset. Our strategy is to acquire, renovate, re-brand, and update management practices with each acquisition. The team identifies properties in markets and sub-markets in which population, employment, and rents are growing and are close to demand drivers. Demand drivers include proximity to jobs, transportation, shopping, and basic needs of residents. When it comes to the property itself, Titan looks to add value through capital improvements and management efficiencies. Upon each acquisition, our property management company manages each asset with in-house management. Using our proven methods and experience in the market we are able to change the performance of the asset both aesthetically and operationally. As reference, our upcoming exit of a

property, utilizing these very techniques, has seen a 33% increase in rent, has generated a 10% annual return to our investors, and 66% IRR. Over the last 26 months Titan has placed ~$30M of equity in $100M of assets in the GA and TN markets. The current portfolio, while not indicative of future performance, averages well above 25% IRR and includes 5 refinances with 100% return of capital.

How does your team manage risk?

Each asset is managed by our local management and has immediate cash flow at the purchase of the property. Properties are purchased close to or currently operate at stabilized occupancy – over 90%. A thorough underwriting process both on spreadsheets and a physical review of the complex is conducted before any acquisition in order to stress test the property. The team underwrites the properties to weather a swing in occupancy (down to 70%) if market conditions change and carefully evaluates the debt structuring to accommodate. Furthermore, we strive to purchase properties that display strong market fundamentals and have historically fared well through multiple cycles. Titan looks for properties close to demand drivers and employment hubs that typically remain stable during downturns, including universities and hospitals.

With any investment vehicle, the team steering the ship is one of the most important aspects. Titan's team has diverse backgrounds which encompass all aspects of the transactional and operational needs of the company. Management team experience spans capital stack structuring, property management, and capital expenditure renovations. Our team has invested and operated properties in the Southeast for the last 45 years. Years of experience in the market provides the team with firsthand knowledge on how local properties have performed through various stages. During our due diligence process the numbers are evaluated; however, the true diligence is done with a thorough physical analysis of the property. We pride ourselves on being hands on with each new acquisition. The decision makers are in the field visiting the properties with their own eyes. With this local knowledge, the management team can better determine how to truly derive value from a property, more accurately evaluate the sub-markets, decipher if the upside potential is there, and understand how to balance the renovation spend for the highest rent bump. Detailed sub-market knowledge provides the ability to understand market fundamentals almost to the street level rather than broad sweeping statements. A sub-market can have a significant change just on the other side of the street and our investors benefit from that level of detail.

Amy Saunders of Titan Capital Investments

Amy has 10 years of investment portfolio management and investor relations experience. Prior to joining Titan Capital, Amy launched her career in GE's Financial Management Program. During her time at GE Capital, she was on capital markets team syndicating $50M – $1BN private equity transactions. Ms. Saunders then transitioned to Deloitte where she worked on growth initiatives and acquisition strategy & operations. She has since spent her time at Titan Capital focused across the deal spectrum from both the operational and transactional perspectives. Contact Amy