

PATH CAPITAL VISION



It is December 31st, 2024 and it is hard to believe that the Covid pandemic is now a distant memory. It has been 2 years since the economy fully opened its doors and people have returned to what they previously knew as normal. The world economy is still reeling from Covid though and here in the US inflation is setting in and interest rates going up.



On the real estate market, Path Capital, an upcoming and promising company has just closed on its 1024th unit 3 years after buying its first apartment complex. It has certainly taken the Multifamily real estate sector by storm. Founded on February 2021 right in the middle of Covid its growth has been phenomenal and exponential.

Innovation through real estate focused on clarity, discipline and consistency has been its hallmark since its foundation. “We use innovation in real estate to provide our residents the best experience while giving our investors market or higher returns and our employees the best place to work” said Dr. Reriani president of Path Capital when asked what had spurred such growth and success.

“It is very important to know your why and be in pursuit of it, hold yourself accountable to how and the results will be tangible proof of what you believe in” he went on to expound. Our why is to challenge the status quo to empower residents through innovation. We don’t focus on improving current systems but on being bold and radical in our approach of inventing new process and systems to make our apartment complexes comfortable and affordable homes for our residents”.

It is through targeting a very specific sector and consistently producing results that Path Capital has become a trusted brand. Initially we targeted apartment complexes in key markets that we could add value to by renovation and operations. As we matured, we have been able to keep to our core value of innovating, vetting these innovations through an established process before applying them across the board to all apartment complexes.

Leadership

The primary function of leadership in Path Capital primary is to provide radical clarity, profound trust and autonomy, committed to results but always flexible to process. We believe that when you provide people with the vision, they will produce results in much better ways than you could have imagined. We are motivated by the desire to achieve and not the desire to beat our competition. We highly value cooperation with other like-minded players in the market.

The mission and goal are to use real estate to innovate and we believe that the more people there are who share in this vision the greater our success will be. As such our competition has always been us and success has come with the never-ending pursuit of why we do what we do. It has been very humbling to see how many people have understood and want to help us in our mission.



In-house management company



The biggest link in our success come with the foundation of our in-house management company- Mutual one property management. It is something we always intended to do from the onset but had to wait to obtain the resources and economies of scale. Without complete control of the operations, we could not fully achieve our vision. We have always appreciated the help of our third-party property management companies, but we knew that our visions would never be fully aligned.

Mutual One property management was founded when Path Capital got to 240 units barely 2 years after its first property acquisition. It is a company like none other both in scale and mission. Our goal was to

have an owner's mindset from the get go with every employee who worked in the company from the CEO down to the janitor.



Ownership Culture

We have been very intentional in building an ownership culture in the company by elevating every single one of our employees to an owner's status. This has been achieved even with employees who don't own a home let alone have real estate for rent.

Every profit made by the company is reinvested back and the employees get to vote at the end of the year how to allocate it. It is almost akin to a mutual fund that is owned by investors hence the name. On the first year the employees voted to take the profit as a bonus pay (which was performance and compensation based) but later they have chosen other things that have improved their workplace experience such as buying vehicles which have improved reliability etc.

Second and equally important in cultivating an owner's mindset is our policy of helping and encouraging our employees to buy and manage their own real estate. Once they have a property we provide them the option of managing it inhouse with the exact terms as Path Capital. Their properties are managed at 5 % which is below market and yet provide them with a much superior service. As we anticipated, every employee with real estate has taken advantage of this opportunity.

We have used different strategies with amazing results to achieve this. Some have included encouraging employees to buy a house and rent a room or buy a duplex, live in one and rent out the other. The ultimate goal though is to see them build their portfolio to several units over the years. By

providing them with education and asset management skills we have been amazed at how many have taken up the challenge. We are now approaching almost 80 percent of our employees who either own or are in the process of buying their first rental properties.

It has not been easy to overcome the fear of venturing out into the real estate world and we are extremely proud of what our employees have achieved. In fact, the willingness to own and operate their own real estate has been factored in the process of hiring new employees. We look for potential employees who are motivated and up to the task of becoming real estate investors. As a result, Mutual one property management has become an extremely attractive place to work and is consistently ranked in the top decile in its category for the last 2 years.

Finally, we are in the process of buying a property for the employees to own and run. Once vested, the employees will have a chance to buy a share in the property and become part of the management team. This will help especially the employees who are held back by either fear or lack of resources providing them a chance to have a foot in the game.

Logo

Employees in Mutual one property management understand that our community residents' needs come first and this has been their primary focus. We are also very grateful to our investors because they provide us with this amazing opportunity to do what we do. The company, the residents and investors value and appreciate our employees. Resident needs drive both investments and employees focus and this is reflected in the three shields of our logo with resident needs being the biggest of the three shields.

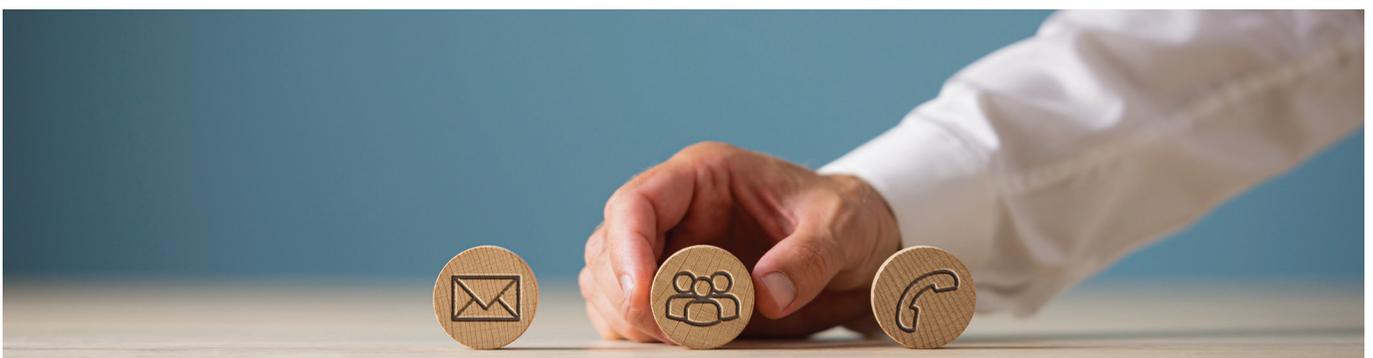


Cost conscious

We have managed to keep costs down which we have then passed on to our residents and investors. We have used various innovative methods and keep looking for new areas. One such areas has been outsourcing work by using virtual assistants in places like the Philippines and India. We get top work done to help our residents and investors at a fraction of the cost. We continue to build our company both with full time employees and with people working full time on commission.

Residents

We aim to provide residents with multiple channels of communication, phone, text, email, website. The goal is to always have someone answer the phone when a resident calls and respond to all other methods of communication promptly usually on the same day.



Rent value

We always aim to keep our rents on the lower end of distribution curve targeting the 75 percentile and still providing superior products. By creating periodic reports for our tenants that show them current market rents in the area they appreciate the value they are getting. We want to make our residents feel that rent is the best money they want to spend. This report will substantiate any rental increases at the time of renewal if needed.

We also launched a highly successful reward program for our loyal residents. After one year with us, residents become eligible for Path Capital Prime. This comes with several perks that we are constantly evaluating and improving. For example, they are eligible to unlimited high speed internet access and have the opportunity to become part owners by investing in our funds at a reduced minimum requirement. Our residents appreciate that we care about them and have rewarded us with being loyal. We have consistently enjoyed one of the highest lease renewal rates. By outlining these benefits, we make our residents feel positive about paying rent and renewing their lease.

Another crucial program that further cements this loyalty is what we call the first ninety day move in experience. This is an elaborate welcome program that starts with a warm welcoming package on their day of moving in, weekly follow-up with different key people in the company until they finally receive a personal call from the president before their 90th day. Never lose a customer again is our mantra and we have worked hard to achieve this.



Investors

We look for like-minded investors who buy into our vision and are not driven only by returns. We work to provide returns above the current market rate for real estate but this is never the driving force of investing with us. Having built trust with the community it is important for our investors to understand that our mission will come first and it is a result of our mission that we produce such excellent returns to them.



Investment philosophy

The investment philosophy has been guided by our vision and not by returns. We aim to control the risks we take and accept the returns we get as opposed to chasing the returns we want and accepting the risk we get. The biggest risk we can control is being faithful to our mission.

Path Capital Investment Fund

As we have evolved, the primary investment structure has become an evergreen fund with a preferred rate of return of 6% and an annualized return of 12 percent. We focus on no losses and consistency of returns. Two things have set this fund apart from similar real estate investment opportunities. In addition to providing better than market returns this fund is highly liquid. We aim to redeem any cash requests within 90 days and have honored every single request to-date within 30 days. We are now working to lower this number to a 30 day guarantee cash redemption with a target actual of 10 days after any request.

Secondly, we focus on paying our investors first giving them a preferred rate of return before taking any fees including management fee. Our management fee is also the lowest in the industry at 1%. We then share profits with an 80 – 20 split with investors. We ensure alignment with our investors by investing alongside with them. The partners have been the largest investors of the fund to date and are required to invest a dollar for every 4 investor dollars.



Partnership

No matter how brilliant your mind or strategy, if you're playing a solo game, you'll always lose out to a team (Reid Hoffman). We are indebted to the many partnerships we have formed along the way and believe that this would never have been possible without them. We have been very careful in vetting our partners especially on alignment of mission, vision and values. To this end, we have employed the partnership Charter which has worked extremely well not only ensuring our partnerships survive but that they thrive and reach their highest goals.

Thought leadership platform

Education is a vital goal and cornerstone of Path Capital. The educational needs are driven by our mission to nurture innovators in real estate. The community has come to expect content on our latest innovations, and we have become a trusted medium to exchange and share ideas on how real estate can drive innovation and in turn helps build stronger resident communities, improve investor returns while providing a great work environment.

Since the launch of our first podcast 2 years ago, our content sources have grown to almost half a dozen to include blog posts, youtube channel, Facebook community, seminars and virtual meetups. Most of the content is free thanks to our sponsors and investment from the company. As we believe

strongly in our mission, we have committed a third of our profits to promoting education. We have also made every effort to have paid education provided at cost and many times below cost. We continue to limit sponsors and advertisements to ensure that viewers get the most content with the least destruction and minimal sales burden. To keep the contents free, we have maintained a few paid sponsors. This has also served the purpose of connecting our viewers with our vetted vendors. We have made every effort to minimize conflicts of interest with sponsors and have gone beyond standard requirements in declaring all real and perceived conflicts of interest.



Board of Directors

Since the beginning, the partners have worn many hats fulfilling multiple roles in the company and board. We have kept the two structures separate with the intent of have external board members. Last year with the strong growth that we have enjoyed we have been able to expand and include our first external board member. We have valued his input and he has taken well to learning and understanding our culture.

The most important aspect has been in educating new board members on our mission and making sure that they share our vision for the company. We are particularly slow in this area as we have had to ensure that the culture of the company remains strong even at the board level. Initially this was an advisory board and going forward the plan is have the board function on a supervisory role.