Investment Committee FAQ

What to look for when buying Real Estate

Operating Partner

The operating partner will be the person running the show following the closing, and thus will greatly impact the success of the deal.

- Experience
- Local Knowledge
- Past Deals/Partners
- Skin in the game
- References and Impression

The Property

Each property/deal has its own unique story behind it. Understanding the circumstances behind the deal and the different aspects of the property makes the difference between a success story and a failure.

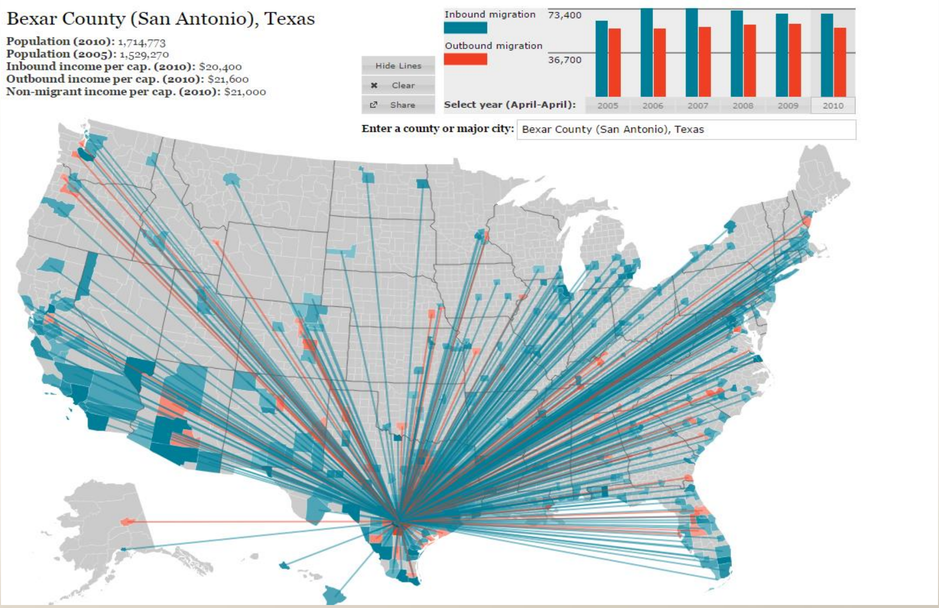
- Risk/Return Analysis
- Comparative Market Analysis (CMA)
- Property Metrics
- Tenants Overview
- Boots on the Ground
- Asset Class Characteristics

	Retail	Office	Multifamily
Rent	100%	100%	100%
NOI	96%	85%	60%
Average Lease Term	5 years	5 years	1-2 years

Location, Location, Location

Cliches are made because they are true. In today's ever changing world location is the single most important attribute of any real estate deal.

- Market Analysis
- Demographic Analysis
- Supply and Demand
- Property's Location Attributes



Location, Location, Location

20 BEST PLACES FOR BUSINESS AND CAREERS (Forbes, 2016)

Rank	Metro Area	Cost of Business Rank	Job Growth Rank	Education Rank	Population
1	Denver, CO	133	16	19	2,820,200
2	Provo, UT	16	2	33	586,800
3	Raleigh, NC	25	18	13	1,277,000
4	Seattle, WA	172	28	11	2,895,300
5	Portland, OR	126	37	32	2,392,300
6	Des Moines, IA	17	65	49	623,200
7	Salt Lake City, UT	57	25	73	1,171,800
8	Ogden, UT	28	31	98	643,800
9	Atlanta, GA	59	35	37	5,723,300
10	Dallas, TX	104	12	43	4,718,900
11	Austin, TX	142	4	17	2,008,300
12	Colorado Springs, CO	105	66	40	699,100
13	Boise, ID	29	26	96	678,600
14	Columbus, OH	123	42	49	2,024,400
15	Oakland, CA	183	44	16	2,769,100
16	San Francisco, CA	198	5	4	1,632,000
17	Lincoln, NE	11	109	39	324,100
18	Fort Collins, CO	78	21	9	334,300
19	Charlotte, NC	65	23	62	2,431,300
20	Tacoma, WA	73	75	150	845,600

Financing

“When you combine ignorance with leverage, you get some pretty interesting results” - Warren Buffett. Be careful and adjust the leverage to the deal and what it can support.

- Lender type
- Loan Terms –
  - Term
  - Fixed vs. Floating Rate
  - Amortization
  - Leverage Ratio
  - Recourse
  - Covenants
  - Flexability (prepayment, partial releases etc.)
- Shop around and negoitiate

Legal Considerations

Purchasing a property requires strong legal support. The legal team is an invaluable asset for any deal and a strong US team will guide you through acquisition.

- Advice as to deal holding structure and tax implications
- Performance of Due Diligence
- Drafting, review, and negotiation of documents

You've only just begun…

Remember that the closing of a deal is just the beginning of your relationship with the operating partner.

- Budget review and management
- Biannual property tours
- Monitoring of financial reports
- Involvement – Leasing activity is not going according to plan? Renovations are lagging? Take initiative and step in.

Chula Vista Redevelopment – California

The property is a former vacant Target store located at the heart of a highly populated urban neighborhood, with a high demand for retail. Once tenants occupy the property the occupancy rate will increase from 0% to 100%. **The property was sold at a price of $42 million which represents a cap rate of 5.45%.**

Acquisition Overview	
Location	Chula Vista, California
Date Acquired	June 2014
Total Capitalization	$28.3 million
Total GLA	128,700 SF
Financing	52% LTC - 5 Years @ 5.5%
Equity	$13.7 million
ALTO Fund II Share	66%
Current NOI	$2.3 Million

Chula Vista – Leasing Activity

Tenant	Area	Status
Hobby Lobby	50,000 SF	Signed contract
Smart & Final	32,400 SF	Signed contract
ALDI	18,821 SF	Signed contract
Party City	14,900 SF	Signed contract
NY Buffalo Wings	1,700 SF	Signed Contract
AT&T	1,400 SF	Signed contract
I-Nails & Spa	1,200 SF	Signed contract
Little Caesars Pizza	1,200 SF	Signed contract
Vietnamese Restaurant	1,200 SF	Signed contract
Sleep Train	4,800 SF	Signed contract

Chula Vista Redevelopment – California

Renaissance Commons – Florida

A commercial center close to West Palm Beach in a good location with a potential for property improvements. The property has high annual yield and its occupancy rate increased from 80% to 96%.

Acquisition Overview	
Location	Boynton Beach, Florida
Date Acquired	October 2015
Total Capitalization	$19.5 million 6.5% Going-in Cap Rate
Total GLA	62,573 SF 80% Occupied
Financing	70% LTC – 5 Years @ 3.63% interest from Mercantile Bank
Equity	$5.9 million
ALTO Fund II Share	80%
Key Tenants	Starbucks, AT&T, Hurricane Grill & Wings and BoneFish Grill

Renaissance Commons – Leasing Activity		
Tenant	Area	Status
Sterb's Restaurant	5,494 SF	Signed contract
Burger Fi	3,000 SF	Signed contract
Spring Brothers	5,000 SF	Signed contract

Renaissance Commons – Florida

Thank You!