

**Adler Kawa Real Estate Advisors (AKREA)** is a vertically integrated real estate private equity firm that invests in multi-tenant light industrial and office properties in areas with favorable demographic and economic trends in the United States.

AKREA's Investment philosophy is to focus on **capital preservation, cash flow** and **value creation**:

- Acquire properties well below replacement costs with conservative leverage.
- Seek strong cash flows to generate significant returns through improved operations.
- Implement value-add strategies to achieve significant residual values, independent of macroeconomic growth.

## PERFORMANCE

- AKREA and its predecessors have a successful 50 year track record of property investment and management.
- Since June 2010 Adler Kawa's management team has deployed a total of \$242 mm in equity (including \$153mm in institutional co-investments), while generating an estimated gross 19.5% IRR. (\*)
- Fund II and III are currently making net quarterly distributions of approximately 8% per annum on called capital.

## INVESTMENT STRATEGY

- Product Type: Business parks, light industrial and low-rise office properties requiring high operating expertise.
- Transaction Size: Mid-market deals greater than individual investors can manage, but smaller than large institutions seek.
- Geography: Growth markets in the U.S. with favorable demographic and economic trends.
- Multi-Tenant: Reduce single counterparty risk by having a diversified tenant base.
- Moderate Leverage: Use of sensible financing, with target loan to value of 65%.
- Management Intensive: Utilize internal and affiliated Adler Realty Services' expertise to implement value-add strategies.



## ADLER KAWA DIRECTLY MANAGES IN EXCESS OF \$226mm OF EQUITY CAPITAL:

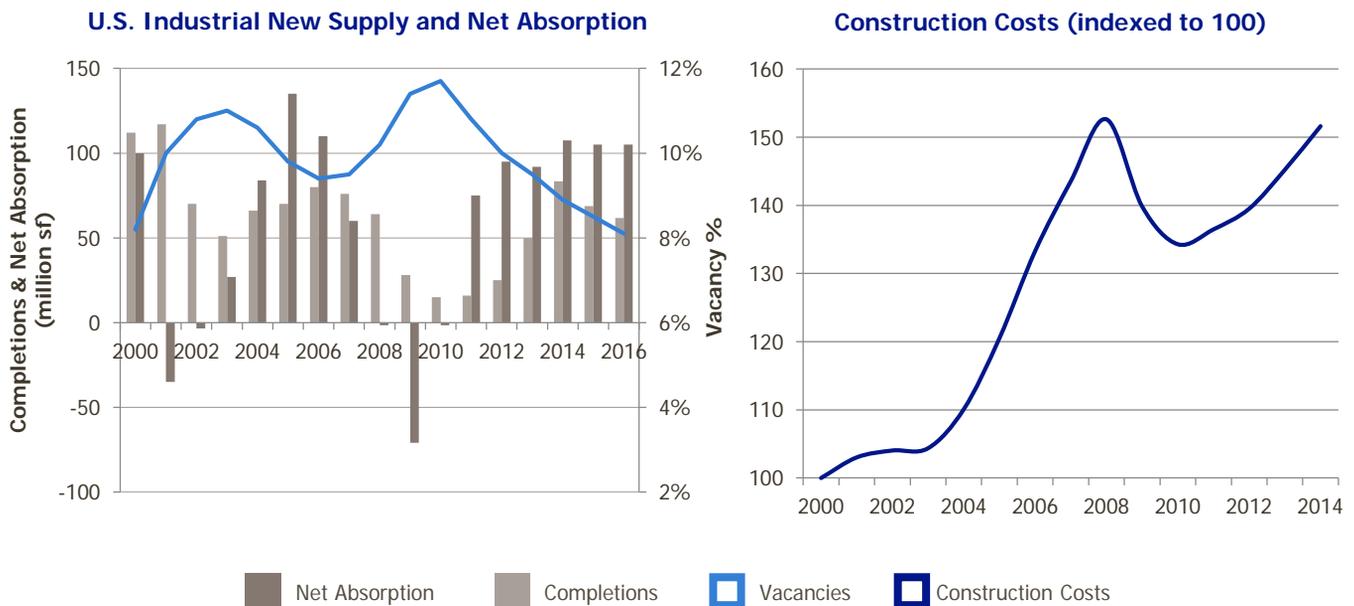
- Adler Kawa Real Estate Fund III has \$110mm in equity (July 2016) and five purchased properties (as of July 2016) .
- Adler Kawa Real Estate Fund II has \$56mm in equity (fully deployed in 8 properties).
- Adler Real Estate Fund I has \$17mm in equity (fully deployed in GP positions in 8 properties between June 2010 and Sept 2012.)
- Co-investor "LP" capital invested alongside Funds I, II & III of \$43mm.

\* Significant portions of these returns are estimated. Past performance is no guarantee, explicit or implied, that the company will be able to achieve the target returns.

## INVESTMENT THESIS

1. US Light Industrial real estate continues to trade at a discount to replacement/construction costs.
2. Occupancy in office and light industrial continues to increase, while supply of new product has been muted.
3. Construction costs continue to climb faster than rents due to residential development, further limiting new supply in the sector.
4. These trends are magnified in growth markets.

**With increasing tenant demand and constrained supply, the sector has potential to outperform.**



## HISTORY

- Adler Kawa was formed in 2012 as the successor to the Adler Group's investment business which had a successful 50 year track record acquiring multi-tenant office and industrial assets. From 1997 to 2008 Adler Group deployed \$154 million in equity primarily with institutional partners.
- Adler Kawa is a partnership of the Adler Group and Kawa Capital Management.
- Adler Kawa leverages the more than 50 years of real estate investment and property management history of Adler Group and Kawa's investment expertise across a wide spectrum of assets.

## FUND III GENERAL INFORMATION

<b>Fund:</b>	Adler Kawa Real Estate Fund III, LLC	<b>Fund Size:</b>	\$110 mm
<b>Investment Advisor:</b>	Adler Kawa Real Estate Advisors	<b>Management Fee:</b>	1.5% of committed capital
<b>Legal Counsel:</b>	Bilzin Sumberg, LLP	<b>Incentive Fee:</b>	20% after preferred return with catch-up
<b>Portfolio Manager:</b>	Matthew Adler	<b>Preferred Return:</b>	8%
<b>IR Contact:</b>	James Almuli	<b>Target Return:</b>	14% net IRR
<b>Email:</b>	almuli@adlerkawa.com	<b>Investment Period:</b>	2 years
		<b>Expected Avg Hold:</b>	5 years

\* Significant portions of these returns are estimated. Past performance is no guarantee, explicit or implied, that the company will be able to achieve the target returns.