

Thomas Winery Plaza

Lender Relationship Provides Attractive Opportunity



Asset Valuation Summary

Purchase Date: May 2011

Purchase Price: \$17,000,000

Equity: \$1,450,000

NOI at Purchase: \$770,403

Occupancy: 55%

Sale Date: June 2018

Sale Price: \$24,000,000

Equity Multiple: 3.6x

NOI at Sale: \$1,528,136

Occupancy: 95%

Acquisition

- Seller was in default, Aii asked by lender to step in as replacement Sponsor based on our prior experience and relationship with lender.
- Bifurcated existing debt into two tranches.
- Prime location in Inland Empire.
- Property was 55% occupied at acquisition.
- Opportunity to increase occupancy by providing tenant improvement dollars to new tenants.
- Prior ownership completed extensive capital improvements, including new Fresh & Easy building with ground lease.
- Souplantation is one of the highest grossing sales locations within Southern California region.

Transformation

- Opened asset management office on site to implement business plan.
- Offered creative lease terms to attract quality tenants.
- Secured 10-year lease with Fitness 19 Gym to anchor the rear of the shopping center.
- Favorable leases in place with all options at Fair Market Value.
- Occupancy increased to 95% during ownership.
- Partnered with City of Rancho Cucamonga to update the zoning and redevelopment code to allow some uses previously not permitted.
- Center sponsored events to attract new customers to our center and allow tenants to cross-market with each other.

Realization

- International buyer interested in cash flow.
- Sold to an all cash buyer.
- CVS anchored shopping center at time of sale.
- Equity multiple of 3.6x in 7.1 years.
- NOI increased by 98%.
- Gross IRR: 20.84%.
- Net IRR: 14.85%