

NATIONAL ANCHORED RETAIL INVESTMENT GROUP





DON MACLELLAN
Senior Managing Partner

EXPERIENCE IS NOT A COMMODITY: TEAM LEADER BIOS

As a Senior Managing Partner at Faris Lee Investments, Mr. MacLellan helps lead the firm's major disposition assignments and is part of the senior advisory team. He is also active in transaction negotiations and overseeing staff in the proposal process.

Mr. MacLellan has more than 34 years of commercial investment sale experience. His focus has been in acquisition/disposition services, which includes core, value-add opportunities, structured debt and equity structuring. During his career, he has been directly involved in more than 450 investment transactions valued in excess of \$5.5 billion.

Mr. MacLellan has been the lead broker on many large high profile retail transactions throughout the US including: Northglenn Marketplace , Denver CO- \$48 million, The District, a grocery/lifestyle center in Henderson, NV- \$79.3 million; Gateway Village (\$66M) SouthBay Pavilion (\$50M); Torrance Crossroads (\$133M), a nationwide Albertsons portfolio-\$101 million and the AIG Baker portfolio in excess of \$260 million. In addition, Mr. MacLellan has transacted nearly \$200 million of Hawaii retail assets over his career. He also led the sale by Macerich of a Kohl's/ Mervyn's portfolio for \$75 million and Vornado's disposition of a national Best Buy/Toys R Us portfolio.

Since joining Faris Lee Investments in 2001, Mr. MacLellan has played a vital role in growing the firm's business volume and elevating the client base and transaction profile. He was the lead broker in the disposition of the \$138 million Torrance Crossroads, considered the pioneer case study for using a break up strategy for retail centers.

During his tenure with Faris Lee Investments, Mr. MacLellan has worked with the majority of the retail leaders in the industry – REITs, pension funds, major developers, equity and lenders – including Macerich, UBS, Fortress, Hudson Advisors, Lubert Adler, Vornado, Regency Centers, DDR, LaSalle, Prudential and LNR. Prior to joining Faris Lee, Mr. MacLellan spent 17 years with CBRE and HFF in Southern California. He is considered one of the elite retail investment brokers in California based on his extensive transaction activity and client list, as well as his successful completion of some of the country's most creative and complex retail transactions.

Mr. MacLellan is an active member of the International Council of Shopping Centers (ICSC) and has extensive experience on the ICSC Committee. He is frequently featured as a retail industry expert on panels at the major retail conferences and is an active author for several real estate publications.

EXPERIENCE IS NOT A COMMODITY: TEAM LEADER BIOS



RICHARD CHICHESTER
President/CEO

As President and Chief Executive Officer of Faris Lee Investments, Mr. Chichester is responsible for overseeing the development and execution of the firm's business strategies and managing its day-to-day operations.

A real estate industry veteran with 30+ years of experience, Mr. Chichester is a commercial real estate executive that is successful at building corporate value and improving profitability through market expansion and development, process re-engineering, business development, cost containment, client base management and corporate positioning. His core competencies are focused on accelerated growth and/or turnaround that emphasize stabilization and revitalization strategies, together with strong financial management.

Mr. Chichester excels at maximizing market opportunities, optimizing operational performance, and increasing market and client share. Prior to joining Faris Lee Investments, Mr. Chichester served as president of Colliers International, North America, where he delivered more than \$1.9 billion in total revenue. During his tenure, he expanded the firm's platform into a top four "global" real estate company. Additionally, Mr. Chichester has been involved in the recapitalization, and M&A of 23 companies. Prior to Colliers International, Mr. Chichester spent 20 years at CBRE and held multiple senior level positions.

In his role at Faris Lee Investments, Mr. Chichester leads client development, strategic advisory, and the execution of the Firm's business, as well as co-leads the National Anchored Retail Investment Group. In his six (6) years at Faris Lee Investments, Mr. Chichester has been directly involved in 118 transactions and managed more than \$2.5 Billion in firm-wide business.



JEREMY WARREN
Director

EXPERIENCE IS NOT A COMMODITY: TEAM LEADER BIOS

As Director, Jeremy Warren oversees daily research, analysis, underwriting, and due diligence activities related to Faris Lee's institutional-grade investment assignments. During his short career, Mr. Warren has played a vital role in acquisition and disposition advisory for over \$400 Million in real assets nationwide. He became the youngest Director in the firm's history shortly after turning 24.

Prior to joining Faris Lee, Mr. Warren worked for several years in the private equity and M&A arenas, gaining a fundamental understanding of how large institutions and high net worth investors strategize and react to various pressures. He applies this knowledge daily in his advisory and in the positioning of assets.

Mr. Warren joined Faris Lee Investments as an Analyst upon graduation from the University of Colorado in 2017 where he received degrees in Pre-Law Studies and Finance. During his time at CU, Jeremy was a student athlete, an active entrepreneur, ran a successful non-profit, and served as a legal advisor to a student-run real estate trust. He maintains memberships with ULI, ICSC, NAIOP, and CRE Finance Council.





JAY QUINN
Senior Managing Partner

EXPERIENCE IS NOT A COMMODITY: TEAM LEADER BIOS

As Senior Managing Director, Mr. Quinn is responsible for Capital Markets at Faris Lee Investments. Mr. Quinn's primary focus is on origination, structuring, and marketing of debt and equity finance transactions across the United States. His areas of expertise include arranging project debt and joint venture or preferred equity financing for all types of commercial real estate, programmatic joint ventures and investment funds. Mr. Quinn has significant long term relationships with national, regional and local funding sources including, but not limited to, agency lenders (e.g. Fannie Mae, Freddie Mac), regional and national commercial banks, CMBS lenders, life insurance companies, debt funds, REITs, and private and public funds.

Mr. Quinn has over 30 years of real estate experience focused on both debt and equity in commercial real estate, diversified investment operations, portfolio management, and structured finance. Mr. Quinn has completed approximately \$800 million of development transactions and approximately \$3.4 billion in financing, capital market transactions and debt/equity placements. He has also assisted in more than 500 note sales, participated in the disposition of more than \$2 Billion in assets, as well as completing over \$9.1 Billion in commercial property restructuring and discounted payoffs. Jay and his wife Sabrina live in Newport Beach, CA and enjoy yoga, hiking, exploring new restaurants and traveling.



CLIENT ROSTER

- 3D Investments
- Blackrock
- Blackstone
- Brixmor
- Cadence Capital
- CBL & Associates
- CIM Group
- Citivest
- Clarion Partners
- Combined Properties
- Coventry Advisors
- DDR
- Decron Properties
- Donahue Schriber
- DSB Properties

- Fritz Duda
- GDA
- Grosvenor
- Hutensky Capital Partners
- Inland Companies
- Invesco RE
- JP Morgan Chase
- Kimco Realty
- Krausz Companies
- La Salle Advisors
- Ladder Capital Finance
- Lend Lease
- Lewis Operating Corp
- LNR
- Lubert Adler

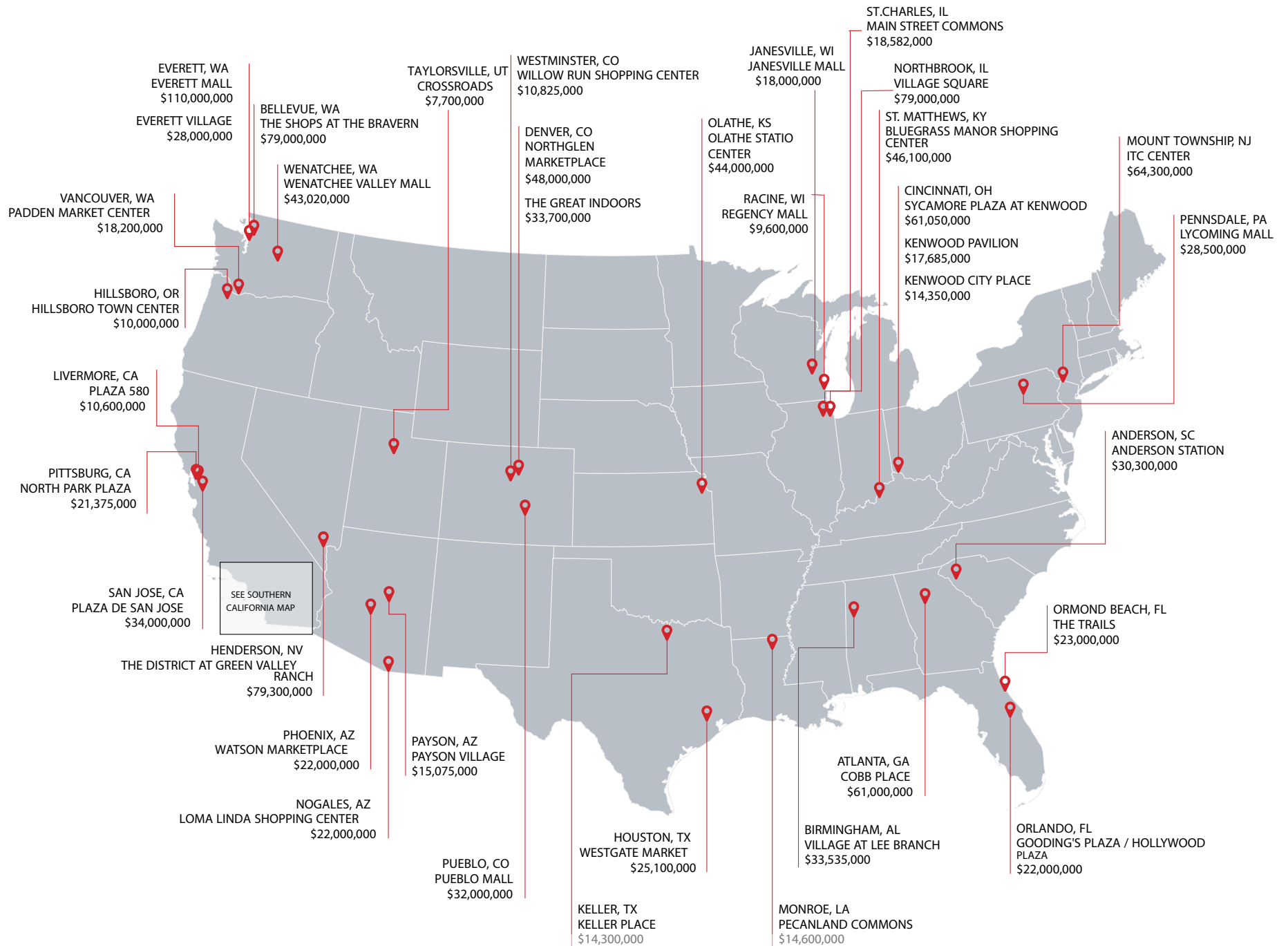
- Macerich
- Midland
- Milan Capital
- Newmark Merrill
- North American
- Pacific Castle
- Pactrust Realty
- Paragon
- Passco
- PCCP
- Phillips Edison
- Praedium Advisors
- PREIT
- Pres Companies
- Prudential Real Estate

- Investors
- Realty Income Corporation
- Red Mountain Retail
- Regency Centers
- Rich Development
- Rockwood Capital
- RPAI Properties
- Sabal Financial
- Shamrock Fund
- ShopCore Properties
- Silverpeak Partners
- SKB
- Spirit Realty
- STORE Capital

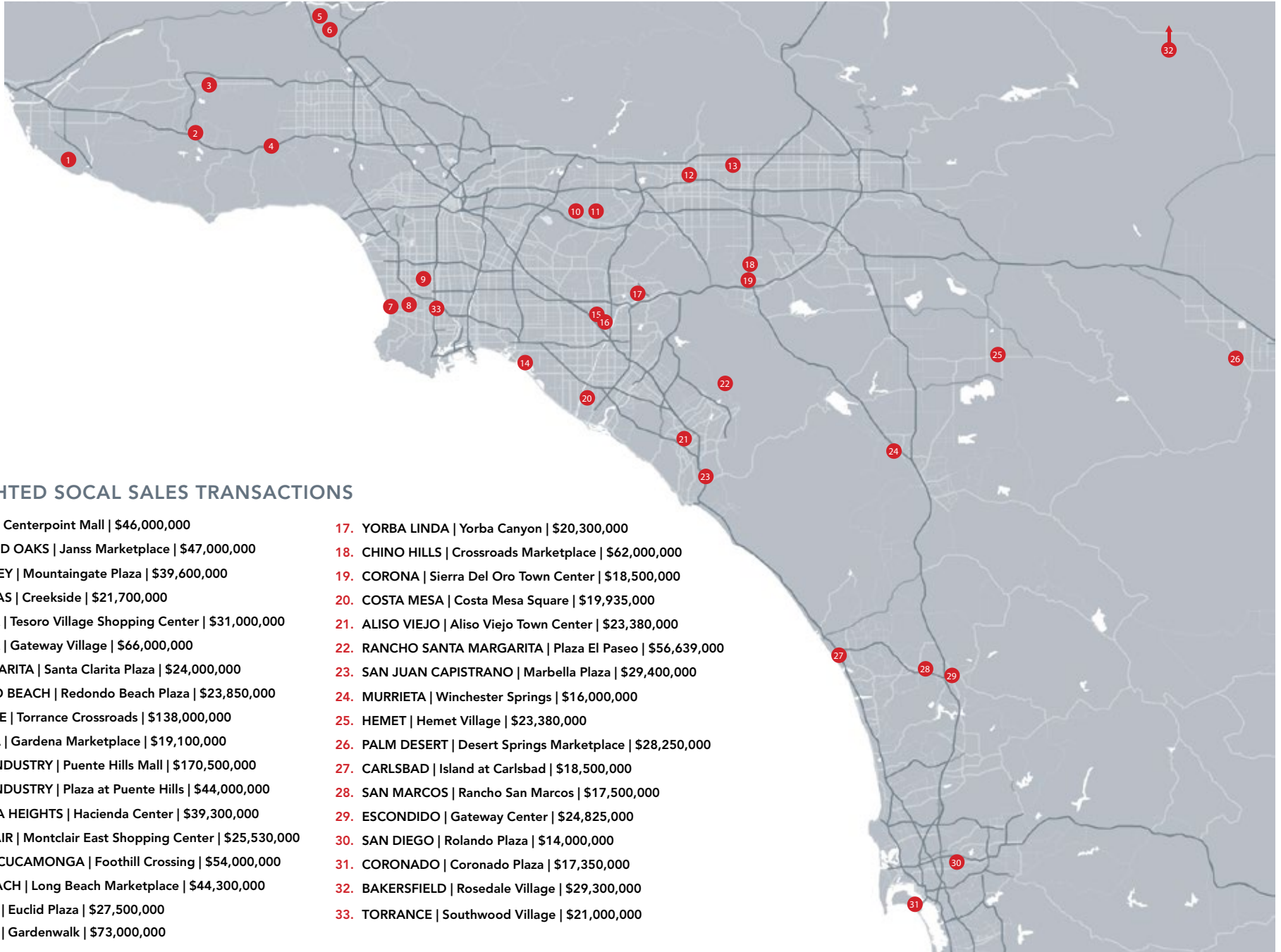
- Tooley Investments
- Torchlight Investors
- Trigild
- Vestar
- Vornado Realty
- VEREIT
- Washington Prime Group
- Weingarten
- Westrust
- Westwood Financial
- Whitestone REIT
- Winthrop REIT



HIGHLIGHTED NATIONAL SALES TRANSACTIONS



HIGHLIGHTED SO CAL / HAWAII SALES TRANSACTIONS



HIGHLIGHTED SOCAL SALES TRANSACTIONS

1. OXNARD | Centerpoint Mall | \$46,000,000
2. THOUSAND OAKS | Janss Marketplace | \$47,000,000
3. SIMI VALLEY | Mountaingate Plaza | \$39,600,000
4. CALABASAS | Creekside | \$21,700,000
- 5a. VALENCIA | Tesoro Village Shopping Center | \$31,000,000
- 5b. VALENCIA | Gateway Village | \$66,000,000
6. SANTA CLARITA | Santa Clarita Plaza | \$24,000,000
7. REDONDO BEACH | Redondo Beach Plaza | \$23,850,000
8. TORRANCE | Torrance Crossroads | \$138,000,000
9. GARDENA | Gardena Marketplace | \$19,100,000
- 10a. CITY OF INDUSTRY | Puente Hills Mall | \$170,500,000
- 10b. CITY OF INDUSTRY | Plaza at Puente Hills | \$44,000,000
11. HACIENDA HEIGHTS | Hacienda Center | \$39,300,000
12. MONTCLAIR | Montclair East Shopping Center | \$25,530,000
13. RANCHO CUCAMONGA | Foothill Crossing | \$54,000,000
14. LONG BEACH | Long Beach Marketplace | \$44,300,000
15. ANAHEIM | Euclid Plaza | \$27,500,000
16. ANAHEIM | Gardenwalk | \$73,000,000
17. YORBA LINDA | Yorba Canyon | \$20,300,000
18. CHINO HILLS | Crossroads Marketplace | \$62,000,000
19. CORONA | Sierra Del Oro Town Center | \$18,500,000
20. COSTA MESA | Costa Mesa Square | \$19,935,000
21. ALISO VIEJO | Aliso Viejo Town Center | \$23,380,000
22. RANCHO SANTA MARGARITA | Plaza El Paseo | \$56,639,000
23. SAN JUAN CAPISTRANO | Marbella Plaza | \$29,400,000
24. MURRIETA | Winchester Springs | \$16,000,000
25. HEMET | Hemet Village | \$23,380,000
26. PALM DESERT | Desert Springs Marketplace | \$28,250,000
27. CARLSBAD | Island at Carlsbad | \$18,500,000
28. SAN MARCOS | Rancho San Marcos | \$17,500,000
29. ESCONDIDO | Gateway Center | \$24,825,000
30. SAN DIEGO | Rolando Plaza | \$14,000,000
31. CORONADO | Coronado Plaza | \$17,350,000
32. BAKERSFIELD | Rosedale Village | \$29,300,000
33. TORRANCE | Southwood Village | \$21,000,000

HIGHLIGHTED HAWAII SALES TRANSACTIONS



HIGHLIGHTED HAWAII SALES TRANSACTIONS

- 1. KAPAA | Coconut Marketplace | \$8,200,000
- 2. KAPAA | Kauai Village | \$33,000,000
- 3. WAIANAЕ | Waianae Mall | \$30,000,000
- 4. KAPOLEI (HONOLULU) | Halekuai Center | \$14,500,000
- 5. HONOLULU | Hawaii Kai Towne Center | \$109,500,000
- 6. KAILUA | Windward Town & Country | \$29,600,000
- 7. KIHEI (MAUI) | Pilani Village | \$27,000,000
- 8. MAUI | Kahana Gateway | \$25,500,000
- 9. WAIKOLOA VILLAGE | Waikoloa Highlands Center | \$22,475,000
- 10a. KONA | Kona Crossroads | \$16,000,000
- 10b. KONA | Kona Coast | \$19,050,000
- 11. KAILUA KONA | Coconut Grove Marketplace | \$24,200,000
- 12. HILO | Waiakea Shopping Center | \$19,000,000

CASE STUDIES: GROCERY ANCHORED CENTERS



INSIDE THE DEAL



\$70,000,000

SUNSET ESPLANADE

Hillsboro,OR

- ❖ Rare Opportunity to acquire a top tier grocery anchored community center in Portland
- ❖ Historically, there has been a lack of supply of available Portland area grocery anchored centers for investments

INVESTMENT HIGHLIGHTS

- Top Tier Anchors - Target (NAP) , Safeway, Rite Aid, Ross, Petco, Dollar Tree and JoAnn to name a few
- Internet & Recession Proof Tenant Mix - The center offers the ideal one stop shopping for the consumer covering daily needs / value oriented and restaurant retailers in the best of class including: Starbucks, AT&T, Bank of America, Chase Bank, Panda Express, MOD Pizza
- Secure Cash Flow – Over 89% of the existing GLA is leased to national or regional credit tenants
- Below Market Anchor Rents- Safeway and Rite Aid current rents of \$4 and \$7 PSF respectively are significantly below market which provides intrinsic value and potential future upside to the investor
- Located within Hillsboro’s “Silicon Forest” which is home to the largest employer in Portland, Intel, with over 16,000 employees and \$40 billion total investment.
- Sunset Esplanade enjoys excellent highway frontage along the main thoroughfare – SE Tualatin Valley Highway with over 35,000 cars per day
- Reeds Crossing -The largest residential development in Portland (over 250 acres with a total buildout of 8,000 homes & 20,000 residents) is located just over a mile from Sunset Esplanade. This development is underway with new homes coming on line starting in 2018 which will provide an increase of customer base

INSIDE THE DEAL



THE TRAILS

Ormond Beach, FL

- ❖ Primary neighborhood center with abundant parking serving premier residential community
- ❖ True value-add investment opportunity with 25% vacancy/immediate upside/significant projected NOI growth

INVESTMENT HIGHLIGHTS

- Long-standing Publix anchor with strong sales history/recent lease renewal/proposed expansion
- Dominant grocery anchor at location for nearly 40 years, growing an average of 4% year-over-year and 18% cumulatively since 2012
- Publix has active interest in expanding to a total of 45,600 SF for a pharmacy drive-thru with an option to lease additional space for a future liquor store
- Publix creates tremendous, unmatched customer drawing power to the center and abundant cross-over shopping opportunities for other tenants
- Current ownership has invested \$2 million in facade renovation to update center and enhance image
- Annual Net Operating Income projected to increase more than 50% through lease-up of vacant space and embedded rental increases, bringing existing below-market rents to market levels
- Lack of grocery competition within trade area/dominant Publix grocer in the southeast
- Only grocers other than Publix within a 3-mile radius of the subject property are Winn Dixie and Walmart
- Publix has tremendous brand loyalty amongst consumers in the Southeast with 1,136 locations
- "America's #1 Favorite Grocery Store" (Market Force 2016), "Florida's #1 Most Valuable Business Brand" (Brand Finance 2016), and "Most Admired Companies for Past 23 Years" (Fortune)

INSIDE THE DEAL



\$46,100,000

BLUEGRASS MANOR

Saint Matthews, KY

- ❖ A 150,000 SF grocery-anchored center
- ❖ Seller: Family office
- ❖ Buyer: Developer with institutional equity JV partner

CHALLENGES

- Short-term leasehold interest remaining - 41 years
- Large LA Fitness building footprint
- Lack of long-term income growth

MARKETING STRATEGY

- Strong performing Whole Foods store / irreplaceable (A+) real estate
- Under-market rent of anchor tenant combined with potential pad development
- Nominal ground rent payment throughout the term (\$12,000 annually)
- Focused on long-term redevelopment opportunity

RESULTS

- Garnered significant offer activity from a variety of investor profiles including pension funds, large private equity funds, REITs and private investment companies
- Closed at contract price with a nominal offset due to 20 year existing roof
- Closed at a cap rate of 6.65% for a leasehold interest with 41 years remaining

INSIDE THE DEAL



\$38,250,000

DESERT SPRINGS MARKETPLACE

Palm Desert, CA

- ❖ Desert area grocery anchored center with undeveloped retail pad
- ❖ 105,157 Square Feet

CHALLENGES

- Seller Wanted to Capitalize on Un-built Future Pad Income
- Expected Pricing Similar to Infill LA/OC Grocery Anchored Center
- Marketing Occurred during Uncertain Capital Market Environment

MARKETING STRATEGY

- Focus on High Tenant Demand Relative to Limited Supply
- Show Strong Ralph's Sales and Their Conversion to Fresh Fare
- Procure and Deliver to Buyer a Prepackaged Loan Underwritten to the Center

RESULTS

- Procured an Aggressive 1031 Buyer
- Closed at Record Breaking Cap Rate for the Desert Area
- Buyer Went Non-Refundable with \$1,000,000 and a Rate Lock Deposit
- Future Pad Value Taken on Proforma Ground Rent

INSIDE THE DEAL



\$20,575,000

SOUTHRIDGE

Fontana, CA

CHALLENGES

- Property had environmental issues that needed to be overcome prior to closing
- Lost multiple tenants throughout the escrow period
- 38% of GLA, 21% of income generated by 8 unit grocery operator

MARKETING STRATEGY

- Rare opportunity to own an entire grocery, drug anchored shopping center in Southern California
- Low price per square foot, future ability to break up the parcel and sell pads individually to reduce basis in the property
- Only neighborhood grocery anchored center in trade area with excellent line-up

RESULTS

- Closed with 1031 exchange buyer from San Diego
- Completed sale with zero re-trade in price, though the NOI dropped due to multiple tenants vacating during escrow
- Aggressive pricing achieved at 6.4% cap, exceeded sellers pricing expectations

INSIDE THE DEAL



\$31,000,000

TESORO VILLAGE

Valencia, CA

- ❖ Grocery Anchored Center
- ❖ 74,537 square feet
- ❖ Anchored by: Albertsons, CVS, Bank of America

CHALLENGES

- Property was previously marketed by Eastdil
- Residential Area not fully built out
- Seller expectations in a rising interest market
- High Price per square foot for a center with unproven sales history

MARKETING STRATEGY

- Focus on quality of Valencia retail/residential trade area
- Require non refundable deposit upon signing of a contract with rate lock
- Provide data showing no alternative commercial sites for grocery anchored development
- Focus on both Institutional and Private Buyers

RESULTS

- Buyer went non refundable with a \$2,000,000 deposit upon signing of contract
- Lowest cap rate for retail center in Southern California within this interest rate environment

INSIDE THE DEAL



\$39,300,000

HACIENDA CENTER

Hacienda Heights, CA

- ❖ Lowest cap rate in LA county
- ❖ 122,420 SF Grocery Anchored Center
- ❖ Anchored by 99 Ranch Market

CHALLENGES

- Anchored by a Private Asian Market
- Record Low Cap Rate Seller Expectation
- Lack of Credit in the Shop Tenants

MARKETING STRATEGY

- Locate and market to Asian community
- Show upside in rents for shop tenants with strong Asian marketing
- Provide favorable debt structure with Asian bank

RESULTS

- Closed with Asian Syndicate
- 5.4 Cap Rate — Lowest in LA County for Asian Market Center
- Exceeded Seller Expectations

INSIDE THE DEAL



\$23,850,000

REDONDO BEACH PLAZA

Redondo Beach, CA

- ❖ Vons-anchored
- ❖ 110,000 SF retail center

CHALLENGES

- Low Loan to Value Existing Financing
- Capitalizing Un-Built Pad Income
- 20 Year Flat Lease with Vons (50% of GLA)

MARKETING STRATEGY

- Utilize FLI Unsurpassed 1031 Investor Database
- Guarantee New Pad Rent and Construction
- Focus on Long Term Stability of Leases

RESULTS

- Generated Multiple Offers
- Closed At Contract Price with Up Front Non-Refundable Deposit
- Closed Prior to Pad Completion and Tenants' New Rent

INSIDE THE DEAL



\$21,700,000

CREEKSIDE PLAZA

Calabasas, CA

- ❖ 76,529 SF retail center
- ❖ Anchored by: Albertsons

CHALLENGES

- Investor had to put down 35% of purchase price
- Existing loan had a higher than market interest rate
- Immediate trade area is not highly populated

MARKETING STRATEGY

- Locate 1031 buyer with flexible down payment
- Find buyer coming out of apartments willing to take a low initial cash-on-cash
- Position center as the only grocery anchored center in the trade area with no future competition

RESULTS

- Procured a buyer emotionally tied to area and the grocery tenant
- Exceeded seller price expectations substantially (4.5% Cash-on-Cash Return)
- Closed at contract price with negotiation

INSIDE THE DEAL



\$16,350,000

WINCHESTER SQUARE

Temecula, CA

- ❖ 108,239 SF retail center
- ❖ Anchored by Albertsons

CHALLENGES

- Construction loan in default
- Environmental condition delayed construction
- Developer required investors to provide equity with an exit pre-sale structure

MARKETING STRATEGY

- Procure investor with flexibility and capital necessary to fund and close 9 months later
- Negotiate with Seller to provide pre-sale contingency upon completion
- Focus on growth of trade area with a brand new Albertsons

RESULTS

- Funded up-front equity
- Closed escrow prior to full notice of completion-lien free
- Closed a negotiated price despite interest rate fluctuation

INSIDE THE DEAL



\$44,300,000

LONG BEACH MARKETPLACE

Long Beach, CA

- ❖ Trader Joes anchored
- ❖ 163,005 SF retail center
- ❖ Anchored by : Trader Joe's, California Pizza Kitchen, Claim Jumper, Lone Star Steakhouse & Ruby's Diner

CHALLENGES

- Long-term loan at over-market rate
- Significant equity requirement: \$22 million (50% long-term value)
- Lack of a true anchor for a 163,000 square foot center
- Previously listed by Cushman & Wakefield — Bids below expectations

MARKETING STRATEGY

- Stress in-fill / Irreplaceable location — The gateway to Belmont Shores
- Focus on the strong tenant sales (i.e., Trader Joe's at \$2,300 PSF) Strategic marketing — Target the best buyer profile

RESULTS

- Closed at asking price
- Cash to existing above-market conduit loan
- No renegotiation in escrow

INSIDE THE DEAL



\$14,280,000

KELLER PLACE

Keller, TX

- ❖ Dominant investment grade Kroger (S&P:BBB) grocery-anchored center
- ❖ Strong demographics in the affluent city of Keller: over 112,000 residents, AHHI of approximately \$101,000 within a three mile radius
- ❖ Upside opportunity through lease-up: available street frontage pad development
- ❖ Seller: West coast family office
- ❖ Buyer: Publically Traded REIT

CHALLENGES

- Could not provide clean anchor estoppel at close of escrow
- Minimal historical leasing activity with underdeveloped pads
- Brand new Kroger development close to subject property

MARKETING STRATEGY

- Highlighted strength of anchor tenant - with healthy RTS ratio
- Positioned strength of location in affluent Keller with over \$100k annual household income
- Utilized local leasing expert, underwrote proforma of the center

RESULTS

- Found a strong buyer who already owned in the trade area
- Developed solution to finalize the transaction without a clean estoppel from Kroger
- Achieved historically low 5.67% cap rate for the trade area

INSIDE THE DEAL



\$30,100,000

WAIANA E TOWN CENTER

Waianae, HI

- ❖ Fee simple interest in a 170,300 SF regional shopping center, situated on over 15 acres
- ❖ Strong tenant base includes Longs Drugs (CVS), City Mill, Starbucks, American Savings Bank, Aaron's Rents, Burger King, and more

CHALLENGES

- Above market conduit loan in place that needed to be assumed
- Multiple property level issues including deferred maintenance, tenant issues and loan assumption

MARKETING STRATEGY

- Market the highlighted dominance of center in trade area
- Promoted significant upside through repositioning and lease up of the remaining vacant space
- Highly managed transaction process to ensure certainty of close

RESULTS

- Multiple competing offers generated
- Buyer profiles included private individuals, funds, and other public companies
- Conduit loan was assumed – process managed by Faris Lee
- Purchased by Hawaii-based operator with an excellent track record and platform
- Pricing significantly higher than market expectations

INSIDE THE DEAL



\$22,000,000

GOODINGS PLAZA

Orlando, FL

- ❖ 82,026 SF Independent grocery-anchored center
- ❖ Anchored by: Gooding's Supermarket
- ❖ Seller: West Coast Family Office
- ❖ Buyer: Developer

CHALLENGES

- Unproven independent grocery operator — weak sales
- Seller price expectation higher than market comparables
- Located on International drive — primarily tourism traffic

MARKETING STRATEGY

- Focus on revitalization of tourist trade and nearby convention center traffic
- Target local retail owners
- Show Gooding's store is used for catering and other corporate services

RESULTS

- Closed with adjoining property owner
- Set a low cap rate record and price per square foot for anchored center
- Buyer went non-refundable within two weeks of opening escrow
- Closed despite bankruptcy filing by Gooding's at full price

CASE STUDIES: DARK ANCHORS



INSIDE THE DEAL



\$29,300,000

ROSEDALE VILLAGE

Bakersfield, CA

❖ 222,000 SF Community Center

CHALLENGES

- Overcame Investor Stigma of the Bakersfield Trade Area
- Short Term / Dark Anchor Leases- Save Mart & Rite Aid
- Older Center with Outdated Architecture and Store Facades & Deferred Maintenance
- Historical Negative Market Perception of the Center

MARKETING STRATEGY

- Focused on the Strong Fundamentals of the Bakersfield Economy
- Stressed the Strength of the Underlying Local Northwest Bakersfield Market
- Showcased the Limited Supply of Available Big Box Inventory
- Underwrote the Potential Strong Returns by Repositioning / Redevelopment of the Center – Low Existing Rents Compared with Similar Quality Retail

RESULTS

- Generated over 12 Highly Qualified Offers in Initial Call for Offers
- Created a Bidding War which increased pricing substantially
- Closed at contract price with a nominal offset due to 20 year existing roof

INSIDE THE DEAL



\$21,890,000

BRYANT RANCH SHOPPING CENTER

Yorba Linda, CA

- ❖ Exceeding seller expectations - Ralphs (dark) anchor
- ❖ Neighborhood center; 89,692 sf
- ❖ Anchored by: Ralph's (Dark), Sublease to Ice Palace

CHALLENGES

- Non Traditional Anchor / Ralph's Subleased to Ice Rink
- Secondary Location / Minimal Visibility and Traffic Counts
- Difficult to Finance with Ralph's Subleasing the Anchor Space

MARKETING STRATEGY

- Brand Property as a Destination Shopping Center
- Actively Show Prospective Buyers potential Replacement Anchors
- Crafted Optimal Parcelization and Break Up Strategy for Long-term Value Creation
- Prior to Marketing for Sale, the Capital markets division of Faris Lee Investments Sourced and Negotiated a Loan with Favorable Loan Terms on Behalf of Seller
- Through the Investor Relations Division of Faris Lee Investments, all 1031 Investors in So. Ca. were Tracked as Potential Buyer for the Property

RESULTS

- 17 Offers/ Obtained 98% of List Price
- Sourced Local 1031 Exchange Investor who Obtained a Comfort Level in Re-tenanting the Property in the Future
- Buyer Assumed Existing Loan, Thereby Preventing a Potential Price Reduction in an Environment Where Interest Rates were Rising During Escrow

CASE STUDIES: COMMUNITY CENTERS



INSIDE THE DEAL



\$48,000,000

NORTHGLENN MARKETPLACE

Denver, CO

- ❖ Rare infill Denver add redevelopment opportunity
- ❖ High profile Denver freeway location with significant traffic counts
- ❖ Strong existing tenant line-up with strong demand from anchor and shops tenants

INVESTMENT HIGHLIGHTS

CHALLENGES

- Negative market perception of big-box community centers
- Dysfunctional deep site layout
- Significant anchor and shop space vacancy

MARKETING STRATEGY

- Focused on the strong fundamentals of Denver
- Showcased the limited supply of available big-box inventory
- Created a redevelopment business plan including an entertainment component in alliance with a tenant rep local leasing team

RESULTS

- Created over 19 highly qualified offers in initial bid due date
- Closed at contract price with significant non-refundable deposit at signing of PSA
- Exceeded seller expectations at highwater market of BOV's

INSIDE THE DEAL



\$24,825,000

GATEWAY CENTER

Escondido, CA

- ❖ High performing San Diego retail center with excellent national tenant mix
- ❖ Long term occupancy combined with strong shop leasing activity
- ❖ Excellent street frontage on one of San Diego's busiest thoroughfares

CHALLENGES

- Near term roll-over with anchor tenants. We were able to extend both leases prior to closing
- Anchor tenant (Barnes & Noble) is not perceived as a strong tenant in today's market

MARKETING STRATEGY

- Marketed to Faris Lee's proprietary buyer pool
- Showcased the strength of the location and trade area

RESULTS

- Closed with local San Diego buyer
- Generated multiple competing offers from various buyer profiles

INSIDE THE DEAL



\$54,000,000

FOOTHILL CROSSING

Rancho Cucamonga, CA

- ❖ 312,307 SF regional power center
- ❖ Sears Grand-anchored
- ❖ Partnership dissolution - sale
- ❖ 31.06 acres of prime Southern California real estate
- ❖ Seller: Private family office
- ❖ Buyer: Family office in 1031 exchange

CHALLENGES

- Over 22,000 square feet of vacancy
- Perception of over-market lease rents
- Sears credit rating was down-graded during escrow process

MARKETING STRATEGY

- Targeted 1031 exchange, institutional, and private capital investors
- Positioned as an irreplaceable real estate / 31.06 acres of prime Southern California real estate with freeway access and visibility

RESULTS

- Closed at 6.5% cap rate
- Closed at 90% of list price - no property level changes made to enhance value

INSIDE THE DEAL



\$50,000,000

ALISO VIEJO TOWN CENTER

Aliso Viejo, CA

- ❖ Lowe's-anchored portion of the Aliso Viejo Town Center
- ❖ Joint venture
- ❖ Insulated/high profile South Orange County real estate
- ❖ Long term remaining on Lowe's lease
- ❖ Seller: Family office
- ❖ Buyer: REIT

CHALLENGES

- Michaels and Tuesday Morning leases expiring in 1 year
- Michaels at above market lease rate
- Existing loan coming due in 1.5 Years

MARKETING STRATEGY

- Emphasis on the uniqueness of the real estate
- Upside potential in repositioning of the asset

RESULTS

- Generated multiple offers
- Structured Joint Venture partnership with New York-based REIT and local developer/operator

INSIDE THE DEAL



\$138,000,000

TORRANCE CROSSROADS

Torrance, CA

- ❖ Increased Value \$31 Million
- ❖ Seller: Lehman PCCP
- ❖ Buyer: various profiles

CHALLENGES

- Needed to do a lot line adjustment to separate Home Depot from the Longs Drugs parcel
- Needed to maintain the success of the center with 7 different owners
- Sam's Club entity was a California shell corporation located in the rear of the center

MARKETING STRATEGY

- Maximize value — The sum of the parts was worth more than the whole
- Break-up into 7 separate investment offerings — The pool of potential investors increased exponentially
- Create an association agreement covering all issues related to a multi-ownership center

RESULTS

- Faris Lee created the largest break-up of a retail center in the US
- Cap rates ranged from 6.0% to 7.5%
- All 7 separate parcels closed within a 12-month period at a total sales price that was an increase of \$31 million or 30% over acquisition price — An opportunistic fund return on a core acquisition

INSIDE THE DEAL



\$25,530,000

MONTCLAIR EAST SHOPPING CENTER Montclair, CA

- ❖ 135,532 SF Retail center
- ❖ Anchored by: Sportmart, Ross, Office Depot

CHALLENGES

- Fixed Rent with Major Tenants
- Secondary Access to Street Frontage
- Large Anchor in Elbow Space at Above Market Rents

MARKETING STRATEGY

- Located a Motivated Buyer Profile-Syndication With 1031 Requirements
- Highlighted Top Performing Nordstrom Anchored Mall Next to Property
- Demonstrated Success of Tenants and Length of Tenant History

RESULTS

- Closed within 45 Day Time Period
- Closed at List Price
- Buyer Released Money to Seller After 21 Days Due Diligence

INSIDE THE DEAL



\$34,000,000

PLAZA DE SAN JOSE

San Jose, CA

- ❖ Creating value in ethnic trade area
- ❖ 61,797 SF Retail Center
- ❖ Anchored by: FAMS, Walgreens & Target (NAP)

CHALLENGES

- Non-Traditional Ethnic Tenants with High Existing Rents
- Capitalizing Ground Lease Income from Unfinished Pad
- Low Leverage — Large Down Payment Required
- Mini-anchor Vacated During Marketing

MARKETING STRATEGY

- Focused Investor Base on Strength and Performance of Hispanic Tenants such as FAMS, El Gallo Giro and Ritmo Latino
- Demonstrated Strength of Dense Trade Area
- Provided detailed tenant market demand to justify value of vacancy
- Provide Ground Lease Comps in Trade Area
- Utilize FLI 1031 Proprietary California Database

RESULTS

- Generated 10 Qualified Offers / Private and Institutional
- Sourced Southern California 1031 Investor with \$13 Million Equity
- Significantly Exceeded Market Sale Comparable Price for Trade Area

INSIDE THE DEAL



\$62,000,000

CROSSROADS MARKETPLACE

Chino Hills, CA

- ❖ Regional Power Center
- ❖ 263,917 square feet
- ❖ Anchored by: Lowe's [Nap], Costco [Nap], Best Buy [Nap], Bed, Bath & Beyond, Sports Chalet and Petsmart

CHALLENGES

- Flat income stream
- Existing financing had to be assumed
- Property still had additional pads to be built and leased

MARKETING STRATEGY

- Faris Lee targeted institutional and large 1031 buyers that would be capable and willing to use a large down payment and take over existing debt
- The quality, credit, and stability of income stream was emphasized
- Structure hold-back / guarantee of income and construction completion in order to capitalize full value on undeveloped pads

RESULTS

- The offering generated a tremendous amount of activity
- The contract price was at full asking price
- Closed at contract price with \$23 million down

INSIDE THE DEAL



\$25,100,000

WESTGATE MARKETPLACE

Houston, TX

- ❖ Market-leading cap rate for non-grocery-anchored multi-tenant retail in Texas
- ❖ Seller: Family office
- ❖ Buyer: Private investor

CHALLENGES

- Short term LA Fitness lease - 4 years
- No reported store sales
- 1,292 SF space vacated during escrow

MARKETING STRATEGY

- Targeted private yield-driven buyers
- Marketed to South American and other international buyers
- Discussed store performance with tenants via interviews during escrow

RESULTS

- 6.78% cap rate
- Over \$300 PSF

INSIDE THE DEAL



\$32,035,000

KENWOOD CITY PLACE & KENWOOD PAVILION Cincinnati, OH

- ❖ Strong anchor tenant — LA Fitness
- ❖ Brand new building / 100% occupied center
- ❖ Strong tenant lineup, excellent tenant synergy
- ❖ Seller: Developer
- ❖ Buyer: Private Syndicator

CHALLENGES

- Brand new development with above-market rents
- Near-term rollover
- Lack of national/credit tenants within the centers

MARKETING STRATEGY

- Marketed to Faris Lee's property buying pool
- Showcased the strength of the location and trade area
- Marketed as individual or portfolio sale to maximize pricing

RESULTS

- Generated multiple competing offers from various buyer profiles
- Closed with 1031 exchange buyer from Colorado
- Record breaking price per square foot

INSIDE THE DEAL



\$79,000,000

VILLAGE SQUARE

Northbrook, IL

- ❖ 334,955 SF
- ❖ Anchored by The Container Store, Nordstrom Rack, and Old Navy
- ❖ Seller: Developer
- ❖ Buyer: Family Office, 1031

CHALLENGES

- High cam charges due to local municipality tax
- Two anchor tenants going dark
- Located in a highly affluent suburb near two of the busiest expressways in the Chicago area, interstate 94 and US Highway 41

MARKETING STRATEGY

- Focused on high barriers of entry for future development
- Stressed the center's freeway visibility and proximity to draw of affluent trade area

RESULTS

- Exceeded the seller's price expectations
- Closed at \$79 million with a 1031 exchange investor at contract price

INSIDE THE DEAL



\$61,000,000

COBB PLACE

Atlanta, GA

- ❖ 320,000 SF
- ❖ Anchored by: Bed Bath & Beyond, Cost Plus, DSW
- ❖ Seller: Developer with institutional partner
- ❖ Buyer: TIC syndicator

CHALLENGES

- Seller needed assurance of closing date to book quarterly earnings
- Large percentage of furniture and non-credit tenants
- Lack of historical tenant sales due to recent remodeling of center

MARKETING STRATEGY

- Faris Lee sourced a California buyer willing to invest out-of-state
- Focus on the presence of national furniture tenants
- Create acquisition financing with Faris Lee directing lender relationship
- Source the highest price offer for the seller

RESULTS

- Faris Lee sourced and structured senior and mezzanine financing for buyer and closed in 45 days
- Assisted in quick due diligence for out-of-state buyer
- Closed escrow on time to book quarterly earnings for seller
- Buyer put up a non-refundable amount (\$1 million) within 20 days

INSIDE THE DEAL



\$30,300,000

ANDERSON STATION

Anderson, SC

- ❖ 248,428 SF regional power center
- ❖ Anchored by: Bed Bath & Beyond, Ross, Old Navy, Pier One Imports
- ❖ Seller: Developer with institutional partner
- ❖ Buyer: TIC Syndicator

CHALLENGES

- Seller wanted vacant space capitalized
- Steinmart went dark with co-tenancy clauses
- Overall weak tenant sales
- Center set back with limited visibility
- Seller needed to close with 30 day escrow

MARKETING STRATEGY

- Stress low rental rates for major tenants
- Structure a 24 month seller leaseback
- Negotiate vacant pad sales to entice the buyer
- Focus on Steinmart's replacement (hh gregg) potential for future percentage rates

RESULTS

- Closed at contract price
- Closed by year-end — 30 day escrow
- Exceeded seller expectation with price and timing

INSIDE THE DEAL



\$14,600,000

PECANLAND COMMONS

Monroe, LA

- ❖ High profile — Target shadow anchored retail/shopping center
- ❖ 100% occupancy with strong national tenants
- ❖ Seller: TIC syndicator
- ❖ Buyer: Midwestern family office

CHALLENGES

- Tertiary market
- Short term leases
- Target not a part

MARKETING STRATEGY

- Showcase strength of tenants throughout recession
- Present the property as stable deal with upside in rents
- Targeted all buyers / developers

RESULTS

- Generated multiple offers
- Sold to all cash buyers

CASE STUDIES: LIFESTYLE CENTERS



INSIDE THE DEAL



\$21,800,000

COCONUT GROVE

Kailua-Kona, HI

- ❖ Rare opportunity to acquire an irreplaceable fee-simple oceanfront retail center in the Hawaiian Islands.
- ❖ The center is located in the core retail hub of Kailua-Kona on the Big Island of Hawaii

INVESTMENT HIGHLIGHTS

- Rare opportunity to acquire an irreplaceable oceanfront retail center with fee simple interest on 4.59 acres with 47,446 SF of retail
- Sandwiched between the two main transportation corridors (Ali'i Road & Kuakini Highway) with **over 45,000 cars per day**
- Surrounded by more than **1,400 residential/hospitality units** and is within close proximity to the internationally-renowned Ironman World Championships
- The majority of the current leases have annual rental increases. Based on a 10 year cash flow analysis, an investor can realize **almost annual income growth of 4%**, which is well above today's alternative investments
- Coconut Grove underwent a **cosmetic upgrade with a new color scheme** resulting in a freshly-painted center. The center features a plantation theme, with craftsman-like wood finish throughout the buildings. This appearance sets it apart from the other retail centers in the trade area
- ABC Stores has consistently seen its annual sales grow steadily over the years, as well as Kona Haven and Kona Gear
- More than **28,800 permanent residents**, AHHI approximately \$81,500 and more than 15,400 total daytime employees within a 5-mile radius of the subject property.

INSIDE THE DEAL



\$79,300,000

THE DISTRICT

Henderson, NV

- ❖ 350,000 SF grocery-anchored, lifestyle community center
- ❖ Seller: Special servicer
- ❖ Buyer: Developer with institutional equity JV partner

CHALLENGES

- Located in the Las Vegas trade area, highest rents in trade area, lifestyle component, possible co-tenancy issues

MARKETING STRATEGY

- Branded Green Valley comparable to Orange County: \$100,000 incomes, low unemployment, professional labor base shows consistent sales for anchors – rents can be maintained by strong sales
- Highest quality retail center in trade area — appealed to investor emotion with high quality photo presentation, best location possible for retailers

RESULTS

- Attracted investor interest from institutions, REITs and endowment funds — large high net worth investors that would otherwise redline retail in the Las Vegas area
- Significant offer activity comparable to California investment offering
- Original REO sale = \$55 million
- Faris Lee marketing = sale price of \$79.3 Million / \$20 million+ value-add by Faris Lee's unique marketing strategy
- No property level changes made to enhance value

INSIDE THE DEAL



\$56,639,000

PLAZA EL PASEO

Rancho Santa Margarita, CA

- ❖ 106,920 SF legacy asset
- ❖ Dominant retail corridor in affluent master-planned community

CHALLENGES

- \$32,000,000 low leverage conduit loan (requiring loan assumption by buyer)
- 2 properties encumbered by one CMBS loan
- Property had been unsuccessfully marketed by another national firm prior to Faris Lee taking on the assignment

MARKETING STRATEGY

- Communicated high demand for vacant space within the subject property to show income appreciation potential
- Utilized Faris Lee Investments trading desk to find low leverage investor with required liquid funds
- Created 1031 strategy for investor - sale of apartments to trigger exchange requirement

RESULTS

- Created a 1031 exchange need by identifying the assets to be sold, producing required equity
- Fulfilled investor's need for legacy, generational asset investment
- Developed a strategy to create a buyer which fit a very narrow segment of the market

INSIDE THE DEAL



\$66,415,000

GATEWAY VILLAGE

Valencia, CA

- ❖ Community Center
- ❖ 149,547 SF
- ❖ Anchored by: LA Fitness, Smart & Final

CHALLENGES

- Access issues and no real credit anchor tenant
- Sub-anchor (20,000 SF) went dark during marketing
- Marketing during rising T-bill environment

MARKETING STRATEGY

- Utilized FLI Proprietary Investment Database
- Focused on extension of Newhall Ranch Rd.
- Market analysis showing strong tenant demand with limited supply

RESULTS

- Procured an all-cash pension fund buyer
- Exceeded seller expectation

CASE STUDIES: REGIONAL MALLS



INSIDE THE DEAL



\$18,000,000

JANESVILLE MALL

Janesville, WI

- ❖ 600,600 SF retail mall located in the heart of Janesville, Wisconsin's main retail corridor
- ❖ Anchored by Dick's Sporting Goods, Kohl's (more than \$19MM in sales), Boston Store and Sears
- ❖ Nearly 50% of the inline spaces average more than \$440 PSF in sales per year

INVESTMENT HIGHLIGHTS

- Kohl's boasts more than \$19MM in sales, reflective of a top store in the chain and a testament to demand in Janesville.
- Boston Store has nearly \$10MM in sales with a rent to sales ratio of less than 2%
- 40,381 SF of inline tenants (43% of total) have average sales of \$447 PSF an indicator of the strong potential of the center
- The Janesville Mall is in the heart of the retail trade area with several nationally recognized tenants such as: Walmart Supercenter, Sam's Club, The Home Depot, Target, and more
- Most of the traffic between downtown Janesville and the freeway-fronting retailers (Target, Walmart, Menard's) drive by the Janesville Mall on Milton Avenue (over 34,000 vehicles per day)
- Parking lot along Liberty Lane (35,000 SF) has potential for multifamily redevelopment, with less than 1% vacancy in the market and no multifamily pipeline, there is clear demand and reason to consider this option
- There is a multifamily potential as well along Liberty Lane on the mall side of the property

INSIDE THE DEAL



\$170,500,000

PUENTE HILLS MALL

City of Industry, CA

- ❖ Increased value: \$20 million
- ❖ Seller: TIC syndicator
- ❖ Buyer: REIT

CHALLENGES

- Puente Hills Mall – considered a “B” mall – hybrid retail center
- Buyer pool was extremely limited
- Weak average tenant sales – \$225 PSF
- Significant occupancy of month-to-month tenants
- Seller objective to keep ownership / control of outlying pads

MARKETING STRATEGY

- Faris Lee initiated the creation of a syndicate from a pool of 1031 exchange buyers and created an ownership structure with 35 investors
- The perceived downsides were recrafted to emphasize the remaining upside momentum that the seller had created (bringing occupancy levels from 30% to 80% in five years)
- Isolated the most successful retailers into maximize sales PSF

RESULTS

- Controlling the buying entity allowed Faris Lee to push the price
- The contracted sale price was \$25 million higher than the seller's expectations
- Structured the largest syndicator conduit loan ever funded
- Seller was able to maintain ownership of all outparcels & land

INSIDE THE DEAL



\$50,000,000

SOUTHBAY PAVILION

Carson, CA

- ❖ 370,000 SF Southern California regional mall
- ❖ Seller: Private equity fund
- ❖ Buyer: Family office

CHALLENGES

- Market perceived SouthBay Pavilion as a “B” mall
- Lack of financing based on collapse of capital markets
- Buyer pool for secondary malls was non-existent
- Overall economic environment for retail was rapidly declining

MARKETING STRATEGY

- Focus on the high density and major freeway access
- Negotiate with existing lender to extend and recapitalize the deal
- Utilized previous FLI buyer relationship with extensive mall repositioning experience
- Provided buyer with report showing specific retail uses lacking in trade area

RESULTS

- FLI was successful in restructuring a very complex existing loan
- Marketing team diligently overcame multiple issues during the extended escrow
- Closed without any major price renegotiation during rapidly declining retail market
- California’s only regional mall sold in 2009

INSIDE THE DEAL



\$50,200,000

EVERETT MALL

Everett, WA

- ❖ Closed – 1031 exchange
- ❖ Stabilized Value: \$100,000,000
- ❖ 673,000 SF regional shopping mall

CHALLENGES

- Anchored by Sears, Mervyn's, and The Bon Marché
- 85% occupancy with significant short-term mall tenants
- The offering included 115 specialty retailers and a 12-unit food court
- Located along Interstate 5 Freeway, about 20 miles north of Seattle
- Uncertainty regarding the nearby Boeing manufacturing plant

MARKETING STRATEGY

- Determine the long-term viability of the market area's manufacturing operations
- Focus on the optimum buyer profile: A 1031 trade buyer with the infrastructure necessary to capture future upside

RESULTS

- Closed at \$50.2 million as a 1031 exchange
- New owner planning an expansion, Everett Village, which will include development of a movie theater and more than 100,000 square feet of big-box retail space
- Upon completion, the combined value of the property will be greater than \$100 million

INSIDE THE DEAL



\$38,500,000

WENATCHEE VALLEY MALL

Wenatchee, WA

- ❖ 340,000 SF enclosed regional mall
- ❖ Anchored by: Macy's, Sears, Bed Bath & Beyond, and Ross Dress for Less

CHALLENGES

- Anchor Tenant in Bankruptcy/Small Town/Tertiary Market
- Over 60% of the national credit tenants within the mall have co-tenancy clauses with right to terminate if occupancy for the in-line small shop space falls below 60 %
- In need of significant capital and branding improvements to boost overall sales and attract national credit tenants
- Owned by TIC Group

MARKETING STRATEGY

- Promote Wenatchee Valley Mall as the only enclosed regional mall in North Central Washington, supported by a dynamic local economy with thriving aerospace, manufacturing, medical, tourism and agricultural industries
- Nationwide search & aggressive marketing in efforts to locate a sophisticated and experienced mall owner/operator
- Specific underwriting to identify upside potential of project

RESULTS

- Multiple offers generated, secured buyer capable of large down payment
- Managed due diligence/loan assumption process to control closing



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