

REAL ESTATE EQUITY STRATEGY

STRATEGY SUMMARY

Washington Capital's Real Estate Equity strategy invests in real estate projects across the United States. It is a diverse portfolio of union-built development and redevelopment projects including seasoned and specialized properties. The portfolio assets are diversified by product type, location, and size. Our management team averages over 25 years experience and employs a disciplined investment process that seeks to provide clients with both current income and long-term capital growth. The Real Estate Equity strategy is highly illiquid and may not be an appropriate investment for clients who have short-term or liquid investment objectives; redemptions may be on a pro-rata basis.

PRODUCT OVERVIEW

Build-to-core fund diversified across development and redevelopment projects and seasoned properties

Properties built with Union labor

Seek to provide clients with current income and long term capital growth

REEF may utilize leverage which can also increase risk and volatility of values and returns

Property performance and value will be impacted by changes in the economy; values can increase or decrease over time

INVESTMENT PROCESS

Washington Capital (WaCap) believes that real estate equity investors are best served by an investment approach that focuses on income-producing properties combined with the appreciation benefits of development projects. We seek to create this value in multiple ways: portfolio diversification, a focus on income, executing development opportunities, and maintaining a local market presence.

PORTFOLIO DIVERSIFICATION

We invest across the United States and seek to allocate to properties located in core business districts (CBD) and non-CBD markets as they tend to have different market cycles. Development properties are targeted between 15% and 30% of the overall portfolio to reflect the inherent risk and return associated with these projects. Finally, the size of any individual property is typically limited to no more than 5% of the total portfolio.

FOCUS ON INCOME

Over market cycles, real estate income returns tend to be less volatile than appreciation returns. We focus on income opportunities and look to acquire and develop properties that have income growth potential. We may also acquire existing properties that can be improved with new capital projects and then repositioned for enhanced income.

DEVELOPMENT OPPORTUNITIES

Our portfolio pursues a core plus strategy with a combination of development projects and stabilized or value-added operating properties. We seek to provide investment returns through capturing the appreciation associated with the development and construction phases of real estate. With our strategy of "build-to-core," the completed properties may be retained to provide current income and long-term capital growth.

LOCAL MARKET PRESENCE

We believe that being a successful real estate investor requires maintaining a local presence in the markets in which we invest. To this end, we maintain a "branch office" organizational structure in our primary investment markets. Our presence in local markets often allows us to acquire properties that are not marketed broadly. Our investment professionals develop direct relationships with local sellers and developers who are the source of many opportunities.

The information provided herein represents the opinion of WaCap and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice. The information herein does not constitute an offer, solicitation or recommendation to purchase any security or investment advisory service. Commingled fund investors must meet certain qualifications to invest. For further information about our advisory services, please contact Washington Capital.