The Intersection of Capital and Opportunity

DEALPOINT
MERRILL

Sperry Van Ness
DealPoint Merrill Properties Corporation

Affiliated with over 190 Offices Nationwide

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MISSION STATEMENT: “Exceeding Our Client’s Expectations for Service and Performance”

“Our mission is to provide service and performance beyond our client’s expectations by creating real estate investment strategies delivered with the highest standards of excellence and integrity. We meet these expectations by creating and implementing client-focused real estate investment strategies, staying centered on what we know and understand, while maintaining ethical standards in our business practices.”

The Company
We are a Regional Real Estate Development Company

- Headquartered in Los Angeles, California
- Privately held company
- Owner and operator of valued added retail conversions, self-storage, non-performing notes and build to suit properties

Highly Evolved Management Team, Operations and Accounting Infrastructure

- 20+ year average tenure of senior management team
- Highly disciplined internal systems controls and accounting infrastructure
- Full reporting transparency and audited project financials

Strong, Long-Term Track Record Over Many Investment Cycles

- Value added and opportunistic investment philosophy
- In-house redevelopment, construction and asset/property management capabilities

Transforming Assets into Success

Based in Los Angeles since 1985, The Merrill Group of Companies has established an enviable track record of success with a scope of operations encompassing development and construction for its own account, third party assets and property management, as well as court appointment receivership, commercial loan workout strategies and negotiation services to solve complex issues for property owners and investors.

DealPoint Merrill, a subsidiary of The Merrill Group, is an owner and operator of “value added” retail conversions and build to suit properties, student housing, self-storage and non-performing notes, as well as a sponsor of real estate investment offerings. We invite you to learn more about us. Please visit our website at: www.dealpointmerrill.com.

Record Performance

DealPoint Merrill has an experienced and seasoned management team. The senior management team and shareholders of the Company have collectively acquired, refinanced and sold major real estate assets across the United States in transactions totaling over $5 billion, inclusive of the development and redevelopment.
From Intuition to Execution

Our investment philosophy is rooted in acquiring value added properties at prices below replacement value, thereby creating an immediate margin of safety for our clients. We then add value by adaptive reuse or repositioning of each property we acquire. Adaptive reuse includes modifying tenant mix, redevelopment of the exteriors to include modernization of the facade, new development of well-located out parcel tenants and so forth. We sell our properties, once we stabilize operating performance, and when market conditions make sense.

“With taxation in mind, our exit strategy is keenly focused on keeping what we have made. Consequently, we provide exit strategies designed to protect our investor’s hard won profits.”

~Sterling McGregor
Chief Investment Officer

- Strategic Investments
Our goal is not only to outperform in good markets, but more importantly, to provide investment strategies that protect our investors during economic downturns as more fully described below:

- Cautious Entrepreneurs
We are not only cautious and entrepreneurial investors focused on our market niche, but we also stay focused on what we know and understand, while maintaining the highest ethical standards in our business practices.

- We are Cautious Contrarian Investors
  • Niche investors with focused experience
  • We buy direct from institutions and/or “off market” or “closely held” offerings
  • Exploit market misalignments
    • Out of favor sectors or markets
    • Poorly managed properties
    • Distressed sellers

- Control Risk
We control risk by meticulous due diligence and purchase assets priced well below replacement cost in sub markets that feature strong amenities, central locations and sturdy infrastructure. We also look to exploit market misalignments and quickly acquire and restore to profitability poorly managed properties in the hands of distressed or time-constrained sellers.

- We look for ways to Control Risk in Every Aspect of our Business
  • Acquire assets supported by neighborhood amenities and infrastructure
  • Seek to acquire off market properties from institutional sellers
  • Purchase assets below replacement cost
  • Acquire multi-tenant properties only
  • Deploy meticulous research and due diligence

- Hands On
As the manager of our capital, we have owned and operated properties over the years using our own internally-generated profits to contribute to our long term growth. One of the key ingredients sustaining our long-term growth and consistent financial performance has been strict adherence to maintaining quality in every area of our operation, coupled with “lean operations” and staying within our area of expertise.
- **Add Value**
Our properties are internally managed to maximize performance, where value is created by the continuous cycle of tenant recruitment, building renovation and tenant repositioning. Assets are sold when profitable.

- **Founders Approach**
- Management Team
- Entrepreneurial culture of achievement and communication
- Highly cohesive management team tempered with disciplined lean operations
- Common sense application of complex solutions

- **We only acquire properties where we can add value and implement an optimal exit strategy**

- **We seek to create an alignment of Investor Interests**

- **Reporting Transparency**
We provide investors with timely and transparent financial reporting within a public reporting format designed to meet both entrepreneurial and institutional requirements.

- **Reporting Transparency**
- Company principals are also investors
- Audited Financials
- Full Reporting Transparency
- Use third party transfer agent and investor services
- Real time web based online financial reporting

“**We understand the financial and reporting needs of investors who have charged us with managing complex real estate assets and strive to provide the highest level of professional service and client fidelity.**”

~David Frank
Chief Executive Officer
REDEVELOPMENT AND ADAPTIVE REUSE BUSINESS MODEL

- Is more conservative than development; eliminates construction and other types of discovery risks
- Provides access to locations with high visibility that can be bought at deeply discounted prices substantially below the cost of new construction
- Provides stable cash flows upon property stabilization
- We focus on proven market concepts that will provide economic stability in both strong and weak economic markets

INVESTMENT STRATEGIES

- Use of leverage to enhance returns
- Refinance when feasible to return 100% of investor capital and enjoy long term cash flow
- Three (3) to five (5) year typical holding period, but may invest for shorter or longer periods depending upon market conditions
- Provide geographic diversification where possible
- Lease and market aggressively; control and lower operating expenses

DealPoint works diligently to increase cash flow by tightly controlling operating and redevelopment expenses, aggressive use of our proprietary marketing and branding platform, and securing attractive financing to generate the best cash flow. Lastly, we dispose of properties when market conditions are compelling.

INVESTMENT OBJECTIVES

Our Investment objectives with each asset we acquire include the following: (i) preserve capital investment; (ii) realize income and capital appreciation through a combination of building or new space renovation, lease up of vacancy, tenant repositioning and strong management; (iii) making quarterly distributions until stabilization; (iv) achieve targeted annual rate of returns in the range of 15% to 30%; (v) provide a partially sheltered cash on cash return; and (vi) seek to reduce our cost basis through the sale or redevelopment of excess land.

AT A GLANCE: ADAPTIVE REUSE AND REDEVELOPMENT INVESTMENT STRATEGIES

Our adaptive reuse and redevelopment investment objectives require projects where we can: 1) quickly maximize values; 2) generate superior cash on cash returns; 3) provide for prompt return of capital through refinance; 4) create relatively short holding periods of three to five years; 5) provide for minimal development risk and quick market entry.

TARGETED PROPERTY TYPES

With our first priority being capital preservation, our investment strategy is focused on investments that can offer near term security through stabilized income. On a risk-adjusted basis, we prefer apartments, multi-tenant retail and self-storage properties. We look for properties located in supply-contained markets on an opportunistic basis as discussed below:

Self Storage: Adaptive Reuse of Big Box Properties. Adaptive reuse of well-located corporate manufacturing, distribution warehouses and vacant "big box" anchored retail properties which can be acquired at a deep discount to replacement cost, then redeveloped into climate controlled self-storage "super centers" augmented by onsite business amenities and retail tenancy.
Targeted Property Types (continued)

Multi-Tenant Retail: Value Added Renovation and Addition of Bank Pads. Value-added or adaptive reuse of grocery or shadow anchored multi-tenant shipping centers with vacancy, excess land, poor tenant mix or other value added components on an opportunistic basis. Value must be quickly realized though redevelopment to include new facades and landscaping features, new anchor and in-line tenants, addition of investment grade tenancy on excess land, coupled with aggressive leasing and marketing.

Student Housing: Redevelopment and Value Added Renovation. Our value added student housing business seeks to acquire well located student housing projects within walking distance to the university, and with below market rents that will benefit from value added cosmetic and construction upgrades and the introduction of high end amenities.

Multi-Family: Redevelopment and Cap Rate Arbitrage. This strategy includes new construction of multi-family housing, or refurbishing older properties with vacancy in supply constrained markets on an opportunistic basis that will provide strong incremental arbitrage returns from refurbishment and upgrades.

Medical Office: Adaptive Reuse of Hospitals. Our adaptive reuse of well-located vacant hospital properties capitalizes on rebranding refurbished hospital assets into "medical malls" anchored by large floor plate niche medical and surgical tenancy requiring specialized hospital type amenities and services, as well as a campus setting within a central business district milieu. The balance of the space is then leased to smaller medical groups.