

Case Study 1

SUMMARY

- Patriarch dies in his 80s and leaves business and real estate to his wife who is in her 80s
- Wife sells business to corporate executives in the business
- Corporate executives negotiate a long term lease on the industrial building with wife at below market rents and terms
Lease: Term 20 years
Rental Rate: 10% below market
Rental Rate Increases: 2% per year
- 8 years later. Due to disfunction within the family, the 92 year old wife is forced to sell property
- She hired CBRE to do a valuation and then sell the property. Due to the below market lease terms for the next 12 years, the property is sold for \$18 Million which is \$4 Million less than the value of property due to the poorly drafted lease.

SOLUTION

When one of your clients is selling their business which includes the real estate, you can separate yourself from your competition by bringing a real estate expert onto your team.

This will build trust with your clients, prevent them from making costly mistakes and help them achieve their long term financial goals.

Case Study 2

SUMMARY

- Client sold a \$71 Million food processing property in Los Angeles
- Needed to replace \$63M equity and \$8M debt
- Wanted to purchase number of different properties in separate markets in diversify portfolio and increase after tax cash flow

RESULTS

- CBRE team vetted 1,500 properties nationwide
- Price range of properties: \$8-50M
- Product Types: Industrial, retail and office
- Cap rate: 6% or greater
- Client purchased four assets in four different geographical markets in different asset classes
- Acquired a mixed use project in Goodyear, AZ, a new construction industrial long term BTS in Tulsa, OK, a shopping center in Rocklin, CA, and a retail center in Montgomery, TX
- Increased annual cash flow by \$1.4 Million



CLIENT REFERENCE

I have found very few people actually do everything they say they will do but your team did exactly that, which is exemplary. Your team covered all of the bases and left no stone unturned. You were professional and extremely knowledgeable. The properties we ended up purchasing met our criteria perfectly, which I know was not an easy task. What more could I ask for. Besides that, we had a laugh or two along the way.

— Jack

ACQUIRED



① ROCKLIN, CA

② MONTGOMERY, TX



③ TULSA, OK

④ GOODYEAR, AZ

Case Study 3

SUMMARY

- Client purchased eight single tenant net leased assets over the last 20 years.
- The son who is in the business is trying to determine the best strategy to maximize after tax cash flow and long term appreciation
- They asked our team to help provide recommendations

RECOMMENDATIONS

- Recommended holding three of the existing properties
- Five of the properties were on ground leases with low basis and no depreciation. Our analysis showed that doing a 1031 Exchange of the properties with 50% leverage would:
 - Increase after tax cash flow by 54.2%
 - Increase after tax cash flow plus appreciation by 77.8%

CONSOLIDATED ANALYSIS

Tenant	LXD	Ground Lease	Options	Bldg Area	Rent/SF/Mo	NOI (Yr 1)	Cap Rate	Pricing	Pricing PSF	NOI (bump)	Cap (bump)	Capt at Market
Burger King	Aug-28		1x4	3,900 SF	\$2.89	\$135,152	4.00%	\$3,379,000	\$866 PSF	\$152,046	4.50%	8.31%
Arby's	Jan-28		4x5	2,970 SF	\$6.54	\$232,925	5.30%	\$4,395,000	\$1,480 PSF	\$256,218	5.83%	4.05%
IHOP	Sep-24	X	3x5	4,066 SF	\$5.50	\$268,595	5.70%	\$4,712,000	\$1,159 PSF	\$300,826	6.38%	4.14%
Panda Express	Nov-26	X	4x5	2,448 SF	\$3.62	\$106,480	4.80%	\$2,218,000	\$906 PSF	\$117,128	5.28%	7.28%
Popeyes	Mar-38		2x5	2,695 SF	\$4.42	\$143,000	5.00%	\$2,860,000	\$1,061 PSF	\$157,300	5.50%	5.37%
Carl's Jr	Aug-28	X	3x5, 1x4.5	2,676 SF	\$3.94	\$126,444	5.00%	\$2,529,000	\$945 PSF	\$141,617	5.60%	6.98%
Jack in the Box	Jan-39	X	4x5	2,543 SF	\$4.36	\$133,100	5.00%	\$2,662,000	\$1,047 PSF	\$146,410	5.50%	6.59%
Panda Express	Aug-28	X	4x5	2,800 SF	\$3.84	\$129,107	4.80%	\$2,690,000	\$961 PSF	\$142,018	5.28%	6.56%
Totals:				24,098 SF		\$1,274,803	5.01%	\$25,445,000	\$1,056 PSF			

	Existing Leased Fee Properties	5.5% Cap Fee Simple Property Without Financing % Increase	5.5% Cap Fee Simple Property With 50% LTV Financing % Increase
Cash flow after debt and taxes	\$417,155 Baseline	\$594,691 / 42.6%	\$643,314 / 54.2%
Year 1 Price Appreciation at 3.00%	444,330	444,330	888,660
Cash flow after debt and taxes and appreciation	\$861,485 Baseline	\$1,039,021 / 20.6%	\$1,531,974 / 77.8%