



Crowdfunding: The Real Deal



ULI Fall Meeting

Connect with the world of real estate



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October 8–11, 2018
Boston Convention & Exhibition Center
Boston, Massachusetts

Speakers



Brian Korn

Moderator
Manatt



Chad Cooley

Panelist
AWH Partners, LLC



Darren Powderly

Panelist
CrowdStreet



Greg Rush

Panelist
Cadre

New access to alternative investing is building billion dollar companies, one asset class at a time.

"Fast-forwarding to 2020, alternatives will have a center stage role to play in the investment universe and in the global economy."

- PWC, Alternative asset management



Class: Consumer loans



Class: Small business lending



Class: Education loans

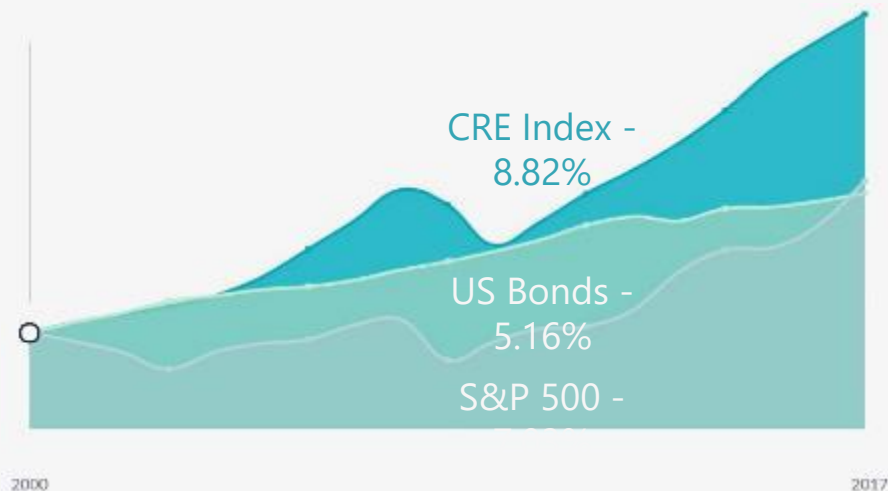


Class: Crypto

The Commercial Real Estate asset class may prove to be the largest opportunity.

- CRE is 3rd largest asset class, at \$14tril, just behind stocks and bonds.
- US is home to the largest and most liquid commercial real estate market in the world.¹
- From 2015 - 2020 alternative assets are projected to grow by 15% for mass affluent investors.²
- Strong and growing interest from RIAs to invest in alternatives on behalf of their clients - 47% of financial advisors are looking for new ways to diversify client portfolios.³

Average Annual Returns From 2000 - 2017



(1) <http://www.manulifeam.com/us/Research-and-Insights/Market-Views-And-Insights/An-Investors-Guide-to-US-Commercial-Real-Estate/>

(2) <https://www.strategyand.pwc.com/media/file/Alternative-investments.pdf>

(3) <https://www.onefpa.org/business-success/ResearchandPracticeInstitute/Documents/Assessing%20and%20Allocating%20to%20Alternatives%20-Whitepaper%20-%20FIN.pdf>

The automation of wealth management is accelerating.

Betterment

Wealthsimple

PERSONAL CAPITAL

charles
SCHWAB

INTELLIGENT
PORTFOLIOS



wealthfront



bloom

Online CRE Investing Platform Types

Benefits

The logo for CADRE, consisting of the letters 'CADRE' in white, uppercase, sans-serif font, centered within a solid black square.

CADRE

Access to Accredited Investors
Access to RIAs / Financial
Advisors
Cost, Certainty, Control of Capital
Transparency
Tech Enables National/Global
Scale
Premium Experience(s)
Investment Management
Easy-to-Use Platforms

The logo for CROWDSTREET, featuring the letters 'CS' in a large, stylized, orange-outlined font, followed by the word 'CROWDSTREET' in a smaller, orange, uppercase, sans-serif font.

CS CROWDSTREET

The Real Deal

- Asset Class: Hotel
- Title: Fee Ownership
- Market: Suburban Dallas in an attractive office park
- Brand: Embassy Suites (Hilton)
- Keys: 220
- Seller: local owner / developer who developed the hotel and has owned it for 20 years
- Operator: Hilton today / unencumbered upon sale
- Required Capex: guest rooms renovation (~\$23K/key)
- Purchase Price Cap: 8.3%



Investment Summary

In \$000s except adr/revpar

ASSET SUMMARY

Keys	220
Location	Dallas, TX
Address	
Neighborhood	
Meeting Space	4,200
Current / Future Manager	Hilton / Spire
Current / Future Brand	Embassy Suites / Embassy Suites
Labor	Non-Union
Title	Fee Simple

FINANCING ASSUMPTIONS

Debt Type	Floating
LTV	70.00%
TTM Debt Yield	9.72%
Interest Rate Spread	3.50%
Amortization	-
I/O Period	5

EXIT ASSUMPTIONS

Exit TTM NOI	\$4,102
Hold Period	4 Years
Sale Date	12/31/2022
Exit Cap	7.75%
Expansion (Compression) to PP Cap	(0.58%)
Exit Price (Including Sales Cost)	\$51,870
Per Key	\$235,773

S&U / BASIS

	Total	Per Key	%
Purchase Price	35,500	161,364	81.7%
Closing Costs	2,853	12,968	6.6%
CapEx	5,082	23,100	11.7%
Total Uses	\$43,435	\$197,432	100.0%
Financing	30,404	138,202	70.0%
Equity	13,030	59,229	30.0%
Total Sources	\$43,435	\$197,432	100.0%
		Cap on PP	Cap on Total
TTM NOI	\$2,956	8.3%	6.8%

YIELD PROFILE

	Yield on Cost	Cash on Cash	Debt Yield
Aug TTM	7.7%	N/A	9.7%
Year 1	7.7%	9.9%	10.3%
Year 2	6.6%	6.0%	9.4%
Year 3	9.2%	14.7%	13.2%
Year 4	9.4%	15.5%	13.5%
Year 5	9.7%	N/A	-

RETURNS

Unlevered IRR	13.0%
Unlevered Equity Multiple	1.61x
Levered IRR	22.5%
Levered Equity Multiple	2.11x
Net IRR	20.0%
Net Equity Multiple	1.95x

THANK YOU! Q&A



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