

"We are working every day to ensure that our partners are positioned to take advantage of changing conditions."

QUARTERLY REPORT

4th Quarter 2022

Dear Investors,

As we look back on another year, we want to take a moment to thank you for your continued support and confidence. The economy and capital markets certainly faced many headwinds in 2022, and we are not immune from the effects of changing markets. That said, we are very happy with the Fund's relative performance.

All things considered, it was another good year and quarter. Fourth quarter realized returns were 13.78% and total returns were 14.00%, annual returns were 14.79% and 20.03% respectively.

We are working every day to ensure that our partners are positioned to take advantage of changing market conditions. We are fortunate to be starting from a position of strength made possible by the foundation that has been set over the last eight years of building the portfolio. We maintain this foundation by ensuring the assets are well positioned with appropriate cash reserves, conservative debt, high cash flow, and appropriate ongoing investment.

The sale of the Hawthorne asset closed in the fourth quarter as planned. While the sale had a minimal impact on returns, it was a win to achieve a small gain on the sale in addition to the high operating returns the asset generated over the last several years. The sale also allows us to de-risk the portfolio by eliminating a large vacancy.

New acquisitions continue to be challenging as the gap between buyers and sellers is wide. That said, interest rates are stabilizing, and opportunities will arise. We were forced to cancel the 4041 Central acquisition as the seller was unwilling to address the findings of our due diligence. However, we are placing an asset in Spokane under contract. This looks promising and could be a great addition to our growing Inland Northwest portfolio.

As part of our portfolio management, we are fortunate to have fixed-rate loans with many years of term remaining on average. Given the current interest rate environment, we will likely hold these loans longer. In addition, because the loans are amortizing, we will continue to pay down the property-level debt. This could create opportunities for a small number of investor notes. These notes have a fixed rate of return and a priority position in the capital stack. If you are interested in learning more, please click our note survey button.

We sincerely appreciate your partnership. Thank you for a great 2022 and we are looking forward to a fruitful 2023!

Frank Haines
Frank Haines, Chief Investment Officer
Alturas Capital Partners, LLC

Blake Haines
Blake Haines, Chief Investment Officer
Alturas Capital Partners, LLC

Note Survey

Click the survey button to learn more about our note offering.

[Survey](#)

Investor Events

Learn more about our upcoming events and sign up to attend.

[Events](#)

Key Numbers



Stated returns are average annualized investor returns. Individual investor returns may vary based on the unit pricing at the time of investment. Realized net income includes realized gains and losses and excludes unrealized gains and losses recorded during the period. Financial information herein related to the quarters ended in 2022 are unaudited as of the date of this report.

Photo: 1444 Entertainment Lobby - Boise, ID

Realized Returns



Type	2015	2016	2017	2018	2019	2020	2021	2022
Annual	15.34%	21.69%	15.41%	19.86%	16.83%	19.46%	20.99%	14.79%
Since Inception*	15.34%	19.33%	17.82%	18.39%	18.05%	18.30%	18.77%	18.19%

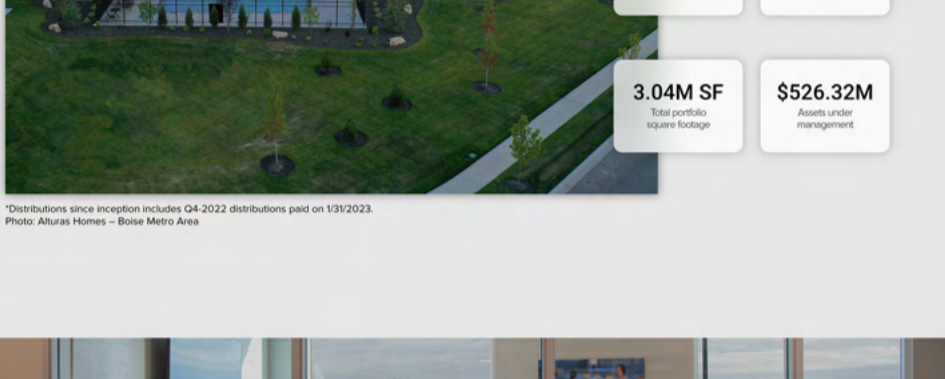
*Average annualized return since inception as of respective year/period end.

Unit Price



Quarter	2015	2016	2017	2018	2019	2020	2021	2022
Q1		\$1188.86	\$1280.86	\$1388.41	\$1394.00	\$1472.61	\$1553.67	\$1616.47
Q2	\$1000.00	\$1274.41	\$1299.39	\$1389.45	\$1425.74	\$1495.09	\$1548.83	\$1635.09
Q3	\$1000.00	\$1218.00	\$1356.38	\$1370.75	\$1438.49	\$1498.83	\$1544.69	\$1657.71
Q4	\$1000.00	\$1254.26	\$1369.28	\$1393.51	\$1473.70	\$1501.21	\$1584.06	\$1658.49

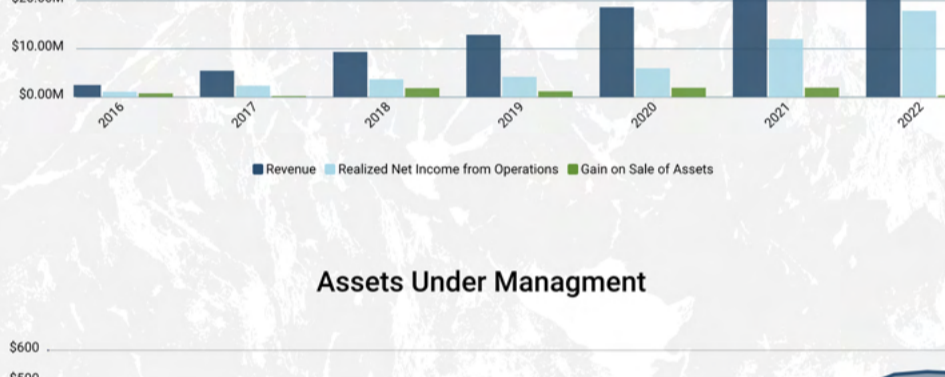
Additional Fund Metrics



*Distributions since inception includes Q4-2022 distributions paid on 1/30/2023. Photo: Alturas Homes - Boise Metro Area

2022 Review

Financial Summary



■ Revenue ■ Realized Net Income from Operations ■ Gain on Sale of Assets

Assets Under Management



Acquisitions

- 9 Total acquisitions
- 372,847 Total square feet acquired
- \$70.23M Total acquisition cost

Dispositions

- 3 Total dispositions
- 78,225 Total square feet sold
- \$15.55M Total sales price

New Leases

- 41 New leases signed*
- 197,199 Square feet
- \$3.88M Rent value

Renewed Leases

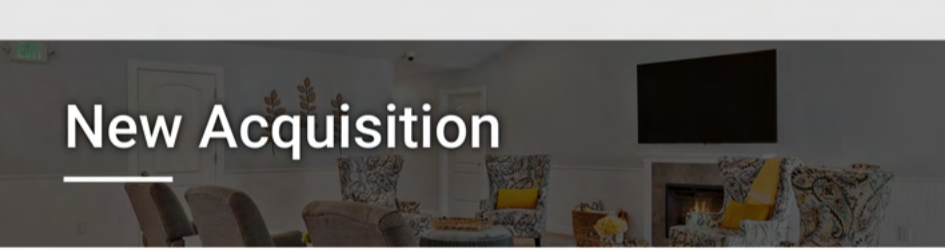
- 66 Total leases renewed
- 268,947 Square feet
- \$5.37M Rent value

Total Leases

- 443 Total leases
- 2,730,715 Total square feet under lease
- 90.96% Leased as of 12/31/22*

*Excludes in place leases at properties acquired during 2022. *Percentage leased offers from portfolio occupancy rate due to leases signed where tenant has not yet taken occupancy.

Investor Highlights



New Acquisition

Brightstar

Merridian, ID | Residential | 5,812 SF

We acquired another site for a build-to-suit project for senior living operator Brightstar. This will be the second location in Merridian, ID and the third overall for the Fund. Similar to the others, this property will be a memory care home with approximately 12 beds and 5,000 square feet, creating a high-end senior living environment.

Alturas Construction will be acting as the general contractor for this project. Brightstar is a national brand, and the local operator operates multiple units in the area.



Acquisitions Pipeline

40 Forty One

Phoenix, AZ
Office
415,209 SF

Rock Pointe West

Spokane, WA
Office
336,332 SF

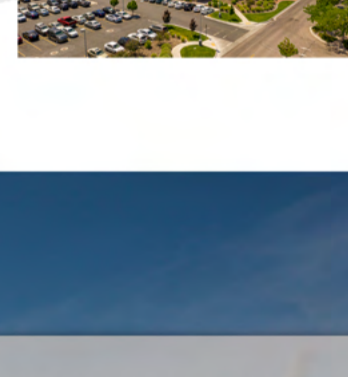
Disposition

4200 Hawthorne

Chubbuck, ID | Office | 78,225 SF

Alturas Capital Partners sold 4200 Hawthorne Rd, located in Chubbuck, Idaho, to the Pocatello/Chubbuck School District. This 78,225 square foot office property was previously occupied by Allstate, a national insurance company.

When Allstate decided not to renew their lease in September it opened new opportunities for the property. While the Fund typically aims to hold assets long term, strategic dispositions like this are expected from time to time. This outcome was not only beneficial for the Alturas Real Estate Fund, but also resulted in a positive outcome for the community and the local schools.



Portfolio at a Glance

[Portfolio](#)

As highlighted in the 2022 Review section above, as the portfolio continues to grow, the team is working diligently to keep our tenants happy and the properties well occupied. This past year, the Alturas team completed over 100 leases (for both new and existing tenants), representing a total of \$9.25 million in revenue for the portfolio. By contrast, in 2021, the team completed 60 leases for a total of \$5.39 million. Although new acquisitions dropped off in the latter half of the year, the team stayed very busy filling vacancies and retaining existing tenants within the portfolio.

All of this is evidence that our fundamental strategy of being tenant-friendly and willing to continually invest in our properties and tenants while looking for win-win outcomes will continue to be successful over the long term. There will always be challenges along the way, but if we stay true to our core investment philosophies, we can be confident that the results will follow. As always, we are actively managing the portfolio to maximize cash flow and realize the full potential of all our investments.

Current Investments



Fund Description

[Learn More](#)

The Alturas Real Estate Fund, LLC was formed by Alturas Capital Partners to provide accredited investors access to professionally managed real estate investments. The Fund is a \$500 million equity offering created to make commercial and residential real estate investments. It targets middle-market properties frequently ignored by larger funds. These properties can be profitable as a diverse portfolio.

The Fund was created in May 2015 and owns properties in the Intermountain West and Inland Northwest. Managers of the Fund are continually searching for new properties to add to the Fund that meet strict underwriting criteria including a margin of safety, with a focus on cash flows.

Photo: Grand Teton National Park

Summary of Debt Offering		Summary of Equity Offering	
Interest rate	6-8% paid quarterly	Targeted returns	9-14%
Investment type	Secured notes	Preferred return	8% paid quarterly
Security	Subordinate to property debt; senior to equity	Profit split	70% investors, 30% manager after preferred return
Term	24-60 months	Fees	1.5% asset management fee
Minimum investment	\$250,000	Minimum investment	\$250,000
Investor eligibility	Accredited investors	Investor eligibility	Accredited investors
Short-Term alternative	6-12 month revolving line of credit	Lockup period	24 months

All projections are hypothetical and predicated upon various assumptions that may or may not be identified as such. The future operating and financial performance information contained herein is for illustrative purposes and is not intended to portray any sort of targeted or anticipated returns. There can be no assurance that the Fund will achieve its investment objectives and actual performance may vary significantly. Alturas Capital Partners, LLC and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice.