

# QUARTERLY REPORT

## 3rd Quarter 2021

Dear Investors,

The Fund continued its strong performance in the third quarter. Realized returns were 18.16% for the quarter. Rent collections have returned to pre-pandemic levels and there is good leasing activity across the portfolio. Further, tenants are returning to the office in greater numbers particularly in our target markets. That said, we plan to continue to take advantage of market uncertainty where it exists to add great long-term assets to the portfolio.

*“Rent collections have returned to pre pandemic levels, there is good leasing activity across the portfolio and tenants are returning to the office in greater numbers.”*

We had one new acquisition in the quarter, a partnership in residential land that will become 500 homes sites here in the Boise market. This is a unique opportunity that we are very excited about and hopeful that it will lead to many more excellent opportunities. As many of you know, the Fund's first investment many years ago was a partnership with our sister company Alturas Homes. This partnership has been fruitful for both sides since the inception of the Fund. The Fund gets access to the very strong residential market and Alturas Homes has access to the appropriate amount of growth capital. While over time the percentage of the Fund's portfolio that is dedicated to these investments has become quite small, the investments themselves continue to perform well.

Alturas Homes builds homes in neighborhoods developed by the premier residential developer in the Boise market and this project is also a partnership with that developer. We are thrilled with the partnership because not only do we have an end buyer of the lots that is aligned with us but we also have confidence that the developer will create an excellent end product. We are hopeful that this will lead to additional residential for-sale and rental investment opportunities for the Fund for years to come.

As you will see in the Acquisitions Pipeline, we also have several additional opportunities we are working on in Idaho, Colorado and Arizona. Our strategy continues to resonate with our partners in these markets and we are very excited for the continued growth and diversity that these new acquisitions will provide.

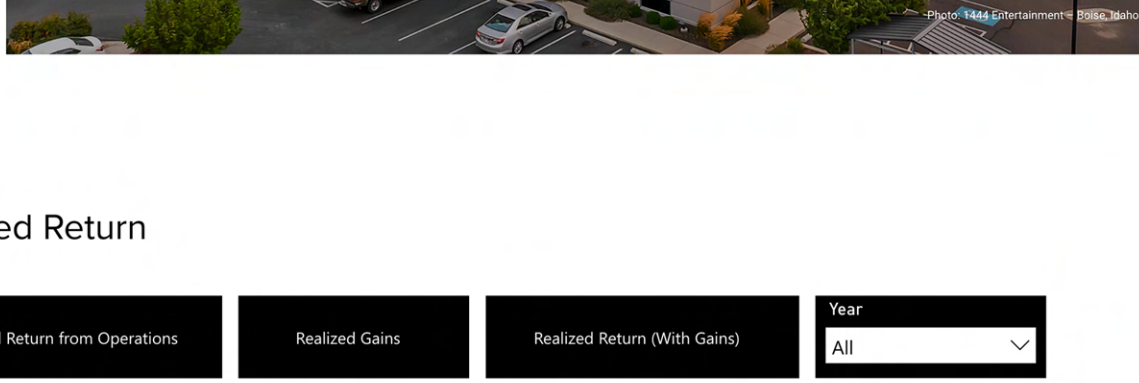
These new acquisitions will result in additional capital raises in the coming weeks and months. As your investment objectives change, please continue to update the investor survey by following the link below. We also recently updated our website to explain our Investment Process which can be viewed at the link below. As always, thank you for your support and partnership.

Investor Survey

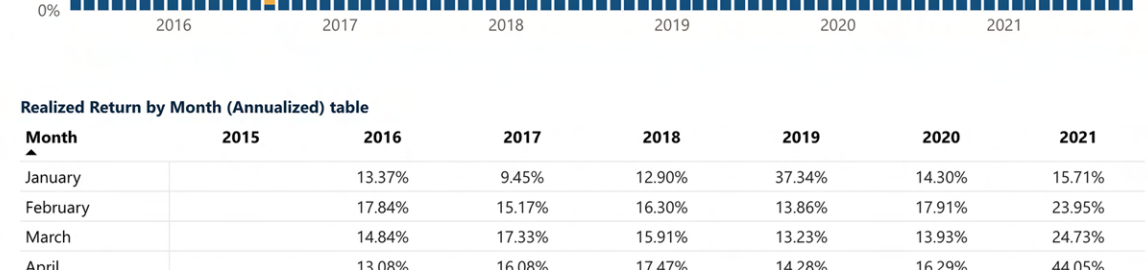
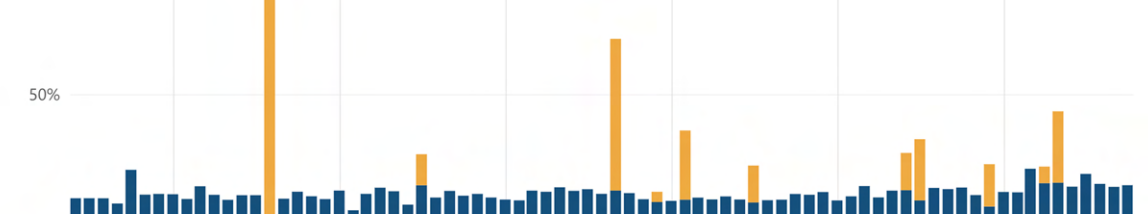
Investment Process

*Travis Barney*  
Travis Barney, Chief Executive Officer  
Alturas Capital Partners, LLC

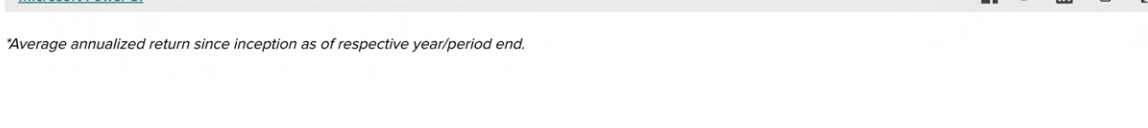
*Blake Hansen*  
Blake Hansen, Chief Investment Officer  
Alturas Capital Partners, LLC



### Realized Return



Month	2015	2016	2017	2018	2019	2020	2021
January		13.37%	9.45%	12.90%	37.34%	14.30%	15.71%
February		17.84%	15.17%	16.30%	13.86%	17.91%	23.95%
March		14.84%	17.33%	15.91%	13.23%	13.93%	24.73%
April		13.08%	16.03%	17.47%	14.28%	16.29%	44.05%
May	13.64%	14.69%	11.39%	16.22%	13.20%	29.50%	17.70%
June	13.64%	14.70%	29.02%	16.81%	25.08%	34.30%	22.14%
July	13.62%	97.15%	13.89%	15.17%	12.96%	17.26%	18.66%
August	11.79%	13.49%	16.21%	69.40%	13.14%	16.84%	17.62%
September	23.57%	15.93%	14.53%	15.43%	15.13%	17.38%	18.21%
October	14.90%	14.34%	15.16%	13.30%	14.86%	14.76%	
November	15.15%	13.34%	13.90%	15.91%	15.82%	25.56%	
December	15.04%	16.32%	13.18%	12.72%	12.87%	15.85%	
<b>Annual</b>	<b>15.34%</b>	<b>21.69%</b>	<b>15.41%</b>	<b>19.86%</b>	<b>16.83%</b>	<b>19.46%</b>	<b>22.45%</b>
<b>Since Inception*</b>	<b>15.34%</b>	<b>19.33%</b>	<b>17.82%</b>	<b>18.39%</b>	<b>18.05%</b>	<b>18.30%</b>	<b>18.79%</b>

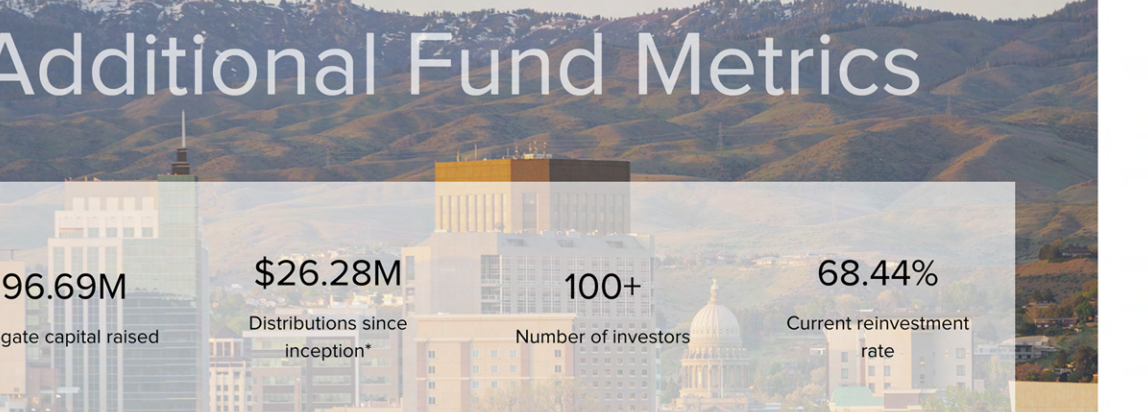


### Unit Price (Since Inception)

Year	Quarter	2015	2016	2017	2018	2019	2020	2021	
All	Q1		\$1,188.86	\$1,280.86	\$1,388.41	\$1,394.00	\$1,472.61	\$1,553.67	
	Q2			\$1,274.41	\$1,299.39	\$1,389.45	\$1,425.74	\$1,495.09	\$1,548.83
	Q3		\$1,000.00	\$1,218.00	\$1,356.38	\$1,370.75	\$1,438.49	\$1,498.83	\$1,544.69
	Q4		\$1,000.00	\$1,254.26	\$1,369.28	\$1,393.51	\$1,473.70	\$1,501.21	



## Additional Fund Metrics



## New Acquisitions



**North Caldwell**  
Caldwell, ID | SF Residential | 500 Lots

As mentioned in the letter above, we entered into a partnership with the premier real estate developer in the Boise market to purchase, develop, and sell lots to Alturas Homes and the single family home building division of our development partner. The project is in the entitlement phase and we expect to break ground on horizontal development in 2022 with lot deliveries beginning in late 2022 or early 2023. The development project is expected to last between five and seven years and should provide a healthy return on capital for the Fund over that time period. We hope that this project will open the door for future opportunities for the Fund to invest in single-family and multi-family projects in the Boise area.

### Acquisitions Pipeline

 <b>Brightstar</b> Boise Metro Area, ID Senior Living 2 locations	 <b>5617 E. Cleveland Blvd.</b> Caldwell, ID Industrial 2710 SF	 <b>985 Space Center Dr.</b> Colorado Springs, CO Office 103183 SF
 <b>1055 N Newport Road</b> Colorado Springs, CO Office 59,763 SF	 <b>Carefree Shopping Center</b> Colorado Springs, CO Retail 126,471 SF	 <b>Metro Towne Center</b> Phoenix, AZ Retail 140,644 SF

## Portfolio at a Glance

Following the summer lull, new leasing activity noticeably picked up throughout the portfolio this quarter, while renewal activity remained strong. This adds further validation to our belief that the recovery in commercial real estate continues apace, particularly in our target markets. For more information on the macroeconomic trends impacting our markets, please see the market summary below.

[View Portfolio](#)

### Our Markets

We have been deliberate in choosing the markets we invest in. Specifically markets that have high population and job growth. The recently released census report emphasizes this. This report shows changes in the nation's population from 2010 - 2020. During this decade, all of Alturas' current markets saw a significant increase, with every state with an Alturas property among the top 10 states for population growth. A growing population means greater demand for local products and services.

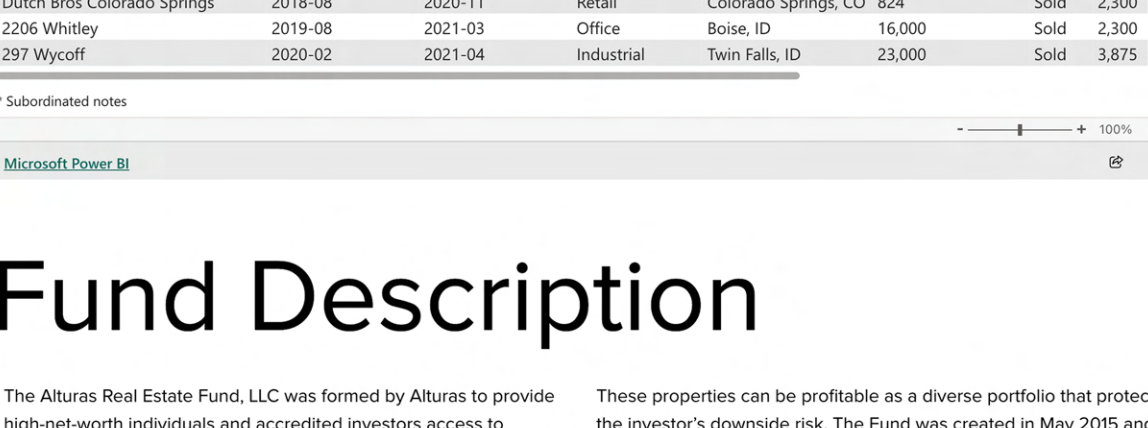
This leads to new businesses opening and existing businesses investing in hiring new employees which increases the demand for commercial and residential real estate. Population growth is one of the macro-economic factors we consider when evaluating where we want to deploy our capital and has contributed to our long-term focus on the Intermountain West and Pacific Northwest regions of the country.

#### Top 10 States for Population Growth

Ranking	State	Growth
1	Utah*	18.4%
2	Idaho*	17.3%
3	Texas	15.9%
4	North Dakota	15.8%
5	Nevada	15.0%
6	Colorado*	14.8%
7	Washington*	14.6%
8	Florida	14.6%
9	Arizona*	11.9%
10	South Carolina	10.7%

\*State has Alturas owned properties

### Current Investments



Investment	Date of Acquisition	Property Type	MSA	Size (SF)	# of Units	Status	Occupancy
Mission Village	2016-09	Retail	Wenatchee, WA	32,987	833	Stabilized	83%
JGC	2020-12	Flex	Spokane, WA	75,786	Lease-up	65%	7
5709 Sunset	2021-06	Office	Spokane, WA	39,605	Stabilized	96%	4
Shops at Dacker Lake	2019-03	Retail	Salt Lake City, UT	52,387	Lease-up	89%	7
4200 Hawthorne	2019-04	Office	Pocatello, ID	78,225	Stabilized	100%	1
Siete Square I	2017-06	Office	Phoenix, AZ	57,933	Stabilized	100%	9
The Ashby on Osborn	2018-03	Office	Phoenix, AZ	89,167	Lease-up	73%	1
Siete Square II	2018-12	Office	Phoenix, AZ	53,936	Stabilized	95%	6
Shops at 38th	2020-08	Retail	Phoenix, AZ	23,021	Stabilized	100%	6
Airport Center	2020-12	Flex	Phoenix, AZ	94,545	Lease-up	100%	1
Parkway Plaza	2018-02	Retail	Idaho Falls, ID	56,264	Lease-up	79%	3
Sandcreek Plaza	2019-08	Retail	Idaho Falls, ID	35,903	Stabilized	100%	3
6455 Yosemite	2021-06	Office	Denver, CO	199,043	Lease-up	78%	2
Stanford I	2021-06	Office	Denver, CO	273,963	Lease-up	85%	4
The Presidio	2019-07	Office	Colorado Springs, CO	81,222	Stabilized	90%	1
Centennial Tech	2020-02	Flex	Colorado Springs, CO	110,405	Stabilized	100%	1
North Creek	2021-01	Office	Colorado Springs, CO	326,552	Lease-up	87%	4
Garden Gateway	2021-02	Flex	Colorado Springs, CO	115,052	Stabilized	92%	1
Alturas Homes*	2015-06	Single Family	Boise, ID	51 Units	In Progress		3
Eagle Marketplace	2015-09	Retail	Boise, ID	73,697	Stabilized	100%	9
110 Main	2015-10	Office	Boise, ID	6,420	Stabilized	100%	1
Westpark	2016-02	Industrial	Boise, ID	117,510	Stabilized	100%	6
1444 Entertainment	2016-12	Office	Boise, ID	78,573	Stabilized	66%	1
Adelmann Building	2017-07	Retail	Boise, ID	15,436	Stabilized	85%	2
155N Tech Lane	2017-08	Flex	Boise, ID	104,418	Stabilized	100%	8

\* Subordinated notes

### Sold Investments

Investment	Date of Acquisition	Date of Disposition	Property Type	MSA	Size (SF)	# of Units	Status	Sold Price (\$'000)
1124 Caldwell Blvd	2015-10	2017-06	Retail	Wenatchee, WA	2,646		Sold	1,050
Legends Townhomes	2015-12	2016-07	Multi-family	Kansas City, MO	18 Units		Sold	2,020
Treasure Valley Crossing	2016-09	2018-08	Retail	Boise, ID	21,000		Sold	5,650
595 Washington	2016-12	2019-06	Industrial	Twin Falls, ID	11,195		Sold	1,260
12005 Meridian	2017-04	2018-11	Retail	Seattle, WA	7,388		Sold	4,950
Dutch Bros Caldwell	2017-04	2019-01	Retail	Boise, ID	874		Sold	2,300
12000 Deep Canyon*	2017-09	2017-09	Single Family	Boise, ID	1 Unit		Sold	605
Parkway Plaza Midbox (Partial Sale)	2018-02	2020-05	Retail	Idaho Falls, ID	19,036		Sold	1,715
5804 Fairview	2018-08	2020-06	Retail	Boise, ID	22,500		Sold	3,350
Dutch Bros Colorado Springs	2018-08	2020-11	Retail	Colorado Springs, CO	824		Sold	2,300
2206 Whitley	2019-08	2021-03	Office	Boise, ID	16,000		Sold	2,300
297 Wyocoff	2020-02	2021-04	Industrial	Twin Falls, ID	23,000		Sold	3,875

\* Subordinated notes

## Fund Description

The Alturas Real Estate Fund, LLC was formed by Alturas to provide high-net-worth individuals and 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 that protects the investor's downside risk. 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.

### Summary of Equity Offering

Preferred return:	8% paid quarterly
Profit split:	70% investors, 30% manager after preferred return
Fees:	1.5% asset management fee
Minimum investment:	\$250,000
Investor eligibility:	Accredited investors only
Targeted returns:	9-14%

### Summary of Debt Offering

Return range:	6-8% interest rate, paid quarterly
Investment type:	24-60 month secured notes
Minimum investment:	\$250,000
Investor eligibility:	Accredited investors only
Security:	Priority position before equity investors

[Learn More About the Fund](#)

All projections are hypothetical and predicted 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.

