



Alturas Real Estate Fund

Quarterly Update | 3rd Quarter 2015

ALTURAS
REAL ESTATE FUND
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We have successfully completed our first full quarter of operations, with a net annualized return to investors of **16.25%** this quarter. Since we launched the Fund on May 29, 2015, we have produced a **15.56%** annualized return for our investors. We are pleased with this initial success and we expect strong performance as we build momentum.

We have raised **\$2.625 million** in contributed capital, including \$1.1 million from Fairway America, the thought leader in small balance real estate, and \$425,000 from Alturas Capital and its manager. We have interest from new and existing investors to place more money in the fund, including Fairway and Alturas.

We have grown our assets under management to **\$5.5 million**, including commercial real estate, investments in single-family homes, and a \$1 million loan commitment on a multi-family property, which generated \$20,000 of commitment fee income for the Fund.

We are executing on our investment strategy, which consists of creating a stable base of long-term, cash generating assets, while also taking advantage of short and medium-term investment opportunities as they arise. We are optimistic about a strong end to 2015, and momentum building into 2016.

As we move forward, we will continue to provide quarterly updates, which will include fund level performance and asset level details. Please contact us if you have any additional questions, or if you would like to schedule a one-on-one conversation.

We are grateful for the trust our investors have placed in us and we are working diligently to find the right places to deploy capital. We appreciate our partnership and look forward to further success.

Sincerely,



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Key Numbers

\$5.5M
Assets under management

\$2.625M
Contributed capital

15.56%
Net return since inception

16.25%
Net return in the 3rd quarter

35
Investments since inception

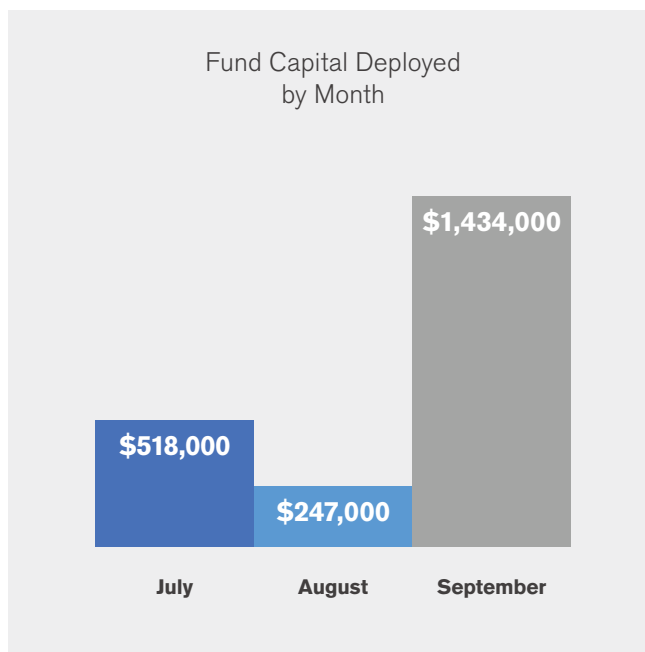
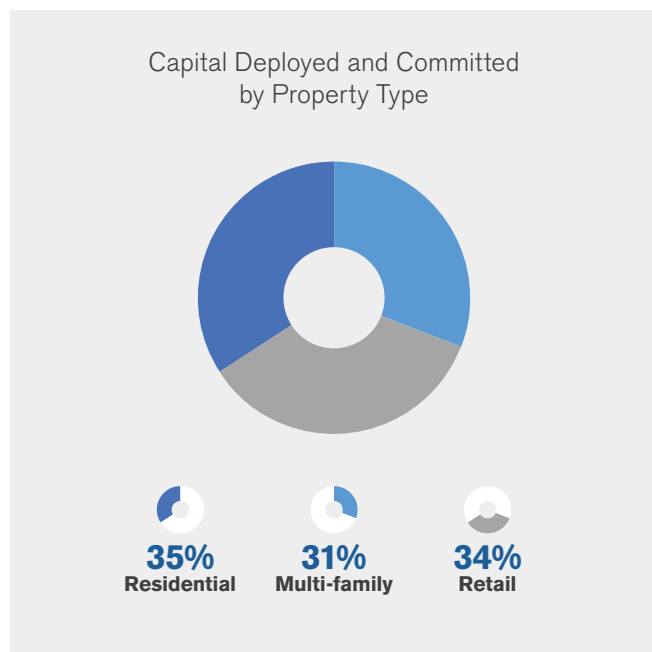
20
Investments in 3rd quarter

Fund Raising

We are currently raising additional capital in the Alturas Real Estate Fund, as we have investment opportunities that meet our strict criteria. We anticipate a need of approximately \$2-3 million in the next few months and have immediate opportunity in the next few weeks. We see investment opportunity and quality deal flow in our markets, and will continue to raise money as deal flow warrants.

As always, our priority is to take care of our current investors. Please let us know if you have additional funds that you would like to invest with us in the coming weeks. Also, let us know if you have qualified friends or family members who might be interested in this opportunity.

Capital Deployment



Net Annualized Returns to Investors

Year	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Net Return Since Inception
2015	N/A	N/A	N/A	N/A	13.64%	13.64%	13.62%	11.79%	23.57%	TBD	TDB	TDB	15.56%

Investments



Retail

Property type

1998

Year Built

\$4.1 Million

Acquisition Price

\$5.9 Million

Appraised Value

60,000

Square Footage

Key Bank and State Farm

Key Tenants

50%

Occupancy

Eagle Marketplace

Boise, Idaho

The fund acquired a 60,000 square foot retail center for \$4.1 million in September. The property was previously owned by a CMBS lender, which foreclosed on the asset in 2013. Previously, the property had been owned by an out of state, and absentee landlord, who had purchased the property for almost \$12 million. Both previous owners did not make necessary improvements to the property, causing the asset to perform well below its potential. This created an opportunity for the fund to purchase the asset at a discounted price.

We like this property because it is located at the corner of one of the busiest intersections in the state of Idaho. It has traffic counts of almost 70,000 cars each day. The property is 50% occupied, with nine tenants, including Key Bank and State Farm, leaving significant upside as we stabilize the property and add tenants.

We plan on investing in the property to correct some of the issues that have hampered it for the last few years including: limited visibility from the road due to overgrown and excessive landscaping, outdated and undersized signage, and a general stigma of being a distressed property. We are in the process of securing the necessary entitlements required to make these improvements. We expect to invest around \$350,000 in these improvements over the coming months.

Due to new ownership and progress towards making improvements to the property, we have received multiple offers to lease space, and we have verbal commitments from Key Bank and State Farm to extend their leases. We expect even more leasing activity once the capital improvements are complete.



- **Quality, middle market new single family homes Boise, Idaho Metro Area**
- **No raw land development**
- **\$15+ million of revenue year to date**
- **Emphasis on presold homes**
- **Focus on top-tier communities**

Alturas Homes

Boise, Meridian, and Eagle, Idaho

The fund continues to make investments in new single family homes, through our partner, Alturas Homes. Alturas Homes is a top-10 homebuilder in the Boise Metro Area, building in six communities. The company emphasizes presold homes, collecting non-refundable deposits before construction begins. Through this partner, the fund does not invest in undeveloped land, only in new homes.

The fund has deployed just over \$2 million into these investments, with \$1.4 million outstanding at the end of the quarter. Many of these investments have already gone full cycle having returned 22.5% to the fund. We are monitoring the market carefully and expect to see additional opportunities for growth in the coming months and years as home ownership rates move back toward historical averages.



up to \$1 million
Loan Amount

6 months
Loan Term

Multi-family
Property Type

12%
Interest Rate

\$1.64 million
Appraised Value

4
Points

18
Number of Units

The Legends Loan

Kansas City, Missouri

In September, the fund provided a loan commitment for a \$1 million loan, secured by an 18-unit multifamily property in Kansas City, Missouri. Although this property is outside our main geographic area of the intermountain west, the borrower is an Idaho entity and the loan was sourced through our Idaho contacts. We performed extensive due diligence on the asset, including a site visit to Kansas City in August.

The property is currently 100% occupied and has been consistently leased for the last seven years with limited turnover and very high occupancy levels. The same property management company has been working on the property since construction, bringing extensive knowledge and local expertise. The units are mostly three bed, two bath units, with full basements, and garages. These are highly desirable units, located in an attractive part of the metro area.

The loan commitment generated \$20,000 for the fund for two months, and we expect to provide another one month commitment in November, leading to the loan closing in December. The additional commitment will generate another \$10,000 of income for the fund. The loan is expected to produce 20% returns to the fund for six months, with an option for the borrower to extend the loan for up to six more months, with similar returns.

About Alturas Capital

Alturas Capital, LLC (Alturas) is a leading real estate investment company based in Eagle, Idaho, with investments in commercial and residential real estate. Using a principled approach and conservative investment strategy, Alturas has experienced exceptional growth. Alturas manages a proprietary investment fund, the Alturas Real Estate Fund, LLC. This fund is focused on making real estate investments in Boise and the Intermountain West.

To learn more about Alturas Capital, visit www.alturas.com.

To speak with Managing Partner Blake Hansen, contact him at (208) 921-5934 or email blakehansen@alturas.com.

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