



ALTURAS
REAL ESTATE FUND
www.alturascapital.com

Quarterly Report | 4th Quarter 2019

Key Numbers*

14.50%

Realized return - 4th Quarter 2019

18.05%

Realized return - since inception

25.75%

Total return - 4th Quarter 2019

27.51%

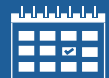
Total return - since inception

\$1.18M

4th Quarter 2019 distributable net income

*Stated returns are average annualized investor returns. Individual investor returns may vary based on the unit pricing at the time of investment. Distributable net income includes realized gains and losses and excludes unrealized gains and losses recorded during the period.

Q4 Manager Call



Wednesday

Feb. 26, 2020



12-1 PM MST

2-3 PM EST

Cover Photo:

Grouse Creek
Southeast, Idaho
photo by Linda Lantzy

Inside Cover Photo:

Winter sunset over the Green Monarch Mountains
Green Monarch Mountains, Idaho
photo by Chris Celentano

Dear Investors,

As we close the books on 2019, we can look back upon another successful quarter and year for the Alturas Real Estate Fund.

We added one new asset in the fourth quarter. We also saw several quality projects move under contract and through our due diligence pipeline, some of which we expect to close in the first quarter of 2020 (see page 7 for more information).

While acquisitions and dispositions are always noteworthy, an important aspect to maximizing returns for the Fund is managing the existing portfolio. To that end, the fourth quarter saw significant progress in new tenant leasing and tenant renewal activity which will be accretive to Fund returns in 2020 (see page 6 for more information regarding leasing activity).

This quarter's acquisition of Idaho Natural & Organic Foods (INAOF), while small, represents a successful rollout of a new Tenant Partnership program which demonstrates the benefits of, and encourages business owners to participate in owning part of the real estate in which they operate. We are excited to introduce this program to more of our existing tenant-partners and prospective tenants in the coming quarters.

As many of you already know, we had more demand than we could accommodate in this most recent capital raise. However, our deal flow continues to be strong as our reputation and relationships grow. While the market remains competitive, we expect to deploy additional capital throughout the coming year.

We want to extend a welcome to our new investors and thank all of you for your continued support, confidence and patience. It is truly a pleasure to be partnered with such an amazing group of people.

Sincerely,

Blake Hansen, Chief Investment Officer
Alturas Capital Partners, LLC

Travis Barney, Chief Credit Officer
Alturas Capital Partners, LLC

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10	Fund Performance Summary

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.

Financial information herein related to the quarters and annual periods ended March 31, 2019, June 30, 2019, September 30, 2019, and December 31, 2019 are unaudited as of the date of this report.

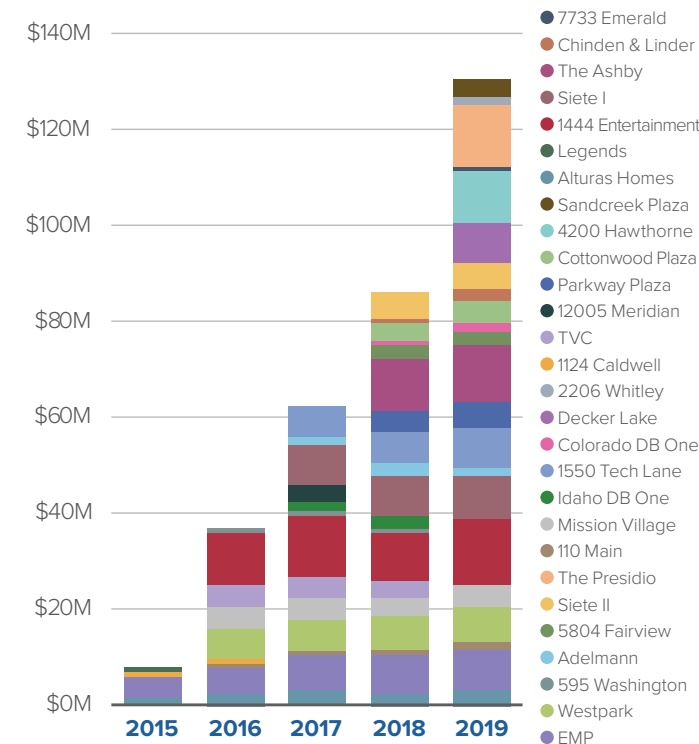
Investment Overview

Other Fund Metrics

\$36.39M Aggregate capital raised as of 12/31/19	\$11.90M Distributions since inception*
100+ Number of investors	\$1,473.70 Unit price as of 01/01/20
\$134.64M Assets under management (AUM)	1,071,299 Total Portfolio Square Footage

*Distributions Since Inception includes Q4-2019 distributions paid on 01/31/2020.

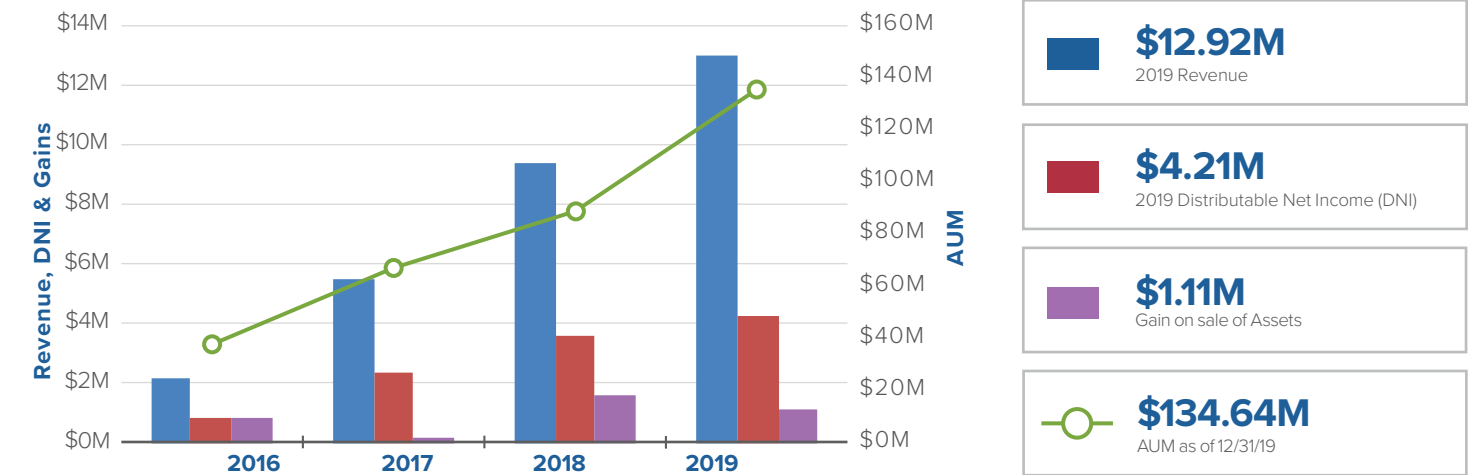
Concentration by Property



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2019 Year in Review

Financial Highlights



Portfolio Highlights

Acquisitions & Dispositions

7 Acquisitions	2 Dispositions
298,639 Square feet	12,069 Square feet
\$39.06M Acquisition cost	\$3.56M Total sales price

Leasing Activity

17 New leases signed*	29 Renewed leases	156 Total leases		
97,357 Square feet	134,814 Square feet		1,004,512 Total SF under lease	
\$1.21M Annual rent	\$2.07M Annual rent			94% Leased as of 12/31/19

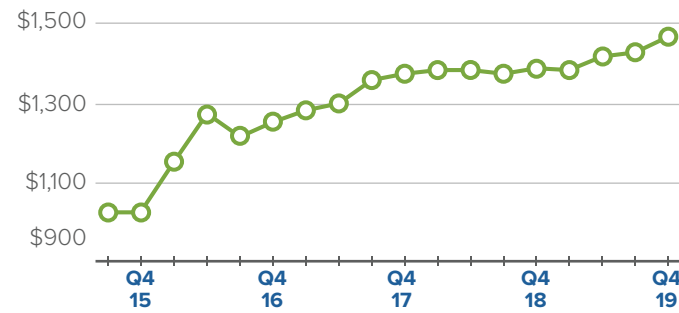
*Excludes in-place leases at properties acquired during 2019

Investor Highlights

2019 Full Year Returns	\$8.38M Total new capital deployed during 2019	Note Subscriptions	Equity Subscriptions
16.83% Realized returns	\$2.62M Equity distributions reinvested during 2019	52 New note subscriptions	24* New equity subscriptions
23.32% Total returns		\$7.80M Total deployed during 2019	\$4.78M* Total deployed during 2019

*Includes 18 equity subscriptions totaling \$1.70M from funds deployed during Q4 2018 which were subscribed into equity on 01/01/19. Also includes \$2.62M of reinvested equity distributions.

Unit Price (Since Inception)



	2015	2016	2017	2018	2019
Q1	N/A	\$1,188.86	\$1,280.86	\$1,388.41	\$1,394.00
Q2	N/A	\$1,274.41	\$1,299.39	\$1,389.45	\$1,425.74
Q3	\$1,000.00	\$1,218.00	\$1,356.38	\$1,370.75	\$1,438.49
Q4	\$1,000.00	\$1,254.26	\$1,369.28	\$1,393.51	\$1,473.70

Realized Return by Month (Annualized)

	2015	2016	2017	2018	2019
Jan.	N/A	13.37%	9.45%	12.90%	37.34%
Feb.	N/A	17.84%	15.17%	16.30%	13.86%
Mar.	N/A	14.84%	17.33%	15.91%	13.23%
Apr.	N/A	13.08%	16.08%	17.47%	14.28%
May	13.64%	14.69%	11.39%	16.22%	13.20%
Jun.	13.64%	14.70%	29.02%	16.81%	25.08%
Jul.	13.62%	97.15%	13.89%	15.17%	12.96%
Aug.	11.79%	13.49%	16.21%	69.40%	13.14%
Sept.	23.57%	15.93%	14.53%	15.43%	15.13%
Oct.	14.90%	14.34%	15.16%	13.30%	14.86%
Nov.	15.15%	13.34%	13.90%	15.91%	15.82%
Dec.	15.04%	16.32%	13.18%	12.72%	12.87%
Annual	15.34%	21.69%	15.41%	19.86%	16.83%
Since Inception*	15.34%	19.33%	17.82%	18.39%	18.05%

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

Leasing Activity Update

Our highest priority is to improve the performance of our existing asset base.

Taking care of our tenants' needs is a daily focus and is critical to the Fund's long-term success.

Every time we add a new tenant, or renew or expand an existing tenant, it further enhances our existing portfolio and the performance of the Fund.

We have highlighted here some of those tenant-partners and related key transactions from this past year.

+ Represents a tenant expanding square footage

88%

SF Leased YE 2018



1550 - Existing retail tenant. Extended lease term by 60-months.

+61,696 SF Premises | **Furniture** Tenant Industry

94%

SF Leased YE 2019



Presidio - New office tenant. Signed a 65-month lease term.

6,238 SF Premises | **Engineering** Tenant Industry



Whitley - Call center tenant. Signed a 120-month lease term.

16,000 SF Premises | **Technology** Tenant Industry



1550 - Existing office tenant. Extended lease term by 60-months.

+24,574 SF Premises | **Finance** Tenant Industry



110 Main - New office tenant. Signed a 60-month lease term.

6,420 SF Premises | **Finance** Tenant Industry



Siete II - Existing office tenant. Extended lease term by 91-months.

+23,415 SF Premises | **Healthcare** Tenant Industry



Mission Village - New retail tenant. Signed a 56-month lease term.

1,117 SF Premises | **Retail** Tenant Industry



Presidio - New office tenant. Signed a 61-month lease term.

2,941 SF Premises | **Finance** Tenant Industry



Mission Village - New retail tenant. Signed a 64-month lease term.

2,723 SF Premises | **Retail** Tenant Industry



1550 - Existing office tenant. Extended lease term by 36-months.

+22,274 SF Premises | **Technology** Tenant Industry



Mission Village - New retail tenant. Signed a 36-month lease term.

1,108 SF Premises | **Retail** Tenant Industry

Fund Structure & Acquisition Pipeline

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 \$100 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% to investors, 30% to manager after preferred return
Fees:	1.5% asset management fee
Minimum investment:	\$250,000 (updated on 01/01/2019)
Investor eligibility:	Accredited investors only
Targeted returns:	9-14%

Summary of Debt Offering

Return range:	6-8% interest rate, paid quarterly
Investment type:	Secured notes
Minimum investment:	\$100,000
Investor eligibility:	Accredited investors only
Security:	Priority position before equity investors

Acquisition Pipeline



We continue to evaluate new deals, adding those that show promise to our pipeline for continued due diligence. Our current pipeline is made up of office and industrial space in Washington, Colorado, and Idaho.

Centennial Tech Colorado Springs, Colorado

110,405 SF	Office	\$15.1M
Property size in Square Feet	Product type	Contracted Purchase Price

Excel Fabrication Twin Falls, Idaho

23,000 SF	Industrial	\$2.0M
Property size in Square Feet	Product type	Contracted Purchase Price

Garden Gateway Colorado Springs, Colorado

115,052 SF	Office	\$11.1M
Property size in Square Feet	Product type	Contracted Purchase Price

IGCP Spokane, Washington

74,000 SF	Industrial	\$6.9M
Property size in Square Feet	Product type	Contracted Purchase Price

ABAM Building Seattle, Washington

50,765 SF	Office	\$6.8M
Property size in Square Feet	Product type	Contracted Purchase Price

Existing Portfolio

NEW ACQUISITION



Idaho Natural and Organic Foods (INAOF)

Mountain Home, Idaho | Acquired November 2019

A 30,187 SF manufacturing facility operated by INAOF as a natural and organic food processing plant. The tenant made a significant investment and is a partner in the real estate, creating an alignment of interest and reducing risk to the Fund.



Sandcreek Plaza

Idaho Falls, Idaho

- Acquired in August.
- Recently completed LED lighting upgrades to several tenant suites and the parking lot lighting to reduce ongoing utilities expense.



2206 Whitley

Fruitland, Idaho

- Acquired in August.
- Renovation now complete and the call center tenant (GTL) is now in occupancy and paying rent.



Dutch Bros Colorado

Colorado Springs, Colorado

- Construction is complete and Dutch Bros is in occupancy and paying rent.
- With Dutch Bros now in occupancy and paying rent; an increase to the fair value was made this quarter.



The Ashby on Osborn

Phoenix, Arizona

- Arizona Urology Specialists began paying rent on their expansion space in July.
- Extended two tenants occupying a combined total of 7,499 SF for an additional 5 years of lease term.



Parkway Plaza

Idaho Falls, Idaho

- Extended Los Albertos who occupies 2,027 SF for an additional 10 years of lease term and increased the rent by \$6.50/SF.
- Expanded ATA Martial Arts by 1,060 SF and extended their lease for an additional 3 years.



1550 Tech Lane

Boise, Idaho

- Construction now underway on the expansion for Verified First on the first floor of the building.
- With Consign Furniture now in occupancy and paying rent on their expansion premises, an increase to the fair value was made this quarter.



The Presidio

Colorado Springs, Colorado

- Acquired in July.
- Completed tenant improvements for Galloway who is now in occupancy and paying rent bringing the property to 97% occupancy.



7733 Emerald

Boise, Idaho

- Acquired in April.
- Solid cash flowing single-tenant property that we were able to purchase for a good price in an off-market transaction.



4200 Hawthorne

Pocatello, Idaho

- Acquired in April.
- Single-tenant customer information center for Allstate Insurance that provides an excellent return for the Fund.



Shops at Decker Lake

Salt Lake City, Utah

- Acquired in March.
- A Mexican restaurant (El Gallo Loco) who will occupy 2,500 SF is currently completing their tenant improvements with projected opening date in March.



Adelmann Building

Boise, Idaho

- Based on preliminary discussions, the Event Center and Dharma Sushi, who both have lease maturities this summer, intend to renew and extend their leases.



Siete Square I

Phoenix, Arizona

- Completed a 4-year lease extension with Castle Biosciences, who occupies 11,916 SF, in conjunction with their expansion into Siete II.



1444 Entertainment

Boise, Idaho

- Currently in negotiations with Clickbank to expand into Stevens-Henager surplus space.
- Also in negotiations with adjacent land owners to potentially purchase property for additional parking.



Mission Village

Wenatchee, Washington

- As of January 2020, Boost Mobile and GNC are now in occupancy and paying rent.
- Finalizing tenant improvement work for Earthwise Pets as they anticipate taking occupancy and opening for business in February.



Siete Square II

Phoenix, Arizona

- Completed a lease with Castle Biosciences (an existing tenant at Siete I) for the remaining vacancy in the building which will bring the property to 100% occupancy.



Eagle Island

Boise, Idaho

- Construction commenced in July; exterior shell now complete, tenant improvement work ongoing with 3 of the tenants on schedule to open and begin paying rent in mid-to-late March.



Cottonwood Plaza

Boise, Idaho

- Currently in negotiations with an existing tenant who would like to expand and occupy an additional 7,898 SF which would bring the property to 90% occupancy.



5804 Fairview

Boise, Idaho

- Single-tenant building occupied by a regional furniture store on a 10-year lease; tenant opened for business in September of 2019.



Westpark

Boise, Idaho

- Recently completed a 5-year lease extension with Patrick Industries.
- Currently in negotiations with a tenant to take 9,360 SF of office space formerly occupied by Patrick Industries.



110 Main

Boise, Idaho

- Tenant improvements for StageDotO are now complete and tenant is now in occupancy and will begin paying rent in February.



Eagle Marketplace

Boise, Idaho

- 100% occupied; the property continues to provide an excellent return for the Fund.



Alturas Homes

Boise, Idaho Metro

- The single-family home market remains strong in the Boise area.

Fund Performance Summary

As of 12/31/19

Sold Investments

Investment	Date of Acquisition	Date of Disposition	Property Type	MSA	Size	Status	Sold Price (\$'000)	Realized Gains/ (Losses) (\$'000)	Investment Profile
1. Legends Townhomes	Dec-15	Jul-16	Multi-family	Kansas City, MO	18 Units	Sold	2,020	765	Core Plus
2. 1124 Caldwell Blvd	Oct-15	Jun-17	Retail	Boise, ID	2,646	Sold	1,050	206	Value Add
3. 12000 Deep Canyon*	Sep-17	Sep-17	Single Family	Boise, ID	1 Unit	Sold	605	-	Residential Value Add
4. Treasure Valley Crossing	Sep-16	Aug-18	Retail	Boise, ID	21,000	Sold	5,650	1,440	Core Plus
5. 12005 Meridian	Apr-17	Nov-18	Retail	Seattle, WA	7,388	Sold	4,950	106	Build-to-Suit
6. Dutch Bros Caldwell	Apr-17	Jan-19	Retail	Boise, ID	874	Sold	2,300	751	Build-to-Suit
7. 595 Washington	Dec-16	Jun-19	Industrial	Twin Falls, ID	11,195	Sold	1,260	443	Tenant-in-Tow
Total					43,103 SF		\$ 17,835	\$3,268	

Current Investments

Investment	Date of Acquisition	Property Type	MSA	Size	Status	Occupancy	Cost Basis (\$'000)	Fair Market Value (\$'000)	Fund Investment (\$'000)	Investment Profile
1. Alturas Homes*	Jun-15	Single Family	Boise, ID	68 Units	In Progress	N/A	2,817	2,817	2,817	Residential New Construction
2. Eagle Marketplace	Sep-15	Retail	Boise, ID	60,024	Stabilized	100%	5,481	8,918	1,398	Value Add
3. 110 Main	Oct-15	Office	Boise, ID	6,420	Lease-up	0%	1,508	1,508	342	Value Add
4. Westpark	Feb-16	Industrial	Boise, ID	117,510	Stabilized	100%	6,452	6,714	844	Tenant-in-Tow
5. Mission Village	Sep-16	Retail	Wenatchee, WA	32,950	Lease-up	59%	4,890	4,614	1,154	Value Add
6. 1444 Entertainment	Dec-16	Office	Boise, ID	78,572	Stabilized	100%	13,070	13,611	2,859	Value Add
7. Siete Square I	Jun-17	Office	Phoenix, AZ	57,933	Stabilized	98%	8,819	9,083	1,787	Core Plus
8. Adelman Building	Jul-17	Retail	Boise, ID	15,419	Stabilized	100%	2,210	2,210	567	Core Plus
9. 1550 Tech Lane	Aug-17	Retail	Boise, ID	108,544	Stabilized	88%	7,433	8,194	2,153	Value Add
10. Parkway Plaza	Feb-18	Retail	Idaho Falls, ID	75,300	Lease-up	86%	4,387	5,395	999	Value Add
11. The Ashby on Osborn	Mar-18	Office	Phoenix, AZ	89,167	Lease-up	69%	11,889	11,889	3,551	Value Add
12. 5804 Fairview	Aug-18	Retail	Boise, ID	22,500	Stabilized	100%	2,372	2,848	543	Tenant-in-Tow
13. Dutch Bros Colorado Springs	Aug-18	Retail	Colorado Springs, CO	824	Stabilized	100%	1,420	1,757	543	Build-to-Suit
14. Cottonwood Plaza	Sep-18	Office	Boise, ID	43,426	Lease-up	72%	4,485	4,485	883	Value Add
15. Eagle Island (Chinden & Linder)	Oct-18	Retail	Boise, ID	10,191	Under Construction	100%	2,477	2,477	714	Build-to-Suit
16. Siete Square II	Dec-18	Office	Phoenix, AZ	53,880	Lease-up	82%	5,948	5,948	1,332	Core Plus
17. Shops at Decker Lake	Mar-19	Retail	Salt Lake City, UT	52,387	Lease-up	79%	7,436	7,436	2,020	Value Add
18. 4200 Hawthorne (Allstate)	Apr-19	Office	Pocatello, ID	78,225	Stabilized	100%	11,619	11,619	1,493	Core Plus
19. 7733 Emerald	Apr-19	Office	Boise, ID	4,424	Stabilized	100%	559	559	110	Core Plus
20. The Presidio	Jul-19	Office	Colorado Springs, CO	81,222	Stabilized	97%	12,845	12,845	3,298	Core Plus
21. 2206 Whitley	Aug-19	Office	Boise, ID	16,000	Stabilized	100%	1,768	1,768	622	Tenant-in-Tow
22. Sandcreek Plaza	Aug-19	Retail	Idaho Falls, ID	35,903	Stabilized	100%	3,406	3,406	1,011	Value Add
23. INAOF	Nov-19	Industrial	Boise, ID	30,478	Stabilized	100%	1,424	1,424	323	Value Add
Total				1,071,299 SF		90%	\$124,717	\$131,527	\$ 31,364	

*Subordinated notes.

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