

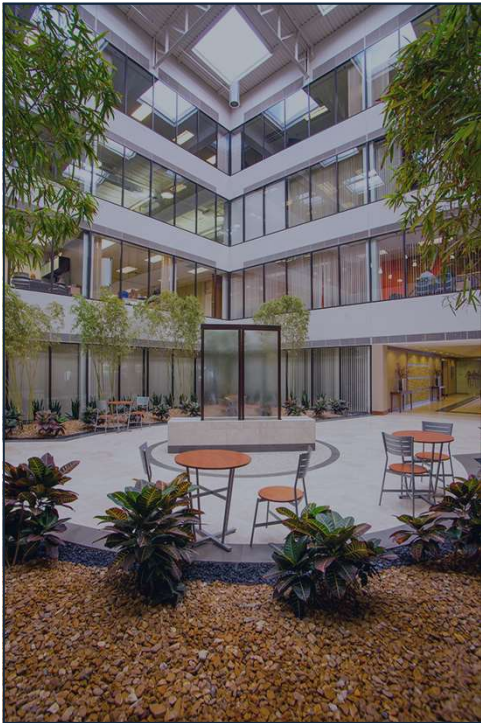


promanas
REAL ESTATE INVESTMENT

2018
INVESTOR SUMMIT

John Bogdasarian
President

PF3 Update



Diversified portfolio

- Consistent cash distributions
- Principal paydown
- Capital appreciation
- 25 properties
- 2,700,000+ square feet
- 200+ tenants
- Industrial, Office, Medical Office, Flex and Retail

Results

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Income	\$12,084,717	\$18,867,320	\$22,329,583
Operating Expenses	<u>(\$3,046,331)</u>	<u>(\$5,496,873)</u>	<u>(\$7,838,758)</u>
Net Operating Income	\$9,038,386	\$13,370,447	\$14,490,825
Depreciation/Amortization	(\$1,934,442)	(\$2,950,950)	(\$3,934,592)
Interest Expense	(\$2,480,161)	(\$3,447,071)	(\$3,714,101)
Gain (Loss) on Sale	<u>\$920,688</u>	<u>\$173,725</u>	<u>(\$16,171)</u>
Taxable Income	\$5,544,471	\$7,146,151	\$6,825,961

“PF3 focuses on providing consistent cash distributions to investors...”

**Significant tax law changes take effect in 2018*

Cash Distributed to Investors	
Year	Amount
2009	\$85,000
2010	\$552,827
2011	\$985,282
2012	\$1,210,024
2013	\$1,927,709
2014	\$3,262,577
2015	\$4,049,207
2016	\$5,560,306
2017	\$5,380,255*
Total	\$23,013,187

2017 Tax Cut and Jobs Act

Expands Bonus Depreciation

- Example:
- \$780K Roof Replacement
- Previously depreciated over 39 years - \$20K/year
- Now fully expensed in current year

New Pass-through Deduction

- Example:
- \$100K investment generates \$12K in taxable income
- New deduction equal to 2.5% of basis, or \$2,500
- 20% reduction in taxable income

Reduced Rates

- Top marginal rate 37%, down from 39.6%
- Tax brackets expanded
 - Top rate kicks in at \$600k (MFJ)
 - Previously \$470k

Bottom line: you keep more of your distributions

Run Rate Overview

	Net Operating Income	Debt Service	Cash Flow	Principal Paydown	Principal Balance
Total PF3	\$13,679,282	\$6,719,593	\$6,959,688	\$2,745,220	\$83,842,085

Total Equity	\$68,452,370
Cash Flow	\$6,959,688
7.5% Distribution	\$5,133,928
Reserve Build	\$1,825,760
Cash Balance	\$7,500,000

Cash Return on Equity	10.17%
Principal Paydown as % of Equity	4.01%
Total Return on Equity	14.18%
Leverage	55.05%
Cash Balance as % of Equity	10.96%

Future of PF3



- “Do the work once get paid forever”
- Strategic improvements
- Liquidity
 1. REIT conversion
 2. Buyback from reserves
 3. Sell and liquidate

Promanas Team



**Brad
McFarlane**
Vice President



**Eric
McClelland**
CFO, Controller



**Rachel
Meadows**
*Office Manager,
Realtor*



**Anthony
Toth**
*Director of
Asset Management*



**Angela
Winstrand**
*Commercial Property
Manager*



**Todd
Radabaugh**
Assistant Controller



**Lisa
Treat**
*Director of Marketing &
Communication*



**Carla
Ayers**
*Director of
Property Management*

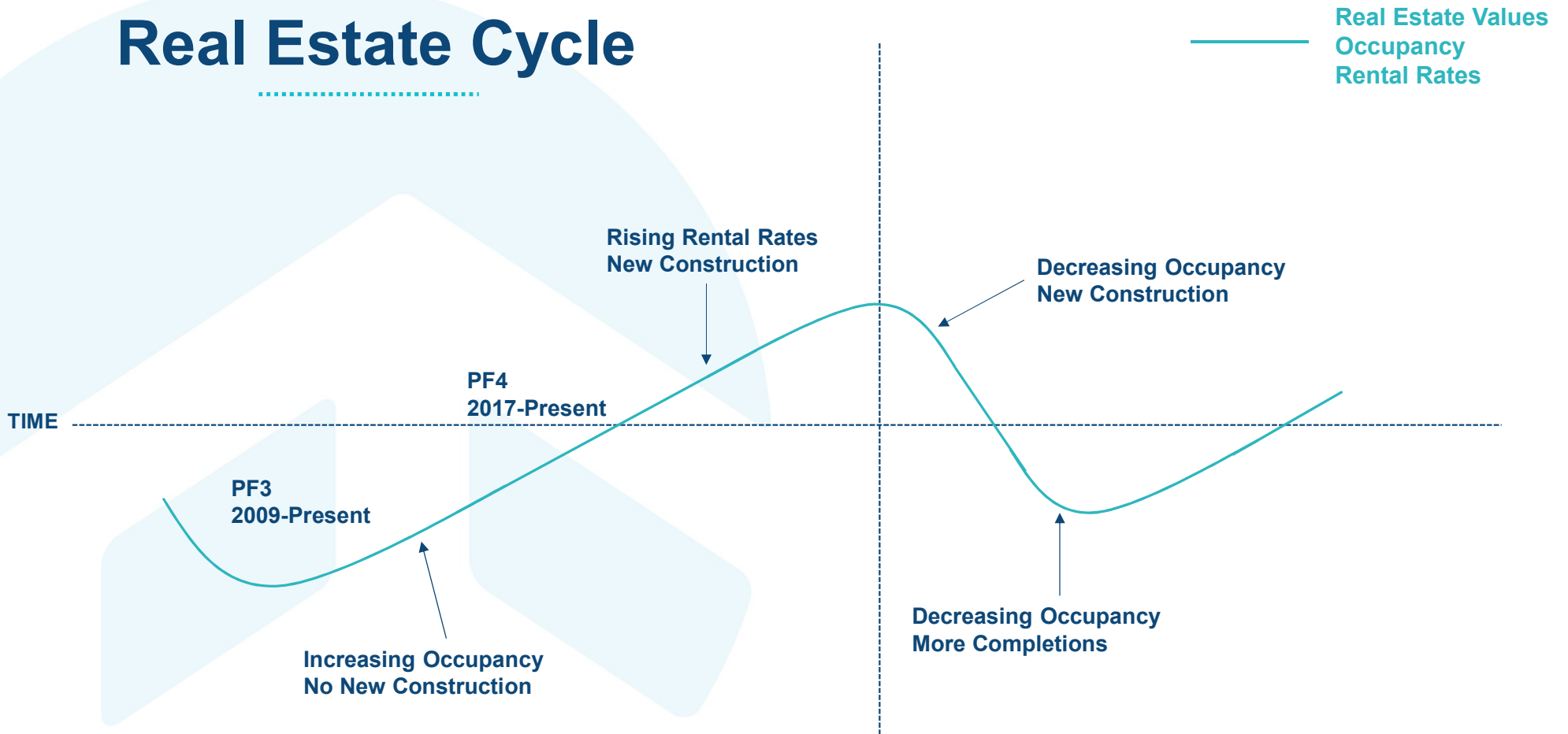


**Cheryl
Mullins**
Accountant



**Will
St. Onge**
*Director of Investor
Relations*

Real Estate Cycle



Real Estate Cycle

The Next Housing Crisis: A Historic Shortage of New Homes

Wall Street Journal, March 2018

Homebuilding Isn't Keeping Up with Growth

Wall Street Journal, April 2018

Denver's Tops in the Country for Sparse Inventory of Houses for Sale

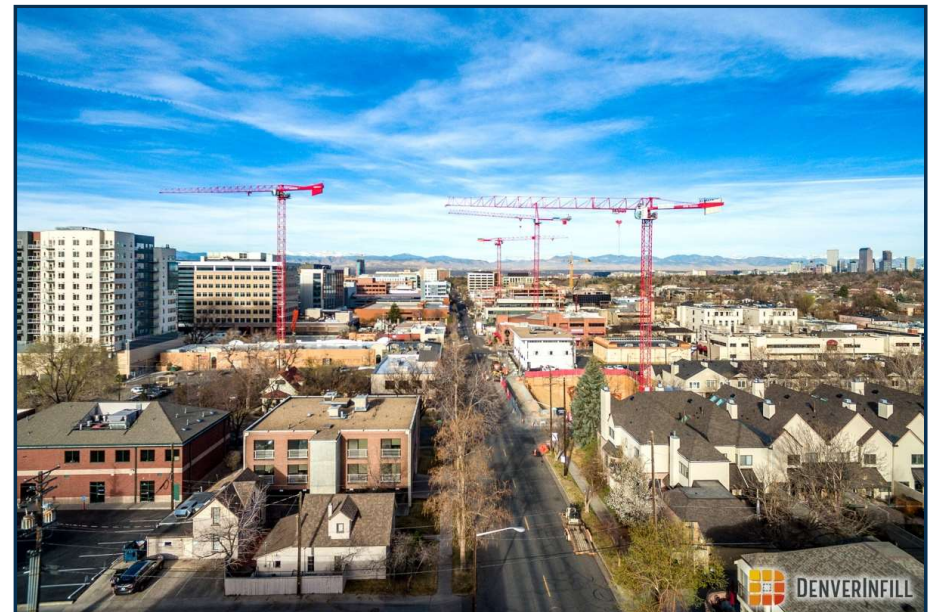
Denver Business Journal, February 2018

As condo construction picks up from a drip to a trickle in metro Denver, demand still far outstrips supply

Denver Post, January 2018

PF4 Overview

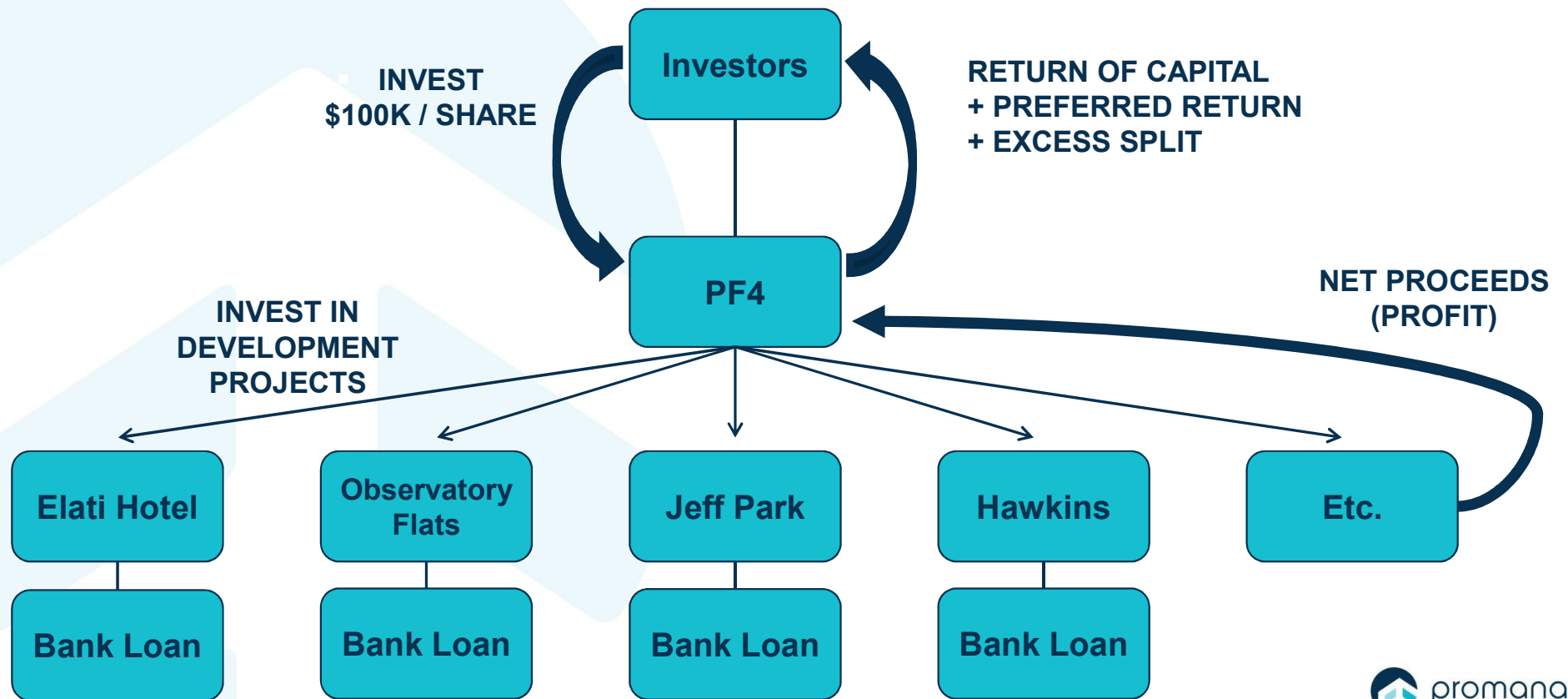
- Capitalize on Real Estate Cycle
- We:
 - Vet 100s of potential projects
 - Partner with experienced developers
 - Put up 100% of capital
 - Retain 100% control



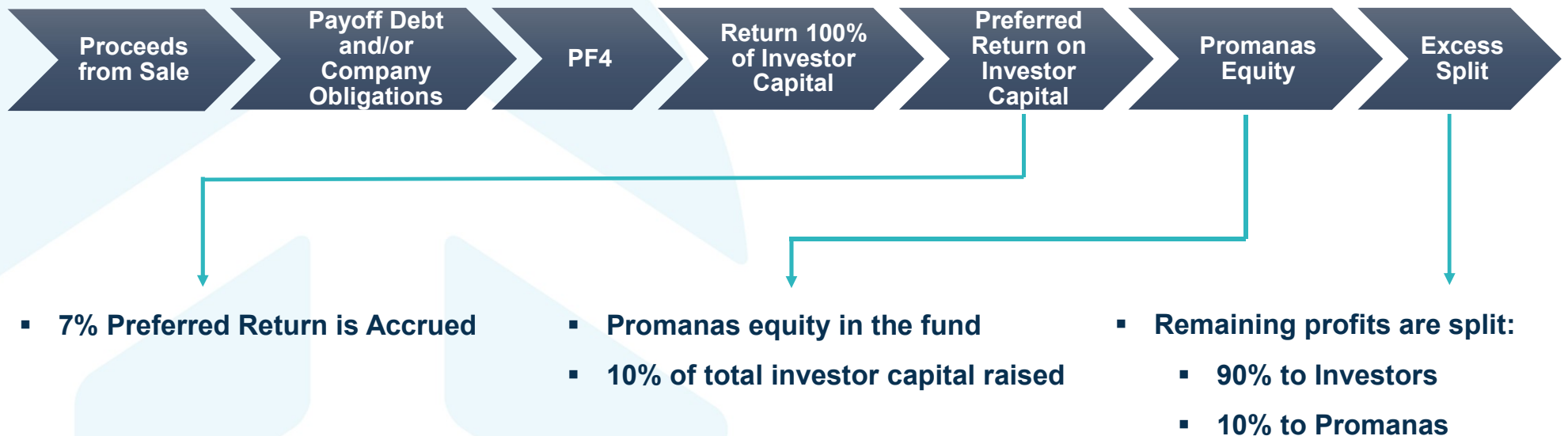
PF4 Fund Details

Inception	2017
Target Fund Size	\$100 – \$150 million (gross asset value)
Target Investor Capital	\$30 – \$50 million
Minimum Investor Commitment	\$100,000
Units Issued	268
Units Available	15
Preferred Return	7%
Management Fee	1.2% (annually)
Promanas Equity	10%
Investment Period	Fund closes no later than June 30, 2018
Projected Term	3 years (from fund closing)
Projected Returns to Investors	15+%
Asset Types	Hospitality, condominium

PF4 Overview



PF4 – Allocation of Proceeds



PF4 Portfolio Update

Element Hotel

- Golden Triangle – Downtown Denver
- 157-room Element by Westin
- Construction began January 2018
- Projected completion: Q1 2020
- Continued hotel demand in Denver



PF4 Portfolio Update



Observatory Flats

- 52 unit condo development
- Denver University Campus
- Construction began fall 2017
- Projected completion: mid to late 2019
- Housing demand continues to outweigh supply

PF4 Portfolio Update

Jeff Park

- 57 unit condo development in Jefferson Park neighborhood of Denver
- Demo of existing structures underway
- Construction to begin next month
- Projected completion: spring 2020



PF4 Portfolio Update

Hawkins



- Project recently named ILLUME
- 75 condo units with ground floor retail (potential coffee shop, wine bar, etc.)
- Construction to begin fall 2018
- Projected completion: late 2020
- High demand for product type, location and price point
- **Biggest challenge: presales**

Other Projects



Kingsley Condominiums

- 50 Unit condo development in downtown Ann Arbor
- Construction well underway
- Projected completion: summer 2019

Other Projects



BLVD

- 49 unit luxury residential condo high rise in downtown Sarasota, FL
- Building permit expected soon
- Construction to commence in June
- Projected completion: summer 2020

Asset Allocation

Difference in returns between top and bottom quartile managers:

U.S. Fixed Income	0.5%	LOW ↑ Relative importance investment manager ↓ HIGH
U.S. Equity	1.9%	
International Equity	4.0%	
Real Estate	9.2%	
Leveraged Buyouts	13.7%	
Venture Capital	43.2%	

Adapted from Pioneering Portfolio Management
by David Swensen (CIO of Yale Endowment)

- Spend less time and energy attempting to beat the stock market
- Spend more time and energy attempting to find the best managers in 'alternative' asset classes



Questions?