



Joint Venture Investment Criteria

Somera Capital Management is actively pursuing value-added real estate investment opportunities with experienced operating partners. Joint venture structures are typically preferred equity, but may also include mezzanine equity, debt and pari passu joint ventures. We typically invest using approximately 65-75% leverage. The following sets forth our general criteria:

Property Types

Hotels: Franchised or boutique, upscale and mid-price hotels. Prefer locations with a combination of strong business and leisure demand generators, strong barriers to entry, and properties that can be repositioned for value creation.

Industrial/Flex: Single-tenant or multi-tenant properties in "A" locations. Will consider properties with vacancy or short-term leases, particularly if current tenants have below-market rental rates.

Office: Class A and B buildings are considered. Prefer properties with upside potential such as vacancy, lease rollovers and/or requiring renovation.

Apartments: Renovation projects in infill locations with ability to boost rents through value-add strategy.

Retail: Redevelopment or repositioning opportunities of traditional anchored or unanchored strip retail properties at dominant intersections with high barriers to entry. Prefer properties with an in-place income component and value creation opportunities through rolling below-market leases, capital investment and improved management.

Location

We invest in the 48 contiguous states and Hawaii with preference to West, Southwest, and Southeast markets, coastal markets, major markets, major adjacent markets and secondary markets with high barriers to entry. Current portfolio consists of properties in the states of California, Hawaii, Arizona, Colorado, Texas, Missouri, Louisiana, Florida, Georgia, South Carolina, Maryland and Maine.

Transaction Size

Preferred equity placement range is between \$3 million and \$10 million in equity or mezzanine debt per transaction. Recently closed transactions have ranged from \$15-\$50 million.

Yield Targets

Investments that generate for Somera an 8-9% average annual cash-on-cash return with an equity multiple of 2.0 and a gross internal rate of return of 18% or greater based on a 4-5 year hold period.

Past Acquisitions



Hampton Inn
Camarillo, CA



Offices at the Promenade
Greenwood Village, CO



Legacy Key Apartments
Dunwoody, GA

For a complete list of Somera's portfolio and further information, please visit www.someracapital.com

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