





## one

### **COMPANY BACKGROUND & PHILOSOPHY**



#### **COMPANY BACKGROUND**

Located in the heart of the Central Business District, Capacity Commercial Group is an owner-operated private company (LLC) with a proven track record in the Portland market.

We know that selecting the right commercial property management firm is critical to your success. Along with Capacity having completed thousands of transactions worth over a billion dollars total aggregate since the founding of the company in 2004, Laura Gentry brings decades of experience in Property Management. Our unparalleled knowledge of the Portland commercial market, combined with our vast network of local connections, provides a unique advantage for our clients – both large and small.

Capacity was honorored being in the Top 10 of Oregon's Most Admired Companies for the category of Commercial Real Estate and Development Companies in 2017. We select the best of the best to join our team, with nine members having earned the prestigious Society of Industrial and Office Realtors® (SIOR) designation.



#### **COMPANY OVERVIEW**



Millions of Square Feet Leased, Sold, Managed



Completed Thousands of Transactions



Capacity was Founded in 2004



Closed over a Billion Dollars in Transactions



#### PROPERTY MANAGEMENT

- >> Accredited Staff and Leadership
- Team Lead is a Certified Property Manager (CPM®)
- >> Strategic Planning
- >> Financial Reporting
- >> Budgeting & Analysis
- >> Tenant Relations
- >> Building Management
- >> Property-level Business Administration
- >> Vendor Management
- >> Technology Services
- >> Engineering Services

one

### MANAGEMENT PHILOSOPHY





Property Management is more than making sure the parking lot is swept, the lawn is mowed, and the garbage is emptied. A great property management team is focusing first and foremost on providing excellent customer service to both clients, the property owner and the tenants. The number one responsibility of the management team is to ensure the tenants are so happy in their space that when it comes time to renew their lease, they don't even consider relocating. Initial lease up and turnover costs are a drain on the financial returns of a real estate investment. Mitigating these costs at lease renewal is the homerun for the landlord and the property manager is key to this process.

It all starts with excellent customer service, frequent communication, making a personal connection, understanding and enforcing the terms of the lease and going the extra mile to provide options (even when you are telling a tenant a repair will be at their expense). Moving is expensive and disruptive. When a tenant feels that the ownership is a partner in problem resolution, they become even more committed to the relationship and to the property.

The management and engineering teams at CCG Property Management manage assets and make decisions as if they own the real estate and are personally writing the expense check.

They take responsibility and have a long-term management mentality. Decisions are made based on what is best for the asset and will create a return on investment for the owner. Looking for options that provide win-win solutions to an issue, finding a way to say "yes" or offering alternatives to resolve an issue can make the difference between a business relationship and a partnership for both the property owner and the tenant. The property manager is constantly seeking the right balance between both customers.

The success of any real estate investment is contingent upon a successful lease up program and a strong tenant relations program. The combined leasing and management team at CCG is poised to execute.







## two

### **PROPOSED TEAM**



LAURA GENTRY, CPM
Senior Vice President

- >> Team Lead
- Primary point of contact for client
- ›› Quarterback site investigation and repositioning plan
- >>> Jurisdictional point of contact
- Recommend appropriate engineer staffing for the site
- Over 30 years in Commercial Real Estate Management



KATRINA GAYNOR

Project Director

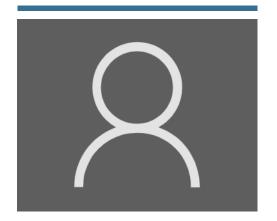
- >> Site Lead
- Management of the asset operations
- Management of the SuperValu lease to ensure terms are enforced and expectations are met
- » Budget preparation and management
- >>> Primary point of contact for tenant(s), vendors and contractors
- >> Supervise on-site personnel
- >>> Ensure safety and code compliance is met
- y Vendor contract management



LIZ OVERSTREET

Project Coordinator

- >> Administrative Support
- >> Lease administration
- » Market Research and analysis
- >> Report management
- >> Document management
- Over 9 years support in Commercial Real Estate



TBD

Project Accountant

- >> Financial Reporting
- >> Accounts payable
- >> Accounts receivable
- Monthly statement of operations
- Assist with budget preparation

## two

### TEAM LEADERSHIP RESUME



LAURA GENTRY, CPM
Senior Vice President

Direct: 503.542.2897

Cell: 503.572.8134

laura@capacitycommercial.com

Laura Gentry's entire career has been in commercial real estate primarily focusing on leasing and the management of industrial, office and flex properties. She has been active in the Portland real estate community for more than 25 years.

Prior to joining Capacity Commercial Group, Laura managed the Portland office of KG Investment Properties where she was accountable for driving the leasing, capital, and overall asset management functions of the managed assets as well as new business development.

Laura grew the managed portfolio from 1.7M square feet in 2004 to 5.7M square feet in 2018.

Clients include Principal Real Estate Investors, Black Creek Group, Griffin Capital, Washington Holdings, Graymark Capital and high net worth investors.

License and State of Oregon, Principal Broker Credentials: Certified Property Manager (CPM®

Certified Property Manager (CPM®)

Portland Metro Building Owners & Managers Assn. (BOMA) Institute of Real Estate Management (IREM)

University of Oregon, Bachelor of Science

#### **EXPERIENCE**

CAPACITY COMMERCIAL GROUP, LLC | 2017 – PRESENT SENIOR VICE PRESIDENT

KG INVESTMENT PROPERTIES, LLC | 2004 – 2017 SENIOR VICE PRESIDENT. REGIONAL MANAGER

EQUITY OFFICE PROPERTY TRUST / SPIEKER PROPERTIES | 1998 – 2004 GENERAL MANAGER

#### Major projects include:

- Repositioned a 920,000 SF single tenant grocery distribution center in Clackamas to a multi-tenant food and beverage manufacturing and distribution facility. Addressed operational, governmental, jurisdictional and construction issues to accommodate manufacturing use. Within 16 months the property was at 93% occupancy.
- >>> Repositioned an 800,000 SF industrial portfolio of 9 buildings in NW Portland and Clackamas to ready the assets for sale, negotiated and executed leases on 450,000 SF formerly owner occupied in less than 9 months bringing the occupancy to 100% and managed \$1.5M of tenant and capital improvements.
- >> Developed a \$10.5M, 190,600 SF industrial distribution facility on 11.5 acres. Project was completed in April 2016 on behalf of an institutional client. Project was fully leased during construction and included an additional \$2M tenant improvement completed June 2016.
- >>> Developed two Class A office buildings: Kruse Oaks I (4-story, 92,000 SF) in 2001 and Kruse Woods V (8-story, 184,000 SF) in 2003. Considerable experience addressing entitlement and property concerns with governmental entities, financial analysis of operations and developments, tenant relations, strategic planning, budgeting, and lease negotiation.

#### **RECENT TRANSACTIONS**

#### OFFICE

- Huron Consulting Services46,761 SF
- Xerox Corporation
  >> 31.270 SF
- Department of Veterans Affairs30,579 SF
- > Tokyo Electron >> 27,323 SF
- > Surescripts >> 22,647 SF
- > Frontier Communications>> 17,191 SF

#### INDUSTRIAL

Education:

- > Imperfect Produce >> 74,235 SF
- > Forte Frozen >> 135.674 SF
- > Bob's Red Mill >> 168.480 SF
- Western Pacific Building Materials>> 138,740 SF
- > Charlie's Produce >> 112,320 SF

- > LIT Workshop >> 90.625 SF
- Columbia Distributing>> 80,358 SF
- > Chep
- >> 69,888 SF
- > Dave's Killer Bread >> 56,160 SF
- › Kellogg Sales Company ›› 44,928 SF
- ToyotaLift Northwest >> 22.540 SF

**OWNERSHIPS REPRESENTED** 



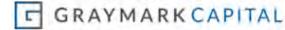








WASHINGTON HOLDINGS



#### WATUMULL PROPERTIES



WINKLER DEVELOPMENT CORPORATION





## two

### TEAM LEADERSHIP RESUME



KATRINA GAYNOR
Project Director

Direct: 503.542.4025
Cell: 503.332.9364

katrina@capacitycommercial.com

2009 - CB Richard Ellis

*Education:* Portland State University

Bachelor of Science

License and State of Oregon, Licensed Credentials: Real Estate Broker

BOMA Programs Committee, Instructor and Board

- of DirectorsReal Estate Manager of the Year Award 2007 and
- National Elite Award 2006 and 3 Excellence Awards 2005 – Equity Office
- Project Cost Savings and Special Project
- Committee Head and Liaison for Philanthropy Group – Equity Office
- Special Project Assistance in California Office – Equity Office

Recognition – Spieker Properties

- Member of Repairs & Maintenance Consolidation Team (Regionally and Nationally) - Equity Office
- Environmental Projects CB Richard Ellis and Equity Office

#### **EXPERIENCE**

#### JONES LANG LASALLE | 2015 – 2019

#### GENERAL MANAGER

Property management of Class A historical office/retail and medical office LEED Certified buildings totaling over 320,000 square feet. Responsible for all operations of the portfolio, including supervising management and engineering staff, managing tenant retention, contractor management, tenant improvements, move-ins, move-outs, capital improvements and repairs and maintenance projects. Create annual budgets, monthly true ups and variance reporting, reforecasting and annual reconciliations.

#### UNICO | 2012 – 2015

#### SENIOR PROPERTY MANAGER

Property management of office, flex and mixed-use portfolio totaling over 750,000 square feet. Project management of over \$5M of parking lot development and capital improvements. Service on the board of three HOA/COA's. Responsible for all operations of the portfolio, including supervising a team of six, manage tenant retention, contractor management, tenant improvements, move-ins, move-outs, capital improvements and repairs and maintenance projects. Create annual budgets, monthly true ups and variance reporting, reforecasting and annual reconciliations.

#### PMB REAL ESTATE SERVICES | 2010 – 2012

#### PORTFOLIO MANAGER

Third party project management of medical office portfolio of nine buildings. Oversee property management team of five and all operations of the portfolio, including working with hospital facilities representatives. Manage tenant retention, contractor management, tenant improvements, move-ins, move-outs, capital improvements and repairs and maintenance projects. Create annual budgets, monthly true ups and variance reporting, reforecasting and annual reconciliations.

#### CB RICHARD ELLIS | 2007 – 2010

#### SENIOR REAL ESTATE MANAGER

Industrial portfolio of over 3.5 million square feet with another 2.4 million square feet of development. Oversee property management team and all operations of the portfolio. Responsible for and manage tenant retention, contractor management, tenant improvements, move-ins, move-outs, capital improvements and repairs and maintenance projects. Create annual budgets, monthly true ups and variance reporting, reforecasting and annual reconciliations.

#### SPIEKER PROPERTIES/EQUITY OFFICE/SHORENSTEIN REALTY SERVICES | 1996 – 2007

#### SENIOR PROPERTY MANAGER

Property management for Class A downtown high-rise office, suburban office and flex portfolios totaling over 3.2 million square feet and an industrial portfolio totaling over 3 million square feet. Contractor retention and management, tenant relations and vendor relations. Coordinator for tenant improvements, move-ins, move-outs, repairs, maintenance projects and capital improvements. Assist with development of new buildings. Create annual budgets, monthly variance and, reforecasting reporting and annual reconciliations. Train administration for all Oregon offices. Ongoing Education Facilitator for regional administrators, California, Washington, and Oregon.



### THE PROJECT - STRATEGY & PROCESS

#### STRATEGIC PLANNING

- Clear plan to transition the asset upon XXX vacating
- Establish a financial plan
- Fiscal Consideration with repositioning
  - Capital improvement analysis
  - Determine what can be reimbursed through operating expenses
- Maximize curb appeal
- Identify any special requirements needed
- Comparative Market Analysis
- Establish timelines

# STRATEGIC PLANNING ESUPERIOR RESULTS

CAPACITY

TOP OUR CLIENTS

PROPERTY MANAGEMENT SERVICES

#### **PROPERTY MANAGEMENT**

- Execution of transition plan
- Reposition assets
- Understanding the terms of lease (enforcing and going extra mile to provide options)
- Act as a partner in resolving problems
- Identify key vendors
- Manage initial property upgrades
- Assist construction manager with capitol improvements
- Excellent customer Service
- Strong and consistent communication

#### **ACCOUNTING**

- Comprehensive financial reporting
- Accounts receivable
- Accounts payable
- Assist preparing annual budgets
- Property management accounting software platform
- Amortization/depreciation schedules

**ACCOUNTING** 

**ENGINEERING** 

#### **ENGINEERING**

- Highly-skilled building engineer(s)
- Establish a preventative maintenance program
- Troubleshoot repairs
- Prepare preventative maintenance program
- Directly resolve most repair/maintenance issues
- Responsive to tenant service calls
- Enhance positive relationships with tenants and vendors
- Cost effective maintenance for properties
- Professional demeanor, in uniforms

### THE PROJECT - STRATEGY & PROCESS



#### STRATEGIC PLANNING

XXXXX Park is a unique asset in the market. A campus with available space exceeding 1,000,000 square feet that includes dry warehouse, chilled and frozen space does not exist in the Portland metro area market. There are a handful of similar properties but they are all owned and occupied by owner/users. Increased demand for refrigerated and frozen space is scarce and in high demand due to changing demographics and lifestyle choices desiring fresh food delivered farm to table. This bodes well for this asset.

Repositioning an asset with over 1 million square feet is a unique assignment. Our team has a proven track record repositioning two successful projects over the last few years. The first step is to truly understand our client's investment strategy. The team will work together to evaluate all the different options for the asset, make sure they are aligned with market conditions and financial goals. This process is critical and is the foundation for clarity moving forward.

Based on your goals and objectives for the property, Capacity will work closely with your team to create an action plan to reposition the asset. Our goal will be to maximize curb appeal to enhance lease up probability and minimize downtime between when XXX vacates the space and the next tenant takes occupancy. All capital improvements will be analyzed and

determinations will be made as to which projects can be reimbursed through NNN expenses. This will be a delicate balance between maximizing the owners return on the investment and maintaining NNN expenses in-line with acceptable market expectations. Understanding the owner's investment strategy will enable us to make recommendations on the timing of capital projects so that they align with the owners exit strategy.

#### **PROPERTY MANAGEMENT SERVICES**

#### **MANAGEMENT TEAM**

The Capacity property management team will be led by Laura Gentry, Senior Vice President. Laura has repositioned several large properties in the Portland area that were occupied by owner/ users prior to being sold to investors. Case studies for these projects are included in Section 4 of this presentation. Laura is adept at understanding the big picture end game and can maneuver through the intricacies of operating the facility to reach that goal. She has an extensive background working closely with architects, engineers and consultants to determine the best options for demising spaces and meeting both owner and tenant needs. In addition to Laura, the property management team for XXX Park will include a full time Project Director and a part time Project Assistant.



## THE PROJECT - STRATEGY & PROCESS



#### **LEASE TEAM SUPPORT**

Our management team will work closely with the leasing team to ensure that spaces are in top notch condition prior to every tour and the building common areas are sparkling. We will ensure the leasing team has correct as-built plans for marketing purposes and all the tools and knowledge we can provide. We will be available to provide technical information on the building for proposals and can track down necessary information regarding zoning, construction and the CC&R's. We strongly encourage the leasing team to include the management team on tours so that we can immediately answer questions about the operations of the building and get the prospective tenant comfortable with the level of service they will experience once a lease is signed.

#### **ACCOUNTING**

At Capacity Commercial Group we know that accurate fiscal reporting is of utmost importance to our clients. Pat Dunn, Chief Financial Officer, has been working with Capacity for the last decade. Pat is responsible for managing all Capacity corporate accounting as well as client property accounting. A Project Accountant assigned to the portfolio will handle all of the monthly accounting responsibilities and have daily interaction with the property management team. Good communication and regular interaction between the property accountants and property managers ensures that reports are accurate, timely and meaningful.

#### **ENGINEERING**

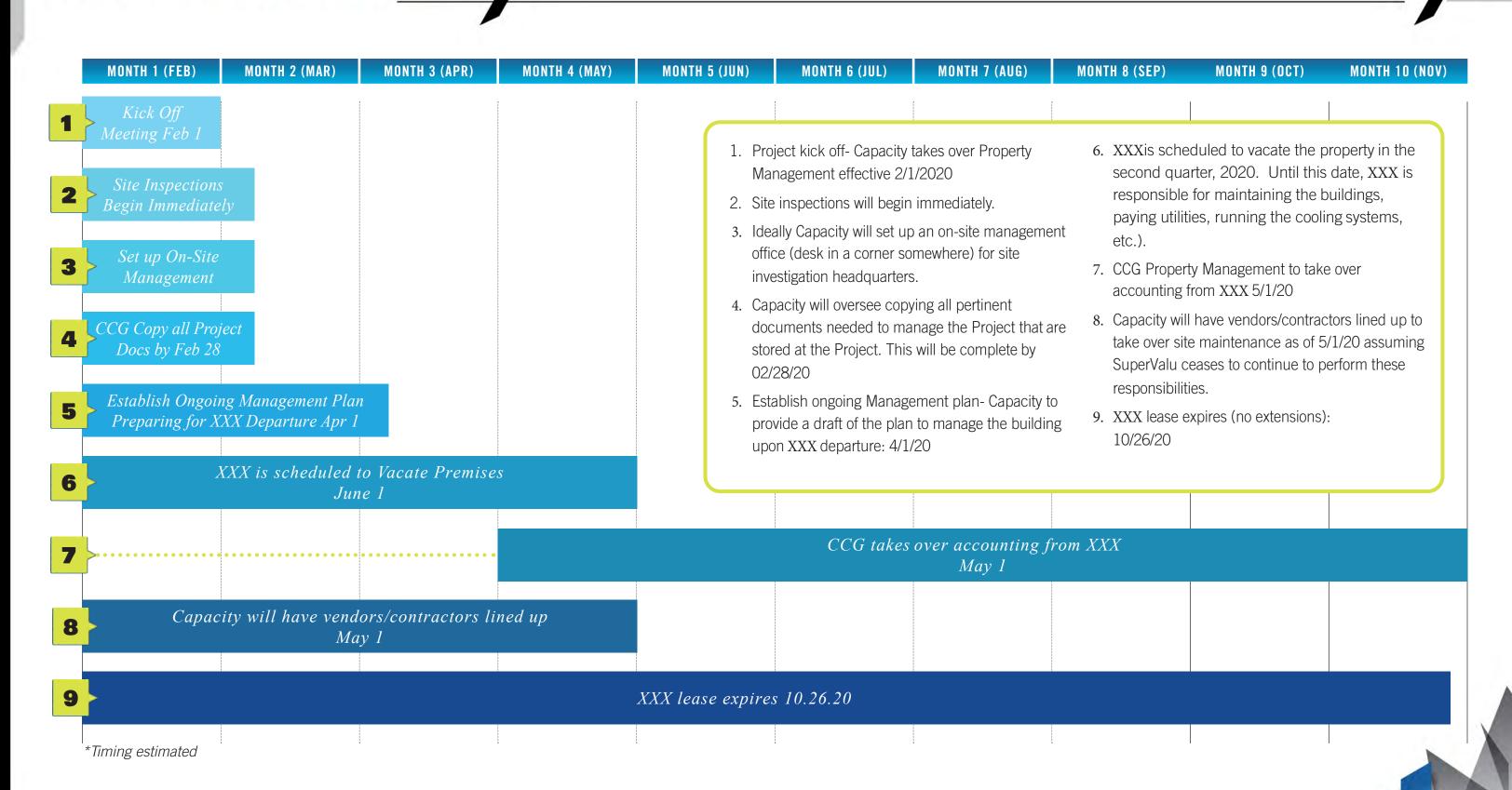
At a property of this size and complexity, we recommend having on-site building engineer(s) to handle maintenance requirements at the property. At least one person on the engineering team should be experienced in working on ammonia based refrigeration systems. Given the fluidity of the assignment and whether portions of the property may be leased or sold, our recommendation is to contract with a third party for engineering services. This will give us the flexibility to adjust contracted hours for engineering services based on the qualifications of the personnel, the level of required maintenance activity at the site and negotiated lease terms as the site is repositioned. The management team will make recommendations after they spend some time at the property and assess the needs of the facility. Once the property is stabilized, a recommendation may be made to hire on-staff engineers.

The engineering team will be responsible for proactive long and short term maintenance of the property as a whole, response to tenant service requests, supervision of vendor performance, assistance in preparing the operating and capital budgets, implementation of preventative maintenance programs and capital improvement plans. They will report directly to the Project Director for the appropriate portfolio and assist with capital improvements, major construction projects and tenant improvements. They are our eyes and ears with boots on the ground every day at the property. They are most often the first person the tenant will see when a maintenance issue arises. How the engineer responds to the tenant and handles the interaction is very important. Every interaction with a tenant, especially when in person, is an opportunity to continue building the relationship. If handled with respect, clear communication and expectations, these interactions enhance the tenant relationship and contribute to ensuring a successful renewal transaction in the future.





### THE PROJECT - STRATEGY & PROCESS



## THE PROJECT - STRATEGY & PROCESS

#### **SET UP FEE**

One-time fee of \$XXX. This fee covers the cost of setting up the property in CCG Property Management's accounting, management and engineering software systems.

#### **BASE MANAGEMENT FEE**

XX percent (XX%) of gross revenue received monthly with a minimum monthly management fee of \$XXX.

#### **DEDICATED PERSONNEL**

We propose to dedicate a full time Project Director to this account. This staff will be employed by CCG Property Management. The direct cost of salaries and benefits for dedicated personnel plus a XX% administrative fee will be passed through to the property. If / when full time staff is not needed at the property, CCG Property Management and XXX Properties will work in good faith to adjust accordingly.

#### MAINTENANCE/ENGINEERING

During the first 30 days of the assignment, engineering and maintenance personnel requirements will be reviewed and analyzed. A recommendation will be made dependent on the status of existing infrastructure and determination of which services will be contracted with outside third parties. It is likely the property will need one or two full time engineers/maintenance personnel. This staff will initially be contracted with a third party vendor.





## tour

### **CASE STUDY: HOLMAN**



#### **HOLMAN DISTRIBUTION CENTER**

3250 NW Guam

Shell	778,000 SF
Owner	HOLMAN DISTRIBUTION
Year Built	1958 - 1973
Tenant	KELLOGG, CHEP, WESTERN PACIFIC BLDG. MATERIALS
Timing	2013-2014

#### PROJECT OVERVIEW

**SUMMARY**: Repositioned a 778,000 square foot industrial portfolio of 9 buildings in NW Portland and Clackamas to ready the assets for sale. Negotiated and executed leases on 450,000 square feet that was formerly owner occupied in less than 9 months bringing the occupancy to 100%. Managed \$1.5M of tenant and capital improvements.

SCENARIO: The NW Portland portfolio was built between 1958 – 1973. The Clackamas portfolio was construct ed between 1980 – 1984. The buildings were constructed by the property owners' for their third party logistics company. Over time the space requirements of the distribution company ebbed and flowed. When they had excess space, they would sign short term leases to provide additional cash flow. Leadership in the operating company changed as succeeding family members took over the reigns of the company.

In 2013, the family partnered with KG Investment to understand the value of the real estate as a stand-alone investment separate from the distribution company. At that time, the distribution company was occupying approximately 55% of the portfolio. Concurrently, the distribution company was analyzing the viability of their operations in the Portland market. It was determined the value of the real estate assets. if leased at market rates, would be significant and it was time for the family to capitalize on these assets. The decision was made to partner with a brokerage firm and put the owner space occupied space on the market. The plan was to relocate or consolidate the distribution company into smaller space as space was leased. Brokers were interviewed and Capacity Commercial Group was hired to list the space for lease.

We entered the market with good assets in great locations. The warehouses were built to a high-

er standard than typical in the industry. The lease up was quicker than expected and the decision was made to shut down the operating company in Oregon, relocating a portion of the business to other markets. The lease up was completed in less than nine months and the value of the assets was increased exponentially. It was time to take the asset to market.

**OUTCOME:** The portfolio sold in December, 2014 for \$57.6M which included the 9 buildings totaling approximately 778,000 sf and 11 acres of vacant land poised for development.

## tour

### **CASE STUDY: MALETIS**



#### **SAFEWAY DISTRIBUTION CENTER**

16800 SE Evelyn Street, Clackamas

Facility	920,000 SF
Owner	MALETIS REAL ESTATE HOLDINGS
Year Built	1957 - 2005
Tenant	SAFEWAY, CALAVARO, IMPERFECT Produce, Portland Bottling
Timing	2017-2018

#### **PROJECT SUMMARY**

**SUMMARY:** In November, 2017, the former Safeway Distribution Center was sold. This facility is approximately 920,000 sf and is located in a premier food manufacturing and distribution submarket. The buyer, a high net worth local family, acquired the site with the intent to move two of their operating companies into the facility and multi-tenant the remaining space.

After further analysis and a desire to reposition the property as a food manufacturing and distribution center, they moved forward with expanding one of the operating companies to the site and have leased the remaining space to several food manufacturing users. The site was rebranded as The Forum Campus at Clackamas.

**SCENARIO**: Similar to 224 Logistics, the facility was built in phases over a +/- 50 year period adding to the complexity of intermingled operating systems. The property includes dry warehouse, chilled warehouse (approx. 400,000 sf), banana ripening rooms, stand-alone freezer (135,000 sf), a truck repair facility (18,000 sf) and two small administrative buildings (8,000 sf). Both the chilled and frozen spaces have ammonia based refrigeration systems (+70,000 lbs) which require registration with the Department of Homeland Security, risk management programs registered with the EPA, security protocols and continuous system oversight.

Capacity took a leadership role in dissecting and understanding the infrastructure of the

site and analyzed options to efficiently demise the spaces (for multi-tenant occupancy), operate and lease-up the facility. We worked closely with the Safeway team to transition the property from their in-house facilities team to a new team of property engineers. We unraveled the "Safeway" method of operating the property to accommodate multi-tenant occupancy and settled the operations into more industry standard investment real estate operation protocols. Along the way we tack-led deferred maintenance, discovered some unusual construction methods and found several "hidden gems" along the way.

**OUTCOME**: Within 16 months the property was 93% leased to food manufacturing and distribution companies.



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### WHY HIRE US



- >> Capacity's clients are better educated about the current market, equipping them with confidence to make the best decisions
- >> Laura has a successful track record working with similar large scale projects
- >> As a Senior Vice President of Capacity Commercial Group, Laura takes great pride in her work
- >> Project Director with proven experience and success has been hired to work exclusively on this assignment
- >>> Team has over 50 years combined Property Management experience
- >> Deep market knowledge and comprehensive understanding of working with local and large scale clients
- >> Capacity strives to consistently exceed client expectations
- >> Experience in negotiating and executing large transactions with generous incentives for clients
- >> Highly collaborative and communicative to ensure our client's success
- >> Integrity at Capacity, we do what we say we will do, and keep our promises
- >> Capacity has decades of experience in the business and the local market



#### CAPACITY COMMERCIAL GROUP

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