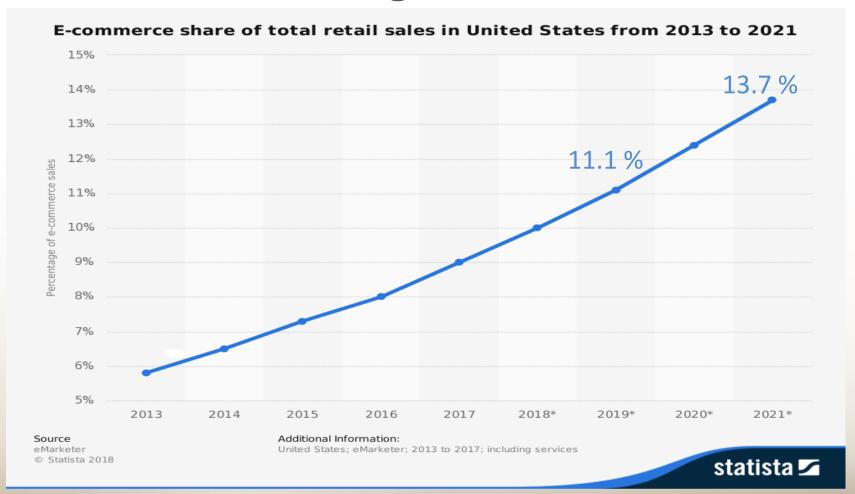
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### eCommerce is booming and will continue to do so





### Main reasons for "Dead Malls"

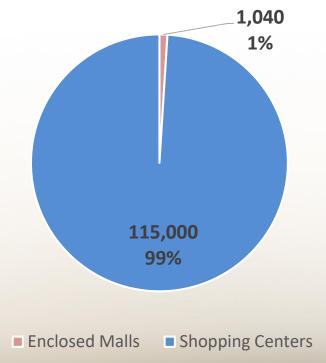
- Online sales It's easier, more convenient, and comfortable to shop online through a smart device and having purchases delivered.
- **Department stores closes** the shopping mall was hit twice: once by losing there largest tenants, and second time by losing one of the main attractions of the consumers.
- Cheap is the new black Off-price retail stores are thriving, These are usually not in malls, due to the high rents

### **Shopping Centers vs. Enclosed Malls**

- There are more than 115,000 shopping centers in the US
- Approximately 1,040 enclosed malls in the US with about 40 percent of U.S. malls target highincome shoppers.
- Since 2006, not a single new mall has been built.
- Many malls have closed or are predicated to do so in the near future with an estimation of 15% of US malls that are likely to close by 2024.

Malls represent approximately 0.5% of all shopping centers types in the U.S.

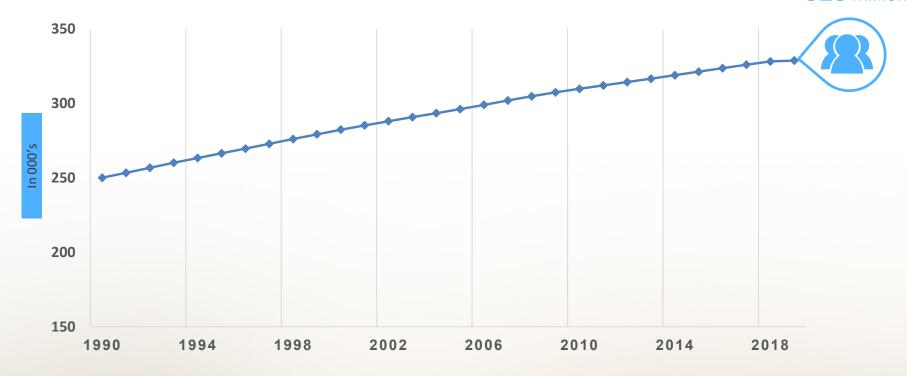




# SO WHY THE HELL PHYSICAL STORES STILL MATTER???

### America is big and still growing

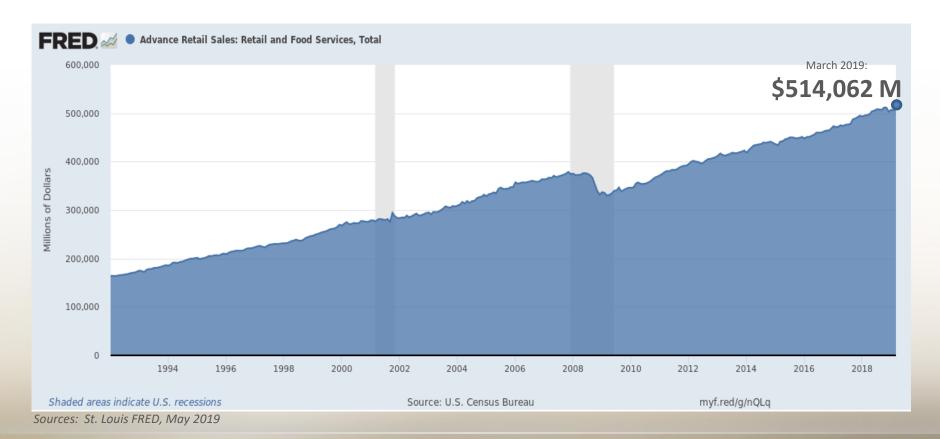
328 million



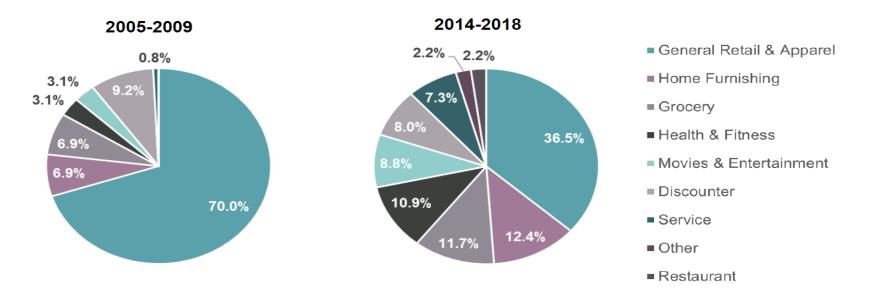
- U.S. Population increases by 30 million people every 10 years
- U.S. GDP per capita in 2019 is \$65,518 (Israel GDP is \$41,559)

### **Yearly Retail Sales Growing Consistently**

As seen below, retail sales grew at a **stable pace of around 5%** over the last 25 years. Supported by population growth, a strong consumer confidence and an historically low unemployment rate, we expect this pattern to continue in the years to come.



### **Retail is changing - Shift to Services**



#### General Retail and Apparel declined from 70.0% to 36.5%

- Services 0.8% to 7.3%
- Health and Fitness 3.1% to 10.9%
- Movies and Entertainment 3.1% to 8.8%
- Home furnishing 6.9% to 12.4%

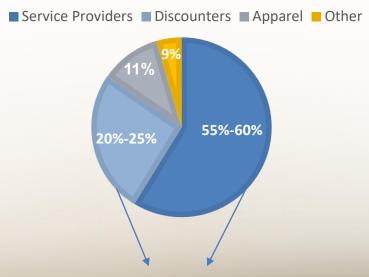
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### **Neighborhood Centers are 80% E-Commerce Proof**

Approximately 80% of the typical US community shopping center income is generated by eCommerce proof tenants and discount retailers



### COMMUNITY SHOPPING CENTER TENANTS BY CATEGORY



Total eCommerce Proof - 80% (approx.)

### At \$1.5 trillion, Food & Beverage are now 25% of U.S. retail sales



Market Cap: 1.5 Billion

Numbers of stores (2018): 1,936



Market Cap: 16.9 Billion

Numbers of stores (2018): 2,500



Market Cap: 88.6 Billion

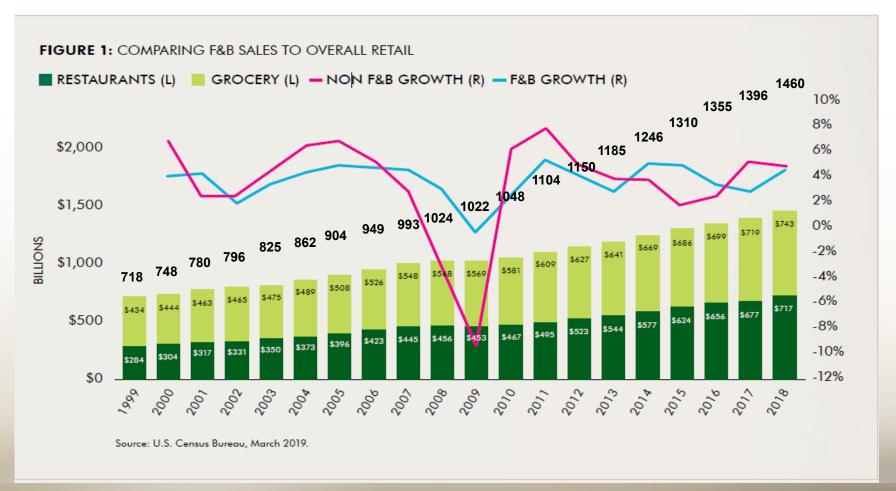
Numbers of stores (2018): 8,575



Market Cap: 4.0 Billion

Numbers of stores (2018): 6,564

## At \$1.5 trillion, Food & Beverage accounts for a 25% of U.S. retail sales



#### **Off-Price stores are booming**

















### Medical Clinic, Gym and Fitness are the new retail tenants





- \$36.5b Gym, Health & Fitness
   Clubs Market Size in the US in 2019
- 3.5% Annual Growth 2016-2021





- Medical clinics in retail space From 351 in 2006 to **2,800 in 2017**.
- Retail health-care clinics has increased 47% in the last 3 years, and projected to reach 4,000 by 2020.
- Health-care industry is expected to grow in 63% from \$3.5T (2017) to \$5.7T in 2026.

Source: Gym, Health & Fitness Clubs in the US January 2016 IBISWorld Source: Healthy growth in shopping center medical tenants



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# Consumers Look for a Comprehensive Shopping Experience









#### **Omnichannel is Where The Future Lies**

86% of companies plan to implement buy online/pick up in store in the next year



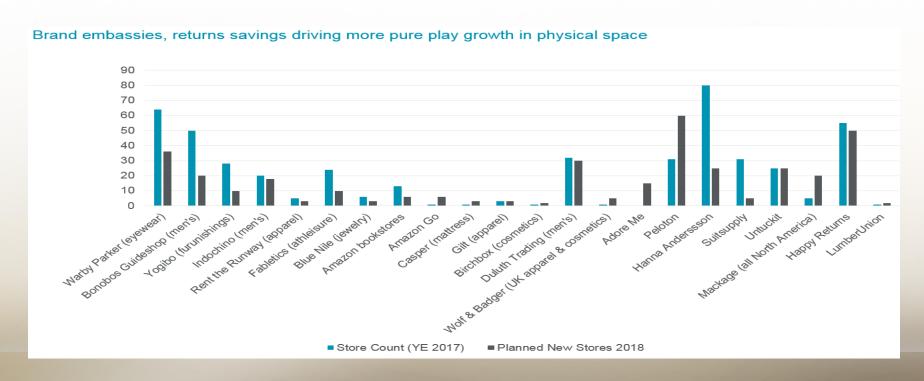






## From clicks to Bricks - eCommerce Retailers are entering into the physical Space

- Approximately 90% said they prefer to make a purchase when there's a professional store salesperson who can assist them
- The physical space currently occupied by retailers who started as exclusively online stores grew by 1,000% since 2012



### Stores Closures vs. Stores Openings

### **Bankruptcies Outlook By Category**

- Approximately 70% of retailers that have closed or are expected to close within the next year are fashion based retailers
- Approximately 75% of retailers were bought and operated by private equity firms



### The Cold Hard Facts – Net Openings

Core Retail	2017 Net Opens +558	2018 Net Opens +2,012
Restaurants	+1,787	+1,823
Total	+2,354	+3,835

Source: IHL Group, Company Reports

Net Increase of 6,189 stores in last two years

In 2018 more Retail stores opened than Restaurants. The news headline on closings focus on only 16 retailers which represent 66% of retail closings.

Source: Debunking the Retail Apocalypse - IHL Group, 2018



#### Retail – The Cold Hard Facts

#### **Rents and Occupancy Are Going Up**



This graph includes: community/neighborhood, power/regional, lifestyle and strip centers Source: C&W, **Q1 2019** Report

### **Stores Closures vs. Stores Openings**



### Rainbow Plaza – Nevada (Fund II)

A shopping center located in Las Vegas, Nevada, approximately 7 miles from the Las Vegas strip. The property has high annual yield and its occupancy rate increased from 94% to 96%.

Acquisition Overview		
Location	Las Vegas, Nevada	
Date Acquired	January 2016	
<b>Total Capitalization</b>	\$73.5 million 7.4% Going-in Cap Rate	
Total GLA	410,257 SF; 96% Occupied	
Financing	63% LTC – 10 Years @ 250 bps over LIBOR from Mercantile Bank	
Equity	\$30.5 million	
ALTO Fund II Share	60%	
Key Tenants	Home Depot, JC Penny, Albertsons, 24 Hour Fitness. Goodwill and Ross Dress for Less	

Rainbow Pla	72 — I pacii	ng Activity

Tenant	Area	Status
Sprouts Farmer Market	30,000 SF	Signed contract
AAA	6,000 SF	Signed contract
Verizon Wireless	4,326 SF	Signed contract
Del Taco	4,326 SF	Signed contract
Lulu Hawaiian BBQ	1,785 SF	Signed contract
Philly Steak Express	1,750 SF	Signed contract
Las Vegas Pizza	1,680 SF	Signed contract
Double Eyeglass Express	1,400 SF	Signed contract







### Northpoint – Florida (Fund III)

Northpoint Shopping Center is a grocery anchored, Community center located in Cape Coral, FL. Cape Coral and Lee County, experienced exceptional inbound migration over the last 5 years and the area is expected to see even further growth in the near future. The property is the dominant center in north Cape Coral evident by the quality and performance of its tenants and the leasing momentum it experienced in recent years.

Acquisition Overview		
Location	Cape Coral, Florida	
Date Acquired	January 2019	
Total Capitalization	\$18.5 million at 8.2% Going-in Cap Rate	
Total GLA; occupancy	115,906 SF ; 97%	
<b>Expected Financing</b>	60% LTC, 10 Years @ 4.92%, full I/O	
Equity	\$7.5 million	
ALTO Fund III Share	100%	
Key Tenants	Aldi, Bed Bath & Beyond, Michael's, PetSmart, Five Below	









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Thank you!