

RCLCO

REAL ESTATE ADVISORS

STRATEGIC PLANNING ADVISORY GROUP



RCLCO

REAL ESTATE ADVISORS

Since 1967 RCLCO has been the “first call” for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development. RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over a half-century and thousands of projects—touching over \$5B of real estate activity each year—RCLCO brings success to all product types across the United States and around the world.

RCLCO has expertise in five major areas: Strategic Planning & Litigation Support, Urban Real Estate, Community & Resort, Public Strategies, and Institutional Advisory Services.

Our multidisciplinary team combines real world experience with the analytical underpinnings of thousands of consulting engagements. We develop and implement strategic plans that strengthen our clients’ positions in a market or sector, add value to a property or portfolio, and mitigate price erosion.

Since we first opened our doors, RCLCO has been governed by our core values. We believe that excellence, integrity, honesty, respect, exceeding expectations, and quality are great goals that all firms must possess. These goals and values shape the culture and define the character of our firm. They guide how we behave and make decisions. Our extensive network provides us with a unique and comprehensive outlook on the industry, not to mention unmatched access to the best minds in real estate.

Our Clients

- » Developers
- » Home Builders
- » Financial Institutions
- » Asset Managers
- » Commercial Lenders
- » International Investors
- » Law Firms
- » Property Managers
- » Economic Development Agencies
- » Associations & Nonprofits
- » Planning & Architecture Firms
- » Trusts & Estates
- » Corporations
- » Academic Institutions
- » REITs
- » Towns, Cities, Counties, Regions, & States

Affiliations

- » Urban Land Institute
- » Pension Real Estate Association
- » International Economic Development Council
- » National Multifamily Housing Council
- » International Council of Shopping Centers
- » National Council of Real Estate Investment Fiduciaries
- » And many more!





STRATEGIC PLANNING

Real estate organizations trust our 50 years of market knowledge, extensive real estate experience, and client-focused service.

What is it and Why is it Important?

Every company has a strategy. The question is whether the strategy is explicit—the result of careful planning, born out of a conscious consensus among the company's top leadership—or implicit—an unconscious decision to keep on doing what the company has been doing and simply muddle through. Many real estate organizations follow the latter course.

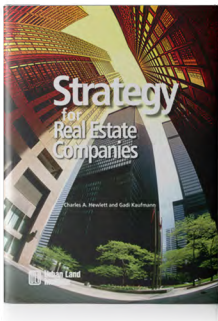
Strategic planning is an intellectual-sounding name for a deceptively simple process: determining where a business is going and how it plans to get there. Revisiting and challenging the organization's strategy every few years is a healthy exercise, one that is important when times are good, and critical as the cycle matures and begins to move towards the next peak. **The most successful companies regularly monitor economic and real estate market cycles, and revisit and adjust their strategies accordingly.**

Companies with well-defined strategic plans and business strategy have the distinct advantage of clarity around a common vision and direction. For publicly traded companies, the market has spoken; those with a clear focus and a well-articulated strategy tend to garner a premium from analysts and shareholders. **For all real estate companies, a strategic plan and the planning process itself offer a competitive edge, enabling the company to focus its talents and energies and to measure achievements against internal and external benchmarks.**

Strategic planning should aim to define the company's future direction: focusing on opportunities; considering internal and external realities; history; people; capital; the marketplace; and other important factors.

Even if top managers already have a fairly good idea of the direction in which the company should be headed, they can benefit from a strategic planning process that:

- » Challenges and tests hypotheses
- » Considers the universe of potentialities
- » Seeks input (and creates buy-in) from the key players in the organization who will be charged with implementing the overall strategy
- » Takes a fresh look at the company, its products or services, and the market to define a new vision for the firm or potentially chart a new course
- » Produces the all important consensus among the leaders of the organization



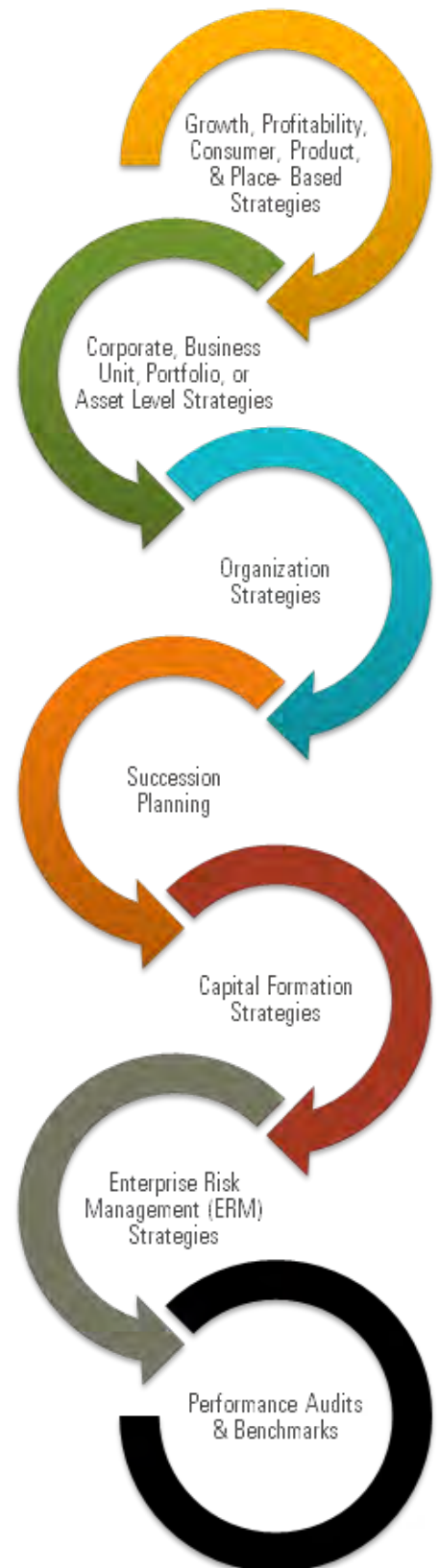
In collaboration with the Urban Land Institute, RCLCO leadership literally wrote the book on strategic planning for real estate companies. Originally published in 1993 by Chris Leinberger (of RCLCO at the time); Gadi Kaufmann, our current CEO/Managing Director, and Charlie Hewlett, Managing Director, published revised editions in 2008 and 2012.

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RCLCO's Charlie Hewlett and Gadi Kaufmann – both pros at strategy – know how to help real estate companies assess their strengths and weaknesses, forge consensus on strategic decisions, and get everyone on the same road map and pulling in the same direction. It's a very, very powerful process.”

-Robert Duncan
Chairman
Transwestern

Strategic Planning Services





Why Companies Plan?

Every real estate concern should undertake some level of strategic planning, regardless of its size or situation. For many, some type of catalytic event makes planning an urgent issue, including, but not limited to:

Changing Economic & Real Estate Environments: A shift from one phase of the real estate cycle to the next—or the realization that one already has occurred—typically can trigger management to revisit and potentially alter the company's strategy. Today, real estate companies should be thinking about preparing for the next peak and inevitable downturn, while the markets are still healthy.

Changes in Ownership or Leadership: Either an orderly or a traumatic shift in key leadership positions, whether in a family-owned and -operated business, or a public company planning the succession from one owner/leader to the next, can trigger the need for a shift.

Mergers & Acquisitions: These events often trigger the desire to question every aspect of a company's strategy and to identify synergies, best practices, and efficiencies that often were the genesis of transactions in the first place.

Tremendous Growth: In the expansionary phase of the cycle, organizational structure and development have not kept pace with changes in the market or increases in activity. Such companies need to consider that the way they have conducted business in the past, indeed the very structure of the organization, may no longer make sense.

Challenges to Growth: On the other side of the coin, decreasing levels of activity, changes in the competitive environment, or impediments to growth can trigger the need to reinvigorate or reposition, expand, diversify, or possibly rationalize activities, markets, products, or services.

Legacy Vision: The desire to develop a well-thought-out strategic plan very often stems from the desire to create a long-term vision and lasting legacy, whereby the company can continue to perform in good times and bad and to prosper beyond the current ownership, leadership, or administration.

REPRESENTATIVE CLIENTS

HUNDREDS TURN TO RCLCO EACH YEAR

FOR OBJECTIVE, INDEPENDENT ADVICE



The Artery Group
Associated Estates
ATAPCO Properties
Avalon Bay Communities
Avatar Properties
Balboa Land Investments
Berkshire Property Advisors
The Brick Companies
Bonita Bay Properties
The Bozzuto Group
The Carlyle Group
Clark Realty Capital
Combined Properties
Cohen Financial

Continental Realty Corporation
Crescent Resources, LLC
Crosland
Dell Webb Corporation
Dominion Resources
East West Partners
Etkin Equities
Fairfield Residential Company
Federal Capital Partners
Forest City
Haus Panama
H.G. Fenton Company
Hershey Trust
Howard Hughes Co.

IRET
John M Corcoran Companies
Johnson Development
Kettler
Koger Equity, Inc.
Mill Creek Residential Trust
Mischer Investments
National Apartment Association
National Council of Real Estate
Investment Fiduciaries (NCREIF)
National Multi Housing Council
(NMHC)
Newland Communities
Paradigm Properties

Penzance Company
Regency Centers
Revolution/Miraval Resorts
Snell Companies
Stanley Martin Company
Stuart Properties
Summit Properties
Trammell Crow Residential
Transwestern
Teachers of Texas
Tejon Ranch Company
Urban Land Institute
Washington Properties
Watson Land Company



REPRESENTATIVE WORK

QUALITY REAL ESTATE KNOWLEDGE & EXPERIENCE

RCLCO has guided the strategic path of developers, cities, debtors, homebuilders, institutional investors, and land owners, among others.

Mill Creek Residential Trust, LLC (MCRT)

Client: Top five national multifamily development; NEWCO consisting of former Trammel Crow Residential executives and team.

RCLCO conducted a full-blown discovery/situation analysis deep into the organization; directed independent research, analysis, and case studies; led a series of internal and external interviews; facilitated and participated in multiply strategy planning sessions; documented a strategy plan; and managed the implementation process.

- » The key objective of this planning effort was to engage the leadership of the organization in defining the company's future direction, focusing on long term goals and objectives, organization and governance structure, capital formation and structure, culture and brand, and competitive strategies that will ensure the firm's success, prosperity, and sustainability.
- » Two key areas of focus included:
 1. Brand - what are the company's brand tenets (the promise it is going to make its constituents and customers), the actions it will pursue to deliver on these promises, and how should the return on investment be defined and measured.
 2. Culture - what are the attitudes, experiences, beliefs, and core values that define Mill Creek, and how should the company define actions and behavior to achieve its strategic goals and objectives.

Investors Real Estate Trust (NYSE: IRET)

Client: Publicly traded REIT on the NYSE.

In 2016, IRET made the decision to pivot from a multifaceted real estate company with a mix of rental apartments, senior housing, medical office and other commercial assets, to a single-purpose multifamily REIT focused on the upper Midwestern markets. However, in Q1 2017, it was evident that the transformation to a pure-play rental apartment REIT was progressing slowly, and the Board retained RCLCO to facilitate a long-range strategic plan intended to assess the company's plans, its capabilities, progress to date, and fine tune the go forward plan. Key questions that RCLCO's involvement was intended to address included:

1. Is there sufficient investor appetite for a publically traded multifamily REIT focused on the Midwest?
2. What geographic footprint and capital allocation model represents the best opportunity for growth and would enable the company to improve its performance in line with its peer group? Where should the company maintain a presence, and where should it expand over the next 10 years?
3. How will IRET evaluate dispositions through the transitory period?
4. What is the company's desired balance sheet to support the transition?
5. How must the organization change to accomplish these goals?

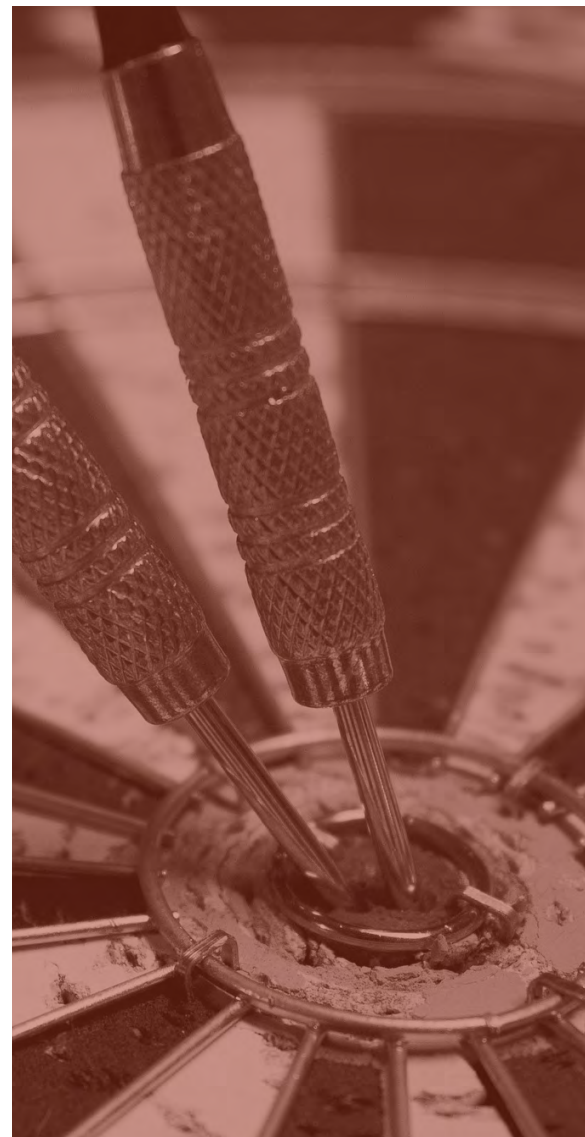
To address these and other important strategic issues, RCLCO conducted an extensive discovery analysis, including a strengths, weaknesses, opportunities, and threats (SWOT) assessment looking at internal company competencies and potential deficiencies, and external market opportunities and challenges facing the company. As a result of the strategic planning effort, IRET has set its sights on growing in a narrow set of high-growth non-coastal/Midwestern markets and has put in place a new executive leadership team that is focused on delivering outsized results for its investors.

Teachers Retirement System of Texas (TRS)

Client: External Private Markets (EPM) Division that handles TRS's investments in private equity, energy, and real assets, including real estate and other real asset classes. The Division had a net asset value of \$9.4 billion, of which 88% was allocated to real estate according to a range of investment strategies, including core, value-add, opportunistic, and REITs.

RCLCO led the team through an exercise to evaluate core competencies and competitive advantages, the investment strategy, the organization structure, the human capital strategy, and the efficiency and risk management strategies that would guide the group's efforts for the 2012-2020 time horizon, while documenting the strategic plans. EPM team members were responsible for conducting the majority of the primary research. The process consisted of three main elements:

- » Critically reviewed the 2012 Division/Department Goals and the Investment Tactical Plan as they stood, confirming the validity/attainability of the goals for and during 2012, addressing concerns and potential obstacles.
- » Produced an implementation plan to guide the team's actions in the year to come.
- » Developed a management-driven long-term strategic plan for the Division that defines what the group will do to accomplish the CIO-driven objectives, and outlined what it takes to succeed and how the group plans to do so.

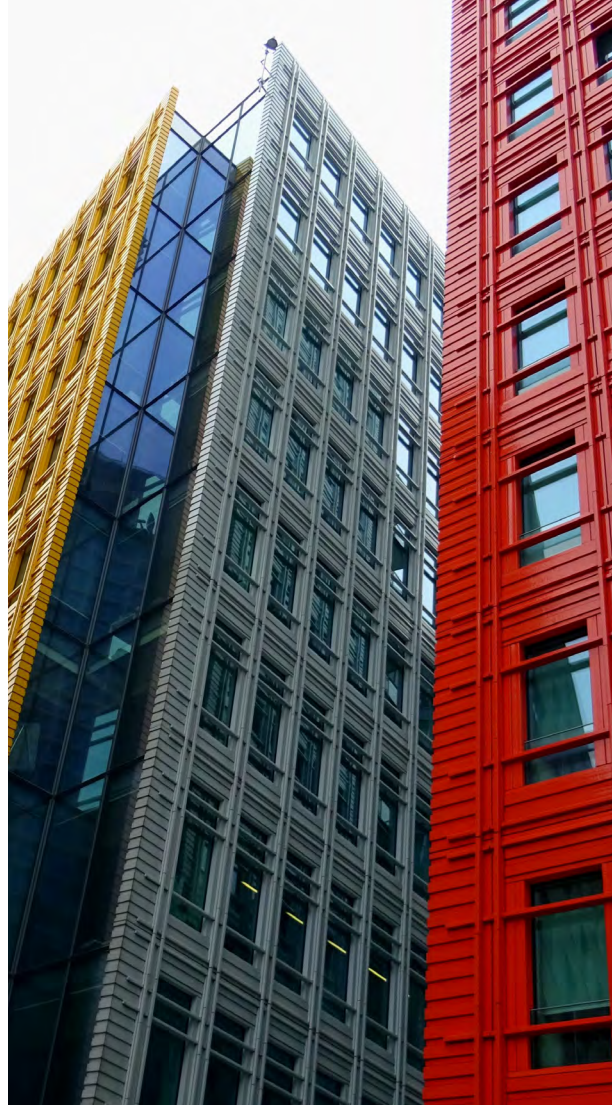


Kettler, Inc.

Client: Closely-held private real estate investment, development and property management company operating in the Mid-Atlantic.

RCLCO was retained to conduct corporate strategic planning at the holding company level, and then proceeded to conduct strategy plans for the two main operating divisions of the company, including the multifamily development company and the residential property management company. As part of this exercise, RCLCO conducted the following key analytical steps:

- » Compensation Strategy – prepared background research and benchmarking of similar companies to determine the key elements of successful compensation plans, including base salary, a short-term incentive plan (STIP), and long-term incentive plan (LTIP).
- » Economic and Organizational Benchmarking – conducted extensive case study research to benchmark and analyze the company performance against its peer group to determine appropriate market-based: profitability (targets vs. actual); overhead and staffing levels; fees and chargebacks; deal structure(s) and terms; etc., for both the development and management companies.
- » Expansion Strategy – evaluated potential geographic expansion strategy targets for the company's divisions.



National Apartment Association (NAA)

Client: Multifamily Housing Industry Membership Organization.

RCLCO was retained by NAA's Board to facilitate the organization's long-term strategic plan in light of recent professional leadership changes. RCLCO served as facilitator and resource to NAA's Strategy Planning Task Force as it formulated the organization's three-year strategic plan. We conducted extensive internal and external "discovery" listening tours and interviews with members, staff, and analogous federation trade/membership organizations. Key questions/issues included:

- » Is the organization's mission/vision still relevant in light of current and likely future market trends?
- » What is the competitive landscape that the organization will face in the future, and how will this impact what the organization does, for whom, and where?
- » What are some of the existential threats facing the organization over the next three years, and what can/should the organization be doing about them?
- » Should the organization expand its global footprint? What are the attendant risks and rewards of possible international expansion?
- » What products/services and program of work do its members and constituents value, and what should the organization prioritize to meet the needs of the apartment industry?
- » How should the organization's structure and governance be optimized to achieve its mission/vision, and strategic goals and objectives?

Regency Centers (REG)

Client: One of the leading publicly traded shopping center retail REITs. In 2017, Regency acquired Equity One, creating a company with a \$16 billion market capitalization.

Regency Centers conducts an annual review of its strategic plan, including an enterprise risk management process, but the Board of Directors wanted to make sure that management was “looking around the corner” to identify long-term strategic issues worthy of exploration, through this strategic plan review process and incorporation into the firm’s strategy and business planning. RCLCO served as facilitator and resource to the company’s Executive Committee as it identified, addressed key strategy issues, and formulated the organizations long-range plan. Key objectives of the strategy planning process were to address the following questions:

- » Is the company strategy still relevant in light of current and likely future market trends?
- » Has anything in the internal company or external environment changed that would argue for a change?
- » What are some of the existential threats facing the company (e.g., Internet, competitors, market cycles, capital markets, etc.), and what can/should be done about them?
- » Is growing development the right strategy, and, if so, what is the most effective way to do so?
- » Does size matter, and if so, what is the optimal scale and what is the best way to achieve that optimal scale (e.g., M&A, organic growth, new segments, services, markets, etc.)?



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Charlie Hewlett and Gadi Kaufmann offer a process and mechanism for managing and introducing change in real estate organizations, and introduce new ways of strategic thinking about the real estate business.”

-Todd Mansfield
President/CEO
Crescent Communities



KEY PERSONNEL

Real Estate Problem-Solving, Strategic Solutions
You Can Count On.

MORE THAN 10 MANAGING DIRECTORS

AND 60+ STAFF AT YOUR SERVICE





CHARLIE HEWLETT, MANAGING DIRECTOR/DIRECTOR OF STRATEGIC PLANNING & LITIGATION SUPPORT

P: (240) 644-1006 | E: CHEWLETT@RCLCO.COM | W: RCLCO.COM/CHARLES-HEWLETT

Charlie Hewlett has over 30 years of experience in real estate and has consulted on a broad spectrum of commercial and residential properties in most major metropolitan regions. His areas of specialization include: corporate, portfolio, and asset-level strategic planning; metropolitan development trend analysis; economic, market, and financial feasibility analysis for single-, multiple-, and mixed-use residential and commercial real estate developments; fiscal impact modeling; product program positioning; market feasibility analysis; litigation consulting; and expert testimony and forensic real estate analysis.

Prior to joining RCLCO, Charlie was President of Lofty Builders, Inc., a real estate service company concentrating in renovation, rehabilitation, and management of investment real estate properties. Charlie graduated from Brown University, and has conducted training seminars on the methodology for metropolitan-development trend analysis for regional branch offices of major national commercial developers. Charlie has written articles published in the *Corridor Real Estate Journal*, *UrbanLand*, and publications of the National Multi Housing Council. He is the author of *Strategy Planning for Real Estate Companies*, a ULI publication.



GADI KAUFMANN, MANAGING DIRECTOR/CEO

P: (310) 203-3033 | E: GKAUFMANN@RCLCO.COM | W: RCLCO.COM/GADI-KAUFMANN

Gadi joined RCLCO in 1979. He specializes in economic consulting for real estate projects and portfolios; corporate strategy planning and management consulting enterprise; transactional and negotiation services; and financing and capital formation strategy formulation/implementation. Gadi is an active board and committee member of several industry and academic organizations. He is proud to contribute his leadership to the Urban Land Institute, currently serving as: ULI Trustee; Governor of the ULI Foundation; National Advisory Board Member of the ULI Terwilliger Center for Housing; and Co-Chair of ULI/DC Regional Competitiveness and Cooperation Program in Washington, DC. In addition, Gadi serves as Chairman of the New Programs Committee of the Pension Real Estate Association, as Chair of the Professional and Community Outreach Committee and Founding Member of the Board at the UCLA Ziman Center for Real Estate. He serves on the Board of Advisors of the UCLA Luskin School of Public Affairs, and as an advisor and mentor to the UCLA Sharpe Fellowship Program. Gadi also serves as an Editorial Advisory Board Member of The Institutional Real Estate Letter – North America. He holds a Bachelors degree in Economics from UCLA.

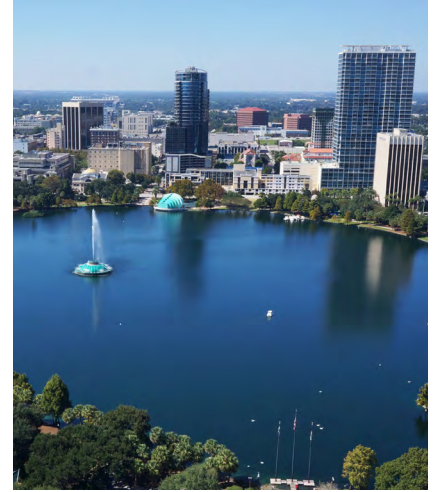


BEN MASLAN, PRINCIPAL/DIRECTOR OF CONSULTING

P: (310) 341-7948 | E: BMASLAN@RCLCO.COM | W: RCLCO.COM/BEN-MASLAN

Ben Maslan serves across RCLCO's practice groups with a focus on investment analysis on behalf of the firm's institutional accounts and strategic planning and litigation support services. In these engagements he brings to bear his experience in various aspects of commercial and residential real estate, including risk management, due diligence, and underwriting processes. He has experience examining national, regional, and local market trends for all types of real estate, including commercial, residential, construction, and land. As the firm's Director of Consulting, he is responsible for the development and implementation of strategic initiatives in team member recruitment and retention of human capital. Prior to joining RCLCO, Ben spent six years at Cornerstone Research, where he managed a variety of economic and financial consulting projects. He previously worked at Transom Consulting Group, where he provided strategic solutions to financial services firms. Earlier in his career, Ben worked for Bank of America Securities and Mercer.

Ben holds an MBA from the UCLA Anderson School of Management and a Bachelor of Arts in Business Administration from the University of Washington. He is a Chartered Financial Analyst (CFA) charterholder, as well as a member of the Urban Land Institute and CFA Institute.



OFFICES

WASHINGTON, DC

7200 Wisconsin Avenue
Suite 1110
Bethesda, MD 20814
P: (240) 644-1300

AUSTIN, TEXAS

221 W. 6th Street
Suite 2030
Austin, TX 78701
P: (512) 215-3156

LOS ANGELES, CALIFORNIA

11601 Wilshire Boulevard
Suite 1650
Los Angeles, CA 90025
P: (310) 914-1800

ORLANDO, FLORIDA

964 Lake Baldwin Lane
Suite 100
Orlando, FL 32814
P: (407) 515-6592

CONTACT US TODAY!



JOSHUA A. BOREN

Director of Business Development
P: (310) 984-1757
E: JBOREN@RCLCO.COM

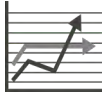


OFFERING THE *FULL SPECTRUM* OF REAL ESTATE ADVISORY SERVICES

Turn to our 50+ years of trusted market knowledge, extensive industry experience, and client-focused service.

GAIN ACTIONABLE INSIGHTS

THROUGH RCLCO'S SPECIALIZED SERVICE GROUPS



INVESTMENT STRATEGY

RCLCO uses informed real estate analytics to help institutional investors create and implement top-performing portfolios. Clients call on us to make critical decisions even during times of uncertainty – decisions that prove to be durable and lead to successful outcomes.

REAL ESTATE ECONOMICS



RCLCO's market research services center around in-depth analyses of demographic, economic, and industry-wide trends. Turn to us for trusted, unbiased third-party reports and recommendations regarding achievable market pricing, product definition, and absorption potential for any proposed development concept, site, or product type.



MANAGEMENT CONSULTING

RCLCO has decades of experience monitoring and evaluating real estate trends. Leverage these insights to define and execute a successful direction for your firm, portfolios, and projects. Our unique team offers both seasoned and fresh perspectives, leading to the optimal blend of real-world experience and innovative ideas.



ASSET MANAGEMENT

Our asset management team works with clients to enhance the value and cash flow of their real estate holdings, providing strategic advice, risk management and monitoring, joint venture management, and operational management.



LEGAL SUPPORT

Backed by extensive experience on a national scale, RCLCO provides a large array of customized analyses, valuations, entitlement support services, and expert testimony to position your real estate-related legal cases for success.

