



# MEPT Edgemoor

June 24, 2019

NABTU Capital Strategies Meeting



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**Forward looking statements** are subject to change due to investment strategy execution or market conditions, and past performance is not indicative of future results. Forward-looking statements are based upon certain assumptions. Other events, which were not taken into account, may occur and may significantly affect performance. Any assumptions

should not be construed to be indicative of the actual events that will occur. Some important factors which could cause actual results to differ materially from those projected or estimated in any forward-looking statements include, but are not limited to, the following: changes in interest rates and financial, market, economic, tax, or legal conditions. Other risks are described in detail in the Private Placement Memorandum.

Edgemoor's strategy is a continuation of the strategy that has been successfully executed since 1982 by the NewTower Trust Company, MEPT, an open-end core commingled real estate equity fund, organized as a collective investment trust, that has become one of the largest real estate private equity funds in the U.S. with \$8.6 billion in gross assets, as of March 31, 2019. The Edgemoor portfolio represents over 90% (based on gross real estate asset value) of the assets of the Fund's strategy. Going forward, it is intended that Edgemoor will be the sole investment vehicle for all new MEPT real estate investment activity. As a result, Edgemoor's investment strategy is identical to the disciplined, income-focused, full-cycle strategy that has served MEPT's investors well over the last 35 years.

Edgemoor and DVF LP are managed by NewTower Management LLC ("NewTower Management" or the "Manager"), a wholly-owned subsidiary of NewTower Trust Company of Bethesda, Maryland ("NewTower"); and Bentall Kennedy, headquartered in Seattle, Washington, (collectively, the "Management Team"). Bentall Kennedy serves as the real estate investment advisor to the Manager. Sun Life Institutional Distributors (U.S.) LLC ("Sun Life Institutional Distributor") is a registered broker-dealer in the U.S. with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and is the offering agent for Edgemoor and DVF LP. Sun Life Institutional Distributors is exempt from registration in Canada. Edgemoor may also be offered to Canadian accredited investors by BKC Capital Inc., a Canadian registered exempt market dealer. Edgemoor is

designed to provide investors with competitive, risk-adjusted returns throughout all real estate cycles.

The Fund's long-term objectives are to provide investors with competitive risk-adjusted returns and to prudently grow the Fund's assets through property investment and value creation, as well as new investor commitments. Edgemoor seeks to achieve a return profile that is consistent with investing in core, institutional-quality real estate represented by the properties owned by open-end funds in the **NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE)** index. NCREIF is an industry trade association that collects and disseminates real estate performance information. NFI-ODCE is an index of investment returns reported on both a historical and current basis for 37 open-end U.S. commingled funds with a core investment strategy. The NFI-ODCE index is capitalization-weighted and is reported gross of fees and measurement is time-weighted. Further information about this index is available at [www.ncreif.org](http://www.ncreif.org).

Appraised values of properties in this report reflect the estimate of value by an independent appraiser. The properties owned by Edgemoor might realize a different value if they were actually sold by the fund. No investment strategy can guarantee profit or protect against loss.

This information is provided to assist you in your consideration of making an investment in any or all of the Funds. This information is not intended to render any investment advice or recommendations. Your decision as to an investment in the Fund must be made by you in consultation with your own advisors. NewTower and its affiliates receive fees for managing the Fund, and therefore cannot provide impartial investment advice or otherwise act as your fiduciary in connection with your investment decision.

All amounts are cited are in U.S. dollars unless otherwise noted.

## **David Antonelli**

**Executive Vice President**  
*Senior Portfolio Manager*

24 YEARS OF FUND EXPERIENCE

## **Mike Keating**

**Senior Vice President**  
*Portfolio Manager*

14 YEARS OF FUND EXPERIENCE

## **Josh Samilow**

**Senior Vice President**  
*Investor Relations*

5 YEARS OF FUND EXPERIENCE

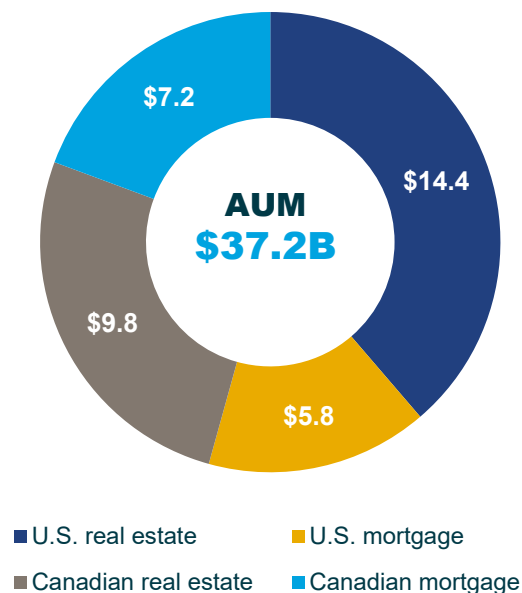
# Bentall Kennedy

Established institutional investment manager with 100+ year history and a globally recognized leader in sustainable investing

## Deep Investment and Operational Experience

### Assets Under Management

As of March 31, 2019



500+ clients including separate accounts and fund investors



**5 Offices** across the U.S. with over **170 professionals**

Deep, seasoned team with established research, investment, asset management, portfolio management and development expertise

### Recognized Leader in Sustainable Investing

- One of the top GRESB ranked global/diversified real estate companies in 2013, 2014, 2015, 2016, 2017 and 2018
- Proven ability to create value through green initiatives

# MEPT Edgemoor Overview

As of March 31, 2019

## Fund Summary

Gross asset value	\$9.8 B
Net asset value	\$7.4 B
Leverage as a % of GAV <sup>1</sup>	24.5%
Cash as a % of NAV	1.15%
Management fee <sup>2</sup>	0.85%
Investments	94 assets , 25 markets
Operating portfolio	28.6 million sq. ft., 93.7% leased
Entry/Exit queue	None

<sup>1</sup> Based on at-share value

<sup>2</sup> The fee is determined at an annualized rate as follows: (1) 1.25% on the first \$1 billion of fund total net assets, (2) 1.00% on the second \$1 billion of fund total net assets and (3) 0.75% on fund total net assets above \$2 billion. Cash above 7.5% of Net Asset Value of the fund is charged a cash management fee of 0.15%. There are no charges for entry or exit; there are no additional fees charged to investors, inclusive of asset management, acquisition, disposition and performance fees.

# MEPT Edgemoor Investment Strategy

## Strategy and tactics by property sector



12 Farnsworth Street

### Office

#### Overweight (CBD)

- Focus on Urban/CBD markets with strong innovation industry presence
- Increase allocation to medical office
- Underweight suburban office

Current

41.5%

Target

40.0%



The Dylan

### Multifamily

#### Overweight (Urban)

- Reduce current allocation to urban high-rise apartments in primary markets
- Increase exposure to select mid-rise assets and/or non-primary markets

29.2%

30.0%



Rivergate IV

### Industrial

#### Overweight

- Increase allocation while maintaining pricing discipline
- Target major population centers given growth of e-commerce

18.5%

20.0%



Midtown Crossing

### Retail

#### Underweight

- Maintain significant underweight to ODCE peer group
- Focus on select grocery-anchored and mixed use urban retail

9.8%

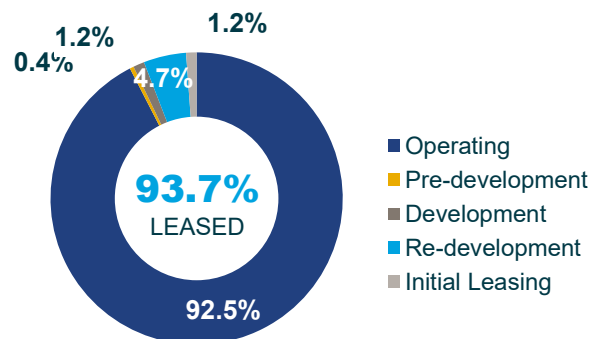
10.0%

# MEPT Edgemoor Overview

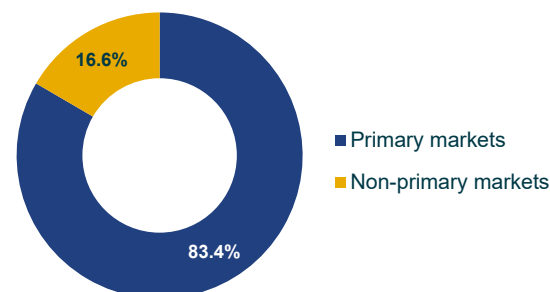
## Fund diversification as of March 31, 2019

### Portfolio by Lifecycle

As of March 31, 2019 | Based on gross asset value



### Percentage of Portfolio Invested in Primary Markets



### High-Quality Urban, Transit-oriented Portfolio

#### 10 Largest Assets

Based on gross asset value

Property name	Property type	Market	Gross asset value (\$ in millions)
Newport Tower	CBD Office	New York	436
757 Third Avenue	CBD Office	New York	379
600 California Street	CBD Office	San Francisco	328
Octagon Park Apartments	Multifamily	New York	320
Solaire	Multifamily	San Francisco	312
475 Sansome Street	CBD Office	San Francisco	306
101 Greenwich Street	CBD Office	New York	300
1900 16th St	CBD Office	Denver	299
200 West Madison	CBD Office	Chicago	275
Livermore Distribution Center	Industrial	San Francisco	250

### Top Markets by Investment

Market	GAV (in \$m)	% of GAV
New York, NY	1,812	18.9%
San Francisco, CA	1,394	14.6%
Chicago, IL	838	8.8%
Washington, DC	821	8.6%
Los Angeles, CA	799	8.3%
Portland, OR	758	7.9%
Boston, MA	684	7.1%
Denver, CO	602	6.3%
Seattle, WA	404	4.2%
Other Markets	1,458	15.2%
<b>Total</b>	<b>9,570</b>	<b>100.0%</b>

Primary Market
Non-primary Market

<sup>1</sup> Represents current gross asset value; does not include committed/unfunded investments.

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# MEPT Edgemoor Overview

## Fund performance

### MEPT Edgemoor vs. NFI-ODCE Performance

As of March 31, 2019

	2019 Target <sup>1</sup>	Q1 2019	YTD	1 Year	3 Year	5 Year
<b>Income</b>	4.0 - 4.5%	1.00%	1.00%	4.00%	3.98%	4.30%
<b>Appreciation</b>	2.0 - 3.5%	0.46%	0.46%	4.05%	3.63%	5.59%
<b>Edgemoor Total Return - Gross</b>	6.0 - 8.0%	1.46%	1.46%	8.17%	7.72%	10.07%
<b>NFI-ODCE<sup>2</sup> - Gross (dollar weighted)</b>		1.42%	1.42%	7.52%	7.97%	10.18%
<b>MEPT Edgemoor Total Return - Net</b>	5.0 - 7.0%	1.25%	1.25%	7.26%	6.80%	9.11%

<sup>1</sup> 2019 performance targets have been prepared by NewTower Management and Bentall Kennedy through an annual review of the portfolio as part of the Fund's 2019 Operating Plan. The Management Team has made certain assumptions regarding the property level leasing activity and acquisition and disposition activity in order to determine performance targets. Furthermore, the Operating Plan assumes no unforeseen exogenous market events occur. Targeted returns are not guaranteed.

<sup>2</sup> NCREIF, the National Council of Real Estate Investment Fiduciaries, is a trade association of institutional real estate professionals that includes investment managers, plan sponsors, academics, consultants, appraisers, CPA's and other services providers with significant involvement in institutional real estate investments. NCREIF collects and disseminates real estate performance information, most notably the NCREIF Property Index (NPI) but also the NFI-ODCE. NCREIF Fund Index – Open-end Diversified Core Equity (NFI-ODCE or "ODCE") is an index of investment returns reported on both a historical and current basis for open-end U.S. commingled funds with a core investment strategy. The NFI-ODCE index is capitalization-weighted and is reported gross of fees and measurement is time-weighted. Further information about this index is available at [www.ncreif.org](http://www.ncreif.org).



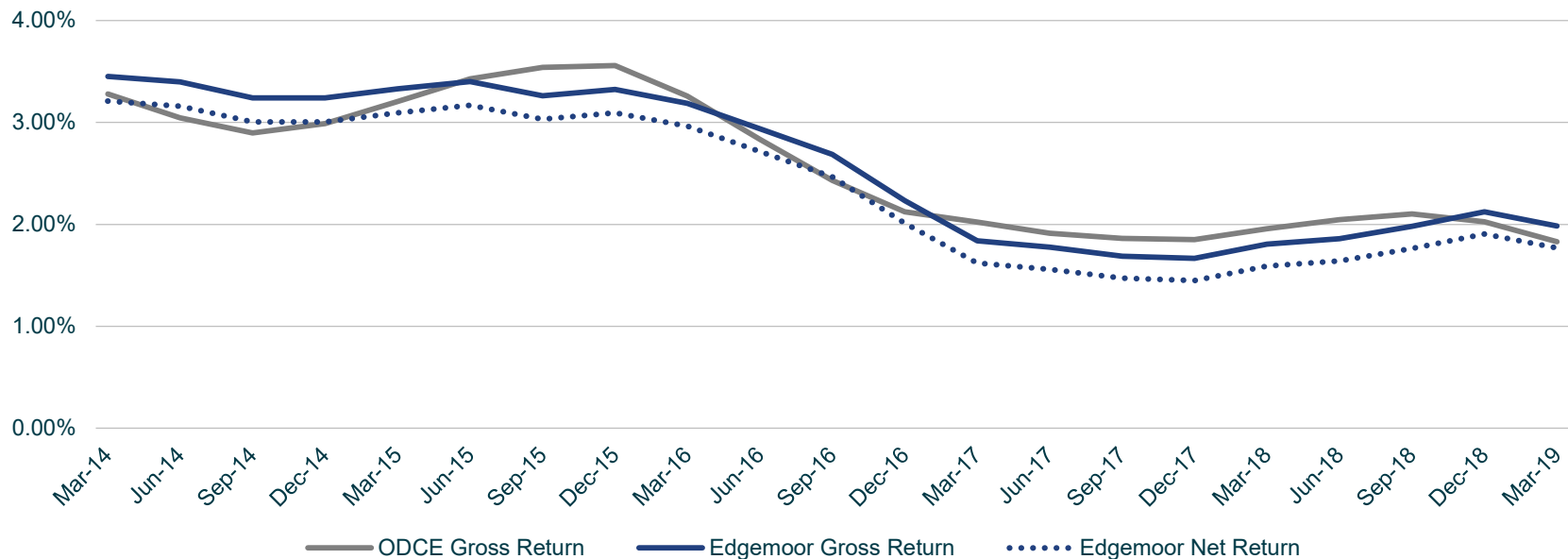
# Relative Fund Performance

## MEPT Edgemoor:

- **Outperformed** by 65 bps (8.17% vs. 7.52%) in the 1-year
- **Performance** is in line with ODCE<sup>1</sup> in the quarter, 1-year, 3-year and 5-year timeframes
- **Outperformed** the ODCE on a risk-adjusted basis (2<sup>nd</sup> quartile Sharpe Ratio) over the last 5 years

## MEPT Edgemoor vs. ODCE Gross Return by Quarter (1Q 2014 to Present)

As of March 31, 2019



<sup>1</sup> NCREIF, the National Council of Real Estate Investment Fiduciaries, is a trade association of institutional real estate professionals that includes investment managers, plan sponsors, academics, consultants, appraisers, CPA's and other services providers with significant involvement in institutional real estate investments. NCREIF collects and disseminates real estate performance information, most notably the NCREIF Property Index (NPI) but also the NFI-ODCE. NCREIF Fund Index – Open-end Diversified Core Equity (NFI-ODCE or "ODCE") is an index of investment returns reported on both a historical and current basis for open-end U.S. commingled funds with a core investment strategy. The NFI-ODCE index is capitalization-weighted and is reported gross of fees and measurement is time-weighted. Further information about this index is available at [www.ncreif.org](http://www.ncreif.org).

# ESG Leader

Proven track record of generating increased value through investing sustainably

## Responsible Property Investing

Industry-leading commitment to fair labor practices by using signatory contractors.

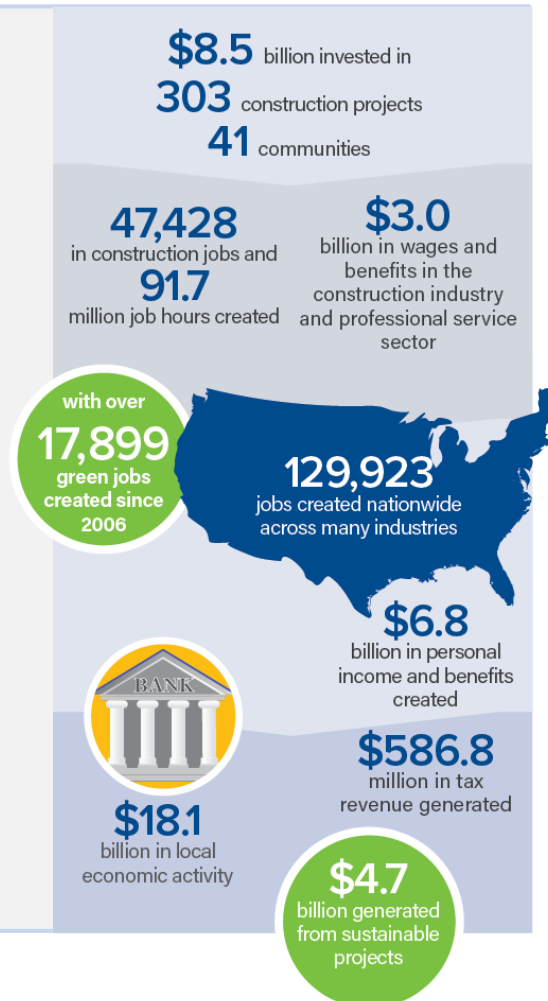
### Competitive Advantages:

- Well trained and highly skilled workforce
- Best built and maintained properties
- Projects completed on time and on budget

### Secondary Benefits

- Job creation and economic impact
- Additional pension contributions

<sup>1</sup> Based on findings in *The Economic and Fiscal Impacts of (MEPT) Multi-Employer Property Trust Investments Across the States* by EcoNorthwest and Pinnacle Economics and based on data through December 31, 2015



MEPT Edgemoor among leaders in Global Real Estate Sustainably Benchmark (GRESB) for *eight years in a row*



ENERGY STAR® Partner of the Year-Sustained Excellence for the **9<sup>th</sup>** consecutive year

**A+ rating from United Nations Principles for Responsible Investment** for overall approach to responsible investment policy and collaboration on responsible investment



# MEPT Edgemoor

## Responsible Contractor Policy

The Fund management team's objective is to generate superior risk-adjusted returns while maintaining an industry-leading commitment to Environmental, Social and Governance (ESG) principles, including responsible contracting.

### **New Construction, Renovation and Tenant Improvements**

The Fund uses responsible contractors for new construction, renovation, tenant improvements or other capital projects as follows:

On-site construction work controlled and paid for by the Fund shall be performed by contractors that:

- a) are party to, or bound by, a collective bargaining agreement applicable to the geographic area in which the project is located, is applicable to the trade or trades in which the work under the contract is to be performed, and is entered into with one or more labor organizations affiliated with the Building and Construction Trade Department of the AFL-CIO, or with an independent, nationally recognized labor organization, or one of its affiliated local unions;
- b) employ members of such labor organizations to perform work within their respective jurisdictions; and
- c) require each subcontractor performing work on the project to comply with a) and b).

### **Property Operations**

The Fund shall, to the extent practicable, engage signatory contractors for building operations services including janitorial, security and stationary engineering controlled and paid for by the Fund.

### **Fiduciary Commitment**

Notwithstanding the above, consistent with its fiduciary obligation to all investors in the Fund, management maintains commercially reasonable and competitive bidding practices. To that end, as relates to any construction or building operations services, management will endeavor to obtain not fewer than three bids from qualified contractors for a given scope of work.

In situations where the Fund is unable to obtain three bids from qualified contractors, it will use contractors that provide fair wages and fair benefits and that demonstrate a respect for labor, local, and national laws.

### **Pre-existing conditions/Specialized fit-out**

Pre-existing leases and/or contracts for capital improvements or tenant improvements relating to existing assets acquired by the Fund are exempted from the requirements above. Furthermore, specialized tenant fit-out or original equipment manufacturer (OEM) installation work may be exempted in certain circumstances.

### **Transparency**

The Fund will make its Responsible Contractor known to its development, construction, property management and leasing service providers.

### **Neutrality**

The Fund supports a position of neutrality in the event there is a legitimate attempt by a labor organization to organize workers performing services for a contractor at a property owned and controlled by the Fund.

# Recent Investments



## Strip District Portfolio

### Pittsburgh

As of March 31, 2019

Investment Date	1Q 2019
Stabilized Value	\$121.0 million
Development Budget	\$90.3 million
Square Footage	276,000

#### Location Selection

- Centrally located in the burgeoning Strip District Neighborhood of Pittsburgh, which has experienced a rapid transformation in recent years and attracted top tech firms including Uber, Argo AI (Ford Motor Company), and Apple
- Highly educated workforce from Carnegie Mellon University and the University of Pittsburgh continues to attract top employers including Google, Uber, Facebook, and Amazon to the Pittsburgh MSA. The city has experienced a 52% increase in high-tech services jobs since 2010

#### Product Selection

- Project consists of the redevelopment of two Strip District landmarks: 1600 Smallman and The Produce Terminal
- The Produce Terminal is a 1926-built warehouse that will be redeveloped into a 159,000 sf mixed-use retail and office asset
- 1600 Smallman is a 1921 vintage warehouse/loft office building that will be redeveloped into a 117,000 sf creative office building with ground-floor retail

#### Value Creation

- Opportunity to enter a rapidly transforming micro-market at an attractive **7.5% ROC**
- Leverage the local expertise of our development partner, McCaffery Interests, who has successfully completed similar redevelopments in Pittsburgh

# Recent Investments



## Capitol Hill Station

### Seattle

As of March 31, 2019

Investment Date	3Q 2016
Stabilized Value	\$194.0 million
Development Budget	\$173.1 million
Units	318

#### Location Selection

- Well positioned in Seattle's Capitol Hill neighborhood, offering convenient access to the city's major employment districts including the CBD, Denny Triangle, and South Lake Union
- True live/work/play environment offering residents a variety of local entertainment and nightlife options, as well as broader access to the Seattle metro area via the Capitol Hill Link station adjacent to the property

#### Product Selection

- Comprised of three high-rise multifamily buildings totaling 318 units and 33,933 sf of ground floor retail
- Asset will feature high-end finishes and an attractive amenities package including a private fitness center, library, rooftop lounge, and pet facilities
- Ground floor retail is expected to further drive tenant demand, with plans to accommodate local and specialty businesses

#### Value Creation

- Identified opportunity to develop a LEED Platinum multifamily high-rise community in a highly attractive in-fill location
- Sponsor Gerding Edlen Development, is one of the nation's leading real estate development firms, focused on urban, infill, apartment, office, and mixed-use properties



# Recent Investments



## 399 Congress Street (Mezzanine Loan)

### Boston

As of March 31, 2019

Investment Date	3Q 2017
Mezzanine Loan	\$63.0 million
Development Budget	\$263.5 million
Interest Rate	9.5%

### Location Selection

- Centrally located in Boston's rapidly evolving Seaport District, which has experienced significant development and redevelopment in the past few years and attracted a diverse mix of large employers including Amazon, Vertex Pharmaceuticals, PwC, General Electric, and Reebok
- Site features direct access to MBTA's Silver Line via the World Trade Center Stop and convenient access to MBTA's Red Line and commuter rail at nearby South Station

### Product Selection

- 414-unit Class A multifamily high-rise development with 2,558 sf of ground floor retail space
- Units are designed to include stainless steel appliances and high-end finishes, in-unit washer and dryer and floor-to-ceiling windows, and the building features a best-in-class amenities package catering to young professionals

### Value Creation

- Identified a unique opportunity to provide a \$63.0 million mezzanine loan investment on an attractive development (\$50.0 million principal and \$13.0 million interest accrual cap)
- Strong risk adjusted return with a 9.5% interest rate and located between 60.0% and 83.5% of the capital stack relative to equity position
- Developer Crescent Heights has extensive local and national development experience and has previously partnered with the Fund