



# Alafaya Commons (Orlando, FL)

2Q20 Year-End Investor Reporting Package

## Summary of Key Highlights – Alafaya Commons

**After Conservatively Holding Cash To Weather The Pandemic, We Have Seen Strong Collections; With A Healthy Cash Balance We Have Resumed Distributions:** Alafaya returned cash on cash of 1.9% (7.8% annualized) in the second quarter. Since inception, Alafaya has returned cash-on-cash of 16.5%, below projections of 23.0%. Year-to-date, NOI is \$50,552 (4.4%) below budgeted NOI of \$902,361 but two large parcels are under contract to be sold. **If these sales (outlined below) are executed, we anticipate returning a significant amount of equity.** For a full summary of operating performance, please see Page 7.

**Academy Parcel And Amscot Outparcel Are Both Under Contract:** We have placed both the Academy parcel and Amscot Financial outparcel under contract for \$8.0 million (8.07% cap rate) and \$3.27 million (6.55 cap%), respectively. Both sales are ahead of underwritten expectations and are scheduled to close before the end of 3Q. \$8.23 million of sales proceeds will go towards paying down the lender. We are also in the process of amending our current loan in order to fund upcoming renovations with debt. This will free up the remaining cash from the sales for distributions to equity holders. Upon sale, our remaining basis in the asset will be ~\$7.56 million (~13.2% cap rate) for a center that is likely to be valued at a far lower cap rate (likely in the 7-8% range). Presuming both sales go through, we will update investors on both the timing and amount of any distribution as soon as possible.

**Façade Renovations:** Phase 1 of façade renovations are now set to begin later this year. The first stage of work will cost approximately \$712,000. As mentioned above, our lender has conditionally approved an additional \$3.2 million in funding for the work, which also include tenant improvements for a number of new leases. They have also approved a reduction in interest rate of 1.25% upon stabilization. Plans for Phase 1 are outlined on Page 6.

**Collections Remain Strong:** Rent collections have remained strong and stable throughout the pandemic, standing at 86% for April, 76.6% for May, 77.4% for June, and 77.5% for July (through July 23<sup>rd</sup>). We have struck two deferral agreements with Luxury Canine and Siam Garden Thai – both tenants have already resumed normal rent payments. GNC (1,400 SF) declared bankruptcy in July and is attempting to negotiate a rent reduction, but we are unlikely to cooperate given Alafaya’s marketability. Should GNC vacate we anticipate we can find a higher quality replacement to backfill their space. For a collections summary, please see Page 4.

**YouFit Expansion Off, TrueHealth Expansion Remains On:** COVID-19 has severely impacted YouFit’s operations. While we are close to striking a deal to bring their delinquent rent current, they have tabled expansion plans for the time being. TrueHealth (“TH”), meanwhile, is moving forward with plans to extend their lease and expand into the existing Sunset Christian Prep space (10,000 SF in total). TH (formerly Orange County Health) is a strong tenant and we are negotiating a 15-year deal likely starting near \$17/SF with options. Additionally, Saloncentric (2,580 SF) went to leasing committee in late July and continues to consider Alafaya. Please see Page 6 for a leasing summary for the quarter.

**Chuan Lu Garden Attempting To Negotiate A Buyout:** Chuan Lu is closed and we continue to market their outparcel location. We are negotiating a buyout with the tenant while we pursue the guarantor under the lease.

### Investor Contacts

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### Disclaimer

**Please Note:** Investors should recognize that while quarterly updates may offer positive news regarding investments, they also represent a specific period of time and risks remain to executing our business plans.

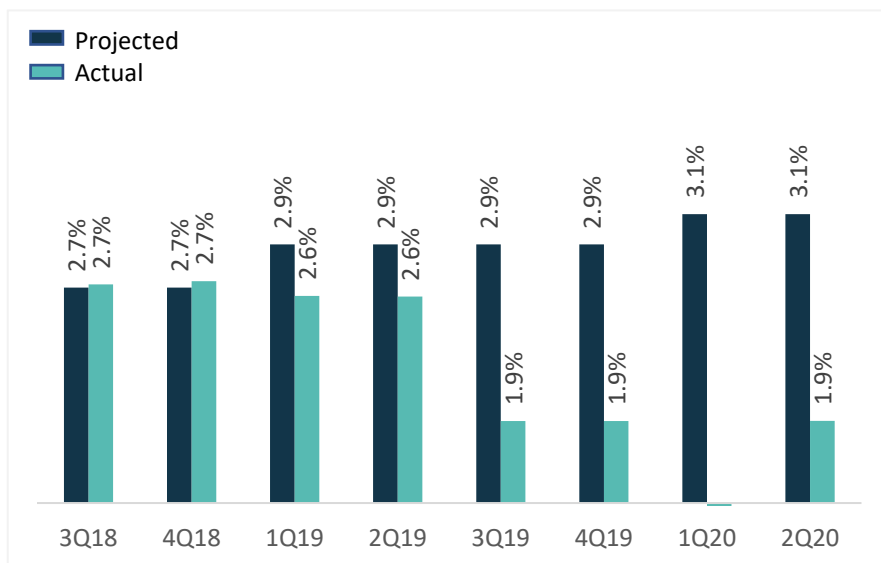
# Metrics Summary

## Deal Statistics and Performance Benchmarks

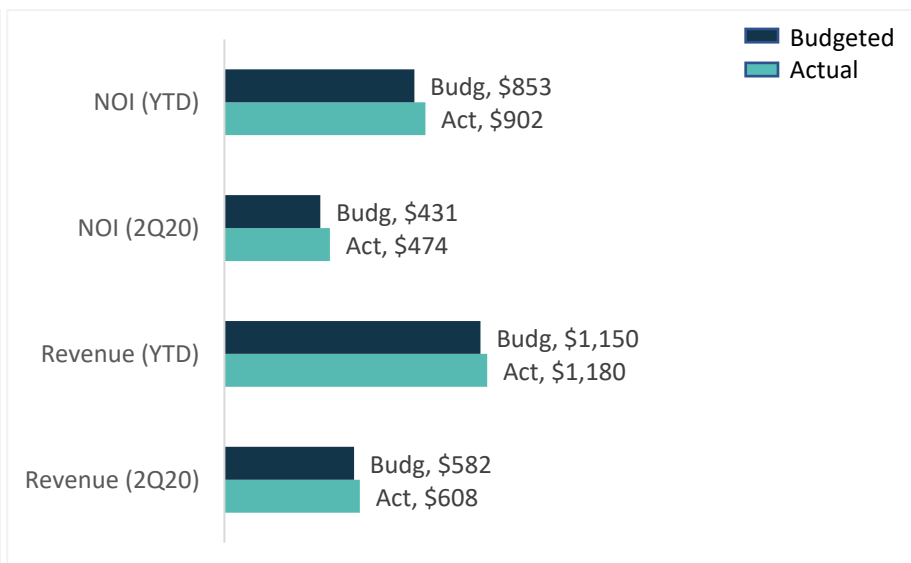
Property Name	Alafaya Commons		Category	This Quarter		Last Quarter		Year-To-Date	
	Acquisition Date	GLA		Projected	Actual	Projected	Actual	Projected	Actual
Acquisition Date	June 28, 2018		Gross Income	\$582,103	\$608,405	\$567,780	\$571,518	\$1,149,883	\$1,179,923
GLA	128,264 SF		Expenses	\$151,183	\$134,405	\$145,657	\$143,156	\$296,840	\$277,562
Purchase Price	\$19,800,000 (\$151/SF)		Net Operating Income	\$430,920	\$474,000	\$422,122	\$428,362	\$853,042	\$902,361
Current Loan Balance	\$12,276,400		NOI Chg from Last Qtr		10.7%				
Equity Raised (Including GP)	\$7,745,000		Physical Occupancy		91.1%		91.1%		
Investor Distributions (2Q20)	\$143,465	1.9%	Wtd. Avg. Rent (Physical)		\$14.04		\$13.78		
Projected Distributions (2Q20)	\$225,057	3.1%	Leased Occupancy		94.2%		94.2%		
Investor Distributions (Since Acq Date)	\$1,213,255	16.5%	Wtd. Avg. Rent (Leased)		\$14.80		\$14.54		
Projected Distributions (Since Acq Date)	\$1,694,021	23.0%							

Note: Purchase Price PSF is based on SF at acquisition, which included the Taco Bell outparcel that has now been sold

## Cash-on-Cash (%) (Actual vs. Projected)



## Actual vs. Budgeted Revenues and NOI (\$000s)



Note: Equity multiple calculations incorporate capital event projections (e.g. outparcel sales) whereas cash-on-cash comparisons reflect operating cash flow projections **only**

# Collections Activity (Through July 23<sup>rd</sup>)

## Top Five Tenants (By Delinquent Balance)

1	You Fit	\$107,687	Academy Sports	Billed	Collected	%
2	Chuan Lu Garden	\$57,436	You Fit	\$61,271	\$61,271	100.0%
3	Sunset Christian	\$23,951	Amscot Financial	\$27,961	\$0	0.0%
4	Orange County Health	\$9,562	Sunset Christian	\$17,197	\$17,197	100.0%
5	H & R Block	\$6,745	Orange County Health	\$15,824	\$15,824	100.0%
<b>Totals</b>		<b>\$205,382</b>		<b>\$134,856</b>	<b>\$106,895</b>	<b>79.3%</b>

## Top Five Tenants By Billed Amount - Collections (July)

Unpaid Balances			Collections Activity											
Total	April - Post-COVID	Pre-April Pre-COVID	Billed	April Paid	%	Billed	May Paid	%	Billed	June Paid	%	Billed	July Paid	%
\$237,306	\$149,299	\$79,265	\$187,021	\$160,769	86.0%	\$184,796	\$141,507	76.6%	\$184,356	\$142,763	77.4%	\$194,388	\$150,663	77.5%

Tenant Name	SF	Opening Status	Unpaid Balances			April			May			June			July		
			Total	Post-COVID	Pre-COVID	Billed	Paid	%	Billed	Paid	%	Billed	Paid	%	Billed	Paid	%
1 You Fit	17,011	Open	\$107,687	\$98,252	\$9,436	\$27,961	\$13,592	48.6%	\$27,961	\$0	0.0%	\$27,961	\$0	0.0%	\$27,961	\$0	0.0%
2 Goodfellas Pizzeria	2,942	Open	\$2,417	\$0	\$2,417	\$8,500	\$8,500	100.0%	\$8,500	\$8,500	100.0%	\$8,500	\$8,500	100.0%	\$8,500	\$8,500	100.0%
3 Junior Columbian Burger	1,858	Open	\$119	\$0	\$119	\$4,976	\$4,976	100.0%	\$4,976	\$4,976	100.0%	\$4,976	\$4,976	100.0%	\$4,976	\$4,976	100.0%
4 Orange County Health	6,000	Open	\$9,562	\$34	\$9,528	\$12,329	\$12,295	99.7%	\$12,604	\$12,604	100.0%	\$12,604	\$12,604	100.0%	\$12,604	\$12,604	100.0%
5 Sunset Christian	7,800	Open	\$23,951	\$0	\$23,951	\$15,824	\$15,824	100.0%	\$15,824	\$15,824	100.0%	\$15,824	\$15,824	100.0%	\$15,824	\$15,824	100.0%
6 Siam Garden Thai	2,031	Open	\$204	\$0	\$204	\$4,818	\$4,818	100.0%	\$4,818	\$4,818	100.0%	\$1,598	\$1,598	100.0%	\$4,920	\$4,920	100.0%
7 Preferred Hearing	989	Open	\$2,376	\$50	\$2,326	\$2,413	\$2,413	100.0%	\$2,413	\$2,413	100.0%	\$2,413	\$2,413	100.0%	\$2,467	\$2,417	98.0%
8 FX Nail Salon	1,942	Open	\$3,624	\$0	\$3,624	\$5,987	\$5,987	100.0%	\$5,987	\$5,987	100.0%	\$5,987	\$5,987	100.0%	\$5,987	\$5,987	100.0%
9 Stop Barber Shop	1,182	Open	\$5,505	\$7,871	(\$2,366)	\$3,479	\$3,479	100.0%	\$3,479	\$0	0.0%	\$3,479	\$0	0.0%	\$912	\$0	0.0%
10 Luxury Canine Spa	1,200	Limited	\$1,892	\$46	\$1,846	\$3,205	\$3,205	100.0%	\$705	\$705	100.0%	\$705	\$705	100.0%	\$3,251	\$3,205	98.6%
11 H & R Block	2,550	Open	\$6,745	\$0	\$6,745	\$6,404	\$6,404	100.0%	\$6,404	\$6,404	100.0%	\$6,404	\$6,404	100.0%	\$6,404	\$6,404	100.0%
12 GNC	1,400	Open	\$3,968	\$7,000	(\$3,032)	\$2,839	\$0	0.0%	\$2,839	\$0	0.0%	\$2,839	\$1,697	59.8%	\$2,839	\$2,659	93.7%
13 Advance America	1,400	Open	(\$0)	\$5	(\$5)	\$3,588	\$3,588	100.0%	\$3,588	\$3,588	100.0%	\$3,588	\$3,588	100.0%	\$3,588	\$3,583	99.8%
14 Academy Sports	62,952	Open	\$3,077	\$0	\$3,077	\$58,490	\$58,490	100.0%	\$58,490	\$58,490	100.0%	\$61,271	\$61,271	100.0%	\$61,271	\$61,271	100.0%
15 Chuan Lu Garden	2,580	Closed	\$57,436	\$36,040	\$21,396	\$9,010	\$0	0.0%	\$9,010	\$0	0.0%	\$9,010	\$0	0.0%	\$9,010	\$0	0.0%
16 Amscot Financial	3,200	Open	\$0	\$0	\$0	\$17,197	\$17,197	100.0%	\$17,197	\$17,197	100.0%	\$17,197	\$17,197	100.0%	\$17,197	\$17,197	100.0%
17 VACANT	2,580	N/A	\$0	N/A	N/A	N/A	\$0	N/A	N/A	\$0	N/A	N/A	\$0	N/A	\$0	\$0	N/A
18 VACANT	1,892	N/A	\$0	N/A	N/A	N/A	\$0	N/A	N/A	\$0	N/A	N/A	\$0	N/A	\$0	\$0	N/A
19 Tan Cha Boba Tea	1,200	N/A	\$3,183	N/A	N/A	N/A	\$0	N/A	N/A	\$0	N/A	N/A	\$0	N/A	\$0	\$0	N/A
20 Salon Lofts	3,982	N/A	\$5,560	N/A	N/A	N/A	\$0	N/A	N/A	\$0	N/A	\$0	\$0	N/A	\$6,676	\$1,117	16.7%
21 VACANT	1,753	N/A	\$0	N/A	N/A	N/A	\$0	N/A	N/A	\$0	N/A	N/A	\$0	N/A	\$0	\$0	N/A

Note: Outside of Chuan Lu Garden and YouFit, which comprise ~19% of monthly billings, collections have generally been on time and most tenants are current.

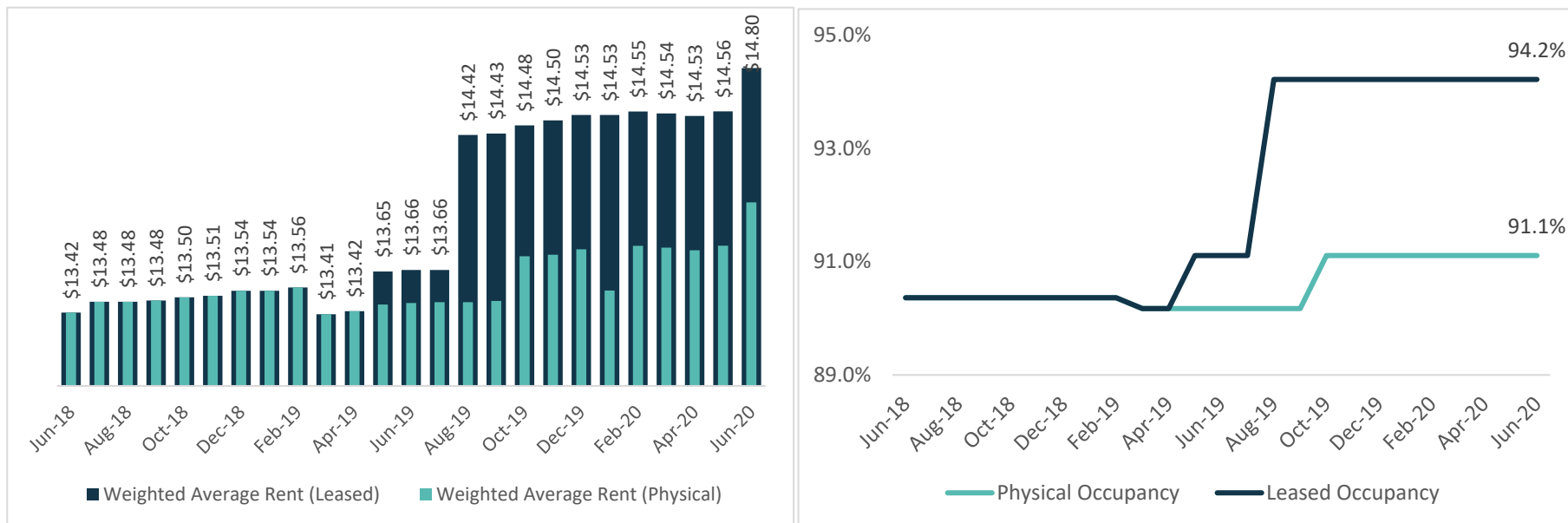
# Initiative Update: Improving Occupancy and Rental Rates for In-Line Space

## Snapshot of Quarter's Leasing Activity and Deferrals

**Leasing Activity:** We are attempting to finalized a 2,580 SF lease with SalonCentric (which is owned by L’Oreal) that was delayed by COVID-19. While the base rent level that is currently being negotiated (\$22/SF) is \$1.50/less per SF than what was being discussed prior to the pandemic, it still compares favorably to our \$18/SF underwriting assumptions. The prospects for getting this lease over the finish line are mixed. In our favor: SalonCentric is one of the largest distributors of salon professional products, caters primarily to salon professionals, and the opportunity to share a center with Salon Lofts is an important draw for them. Working against us: Saloncentric is considering waiting until True Health expands in order and pursue a smaller shop space (1,800 – 2,000 SF) next year (likely at a higher PSF rent number). Should the deal materialize, current terms being outlined start at \$22/SF in Years 1 and 2 (with a \$45/SF work letter), with rent rising to \$23.50/SF in years 3-5, with a 5-year option (at a 10% increase) for years 6-10. The lease is likely to commence in 1Q21 if we complete the deal. Outside of Saloncentric, leasing activity picked up this quarter though we have no LOIs to report. We will be circulating an e-blast to the local brokerage community announcing the construction start in the coming weeks. We expect that to drive higher-quality traffic to the center.

**Deferrals:** We have struck the following deferral agreements at Alafaya:

- Luxury Canine: Rent was deferred for May and June and is back on a normal schedule. Tenant will pay us back starting in October over a six-month period.
- GNC’s deferral agreement has been scrapped due to their bankruptcy. They had signed a one-year extension but are now asking for a significant rent decrease. We are likely to reject negotiations due to the strength of Alafaya – we believe we can attract a stronger tenant.
- Siam Garden Thai: We executed a two-month deferral with them for June and July, but they have already paid July and owe just one month of back rent.



Note: “Leased” incorporates signed leases into its metrics whereas “Physical” only reflects tenants currently occupying the center.

# Initiative Update: Improving the Overall Condition of the Center

## Phase 1 Façade Improvements Will Modernize Alafaya

We have finalized details on costs and timing of façade renovations – currently we estimate costs of approximately \$712,000 for the first phase of the project. Phase One, which will stretch from Academy all the way west to Goodfella’s Pizza, is now scheduled to commence in late 3Q20/early 4Q20. The first phase will modernize the curb appeal of the center and enhance existing lighting. The second phase – which incorporates the YouFit façade – is still in very early phases of planning.

**The renovation is designed to enhance the center’s appeal for higher dollar tenants.** We increased the original scope of this project after determining that the under canopy needed an aesthetic refresh. Lighting, painting, and surface treatments will all be enhanced to bring greater attention, energy, and focus to the in-line shops. Additional parking will also be created as a result of this project, helping to create a better experience for customers visiting Alafaya.



# Financials: Income Statement and Budget Comparison

## Summary of Variances

**Gross Income:** Gross income is \$30,041 (2.61%) higher than budget YTD due to reimbursements of 2019 expenses that were paid in 2020 (see Prior Year-CAM comments below). Excluding those, gross income is \$50,552 (4.4%) below budget YTD due to the following:

- Free rent concessions given to the following tenants with rental deferral agreements: (1) Siam Garden (\$3,225.91/month for May and June); (2) Luxury Canine (\$2,500/month for January, May and June); (3) GNC (\$1,808.33/monthly for April and May) and (4) Stop Barber Shop (\$2,566.91/monthly for May and June).
- Academy's electric reimbursement variance is \$2,026 below budget and will increase by \$352/month through year-end. Per their lease, utilities should be included in CAM, but they were budgeted as a separate line item for 2020. When we do 2020 recon next year, their share of electricity will be included with their overall CAM reimbursement (which is subject to a cap).
- Chuan Lu Garden's lease was renegotiated in 1Q from NNN to Gross and additional income from audit of 2018 CAM reconciliation with prior owner. Chuan Lu is closed and in process of eviction.
- Prior Year-CAM is over budget by \$80,592 due to the aforementioned reconciliation charges for Chuan Lu, combined with \$69,452 total reconciliation billings for 2019.

**Operating Expenses:** The operating expense variance is \$19,278 (6.49%) under budget due to the following:

- Management fees are \$6,153 under budget due to lower gross receipts resulting from COVID.
- Other landscaping contingencies have not been utilized, resulting in a \$12,000 (\$8,600 in tree trimming and \$3,600 in mulch) variance.

**Other Expenses:** Other expenses are \$58,633 (125.62%) higher than budget due to the following:

- Accounting fees are \$18,481 over budget due to accounting fees charged in 2019 and paid in 2020 to a third-party CPA firm.
- Unbudgeted legal fees YTD totaling \$47,144.

**Net Income:** Net income is (\$7,560) or (-1.63%) lower than budgeted due to unused contingencies.

	<u>For the Quarter Ended</u>				<u>Year-To-Date</u>			
	<u>June 30th, 2020</u>				<u>Through June 30th, 2020</u>			
	PTD Actual	PTD Budget	Variance	% Var	PTD Actual	PTD Budget	Variance	% Var
<b>Income</b>								
Base Rent	444,786	450,353	(5,568)	-1.2%	886,660	889,571	(2,910)	-0.3%
Free Rent Concessions	(20,299)	0	(20,299)	N/A	(22,799)	0	(22,799)	N/A
<b>Total Rental Revenue</b>	<b>424,487</b>	<b>450,353</b>	<b>(25,866)</b>	<b>-5.7%</b>	<b>863,862</b>	<b>889,571</b>	<b>(25,709)</b>	<b>-2.9%</b>
<b>Expense Reimbursement Revenue</b>								
CAM Reimb	37,839	40,945	(3,106)	-7.6%	76,060	80,737	(4,677)	-5.8%
Utility Reimb	1,068	1,975	(907)	-45.9%	1,873	3,899	(2,026)	-52.0%
Insurance Reimb	11,520	13,023	(1,503)	-11.5%	23,135	26,193	(3,058)	-11.7%
Property Tax Reimb	54,957	61,492	(6,535)	-10.6%	110,888	120,853	(9,965)	-8.2%
Sign Reimb	750	750	0	0.0%	1,500	1,500	0	0.0%
Elec Reimb	0	0	0	N/A	101	0	101	N/A
Water Reimb	9,018	11,121	(2,103)	-18.9%	20,121	22,242	(2,121)	-9.5%
Dumpster Reimb	(785)	2,354	(3,138)	-133.3%	1,569	4,708	(3,138)	N/A
Prior Year-CAM	69,452	0	69,452	N/A	80,592	0	80,592	N/A
<b>Total Expense Reimbursement Revenue</b>	<b>183,819</b>	<b>131,660</b>	<b>52,159</b>	<b>39.6%</b>	<b>315,840</b>	<b>260,132</b>	<b>55,708</b>	<b>21.4%</b>
<b>Other Income</b>								
Sales Tax Allowance	90	90	0	0.0	180	180	0	N/A
Interest Income	9	0	9	N/A	42	0	42	N/A
<b>Total Other Income</b>	<b>99</b>	<b>90</b>	<b>9</b>	<b>N/A</b>	<b>222</b>	<b>180</b>	<b>42</b>	<b>N/A</b>
<b>Total Income</b>	<b>608,405</b>	<b>582,103</b>	<b>26,302</b>	<b>4.5%</b>	<b>1,179,923</b>	<b>1,149,883</b>	<b>30,041</b>	<b>2.6%</b>
<b>Operating Expenses</b>								
Total Common Area Expenses	31,850	51,843	19,993	38.6%	74,313	97,898	23,585	24.1%
Total Property Tax Expense	66,669	66,669	0	0.0%	133,339	133,339	0	0.0%
Total Insurance Expense	16,268	15,115	(1,152)	-7.6%	30,895	29,743	(1,152)	-3.9%
Total Misc Recov Operating Exp	18,742	17,075	(1,668)	-9.8%	37,926	34,150	(3,776)	-11.1%
Total Non-Recoverable Operating Expenses	876	480	(396)	-82.6%	1,089	1,710	621	36.3%
<b>Total Operating Expenses</b>	<b>134,405</b>	<b>151,183</b>	<b>16,777</b>	<b>11.1%</b>	<b>277,562</b>	<b>296,840</b>	<b>19,278</b>	<b>6.5%</b>
<b>Net Operating Income</b>	<b>474,000</b>	<b>430,920</b>	<b>43,079</b>	<b>10.0%</b>	<b>902,361</b>	<b>853,042</b>	<b>49,319</b>	<b>5.8%</b>
<b>Non Operating Expenses</b>								
Total Financing Expenses	172,552	170,676	(1,876)	-1.1%	339,598	341,352	1,755	0.5%
Total General and Admin Expenses	51,211	25,838	(25,373)	-98.2%	105,308	46,675	(58,633)	-125.6%
<b>Total Non Operating Expenses</b>	<b>223,762</b>	<b>196,514</b>	<b>(27,249)</b>	<b>-13.9%</b>	<b>444,906</b>	<b>388,027</b>	<b>(56,879)</b>	<b>-14.7%</b>
<b>Net Income/(Loss)</b>	<b>250,237</b>	<b>234,407</b>	<b>15,831</b>	<b>6.8%</b>	<b>457,456</b>	<b>465,015</b>	<b>(7,560)</b>	<b>-1.6%</b>

## Financials: Balance Sheet

**As of June 30th, 2020**

<b>Assets</b>		<b>Liabilities and Equity</b>	
<b><u>Current Assets</u></b>		<b><u>Liabilities</u></b>	
Cash - Operating	391,205	<b><u>Current Liabilities</u></b>	
Cash - Operating 2	12,299	Tenant Security Deposits	72,411
Cash - Security Deposits	69,228	Prepaid Rents	15,008
Utilities Deposits	15,705	Accounts Payable	38,339
Loan Commitment Deposit	10,000	Accrued Expenses	6,172
<b>Total Current Assets</b>	<b><u>498,438</u></b>	Accrued Interest	58,142
		Accrued Property Taxes	133,339
		Sales Tax Payable	16,134
<b><u>Property and Equipment</u></b>		<b>Total Current Liabilities</b>	<b><u>339,544</u></b>
Building	18,830,000		
Building Improvements	42,150	<b><u>Long Term Liabilities</u></b>	
Property Improvements	11,921	Mortgage Payable	12,276,400
Construction in Progress	16,117	<b>Total Long Term Liabilities</b>	<b><u>12,276,400</u></b>
<b>Total Property and Equipment</b>	<b><u>18,900,188</u></b>	<b>Total Liabilities</b>	<b><u>12,615,944</u></b>
<b><u>Other Assets</u></b>		<b><u>Equity</u></b>	
Loan Costs	536,020	Owner Contributions	7,745,000
Acquisition Costs	412,441	Distribution to Owner	(1,214,965)
Capitalized Leasing Legal	26,213	Retained Earnings	1,605,440
Lease Commissions	61,581	<b>Total Equity</b>	<b><u>8,135,475</u></b>
Accounts Receivable	213,558		
A/R - Other	45,998		
Due From Intermediary	25		
Prepaid Insurance	56,958		
<b>Total Other Assets</b>	<b><u>1,352,793</u></b>		
<b>Total Assets</b>	<b><u>20,751,420</u></b>	<b>Total Liabilities and Equity</b>	<b><u>20,751,420</u></b>