



MEMBERSHIP OVERVIEW

Questions & Answers

FORWARD

When I started in the family office industry five years ago it became apparent to me that a majority of family offices could benefit from additional real estate deal flow and from a strict due diligence process by industry experts.

Please find the answers to the most commonly asked questions by potential members for The Family Office Real Estate Consortium.

We hope you will be part of this member only community and take advantage of this group for your family.

DJ VanKeuren

VP – Private Single Family Office

Managing Member

The Family Office Real Estate Consortium



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THE FAMILY OFFICE REAL ESTATE CONSORTIUM

The Family Office Real Estate Consortium (FOREC) was created for Family Office investors from around the country, to increase their real estate direct deal flow and to provide an institutional type of due diligence to opportunities. The member only group gathers multiple times a year to review current investments, see new investment opportunities, and to learn from industry experts on trends, challenges, and opportunities, all while meeting other families.

The following is a set of questions and answers that we believe will be of help in your decision-making process. We hope you will join the consortium in this member only organization.

Q: WHY BECOME A MEMBER AND WHAT ARE THE BENEFITS TO BE A MEMBER?

A: The following is a list of the benefits of becoming a member of the consortium:

- To receive **deal flow** that members would never have seen;
- To **receive pre-screened, direct real estate investments** that have gone through a rigorous due diligence process;
- To be able **to look at deals provided by other members** that have already worked with an operator and had investment success;
- To **receive lower fees** on deals due to negotiations as a group with sponsors;
- To **discuss potential deals** as a group or with other members;
- To **have an asset manager who is investing alongside** other members to help with the oversight and performance of any properties the group invested in;
- To **stay on top** of industry trends, markets, and opportunities;
- To **help real estate operators grow** through investments;
- To **be able to attend member-only** due diligence conferences & local events;
- To **meet other family offices** and family office professionals.
- To potentially **save \$100,000s to Millions of dollars in transactions** and opportunity costs from bad investments;
- To **keep from having an in-house person to evaluate direct real estate deals** which would cost the family office between \$80 to \$125K for an analyst per year plus taxes and insurance.
- To **gain an understanding of market cycles** to help understand where and what to invest in;
- To **obtain access to supporting real estate education** from The Family Office Real Estate Magazine, The Family Office Real Estate Institute, Podcast and News Network.



Q: HOW MUCH WILL IT COST ME AND MY FAMILY OFFICE TO BE A MEMBER?

A: Membership costs are \$2200 a year if paid in full, or \$2400 a year if payments are made monthly by direct deposit.

Q: WHAT DOES THE MEMBERSHIP FEE GOES TOWARDS

A: The annual membership fees goes to consortium administration and operations cost.

Q: HOW MUCH DO I HAVE TO INVEST AS A MEMBER?

A: There is no minimum to invest on an annual basis. If you participate in any investment or not is up to you. Your only cost would be your membership fee.

Q: HOW MUCH OF MY INVESTMENT GOES TOWARDS THE INVESTMENT?

A: 100% of your investment dollars go directly to the investment.

Q: WHAT DOES THE MANAGING MEMBER OF THE CONSORTIUM DO?

A: The consortium is run by a managing member, helping the member only organization by:

- Coordinating deal flow
- Coordinating due diligence
- Negotiating on behalf of the members with operators
- Overseeing property performance
- Overseeing member performance statements
- Acting as a real estate asset manager on behalf of the group
- Structuring LLC's for the investments as a group
- Be the liaison with members and their investments
- Overseeing and coordinating member conferences and events

Q: WHAT IS THE BENEFIT TO THE MANAGING MEMBER?

A: The managing member who runs the group does not charge the members anything on their investment. The cost to the member is for the annual membership fee which goes towards administration and organizational costs.

Q: HOW DOES THE MANAGING MEMBER OF THE CONSORTIUM MAKE MONEY?

A: The manager will be structuring incentives from the operators and not the members side. The focus is on not hindering returns for the investors. Remember, the managing member will also be negotiating for an improved economic structure with the operator for all members.

(All compensation/incentives to the managing member is fully disclosed per transaction with members)

Q: WHAT BENEFIT DOES THE MANAGING MEMBER ACTING AS A REAL ESTATE ASSET MANAGER PROVIDE TO MEMBERS?

A: This relationship is a crucial portion of real estate investing, much like the way a board of directors must work closely with the CEO or COO of a corporation.

A real estate asset manager is there on behalf of the consortium members and is meant to cultivate market value and assist in maximizing returns so members can increase their returns and grow their real estate portfolio. Asset management is not to be confused with real estate property managers, who handle the day-to-day activities related to a property's operations and physical structure.



An asset manager is also there to ensure the member's investment doesn't depreciate and mitigate risk.



Q: HOW ARE DEALS STRUCTURED?

A: We will structure every investment as a group of interested members.

- The consortium is to be able to negotiate as a group for lower costs.
- The Family Office Real Estate Consortium will form LLCs for each investment vehicle and manages all the paperwork and record-keeping.
- Upon creating of the entity to invest for all members, 100% of the money will invest directly into the transaction.
- \$3500 for each transaction will be allocated pro rata between investing members to pay for legal documents and LLC formation.

Q: WHAT IS THE CONSORTIUMS INVESTMENT FOCUS?

A: The following are areas of focus but may expand based upon the demands of our members:

- Primarily quality properties in secondary and tertiary markets. Primary markets will be considered based upon members interest.
- Experienced operators in their respective property type
- Areas of demand & growth
- Properties between \$10MM and \$40MM (or larger based upon members demands)
- Opportunities based upon the market cycle. Including but not limited to the following property types: Multi-family | Workforce Housing | Senior Apartments | Industrial | Self-Storage | Mobile Home Parks | Medical Office | Assisted Living
- Value Ad | Opportunistic | Development | Core | Core plus (cash flowing)
- Maximizing tax efficiencies using strategies such as cost segregation | depreciation | and deductions
- A variety of hold periods will be available based upon members demands. That could be 15 years plus, 10 years, 5-7 years, or 3-5 years or any inbetween.

Q: WHAT ARE THE DEAL GUIDELINES

A: The deal guidelines are as follows:

- When multiple family offices are interested in investing in a deal, the group will try to negotiate better pricing
- When a transaction is oversubscribed, it will be on a first come first served.
- No “gaming” meaning that people are not allowed to put in a higher commitment knowing that they will be cutting back.

Q: ARE THEIR CONSORTIUM MEETINGS

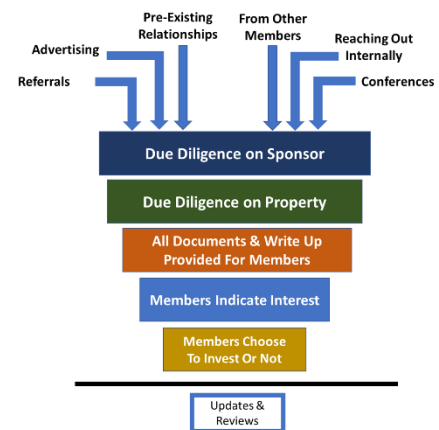
A: Yes. We will hold member conferences every four to six months to review new investment opportunities, review the progress of past investments, and hear from world-class speakers with relevant expertise. Our conferences are held in Denver, Aspen, Vale, and Colorado Springs.

We also plan on having day events in major cities such as New York, Chicago, Los Angeles, San Francisco, Dallas, and Palm Beach.

Q: WHAT DOES THE DUE DILIGENCE PROCESS LOOK LIKE AND WHO DOES THE DUE DILIGENCE?

A: The final review will be by the managing member who has a real estate private equity background and has structured over \$4 Billion of equity and debt with projects sized from \$5MM to \$450MM.

Also, before the final review, the consortium will be using the experience of third-party due diligence providers, including Mick & Associates, Buttonwood Financial, and RCLCO. Between all of those involved, we have done over \$20 BB worth of multiple property types, locations, and transaction sizes.



Q: WHERE DOES THE DEAL FLOW COME FROM

A: The deal flow comes from a variety of sources. The managing members own deal flow, personal contacts, conferences, and other members. In the future, we will advertise the group to increase deal flow.



Q: WHAT DO I NEED TO QUALIFY?

A: The following are the qualifications for membership.

- Members must be a Family Office or Family Office Professional;
- Family Office Professionals can participate as individuals (if so, they must meet the criteria of an accredited investor – see SEC web site for the full definition) or as the voice of a Family Office;



- A member must have the authority to commit on behalf of their Family Office which itself has the standing to invest funds;
- Members must be an individual or an LLC, LLP, C-Corp, or S-Corp;
- Members must be willing to submit opportunities for additional deal flow;
- The member will agree to be actively involved in The Family Office Real Estate Consortium as well as agree to help build the ecosystem of the consortium;
- Must not be a service provider;
- The entity/person will have to sign rules of membership and FOREC agreement.

Q: CAN MY FAMILY OFFICE SUBMIT INVESTMENT OPPORTUNITIES FOR OTHER FAMILIES TO COINVEST WITH US?

A: Yes, you can; however, you will then need to qualify as any other operator. That means being underwritten both as a sponsor/operator on each deal that you submit. You will also need to negotiate terms like any other operator with the managing member.

You still may invest in other deals as a member. If your primary reason for being a member is to submit deals that you are working on, you will then be considered a operator / sponsor rather than an investor.

Q: WHAT ARE THE EXPECTATIONS OF THE MEMBERS?

Trust - Open communication and trust are essential for member participation.

Confidentiality - Information shared by members must be treated as sensitive and confidential.

Professionalism - Participation in the discussions, debate, and business dealings are to be conducted professionally and respectfully.

No Bypassing – If a deal goes through the due diligence process at the consortium, we expect members NOT to go around the consortium and invest directly with the operator. We hope a member will not want to anyway due to the ability of the consortium to negotiate better terms.

Participation - Members are expected to share ideas, deal flow, and challenge the thoughts of others.

No Selling - FOREC is a forum for the exchange of ideas and information, opportunities, and a vehicle for mutual cost reduction. If a member is soliciting other members for their own opportunities, they will be asked to leave the consortium.



No Raiding - Fellow members are not to be targeted as potential clients, investors or as possible staff.

Honor System - FOREC operates under an honor system, and we trust that admitted members have a high degree of integrity and respect for the privacy of the group. FOREC reserves the right to dismiss members from membership if there is a violation of trust.

Q: HOW DO I BECOME A MEMBER?

A: To apply for membership, or to get more information call or email DJ Van Keuren at djvk@familyofficerem.com or call 206.898.2565

Applications may be submitted online www.familyofficerealestateconsortium.com/apply