

*Spring 2019*

When we launched Foundation Capital Partners in the Spring of 2018, people always asked us for our strategy. In fact, they still do. The institutional real estate investment market tends to favor those that specialize in particular asset classes. They even more so favor those who focus in particular assets classes in particular geographies. For better or worse, we are not that - nor is it something we set out to be when we founded our firm.

Our foremost vision in founding our firm was to simply identify interesting opportunities that generate outsized returns. To accomplish that, we realized our scope would have to be broader than usual. We are asset class and geographically agnostic. Instead, we look for new trends, disruption, distress or unique circumstances surrounding opportunities. We appreciate that we are not best-suited to swing hammers or lease-up assets better or faster than our peers. What we are willing to do is roll-up our sleeves, dig deeper, learn more and be more creative and tenacious in our approach than our peers. By doing so, we are confident in identifying interesting and complex opportunities in which we create value immediately upon acquisition.

So far, our approach is working. In a year, we have acquired assets from coast to coast that span industrial, office, retail and multifamily. We have acquired assets, are building assets and have originated debt. We have left our ego on the sidelines and have brought in expert partners on every deal to make our partnerships specialized - we share economics and align interests. Yes, it is important to have specialized expertise, but it is more important to find compelling opportunities. We think we are better-suited at the latter and can figure out the former.

The commercial real estate market is being disrupted - everything is for that matter. We are not talking about blockchain - while that is something we see as very real, we do not anticipate real estate transactions being entirely tokenized within the next decade. Co-working, co-living, ride sharing, autonomous vehicles and ecommerce are all disrupting real estate in an impactful way.

While looking for disruption, we are also always searching for special situations relating to transactions or the capital markets. We have focused on assets well below replacement cost with limited downside and high in-place yields. We have found these opportunities most prevalent in the mid-market which is often overlooked by larger investors. We have also focused on Qualified Opportunity Zones and are actively developing an e-commerce distribution asset in an Opportunity Zone - the nexus of two of our investment themes.

It has been a productive and interesting first year for Foundation Capital Partners. In hindsight, we are in fact specialized real estate investors - we are sharpshooting compelling opportunities. We are anxious to see what our second year brings to the firm.

Foundation Capital Partners