

**WE
SPEAK
MULTI-
FAMILY**



7114 E. Stetson Dr., Suite 360, Scottsdale, AZ 85251
626 Wilshire Boulevard, Suite 200, Los Angeles, CA 90017

www.sterling-partners.com

OUR FOCUS

Sterling invests in multi-family properties in high growth geographic regions where we believe the market and the trends in such areas will yield compelling returns on a risk-adjusted basis. Based on Sterling's collective experience from many real estate cycles, we find stability and value in affordable Class B workforce housing (as compared to the high cost of build Class A housing).

Employing a defensive strategy with calculated upside, Sterling believes the existing rent differential

between Class A and Class B multi-family investments provide protection in an economic downturn. We employ a fundamental value-oriented approach to investing, and a granular, hands on focus on asset management, in order to enhance investments which are under-managed and under-capitalized.

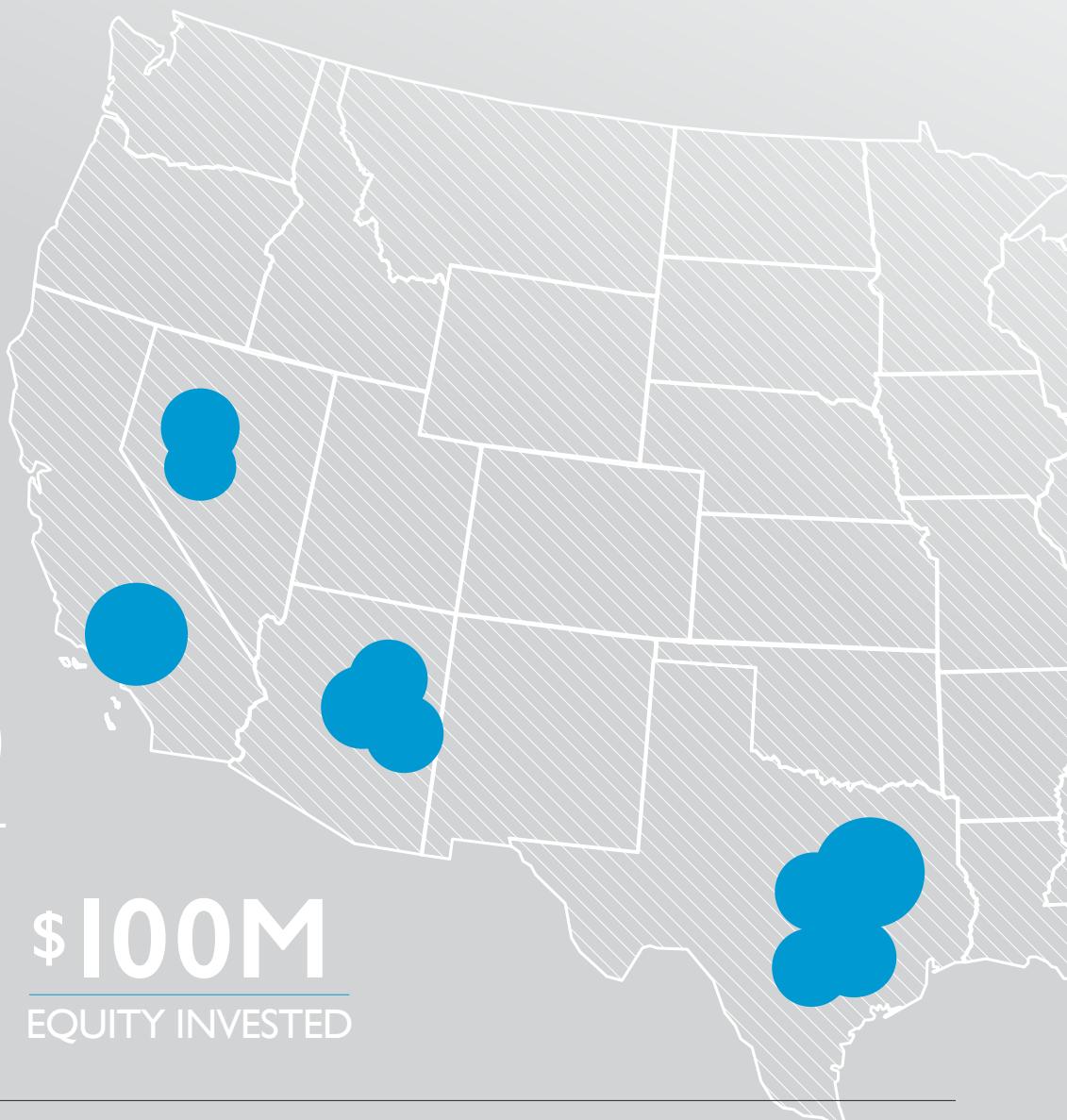
Using prudent leverage and pursuing off market transactions, Sterling is targeting gross IRRs ranging from 16-22%. Typical single asset acquisitions have a total capitalization between \$5 million and \$35 million.

\$300M
TRANSACTION
VOLUME

30%^{HISTORICAL}
IRR
OVER 4 YEARS

3,690
UNIT COUNT

\$100M
EQUITY INVESTED



WE ARE PROFESSIONALS

STERLING'S SUCCESS IS A DIRECT RESULT OF IMPLEMENTING DIFFICULT REPOSITIONING STRATEGIES AND MAXIMIZING FINANCING STRUCTURES TO CREATE VALUE FOR OUR PARTNERS.



DAVID ZEFF
MANAGING MEMBER

David has over 25 years of experience in the acquisition, value enhancement and disposition of institutional and private real estate. Prior to forming Pacific Real Estate Partners in 2005, David was directly responsible for acquisitions and asset management of two privately held real estate investment firms in the San Francisco Bay Area and Western States. David's experience includes the acquisition and asset management of over \$400 million of commercial real estate including office, industrial, retail and single and multi-family properties. David has a BS in Economics from the University of Arizona and is active in various real estate trade organizations.



MICHAEL BARKER
MANAGING MEMBER

Since founding Barker Pacific Group in 1983, Michael has directed the development of over \$3.0 billion in commercial projects. His active focus is the acquisition, development and management of residential and commercial property. Over the past three decades, he has organized projects in Los Angeles, the San Francisco Bay area, San Diego, Phoenix, Houston, Miami and San Antonio. Prior to starting BPG, Michael was an officer at Hines where he headed up development of over 4 million square feet of office space in the southwest US. Michael is on the Board of Pepperdine University, the Urban Land Institute, the Los Angeles Economic Development Corporation and Lambda Alpha International. He holds a MBA from the University of Texas at Austin and a BBA from Abilene Christian University.

OUR ADVANTAGE

Vertically Integrated

Managing our own assets allows Sterling to provide the highest level of service, tailored to meet the individual needs of our residents, employees, and partners. We can reduce long-term business costs for the stakeholders while maximizing the resident experience. Streamlined decision making and clear communication allows for timely execution of the business plan and other management services and initiatives that directly impact the investment.

Strong Reputation

Strong relationships and reputation for integrity, reliability, creative problem-solving and performing under limited time constraints help generate attractive and consistent deal flow of off-market opportunities.

Alignment of Interests

There is always net equity invested after fees. The principals and employees invest at least 10% of equity in each investment and broadly share the promoted interest among the professional staff.



INVESTMENT STRATEGY



Fundamental Value Approach

We pursue investments at discounted values relative to stabilized cash flows, market comparables and replacement cost. Investments are also underwritten on an unleveraged basis and then capital structures are optimized to maximize risk-adjusted returns.

Target Investment Characteristics

Opportunities to add value at the asset level through revenue enhancement initiatives, improvements to operating efficiency and the implementation of capital expenditure programs to upgrade or reposition under-utilized assets including:

- Significant discounts to replacement cost and attractive stabilized cash yields
- Partnership distress and other complex situations
- Opportunity to generate attractive returns using conservative underwriting

Geographical And Property Type Focus

Primary focus on high growth, rent-to-own imbalance, and supply-constrained markets in western and southwestern United States. Assess opportunities across all multifamily properties, with an emphasis on value-add Class B and Class C assets.

OUR PROCESS

VALUE-ADD STRATEGY

1

Capture the spread between stabilized return on cost and exit cap rates.

2

Pursue re-financings that will produce tax-deferred distributions.

3

Capture the premium for stabilized multi-family investments.

4

Take advantage of the high demand for multi-family investments.

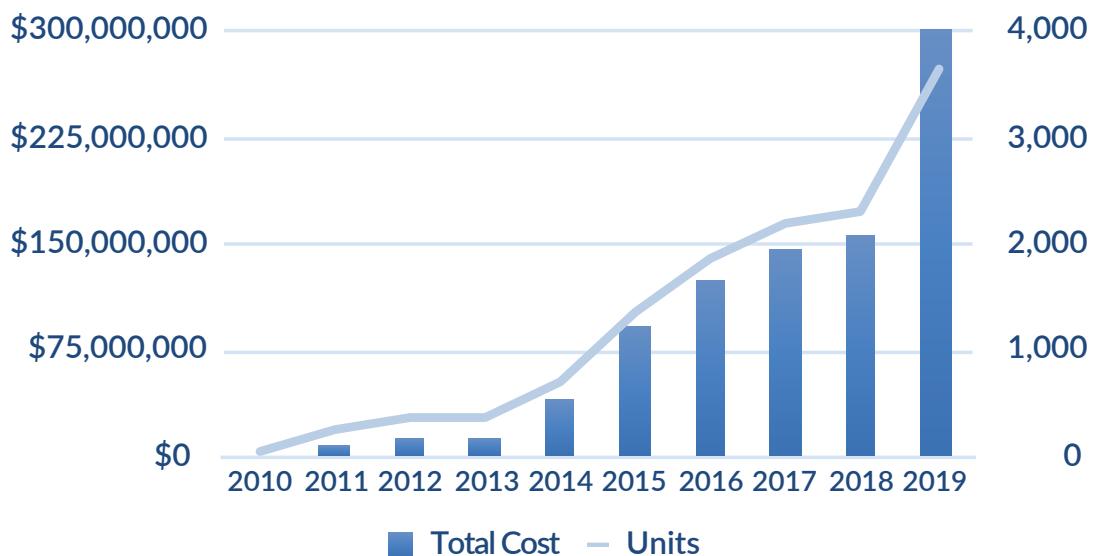
5

Disciplined philosophy to sell at the appropriate time.

6

Balanced approach between IRR and Equity Multiple.

STERLING INVESTMENTS



MEET THE TEAM



DAVID ZEFF
MANAGING MEMBER



MICHAEL BARKER
MANAGING MEMBER



RICHARD JOHNSON
CHIEF FINANCIAL OFFICER



AMANDA LAVALLE
GENERAL COUNSEL



NICK POTTER
PARTNER
CAPITAL MARKETS



LEA ANN SCOFIELD
PARTNER
ASSET MANAGER



CHRIS BADE
ACQUISITIONS/
PROJECT MANAGEMENT



CHRISTIAN PEREZ
CONTROLLER

About Sterling Real Estate Partners

Sterling Real Estate Partners (“Sterling”) is a fully integrated real estate investment and management company focused on value-add Multi-Family investments. Sterling’s success is a direct result of implementing difficult repositioning strategies and maximizing financing structures to create value for our partners. Sterling is located in Scottsdale, AZ with offices in Los Angeles, CA.



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