

THE GLR GROUND LEASE: A COMPELLING FINANCING SOLUTION

Transaction Size	Property Types	NOI Coverage	Rate	Geography	Risk Profile
\$10M - \$500M+	Mixed Use, Multifamily, Student & Senior Housing, Office, Industrial, Hospitality	4.0x – 7.0x	3.5% - 5.0%+	Top 50 MSA's	Core, Value Add, Ground Up Development

The **GLR Ground Lease** is an interest only, 99-year financing product intended to maximize sponsor's returns and seeks to address funding gaps due to cost overruns, vacancy, or lack of lender liquidity.

Maximize Returns

The GLR Ground Lease increases sponsor's overall IRR / cash-on-cash returns

Cost - Efficient Financing

Higher all-in "leverage" at a lower blended cost of capital than a senior / mezzanine loan

Reduce Risk

Limit interest rate and refinancing risk while also providing lenders with better DSCR's and debt yields

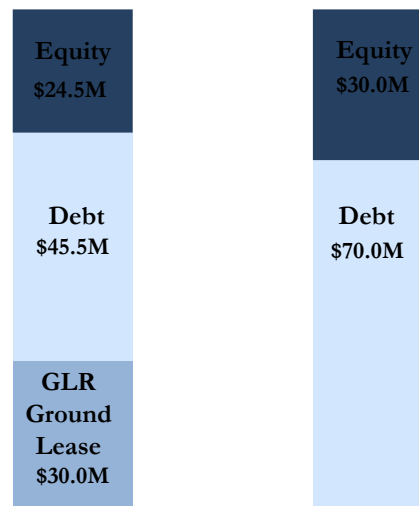
Lender - Approved

Banks, debt funds, CMBS, life companies & agencies are comfortable with the GLR Ground Lease solution

A One-Stop Shop Financing Solution

For select investments, the GLR Ground Lease provides proceeds both in the form of grounds lease and debt financing

The GLR Ground Lease **REDUCES** sponsor equity requirement¹



	GLR Ground Lease	Fee Simple
\$24.5M	Equity Requirement	\$30.0M
\$100.0M	Purchase Price	\$100.0M
20.3%	IRRs	15.4%
2.3x	Equity Multiple	1.9x
9.0%	Cash-On-Cash Return	7.8%
2.1x	DSCR	1.8x

Key Lease Terms

99 years, 2% annual rent escalations, periodic CPI rent resets, absolute triple net lease

Leasehold Lender Rights & Remedies

Standard notice and cure provisions to lessee and leasehold lender

Development Project Requirements

"Shovel-ready" projects: full permits, GMP construction contract, performance bond, loan agreement, and completion guarantee from Sponsor



GLR

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¹5-Year Hold Period with a loan rate of 4.25% and ground lease proceeds rate of 3.75%. Fee simple exit cap rate of 5.00% and leasehold exit cap rate of 5.25%.

SEASONED SPONSORSHIP ENSURES DEAL EXECUTION



Montgomery Street Partners (“MSP”) has created the **Ground Lease REIT** (“GLR”) as its exclusive vehicle to provide 99-year, interest-only ground lease financing, with such financing representing up to 40% of a project’s capitalization at a highly efficient cost of capital. GLR acquires the land under either a stabilized building, value-add asset, or a development project, and leases the improvements back to the building owner (“Owner”). Ground leases can be used to address funding gaps due to cost overruns, vacancy, or lack of lender liquidity. This structure creates two estates: GLR’s fee interest and the Owner’s leasehold interest, both of which are separately financeable and salable with few restrictions or encumbrances by the other party.

Montgomery Street Partners, the external manager and sponsor of GLR, is a global real estate investment manager headquartered in Dallas, TX focused on creating scalable operating platforms by providing strategic co-investment and/or entity capital to its exclusive real estate platforms in the US, Canada and the United Kingdom. MSP was founded in 2013 and has invested in real estate assets in excess of \$3 billion since its inception.

- » The MSP investment team has over 75 years of collective real estate investment experience, including over \$250 billion of transactional activity and significant experience in ground lease bifurcation and lease securitization
- » MSP manages discretionary funds focused on defensively-positioned, non-traditional real estate asset classes that perform well through all phases of the economic cycle
 - » MSP’s initial real estate investment vehicle (“Pre-Fund Venture”), acquired over \$1.7 billion of real estate assets during the 2013 through mid-2015 period. \$1.2 billion of this real estate has since been successfully realized
 - » MSP launched its discretionary investment fund business in 2015 with MSP GP Acquisition Fund, L.P. (“Fund I”) which is currently fully invested in \$1.2 billion of real estate assets
 - » MSP launched its second discretionary investment fund in 2019 with MSP GP Acquisition Fund II, L.P. (“Fund II”) and currently has over \$2 billion of remaining investment capacity in Fund II
 - » MSP formed GLR in 2020 to specifically target ground lease investment opportunities. The platform currently has investment capacity of \$1.25 billion to seek out and capitalize ground leases opportunities across all real estate asset classes in the US’s top growth markets