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"ANATOMY OF A DEAL" – JULY/AUGUST ISSUE

EAGLE ONTARIO PORTFOLIO: ***Deal Yields 91.58 percent total return to investors in 39 months***

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EAGLE'S FIRST DEAL

Without a track record, employees, corporate offices or even money in the bank, Eagle Real Estate Group landed its first deal in November 2000 – a $39 million, five-property portfolio which was purchased from a liquidating REIT. Thirty-nine months later, Eagle sold the portfolio for more than $56 million achieving a return for its institutional capital partner in excess of 28 percent.

CONTROLING THE DEAL

Eagle swung at a $40 million portfolio right off the bat. The principals were called into the REITS' corporate office for the beauty contest. Business cards were picked up from the printer en route to the seller's office, as Eagle sought to gain deal control. Eagle hoped its principals' prior individual successes and its substantial offer would entice the seller. Eagle convinced the REIT that, unlike the competition, the deal would be its sole focus, since closing would bring the creditability and notoriety needed to make a name in a very competitive industry.

FINDING INSTITUTIONAL CAPITAL

When Eagle was selected as the buyer for the portfolio, it felt like to proverbial dog that caught the car. After scrapping the deposit money together, the search for an institutional capital partner ensued. Since it was a start-up company and Eagle needed 100 percent of the requisite equity, the potential partner pool was very limited. Notwithstanding the fact that a noteworthy track record is usually the gate keeper to institutional equity, Eagle did in fact secure the requisite equity because it was a great deal!

ADDING VALUE

The portfolio was bond financed and presented opportunity for financial engineering. It was also under managed, presenting an opportunity for aggressive property and asset management. The property also had deferred maintenance and components that were inferior in the market and functionally obsolete. Eagle proposed a $3 million capital improvement plan. Eagle believed that it could reposition the asset and add value through financial engineering, good property and asset management and successfully executing on a capital improvement plan.