

# IGNITE

INVESTMENTS



Commercial Real Estate

# 5

Reasons to Invest



STRATEGIC COMMERCIAL REAL ESTATE  
INVESTMENT, DEVELOPMENT, AND OPERATING COMPANY





**\$2.9B**

total  
transaction value

**\$1.4B**

assets under  
management

**20+**

year  
track record

**125+**

completed  
transactions

## FOSTERING A STRONG CULTURE OF INTEGRITY & PRINCIPLED GOVERNANCE

- Founded 1999 | Headquartered in Dallas, Texas
- Vertically-integrated, actively managed commercial real estate company
- Research-driven, risk-averse investment strategy guided by an experienced and dedicated management team
- Value-add and opportunistic strategies intended to capitalize on market cycles, currently focusing on development and acquisition of multifamily and hospitality assets
- Generate sustained cashflow despite market instability through operating companies, including networked emergency rooms, partnered dental practices, and fast-casual dining
- Alignment of interests – Encore succeeds when its investors succeed

## PROVEN SUCCESS THROUGH MULTIPLE MARKET CYCLES

- Achieved strong performance across four verticals since inception
- Disciplined approach has generated income during bull markets while preserving capital during economic downturns



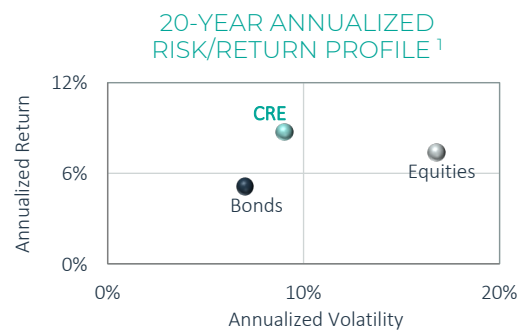
"Encore Enterprises' competitive advantage is our exceptional team and corporate culture, encouraging equal opportunity to engage and resulting in extraordinary performance which has benefitted investors for more than two decades."

**BHARAT SANGANI, MD**  
Chairman & CEO

## SUSTAINABLE LONG-TERM OUTPERFORMANCE ACROSS DYNAMIC MARKET CYCLES

## ENHANCED RISK-ADJUSTED RETURNS

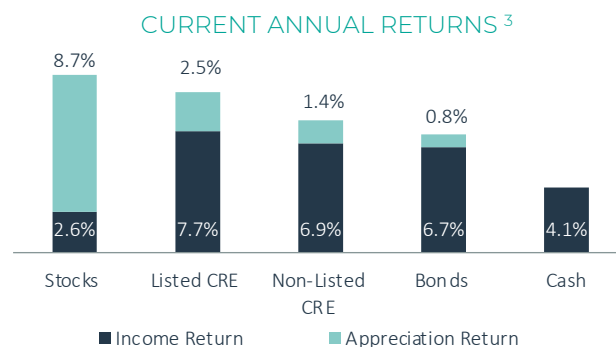
- Historically, Commercial Real Estate ("CRE") has experienced equity-like returns with bond-like volatility, falling in the most desirable northwest quadrant of the risk-return matrix
- Producing outsized returns at reduced volatility with low correlation to market instability



20-YEAR CORRELATION <sup>2</sup>

	CRE	Equities	Bonds	Public REITs
CRE	1.00	0.23	-0.13	0.32
Equities		1.00	-0.47	0.59
Bonds			1.00	0.14
Public REITs				1.00

- Favorable allocation to complement a typical portfolio of stocks and bonds
- Build equity through capital appreciation
- Generate long-term capital gains, a key contributor to wealth creation
- Attractive, high income-returning asset class, providing a hedge against inflation



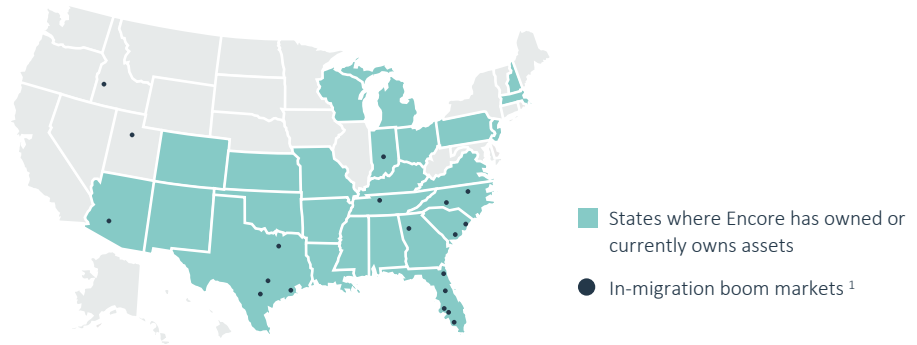
## PREFERRED ASSET CLASS

- With a compound annual growth rate of 3.4%, private real estate assets under management are forecasted to reach \$1.2 trillion by 2025 <sup>4</sup>
- Global institutional investors' average target real estate allocation increased to 10.6% for 2020, 10 bps higher than 2019 <sup>5</sup>

ENCORE HAS BEEN INVESTING IN NON-GATEWAY MARKETS FOR MORE THAN 20 YEARS, WITH EXTENSIVE EXPERTISE IN AREAS CURRENTLY EXPERIENCING OUTSIZED GROWTH.

### ENCORE TEAMS FOCUS ON WHAT THEY KNOW

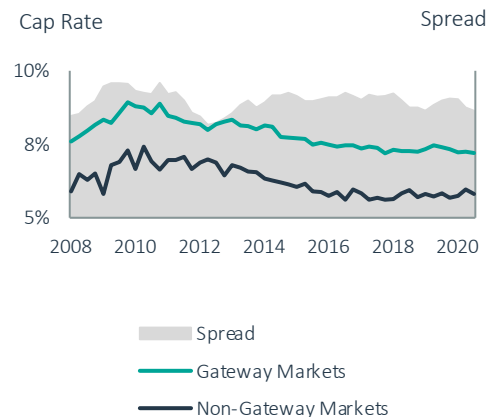
- Investing in non-gateway markets since 1999
- Deep knowledge of local markets, focusing on expanding cities' demographics, supply risk, development, and off-market opportunities



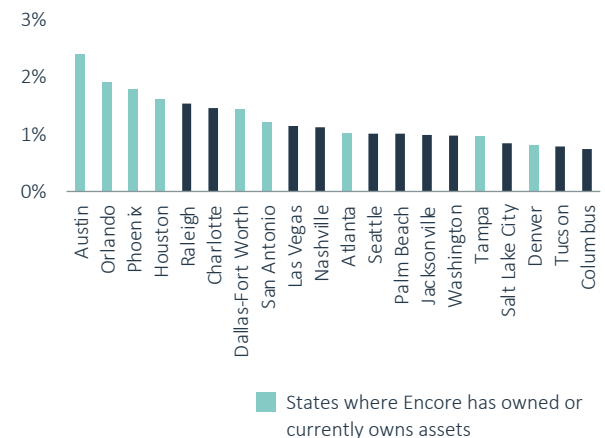
### CONTINUED SHIFT AWAY FROM GATEWAY MARKETS

- Cap rate spread between gateway and non-gateway markets remain favorable – an indication of slowing NOI growth in gateway cities
- Non-gateway markets offer diversified and strong employment and population growth, limited supply pipeline, and pricing below replacement cost <sup>3</sup>

#### CAPITALIZATION RATES IN GATEWAY AND NON-GATEWAY MARKETS <sup>2</sup>



#### TOP POPULATION GROWTH MARKETS <sup>3</sup>





## STABILITY THROUGH ADVERSITY

2020

**CORONAVIRUS PANDEMIC**  
Encore's portfolios outperformed national averages.

2007 – 2008

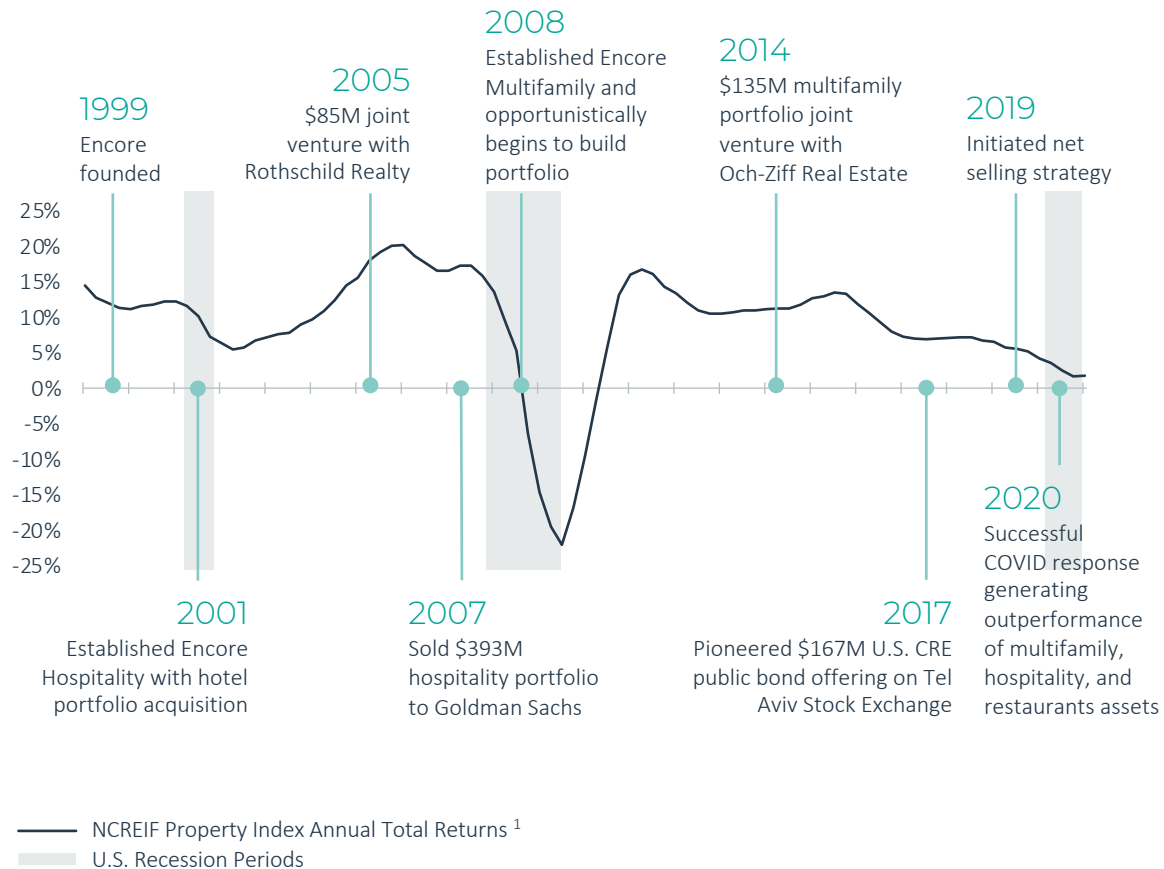
**GREAT FINANCIAL CRISIS**  
Anticipating a market shift, Encore completed profitable transactions ahead of the GFC and pursued distressed deals to build a successful portfolio throughout the recession.

2005

**HURRICANE KATRINA**  
Encore prioritized rebuilding the business as well as helping employees and their families rebuild their lives.

## PROVEN SUCCESS THROUGH MULTIPLE MARKET CYCLES

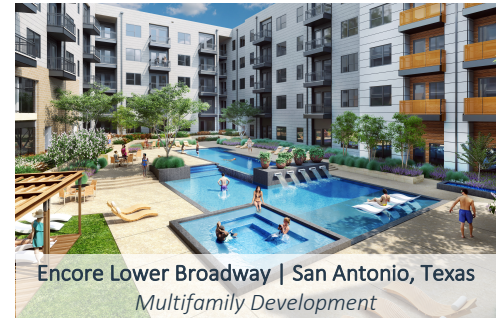
- Successfully weathered several economic downturns, maintaining operational stability while committing to capital preservation
- Historical precedence for well-timed transactions
- Owing in part to its deep financial reserves, Encore has not called capital from investors since inception, a testament to its strength as a sponsor



REAL ASSETS  
WITH  
TRADITIONALLY  
HIGH BARRIERS  
TO ENTRY

## SELECT MULTIFAMILY AND HOSPITALITY ASSETS

- Off-market opportunities sourced through extensive industry network and deep relationships
- Each investment decision must have unanimous approval by the Investment Committee, supported by research and analytics
- Well-timed exits at above-market valuations



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