



# REVESCO PROPERTIES TRUST

Management Report  
Q3 2023



**REVESCO**  
PROPERTIES TRUST

REAL ESTATE INVESTMENT TRUST

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## Management Update

Revesco Properties Trust Investors:

As we enter the fall season, Q3 2023 financials for Revesco Properties Trust ("RPT") have been finalized. Distributions will be sent no later than Friday November 10th with detailed statements including NAV to follow.

Q3 saw a continued decline in transactional sales volumes of all commercial real estate including open-air shopping centers. The scarcity of lenders providing debt coupled with equity staying on the sidelines due to the macro-economic environment are largely responsible for this decrease in transactional volume. Regardless, the gap between the bid and ask on acquisition targets is becoming more defined as mortgages come to expiry and need to be renewed at current market terms. The rise in interest rates has moderated and the market seems to be digesting this new reality. As a reminder to investors, RPT does not have any variable rate mortgage debt and the leverage in the investment portfolio is a conservative 49.67%.

At the end of August, RPT partnered with a Denver-based venture capital firm to provide a loan for a \$4 million preferred equity investment as part of a recapitalization of a 22,000 square foot two level state of the art oncology center in a highly desirable healthcare asset in Santa Barbara, California. The property is 100% leased to UCLA Health and guaranteed by The Regents of The University of California under a brand-new 10-year lease. This investment will yield 13% to Revesco Properties Trust.

RPT also went under contract on a property in Tustin, California this quarter and commenced due diligence on the asset. Through our due diligence process, we found an environmental issue as well as significant deferred maintenance that will require a multi-million dollar capital investment for items including a new roof, and electrical panel upgrades. This made this property unviable for acquisition and we have dropped it from our acquisition pipeline.

As we move into Q4, our acquisition pipeline is robust. Our team at Revesco continues to see strong deal flow in all the growing markets we are focused on and currently has a letter of intent out on an acquisition target. At RPT, we believe that the current market conditions of higher interest rates and lower available mortgage proceeds are lowering the basis on which we can acquire properties. Our continued expectation is we are entering a point in the economic cycle where we can acquire high quality assets at attractive valuations which are below replacement cost.

RPT continues to execute on our asset management plans and have performed several improvements to our open-air retail shopping centers this quarter. All investments in the portfolio are performing as expected and generating free cash flow. The portfolio is 98.56% occupied with a weighted average lease term ("WALT") of 3.99 years.

At RPT, we are excited about our next acquisition and thank you for your continued support.

Sincerely,



Christopher A. Wood  
Trustee

## Q3 Overview

### Highlights

- Provided a \$4 Million loan for a preferred equity investment in a medical office building in Santa Barbara, CA
- Delivered an overall occupancy of 98.56%
- Completed concrete repairs at Aspen Place
- Conducted landlord site visit in Bozeman to meet with tenants at 5 West
- Completed parking lot improvements at Preston Place

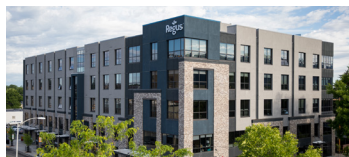


*Medical office in Santa Barbara, CA*



## Portfolio Summary

Name	Address	Asset Type	Size	Purchase Price	Purchase Date
5 West Commercial	5 W Mendenhall St. Bozeman, MT	Mixed-Use Condo Retail	37,668 SF	\$13.2M	May 2021
Harmony School Shops	2120-2226 E Harmony Rd. Fort Collins, CO	Multi-Tenant Retail	85,354 SF	\$19.2M	July 2021
Aspen Place at the Sawmill	319 Regent St. Flagstaff, AZ	Multi-Tenant Retail	99,566 SF	\$30.6M	December 2021
Preston Place	3426-3430 Preston Hwy Louisville, KY	Multi-Tenant Retail	134,019 SF	\$14.8M	July 2022
Park Lee Center	1615-1635 Camelback Rd. Phoenix, AZ	Multi-Tenant Retail	75,559 SF	\$11.6M	July 2022
<b>Financial Assets</b>					
Parker Loan	Broncos Pkwy & S Parker Rd. Parker, CO	Land Loan	92 Acres	\$6M	July 2021
Debenture Investment	4 Sites in Denver, CO	Convertible Debenture for Mixed-Use Development	308 Units	\$1M	December 2021
Santa Barbara Loan	111 E Victoria St. Santa Barbara, CA	Loan	21,970 SF	\$4M	August 2023
<b>TOTALS</b>			<b>432,166 SF</b>		



5 West Commercial



Harmony School Shops



Aspen Place at the Sawmill



Preston Place



Park Lee Center



Debenture Investment

## Property Highlights

### 5 WEST • BOZEMAN, MT

Revesco conducted a site visit this quarter to meet with tenants to discuss ongoing operations in the building. The focus for the next quarter will be analyzing our strategy for the onsite parking garage moving forward.



5 West	2023 Q1	2023 Q2	2023 Q3
Occupancy	100.00%	100.00%	100.00%
Avg in-place rents (\$/SF)	\$25.73	\$25.78	\$26.19
WALT (years)	4.88	4.63	4.38

### HARMONY SCHOOL SHOPS • FORT COLLINS, CO

Revesco contracted a local commercial real estate photography group to take new aerial and ground photos to highlight its strong curb appeal. The focus for next quarter is to maximize rates on lease renewals.



Harmony School Shops	2023 Q1	2023 Q2	2023 Q3
Occupancy	100.00%	100.00%	100.00%
Avg in-place rents (\$/SF)	\$18.61	\$18.68	\$18.68
WALT (years)	4.16	3.91	3.73

## Property Highlights

### ASPEN PLACE AT THE SAWMILL • FLAGSTAFF, AZ

Management completed concrete slab repairs inside REI per a lender requirement. Our focus for the next quarter will be to re-lease 3,966 SF of expiring or terminated leases. There are currently two new lease deals in the pipeline.



Aspen Place	2023 Q1	2023 Q2	2023 Q3
Occupancy	99.00%	99.00%	99.00%
Avg in-place rents (\$/SF)	\$24.44	\$24.73	\$24.80
WALT (years)	4.74	4.49	4.30

### PRESTON PLACE • LOUISVILLE, KY

This quarter, Revesco completed the parking lot mill and overlay project per the planned capital projects underwriting to continue to improve the value of this asset.



Preston Place	2023 Q1	2023 Q2	2023 Q3
Occupancy	100.00%	100.00%	100.00%
Avg in-place rents (\$/SF)	\$7.81	\$7.81	\$7.81
WALT (years)	5.19	4.94	4.69

## Property Highlights

### PARK LEE • PHOENIX, AZ

Revesco added additional security cameras to the center to improve public safety in the area. The focus for next quarter is to increase occupancy by marketing the recently available end cap space.



Park Lee	2023 Q1	2023 Q2	2023 Q3
Occupancy	93.63%	93.11%	93.11%
Avg in-place rents (\$/SF)	\$13.73	\$13.11	\$13.44
WALT (years)	2.63	2.38	2.44

## Financial Asset Highlights

### PARKER LAND LOAN • DEBENTURE INVESTMENT • SANTA BARBARA

We have roughly \$11.3M in financial assets in our portfolio that are accruing a weighted average of 10.81% interest per annum.

