

Ascentris

Investing for the investor



Gabe L. Finke, CEO, co-founded Ascentris, formerly known as Amstar Advisers, in 2010 as a Registered Investment Adviser to serve its institutional

clients and serves as its CEO. From 2003 until 2015, Finke was the CEO of Amstar Group. During his tenure, the firm became a leading global real estate investor with respected pension plans, insurance companies, private banks, funds of funds and family offices as clients and co-investors. Prior to Amstar, Finke was a principal at The Carlyle Group and head of European development at Prologis. Finke graduated with Highest Honors in Mechanical Engineering from Georgia Institute of Technology and earned an MBA from Harvard Business School.



Robert A. Toomey, Jr., President, co-founded Ascentris, formally known as Amstar Advisers, in 2010 as a Registered Investment Adviser to serve its

institutional clients and serves as its president. Toomey is responsible for all aspects of the Ascentris organization, including portfolio management and its fundraising capabilities. Prior thereto, Toomey served as a managing director at Amstar Group for 17 years, where he served on the executive and investment committees and over the years was responsible for the sourcing, underwriting, due diligence, transactional and joint-venture structuring, asset management, and dispositions of a significant portion of the company's office, industrial and multifamily investments in the United States. Toomey received a B.A. from Bates College.

Recently, **Geoffrey Dohrmann**, publisher and editor-in-chief of *Institutional Real Estate Americas*, spoke with **Gabe Finke** and **Rob Toomey**, the co-founders of Ascentris. The following is an excerpt of that conversation.

We understand that the separation between Amstar Group and Amstar Advisers has been finalized. What more can you tell us about this situation?

Finke: Amstar Group was formed in the 1980s as the real estate manager of a single family. I joined Amstar in 2003 and, over the following years, Amstar successfully invested in both the United States and emerging markets. In 2010, we formed Amstar Advisers and registered with the SEC for the purpose of serving institutional clients through the investment and management of real estate strategies throughout the United States. On Nov. 20, 2016, Amstar Group and Amstar Advisers officially separated, and we subsequently changed the name of Amstar Advisers to Ascentris.

Interesting. Can you tell us how Ascentris has changed now that it is no longer associated with Amstar?

Finke: Yes, there are a few significant differences worth mentioning. Ascentris is privately held and employee owned, so the management team has complete control of the company and its direction. We will only invest in U.S. real estate, and we are entirely focused on managing third-party institutional capital. Essentially, Ascentris' investment strategy and organizational structure have been dramatically simplified, which we believe allows us to spend significantly more time focused exclusively on the specific needs of our institutional clients and their investment objectives.

I imagine the past year has been highly disruptive to your business. Were you able to retain your clients during this time?

Toomey: Yes, it was disruptive, but we were able to retain all of our clients and all of the employees over the past year. Once the separation occurred, we made it a top priority to provide our clients and employees with full transparency into everything we were doing. It would have been easy for

the clients to terminate their commitments, but we were very fortunate they elected to maintain their portfolios and investment commitments with us. This has resulted in extraordinary and mutual loyalty. We are extremely grateful for those relationships, and nobody will work harder than we will to continue to validate their support.

This is really exciting. We don't see investment managers born very often. Tell us more about Ascentris, its team and its business strategy.

Finke: We couldn't be more excited about Ascentris' future. Most of us have been working together for over a decade, which we clearly enjoy or we would not have stayed together over this past year. The investment strategy is a continuation of what we have been doing for our clients for years: focusing on value-add strategies in U.S. markets. Our strength is investing in opportunities with only the best clients, employees and operating partners and together meeting the long-term needs of all of our stakeholders.

Tell us more about the culture you are trying to establish and develop for Ascentris.

Toomey: We have a unique opportunity to build the Ascentris organization and its culture from the ground up. We are very fortunate to be located in Denver, where we can benefit from the abundance of smart professionals that want to live here and take advantage of what the city has to offer and the type of lifestyle it affords their families. Similar to the culture we developed at Amstar, we have established Ascentris as an organization of hard-working individuals who are highly responsive and are willing to do whatever it takes to accomplish the organization's objectives.

Finke: I would like to add that we have built a culture of respect inside and outside the firm. We think if you treat people fairly and with respect, the way you would want to be treated, they will give you the best they have to offer. This applies to everyone that we do business with. We think our emphasis on building and maintaining relationships with a long-

term perspective delivers superior results, especially in tough times. Moreover, we have a culture that encourages decision making and responsiveness.

How is Ascentris able to invest across all property types?

Finke: That goes to the years of experience of Ascentris' management team. The senior team has a broad background in all property types, and most of them come from a development background. Having developed properties ourselves, we bring a unique perspective to the joint ventures we create. We not only understand the challenges our partners face, but we know that in development, quick decisions are the difference between success and failure. On acquisitions, we strive to buy the types of properties we would have built ourselves, ideally at a deep discount to replacement cost, of course, when the cycle allows. With our extensive knowledge and experience in all property types, we are able to invest our clients' capital no matter where we are in the market cycle. We think of ourselves as a rotational investor.

There is a lot of talk in the industry about the popularity of forming strategic joint ventures and separately managed accounts. Why are you focusing on those types of vehicles for Ascentris?

Toomey: We believe that in order for any organization to be successful, it needs to have a capital structure complementary to its investment strategy. In our case, we have been very successful in investing across all property types and geographic regions, depending on where the sectors and regions are within their respective cycles. This type of investment strategy requires having a very flexible capital structure so that we can rotate capital, depending on the opportunities in the market over the long term. As such, our investment strategy is best suited for vehicles that are longer in duration. Not only does this allow us to successfully execute our investment strategy, but it also results in developing a long-term client relationship that has been built on trust over many years. Our view is that a longer-duration vehicle is a terrific way for a client to get a significant amount of our time and attention, and a great way for us to stay focused on what is important: wisely investing and managing our clients' capital with a longer-term perspective in mind. We have built Ascentris, and its

organizational structure, around the thesis that we prefer to be investors first and fundraisers second; we believe our capital strategy accomplishes that.

Tell us something unique about your investment management approach.

Toomey: One thing that is unique is that we employ a "cradle-to-grave" investment management process, where the lead investment professional sourcing a particular investment is also responsible for closing and executing the business plan all the way through disposition. We believe a "cradle-to-grave" model is the best approach for our clients, investment professionals and operating partners. Because we are not organized functionally, we believe our approach ensures complete accountability for every decision and aligns the interests of our investment professionals with those of our clients. Additionally, it keeps our teams closer to their properties and markets, allows Ascentris to develop well-rounded real estate professionals, and promotes an environment that encourages stability among senior management. Finally, it offers our operating partners one point of contact, which significantly minimizes breakdowns in relationship management. This approach has always emphasized quality investing, rather than quantity investing, and is something we feel very strongly about.

Can you quickly tell us more about your current views of the U.S. property markets and what you find attractive today?

Finke: The property markets are changing quickly with the change in interest rates. It remains to be seen what happens in the debt markets with the recent dramatic rise in U.S. Treasuries. New

supply is having an impact on rents in most markets, less so in suburban locations. Investors are still wary of the suburbs, although the cap rate spread between urban and suburban continues to increase. Not all of the property types are at the same place in their respective cycles, which is why we like rotational investing. We can't really comment on which markets and property types we are targeting right now, but we will certainly send you the press release once we close!

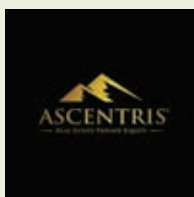
Tell us more specifically what you are trying to accomplish in the next 12 months.

Toomey: We have spent the majority of the last year internally focused: establishing our organization, managing our existing portfolio, and developing and implementing our processes and procedures. As such, we have not been actively marketing Ascentris and its capabilities during that time. Over the next 12 months, we plan on spending a lot of time asking people to get to know us, as we get to know them. Through those discussions, we believe we will find several institutions that have an interest in investing capital with a manager that has meaningful experience and a very successful track record in the investment strategies it has implemented since 2003.

Can you tell us more about your growth objectives?

Finke: It really is simple. Ascentris' future growth plans include a well-managed and responsible growth strategy, where it can manage a handful of significant and important clients over the next 10 to 15 years, exclusively focused on investing and managing real estate capital in the United States.

CORPORATE OVERVIEW



Ascentris is a real estate private equity company based in Denver, Colorado. Formerly known as Amstar Advisers, Ascentris invests in and manages commercial real estate in the United States on behalf of institutional investors. Since 2003, the Ascentris management team has focused exclusively on value-add and opportunistic investments across all the major property types. Ascentris is a privately held and employee-owned SEC registered investment adviser.

CORPORATE CONTACT

Robert A. Toomey Jr., President

1401 17th St., 12th Floor | Denver, CO 80202

+1 303-317-6464 | rob.toomey@ascentris.com

www.ascentris.com