WYATT
capital

February 21st, 2021

Dear Limited Partners:

What a year. A virus outbreak, a lockdown of the economy, a stock market crash and then an amazing recovery to record levels, massive government stimulus increasing the deficit by an amount greater than the last five recessions combined and in only a matter of a few weeks, a potentially emerging Cold/Trade War with China, a disputed election, urban rioting, a storming of the Capitol building, another impeachment proceeding, social media influence, and on and on, etc. Given the events of the past year and with asset pricing being generally "high", it is easy to be concerned about how investment portfolios may perform going forward from here in the near term. I share these concerns and expect that the result will be that any concerns may be appropriate or not depending on where an investor has elected to take on capital risk and what your duration intentions are. As indicated in my last Limited Partner investment letter, Wyatt Capital largely exited the commercial real estate market prior to the pandemic and has been evaluating what new opportunities exist for outsized returns (with no success yet) while managing the few remaining assets in our portfolio (which are generally positioned very well and have a likelihood to offer favorable returns). See below for current observations regarding the current investment environment.

Wyatt Capital's expectations for broadly achieving superior returns in the short to mid term in the commercial real estate markets for new capital entering the market today are low and are so for the following nine (9) reasons.

1. There will be fewer desirable distressed assets available at attractive pricing than expected this year
2. Asset pricing will generally remain high as will construction costs
3. Fiscal Stimulus
4. Abundant capital
5. Stable capital markets
6. Low interest rates
7. The long term attractiveness of investing in the USA compared to other markets
8. The unknown duration of Covid and related strains
9. Inflation unknowns

These variables and more are most likely to contribute to an environment of frustration for capital looking for broad and high return opportunities in distressed assets that are typically available in a traditional end of cycle market downturn. Let's break it down.

**1. Fewer desirable distressed assets will be available at attractive pricing than expected this year**

Why? There are several reasons. To begin with, borrowers have more equity invested in their projects and lenders have generally been more disciplined with their LTV's when lending on commercial real estate resulting in lesser capital risk for the lender. Low interest rates afford borrowers a lower cost of owning assets allowing them to be carried for longer. The market and politics of the day recognizes that there is no "bad actor" to blame for the economic problems related to the pandemic and this inures to the benefit of the borrower who is getting cooperation from its lender who, in turn, is getting cooperation from its regulator. This very friendly environment, starting from the regulatory agencies and extending down through the borrower, offers the luxury of time for all parties to deliberately be patient with the asset recovery process and without pressure for lenders to take capital losses quickly while seizing collateral assets. Government stimulus support and forbearance policies for businesses and borrowers has provided for the slowing down of, if not the temporarily halt of, the traditional process of lenders foreclosing on nonperforming assets. The opportunistic distressed asset funds that are poised with dry powder to pick up distressed real estate assets may be disappointed in the lack of opportunity here and may be waiting for a frustratingly long time to see the assets they are looking for come to market at the prices they are optimistically anticipating. Additionally, the assets that do come to market quickly are likely to be so problematic (see broken retail assets such as malls that are not ready to be something else yet and also are not easily convertible even when they are ready) that there isn't a near term solution to be profitable and may present a value trap given what appears to be cheap pricing on the surface but lacking a viable path forward in the near term. Also, there is not a consistent level of distress amongst asset classes as some classes have gotten fundamentally stronger during the pandemic (see industrial and single family residential).

**2. Asset pricing will remain generally high as will construction costs**

As a result of the lack of pressure on all parties to the process to take losses, and with the cost of carrying assets at historically low levels and acquisition debt being very cheap, property owners will not be inclined to sell at a discount as long as they have reasonable time to work through any asset problems they may be facing whether it's vacancy, construction costs, budgetary issues, or short term demand issues caused by the pandemic. This is likely to broadly be the case, although not universally so, as there certainly will be some exceptions in certain sectors and geographies and with certain borrowers who are ill equipped to successfully manage through their asset problems. This dynamic presents a crease for new capital to potentially enter assets favorably but does not appear to be a broad opportunity at this point. Additionally, we expect no slow down going forward in the costs of construction despite the pandemic pause in 2020. Construction pricing has been steadily increasing throughout the last real estate cycle and appears it will continue with its upward trajectory - and may even spike higher due to inflationary pressures. See lumber prices where price spikes are already occurring.

**3. Fiscal Stimulus**

The stimulus previously provided by the government and the pending new 2021 stimulus that is likely in the near term only serves to afford all parties who participate in the performance of an investment property the necessary "staying power" to deal with short term cash flow and financial problems. This source of capital is favorable for a tenant who may be struggling to pay rent or make payroll, a borrower looking for relief from its lender, a lender who is at risk of not getting paid debt service, and the regulator who is monitoring the lender. Whereas lenders were the "bad actors" in 2008 and were largely considered the cause of the financial crisis, lenders today are in position to be part of the solution and are eager to play the role of the "good guy" - and have the regulatory support to do so and strong balance sheets at this point in the pandemic. Also, bank currency's (stock prices) are generally at the highest levels seen in over a year which sets the table for an active M&A market in the financial services industry.

**4. Abundant Capital Availability**

In short, lenders are well capitalized and investment capital is abundant, available, and active. Although construction lending for speculative new construction may be tighter than it was pre-pandemic in the short term in some areas while we all await the outcome of the pandemic and it's greater long term effects (or lack thereof) on the usage and utility of real estate; generally speaking, debt capital is available and there are a large number of good, well capitalized borrowers in the market looking to make investments and borrow capital to help fund these investments. This is an extreme difference in comparison to 2008, when debt capital essentially almost disappeared and caused a massive decrease in asset values for virtually all asset classes - and the government rescue stimulus funds (TARP) primarily went straight to bank reserves (instead of flooding into the money supply as is occurring with today's stimulus). In 2008, "pretend and extend" was the mantra for lenders as the foreclosure process played out somewhat slowly between 2009-2013 - it took months and years for assets to be foreclosed and clear the market despite regulatory pressure to force capital losses and punish the banks on the heels of the TARP bailout. Circumstances are quite different today- although lenders are better positioned to absorb losses on their balance sheets at this point, they are under no pressure from regulators to do so.

*Note that there is a shadow lending industry that is private equity driven that has emerged in the last credit cycle that perhaps has been more aggressive than traditional lenders and some distress certainly is possible within this credit community. However, the unregulated nature of these nontraditional lenders offers opportunity for them to conduct their business with more flexibility with how they address such credit problems compared to regulated traditional lenders.

**Note that coming out of the 2008 financial crisis, that quality assets that were leased to stable occupancy levels (90+%) and had long term credit cash flow in place continued to trade at very high relative pricing given the durable, predictable yield those assets offered to the capital markets - and the same dynamic can be expected to materialize in 2021 for similar credit worthy assets with long term committed cash flow. Demand for long term credit yield will be typically robust in this low interest rate environment. This dynamic bodes well for our partners in the 3333 Riverwood Parkway office asset which we will be taking to the capital markets immediately for a late spring/early summer sale.

**5. Stable Capital Markets**

There has never been more capital availability and general liquidity than there is today - and this is not likely to change quickly. This unprecedented amount of dry powder sitting on the sidelines looking for a home is going to collide against itself frequently while looking for a place to land. This capital abundance will generally buoy asset pricing in all asset classes as demand for investments remains extraordinarily high.

**6. Low Interest Rates**

Given the Fed's clear indications regarding low rates and with how inflation will be allegedly treated, it appears we can expect short term rates to stay relatively low in the near term which will inure to the benefit of all parties. Low rates allow a borrower to buy time to work out problems and further allows borrowers with assets that are performing well to enhance asset performance. Low rates also enhance the acquisition math for new players trying to put capital to work in new projects and serves to support higher asset pricing given the cheaper cost of debt capital. Lenders would prefer higher rates of course but they are perfectly happy to get paid their 3%-5% annually if that means the asset continues to perform as underwritten. However, the Fed does not control the entire yield curve and the inflationary pressures appear very real making the long end of the yield curve subject to a potentially steep rise. The Fed appears hyper focused on employment and additionally represents that inflation is not a current problem. It will be interesting to see what consequences ultimately result from Fed policy.

**7. The long term attractiveness of investing in the USA**

Despite the turbulent social and political environment we find ourselves in, the USA is still the greatest country on earth to invest and offers the best and safest place for capital to be invested with the greatest long term upside today. Notwithstanding concerns about the national debt now exceeding GDP and the potential threats of fiscal philosophies such as Modern Monetary Theory ("MMT") being considered in political circles as viable policy by some, it's more likely that the drivers of economic growth in the USA will yield a positive result and exceed/survive whatever the political concerns of the day are (barring any radical change to policy). It would be nice to see some discipline and some more centrist behavior in Washington D.C. that focuses more on compromise and playing things down the middle of the road with more fiscal responsibility as a priority; but regardless of whether that happens or not, the strength of our capitalistic economy is more likely to be generally robust over time than not but with customary volatility. It is unclear how far the pendulum is going to swing back to the left under the Biden Administration and how that will affect the overall investment markets - but the USA is going to ultimately be a prime place for investment in the short, mid, and long term regardless of where the political wind is blowing on any given day given our country's overall economic strength and lack of better options to invest elsewhere. The national debt is a concern given the principle that all debts come due and must be paid. The risks of carrying such a heavy debt load in a potentially higher interest rate environment is daunting for those responsible for paying the bills down the road.

**8. The unknown duration of Covid**

While the consensus in the marketplace appears to be that we are on the backside of the pandemic as a result of a vaccine that is being prepared and distributed today already, the nature of the pandemic and the potential that it becomes less manageable than expected in the short term is still a risk. If the risk of a mutating strain exists that might make the vaccine ineffective to any degree and/or limitations on global distribution of an effective vaccine exist, then the market will not be able to quickly begin to return to a state of normality. Should this worse case dynamic occur, it may ultimately lead to the aggressive write downs of asset values and marking of losses in a way that will allow for distressed assets to clear the market, but I expect the government stimulus and regulatory attitudes towards lenders and lenders attitudes towards borrowers will remain patient, positive, and constructive in the short term which will delay the process of realizing losses in the commercial real estate sector. It is reasonably likely that the vaccine will be both effective and the pandemic circumstances will wane and allow for returning to a more normal operating environment.  Additionally, I expect we will be living with some version of covid indefinitely - much as we have with influenza in recent decades. This remains a wild card variable and nobody knows how it will evolve in the next 12-24 months. Perhaps this circumstance does not support a bullish view of where asset values will trend this year but the unknown direction of Covid will more likely support patient behavior by most participants while limiting any aggressive foreclosure activity in the near term while any success with the vaccine will encourage more optimism from investors. At least in the Sunbelt markets anyway. Manhattan may be a different story.

**9. Inflation**

Since inflation has not been experienced since the late 1970's/early 1980's, there is only a small population in the market today who have any experience with it. Inflation is generally recognized as a difficult to manage dynamic investment wise and we need only to look to Warren Buffet and his commentary on inflation over the last several decades as a data point. Given the increase in money supply by $4 trillion since March 2020 (a 26% increase and the largest since 1943) and a projected increase in 2021 of at least another $2 trillion-ish (another 12% increase) it seems irrational that our economy can reasonably dodge inflation. There are already obvious signs of inflation that are visible now in various areas including lumber, copper, soybeans, freight costs, etc.

However, the economy overall is doing generally quite well - but with some obvious areas of exception. A combination of unbridled optimism with mass liquidity being available and additional government stimulus coming seems to set the table for an excessive over abundance of capital which seemingly will produce expanding inflationary pressures. Allegedly, hard assets such as real estate with escalating rents are good assets to own in inflationary periods. If this is the case, when inflation arrives it will buoy real estate asset values and will make it harder for capital to enter asset purchases with an appropriate downside cushion in a market where some fundamentals have become weaker during the pandemic. We will see.

## WHERE DO WE GO FROM HERE?

Assuming Wyatt Capital's expectations are in line with the reality of the current investing environment, where does this leave the aspiring real estate investor looking to place capital? Well, there is not a clear and simple answer to that question unfortunately and largely speaking this is due to the broad range of potential economic outcomes that could occur going forward. What is clear is that the pandemic has exacerbated some trends that were already underway in retail and industrial while accelerating pain in the former and strength in the latter. Despite the variables listed above that suggest limited distressed asset availability, this does not mean there are no economic headwinds given the pandemic's impact. Certainly, we have increased unemployment that isn't going to quickly shrink and a substantial sector of the consumer population has been affected by the pandemic - and some deeply so. How this struggling consumer sector of the economy affects the performance of the economy is unclear to Wyatt Capital but there is evidence of generally good to improving health within the economy today excluding some sectors such as hospitality, air travel, and mall and some restaurant/retail although even these distressed areas are beginning to exhibit a pulse. We are seeing migration away from urbanization and towards suburban markets that will impact asset values in both places near term. Whether this suburban trend is temporary or not is unclear - but some suburban migration definitely occurred in 2020 with a clear departure by some away from dense urban living and working environments and eliminating the necessary employee commute given the application of Work From Home ("WFH") policies being implemented in the workplace. Increasing crime in urban areas is also a consideration affecting urban market health and perceptions. It is easy to see how suburban markets can be modified to look and feel more urban (which was already an occurring trend pre pandemic). Of additional concern for the direction of asset pricing is how the exploding deficit and debt obligations of the United States could hamper asset performance in a rising interest rate environment going forward and if there is real risk for debasement of U.S. currency as a result, etc. - all complex issues that are complicated and difficult to anticipate or underwrite given the unprecedented circumstances we find ourselves in today.

Below is commentary on some various asset classes.

## OFFICE

The changing use of office space and how companies will adjust their operations in a post pandemic or advanced pandemic world is evolving. Frankly, it is too early to know for sure and it's unlikely that tenant behavior will be a binary result. Whereas one company discovered it may thrive with more WFH employees, another might have determined more than ever that they need everyone back in the office. Whereas another might keep the same amount of office space (even with more WFH occurring) to be able to spread out and de-densify, another company might add 50% to their space because they don't prefer WFH and need more space to spread out in- or they could decide to shrink their space by 50% if WFH is going to be a permanent solution for that company. One popular thesis is that larger tenants will implement a "spoke and hub" facilities strategy and have multiple smaller locations instead of one centralized headquarters facility in a specific market. It's reasonable to expect that the market will experience all of the above. One indisputable fact is that the coworking business model (see WeWork, Industrious, Serendipity Labs, Knotel, etc.) that was such a prevalent occupier of large blocks of office space in markets across the country is currently broken (as many rational market observers expected given the absurd business model of short term revenue mismatching with long term expense liabilities) resulting in large chunks of office space virtually unoccupied. It will be interesting to see if co-working will bounce back in any capacity and become a short term solution for tenants given the short term nature and flexibility coworking space may offer tenants - their pricing certainly should be attractive given the amount of vacant coworking space available today and of course the healthcare concerns of sharing space with strangers remains an impediment as long as the threat of Covid is present. The current environment for office tenants is to take a "wait and see" approach with many tenants inking short term lease renewals while they take time to figure out their real estate plans going forward. Many large office users have recently verbalized their expectation that most employees will return to the office regularly when it's safe to do so.

*Note that we had the opportunity to lease a large amount of office space at 3333 Riverwood to two of these larger coworking tenants in 2019 and passed for obvious reasons. We were invited to spend a substantial amount of our capital to outfit their space, then charge them well below market rent and while "sharing in the incredible financial upside of their business" once they were substantially occupied and cash flowing - and we promptly declined to enter the coworking business and decided to remain in the real estate business and continue doing what we believe we understand and avoiding what we don't. Simply put, I'm very grateful that we don't have a coworking space to have to lease today or have a coworking tenant on our rent roll.

**RETAIL**

Presumably, experiential retail (restaurants, entertainment, etc.) will come back strong once the pandemic is behind us or otherwise under better control- these businesses were the shining stars of retail businesses pre pandemic and we expect people will want to dine out and have social experiences again- but when? Bricks and mortar retail has been generally decimated by Covid and many businesses will not re-open and others can only hold on for so long if business doesn't return to normal levels. Certainly, cutting the number of tables in your restaurant in half due to social distancing mandates will not result in an increase in revenue and profitability and dramatically affects the value of that retail space in a negative way for a property owner given the reduction in the revenue opportunity for that tenant. As long as the pandemic and social distancing rules exist for such tenants, the math has changed relative to those business models and for those real estate asset values and it's simply not sustainable for these businesses or these retail assets. The duration of getting the vaccine distributed and administered is also a major variable as some of these businesses who have survived thus far cannot hang on forever and will have to close eventually if consistent business does not return. Who is going to move into their restaurant space when they shutter it? It's hard to predict and I recommend extreme caution when making these kind of investment assumptions around retail assets as nobody has experience navigating a pandemic and there's little we can easily draw from regarding what is and isn't going to happen with tenant and consumer behavior in the retail sector. There is both opportunity and danger here. Department store mall retail is largely a thing of the past. Well capitalized mall owners such as Simon are buying their bankrupt tenants at a discount as a management tool for stabilizing their rent roll but other less well capitalized mall owners are in big trouble. These assets typically do not convert easily to different uses and the nature of the existing tenant leases presents a complex equation to solve with regards to changing the use of such properties – none of which can be done simply or quickly.

## MULTI-FAMILY APARTMENTS

Regarding apartments, there's not a binary answer to how assets will perform and there is an ongoing urban vs. suburban thesis debate about where to be but, as an example, a new complex with high rents close to the new NCR, Anthem, or Norfolk Southern headquarters in Midtown Atlanta is more likely to perform well (assuming employees return to the office warranting living closer to work) due to the high quality jobs nearby that offer salaries that support those high rents when compared to a similar quality apartment asset in New York, San Fransisco, or Boston where some companies and urban core renters are fleeing for tax and health considerations. It is also unclear how much apartment landlords have had to drop their rates to maintain occupancy levels but it's likely more than is being reported by the private owners as the circumstance of higher operating expenses and lower revenue and lower NOI due to Covid has been validated with the public REITS reporting such. Some owners claim these new Covid related expenses were one-time expenses (example- technology upgrades for touring prospects remotely) but it is hard to believe these operating expense increases are all singular events if Covid lingers (as cleaning expenses and other necessary new operating protocols to reduce health risks remain ongoing and mandatory). There certainly are a lot of apartments delivering and under construction nationwide today - but whether there are enough jobs and demand to support this new supply at projected rents or not is debatable. The overall demand has changed in the short term as well as have other demand drivers with current work from home policies allowing renters to consider options further from their workplace. This dynamic will bode well in the short term for suburban apartment assets vs. urban ones and some renters will migrate to single family rentals or single family purchases as millennials finally begin to age into marriage, children, and single family home occupancy. However, not all interested home purchasers will be able to afford purchasing a home or cannot qualify for a mortgage - which will serve to buoy apartment demand. The stimulus has clouded the true financial strength of renter's short term and it is hard to ascertain the true health of the apartment market until the government stops flooding the market with capital and policy support. The Class B and C assets that largely have rented to the lower income demographic that largely are working in retail business are certainly exposed to higher vacancy until this employment sector stabilizes and returns to work. In any event, expect a pause from construction lenders on new projects to see how these various market dynamics play out for the apartment market.

## INDUSTRIAL

Industrial has continued to exhibit strength and the trend line there appears very positive as more warehouse and distribution space is needed to serve the evolving market. The amount of capital chasing this asset class continues to be exceptionally high and speculative new construction is wide open nationwide. Absorption remains strong and the market sees no near term end to the demand drivers or capital availability that's fueling industrial development anytime soon which makes this asset class the "darling" of all real estate asset classes today.

## SINGLE FAMILY RESIDENTIAL

Single family residential, both to own and to rent, is very undersupplied nationwide and there should be opportunity here for development capital looking to create new product (although the for sale product may be interest rate sensitive in some geographies and a burst of inflation and rising rates could dampen this return opportunity) while demographic trends and limited supply suggest this looks like a very good place for capital. The demographic wave of Millennials will finally recognize the realities of household formation and abandon the priority of the urban coffee shop visits and will marry, have children, and those who can, will buy homes as settling down and school access for children becomes the focus of their geographical interests - and this demographic will constitute a very large number of homebuyers that will be actively purchasing homes for the next several years.

## LONG TERM CREDIT CASH FLOWING ASSETS

Any asset that has long term credit cash flow in place is very liquid and should command very high pricing in this environment of high liquidity and low interest rates with a frothy demand for yield being the driving dynamic for asset pricing.

Fortunately, the 3333 Riverwood office asset has been able to achieve this long term credit cash flow given our fortunate leasing success at this property.

## CONCLUSIONS

New capital allocations are very much a case by case basis more than ever today and a granular rifle shot approach to allocating capital is more likely to produce outsized capital returns than the shotgun approach of playing the broader market and assuming for a rising tide to achieve desired returns in the short to mid term and especially given how "high the tide" already is today. I liken it to the difference between buying an expensive equity index currently at record levels vs. buying an individual value stock. Some would suggest that with the pandemic, one real estate cycle ended, and a new cycle began. I prefer to characterize the events of 2020 as the existing cycle was extended and with adjusted demand drivers emerging that influence risk and asset performance. Until the market valuations for underperforming assets are marked and then reset, to call an end to any cycle seems premature. Capital losses have not been realized yet and will not be quickly realized due to government intervention.

In short, it's likely going to be difficult to achieve superior investment returns in this environment; as the likelihood that rental rates continue their pre pandemic upward trend appears unlikely in the short to mid term which will cap future asset appreciation (also contemplate higher interest rates in the future that won't support increasing asset pricing) yet asset pricing won't substantially correct near term to allow for capital to be invested at a substantial discount to top of market pricing. Due to the abundance of capital and competition for quality assets that can be easily underwritten and easily understood by buyers and lenders, quality assets will not be cheap to acquire in a crowded and optimistic capital market capping future return potential. For other certain assets where the future is more in question (see non anchored retail shopping centers with high vacancy in oversupplied retail markets), it is a total guessing game as to who is going to lease this vacancy and when and why and for how much? Just because the price appears cheap on the surface, it does not mean that it's cheap enough- especially in problem retail assets.

Charlie Munger advises that "the first rule in fishing has always been to fish where the fish are". This would be a good start for any investor. But where are the fish? Another tangential consideration here is perhaps not necessarily where are the fish, but what are they biting, if anything, or are they even willing to eat at attractive pricing?

Return expectations will likely have to come down considerably for new capital looking to enter real estate today and the actual return opportunity will not be high enough for Wyatt Capital to justify the risk of acquiring real estate in many instances. There are always plenty of market participants today who will not hesitate to allocate capital and will put money to work in any environment, due to incentives to cover their overhead expenses, and further motivation to avoid having to return unused capital to their investors. Additionally, I expect to see capital seeking safe and lower return investments that have certainty of performance to lock in a predictable yield and will have to simply accept the lower returns due to the need to put capital to work - this will also buoy pricing and especially in long term cash flowing credit assets – it is a good time to be a seller of assets of this nature.

One variable to be mindful of are the risk of property tax increases for commercial real estate assets going forward as a source of capital for government spending needs. It is reasonable to expect that government capital needs are going to motivate government to discover new revenue opportunities. Many real estate assets are undervalued on government tax rolls and represent a potential capital source for governments who are seeking such. An increase in property taxes can be passed through to tenants in some assets and not in others. Apartment assets have exposure here as any property tax increase will immediately impact the bottom line NOI for apartments and the increase in this expense may not be easily passed on to future renters given how high rental rates are today. This asset class appears to have exposure risk to potentially declining NOI and declining valuations in this regard.

As for Wyatt Capital, there is no other incentive driving any investment decision other than whether it is a good risk adjusted place for capital or not - and this is the only criteria that receives consideration (unlike other asset managers who are motivated by management fees to cover their substantial overhead expenses). There are several reasons to be in a "risk off" posture and to remain very cautious in this environment given the substantial downside risk of investing speculatively in this market and I see no need to be in a hurry to allocate capital anywhere unless and until there is more clarity available. Some current areas of interest include healthcare real estate opportunities, redevelopment of any real estate where existing improvements have reached a state of functional obsolescence but on a site that offers optionality for a different use that the market has not recognized yet, residential land development and investments, and some mild interest in senior housing that includes a healthcare services component. There may also be some opportunity in the urban markets to ascertain what dislocation exists due to suburban migration trends and how temporary or permanent this dislocation may be, and how such dislocation may be exploited with an intelligent capital allocation. For these varied areas of interest, the focus continues to be to consider capital allocations in places where there is the least amount of capital competition available- but this is not an easy task in today's crowded capital market. To the extent an opportunity is discovered that is compelling, I will call and offer an investment when possible.

In closing, let me add that should Wyatt Capital be wrong and see more opportunity in the real estate sector than expected near term, this would be a delightful result from an investing perspective. For 2020, that opportunity was in equities resulting in Wyatt Capital being completely dormant with regards to acquiring new real estate. The last real estate asset purchase we made was to acquire 3333 Riverwood Parkway in October 2018. Until there is better opportunity, the focus today remains on exiting assets and returning capital to our limited partners while pricing remains favorable to do so.

Please call with any questions at anytime and thank you as always for trusting the expertise of Wyatt Capital with your real estate capital allocations.

*Sincerely,*

**Harold**