



SECURITY PROPERTIES SECURITY PROPERTIES INC. – ACQUISITION CRITERIA

Security Properties has acquired existing multifamily properties for the last 40 years. We have carefully examined and modified our process over time to take advantage of the changing opportunities. While we pride ourselves on not constraining our investments to a specific *box*, the following comprises our typical investment criteria.

Size:

- \$10 million +
- 100 units +

Location:

- Western U.S. - primary markets including Washington, Oregon, Northern and Southern California, Arizona, and Colorado.

Product Type:

- Multi-Family Properties including Garden Style, Mid-Rise and High Rise construction

Asset Class:

- Class A, B or C properties

Location Quality:

- A+ to B with an emphasis on barriers to entry

Value-Added Strategy:

- Security Properties identifies acquisition targets that can benefit from a reposition of the property. This typically entails a physical rehabilitation of the property, upgrading select exterior and interior aspects of the property that we have determined through past experience to maximize our investment with minimal risk. We also identify the appropriate management company we feel is uniquely suited to manage the particular property.

Opportunity Strategy:

- Changing times call for changing strategies. We use our network of contacts with lenders, attorneys and principals to identify distressed properties that are resulting from the tumultuous environment. Some of the distressed opportunities we focus on include:
 - Debt Recapitalizations
 - Distressed Debt
 - Broken/Fractured Condos

Targeted Returns:

- We target leveraged returns of 17% and higher, with returns commensurate with risk.

Equity Sources:

- Internal Fund – SPI maintains a series of “Urban Funds” from which realized gains and captured equity are reinvested
- Partner with institutional equity – We partner with numerous institutional equity sources who benefit from our expertise in the multifamily arena
- High net worth investors

