

LONGVIEW II FUND

Investment Focus: Open Air Retail

Longview II Fund is Sower Commercial’s most recent investment offering focused on Open Air Retail centers anchored by key tenants. These versatile venues have emerged from the 2008 financial crisis as an underrepresented retail category, popular amongst consumers because of their convenience and diversity, yet overlooked by new construction developers due to the negative retail sentiment over the past 15 years.

A classic supply-demand imbalance now exists, exacerbated by construction cost inflation, leading to rising rents. Longview II will seek out existing retail centers with fundamental safety characteristics including prime locations, below-replacement entry cost, and below-market current rents. This will result in a downside-protected and opportunistic investment positioned for further upside in the future.

Supply Constraints



Low Vacancy % due to New Construction Constraints

Rent Pressure



Increasing Rents due to Supply Constraints

Margin of Safety



Acquisition Price and Existing Rents below Replacement

Secondary & Tertiary Market Opportunity

Secondary and tertiary markets have a greater supply of existing assets that fit the needs of junior box retailers. These markets have current in-place rents with a significant (30-50%) discount to corresponding replacement rent requirements on newly developed assets.

- Low Supply/High Demand Markets
- Upward Pricing Pressure on Rents
- New Entrant/ Expansion Demands
- Value-Add Opportunities

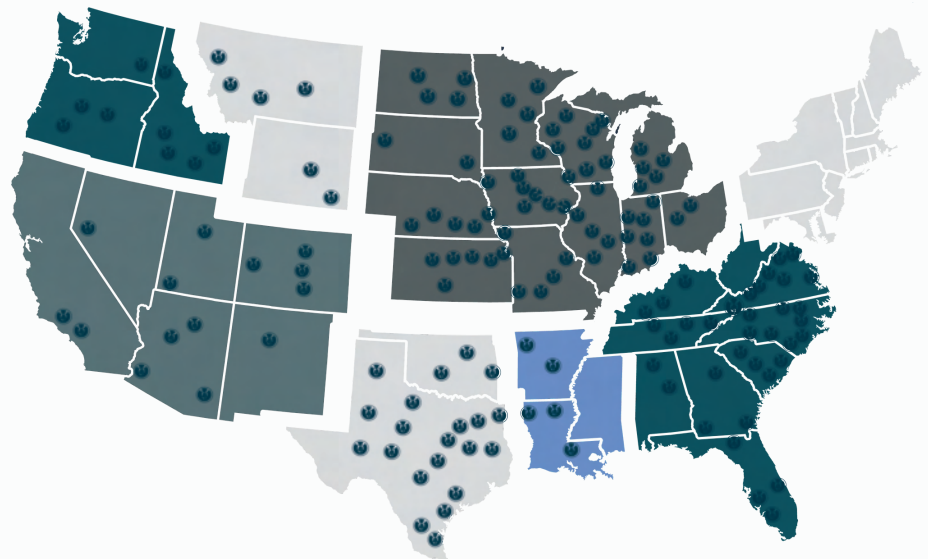
EXAMPLE MARKETS:

Omaha, NE:

- Secondary Market
- Population of 989k
- Unemployment rate: 2.54%
- Median Income: \$85,068

Fargo, ND:

- Tertiary Market
- Population of 260k
- Unemployment rate: 2.11%
- Median Income: \$75,500





Return Profile

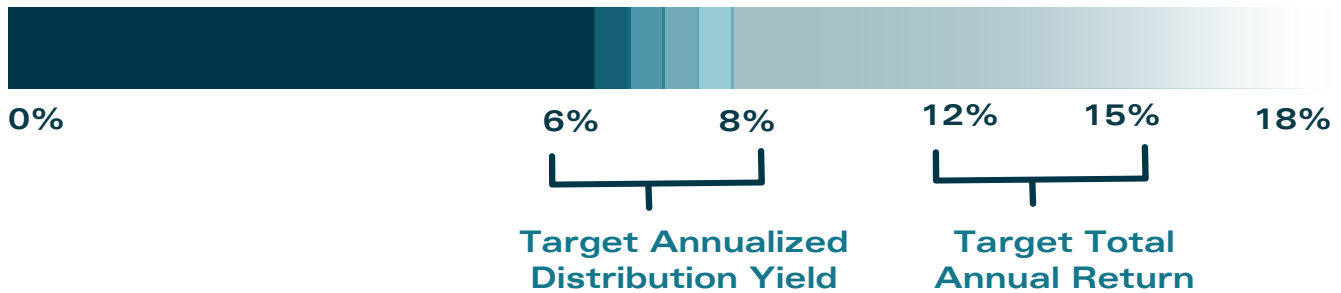
NAV Appreciation and Distribution Income will drive Longview II's target total returns with opportunity to create additional returns through value-add asset improvements.

Distribution Income

Operating Income distributions derived from rental income that is increased over time through leasing efforts and portfolio management efforts.

NAV Appreciation

Growth in the unit value of the fund derived from valuation increases created from principal reduction and value add efforts.



Fund Terms & Performance

- Target Initial AUM - \$50M (June 30, 2024)
- Target Initial Equity Commitment - \$25M
- General Partner Commitment - \$10M
- Annualized AMF - 1.5% of NAV

- Limited Partner (Investor) High Water Mark Return - Variable 6-8% (Currently 8%)
- General Partner Incentive - 20%
- Liquidity Rights - 3 year lockup
- Optional Distribution Reinvestment Program

With expertise in capital and asset management, deal sourcing and financial structuring, risk assessment and compliance, the deep experience and skilled team at Sower Commercial serves the interests of various investment funds.

- Retail Developer Mindset
- 20+ years focused on retail assets
- Portfolio Commercial Experience - \$1B+*
- Current Commercial AUM - \$300M+ (40 Assets)



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