

# Suntex marinas

Area of expertise: Private markets  
Theme: Private Investments

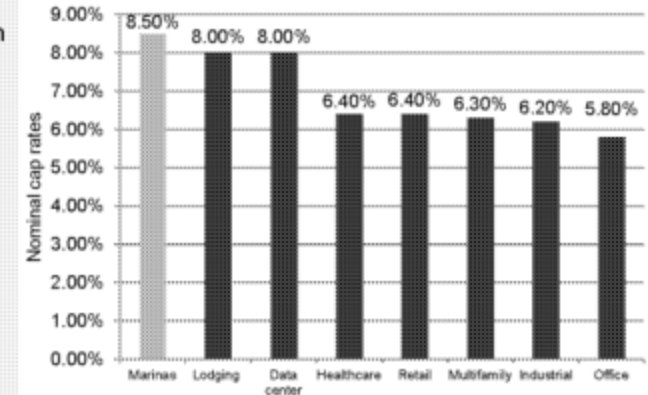


## Investment profile of marinas

KCP believes marinas provide a compelling investment opportunity for several reasons:

- **REIT status:** The industry has significant scale, growth potential, strong free cash flow, and generates an attractive yield; the asset class now qualifies for REIT status
- **High current and forecasted revenue:** In 2013, U.S. Marinas generated \$4.2bn in revenue, 68% of which was generated by boat owners of the Baby Boomer generation (ages 45+). Baby boomers have, and are predicted to continue having significant amounts of wealth and leisure time
- **Stability:** Quality marinas in prime locations are stable through economic cycles, resistant to down turns while closely mirroring inflationary trends. The customer base is loyal with low turnover, resulting in low default rates
- **Barriers to entry:** The number of marinas hardly fluctuates due to limited availability of appropriate land, regulations and environmental protection laws, and high initial capital investments
- **Consolidation opportunity:** The marina industry is very fragmented. In the US there are approximately 2,500-3,000 institutional quality marinas, with at least 90% of owners being singular "mom and pop" businesses poised for acquisition and operational improvement
- **Risks:** Economic downturn that results in fall in value of marina values, drought

Marinas provide yields at the top end of the range for all REIT asset classes<sup>1</sup>



## Suntex Ventures: an overview

- Suntex Ventures, LLC, is a real estate company investing exclusively in niche mixed-use marinas and their related operating platforms
- Suntex currently ranks among the top 5 marina owners and operators in the U.S. The group has acquired 29 marinas and 4 marina loans, valued at \$300mm in total. It currently owns and operates 20 marinas, and manages another 2
- Suntex has a near 20 year history of success with strong historical distributions made from marina cash flow: realized historical IRRs have been in excess of 30%
- The executive team has worked together for over 20 years
- Suntex is already internationally established, and will maintain exclusivity in many markets with high demand
- Potential exit strategies are through an IPO or through sale to an existing REIT management company

## Suntex current, past and potential acquisitions



(1) As of February 19, 2014. Source: Green Street Advisors

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