



# BASIS INVESTMENT GROUP

## NEW HAVEN: CITY EMPLOYEES RETIREMENT FUND BOARD PRESENTATION

**BIG Real Estate Fund II, L.P.**

**MAY 2021**

# FIRM OVERVIEW

# BIG OVERVIEW

Invests in CRE **“DEQUITY”**  
across the capital stack  
throughout the U.S.

## Established Platform

- Founded during GFC in 2009 by Tammy K. Jones in partnership with family office
- Deployed approximately \$1.5B / Closed nearly \$4.0B in 47 states
- One of the few MWOB CRE managers

## Experienced Team

- Successful 12-year track record investing both family office & institutional capital
- Cycle-tested team with 20 years' experience investing together
- Debt and equity experience

## Distinctive Approach

- Diversification
- Current Income
- Equity-like yields targeted / debt protections

## BASIS INVESTMENT GROUP

- Investing in mezz, preferred / structured equity, bridge loans, distressed debt and B-Pieces
- Middle market focus
- Disciplined investment approach to investing across the capital stack
- Defensive strategy with downside protections and equity-like returns

# BIG HISTORY

Phase I → Building a track record – JVs and Separate Accounts

Phase II → Successfully raise & invest commingled Fund

Phase III → Raise Fund II investing in same strategies

2009-2010	2011	2012	2013	2014 - 2015	2016 - 2019	2020 ONWARD
Partnership with JEMB Partnership with Wells Fargo	Expanded Wells Fargo Partnership Family Office Capital	JV with large private equity fund	New York Common (NYSCRF) - CRE Emerging Manager Program	JV with global investment manager	JV - \$55MM from anchor (2016-2017) BIG Real Estate Fund I - \$410MM (2017-2019)	BIG Real Estate Fund II \$550MM Target
<ul style="list-style-type: none"> <li>- CMBS Bonds</li> <li>- Senior Securitized CMBS and Agency Lending (2010-2017)</li> <li>- Profitable start up year</li> <li>- Approved by Fed as TALF borrower</li> </ul>	<b>Distressed Debt/ B Notes/Mezz</b>	<b>B-Piece</b>	<b>Mezz &amp; Pref Equity</b>	<b>Bridge</b>	<b>Mezz/Pref Equity/ Bridge/B-Pieces</b>	<b>Mezz/Pref Equity/ Bridge/ B-Pieces/Distress</b>
	<ul style="list-style-type: none"> <li>- Ranked in top 10 US CMBS lenders</li> </ul>	<ul style="list-style-type: none"> <li>- Launched B Piece Venture</li> </ul>	<ul style="list-style-type: none"> <li>- Expanded Mezzanine &amp; Preferred Equity platform</li> </ul>	<ul style="list-style-type: none"> <li>- Established Bridge lending platform</li> <li>- Additional \$50MM (NYSCRF)</li> </ul>	<ul style="list-style-type: none"> <li>- Oversubscribed commingled fund</li> <li>- Contains all core strategies</li> <li>- 16 institutional LPs</li> </ul>	<ul style="list-style-type: none"> <li>- Leverage Fund I success</li> <li>- Proven experience managing through a downturn</li> </ul>

## BIG Investment Platform

# CONSISTENT LEADERSHIP

Senior professionals have worked together for much of the past 20 years and have invested through multiple cycles

Tammy K. Jones



Kunle Shoyombo



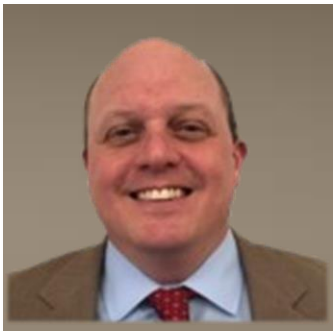
Rich Cadigan



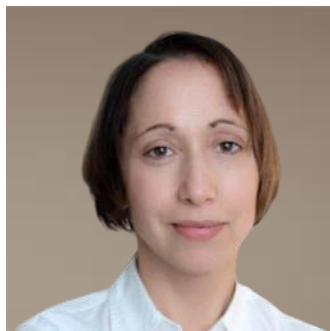
Leigh Roumila



Shaunak Tanna



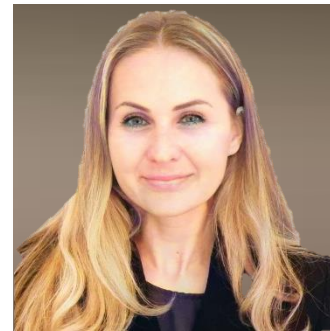
Jason Shukofsky



Sarah Kaplan



Anisa Keith



Arina Diary

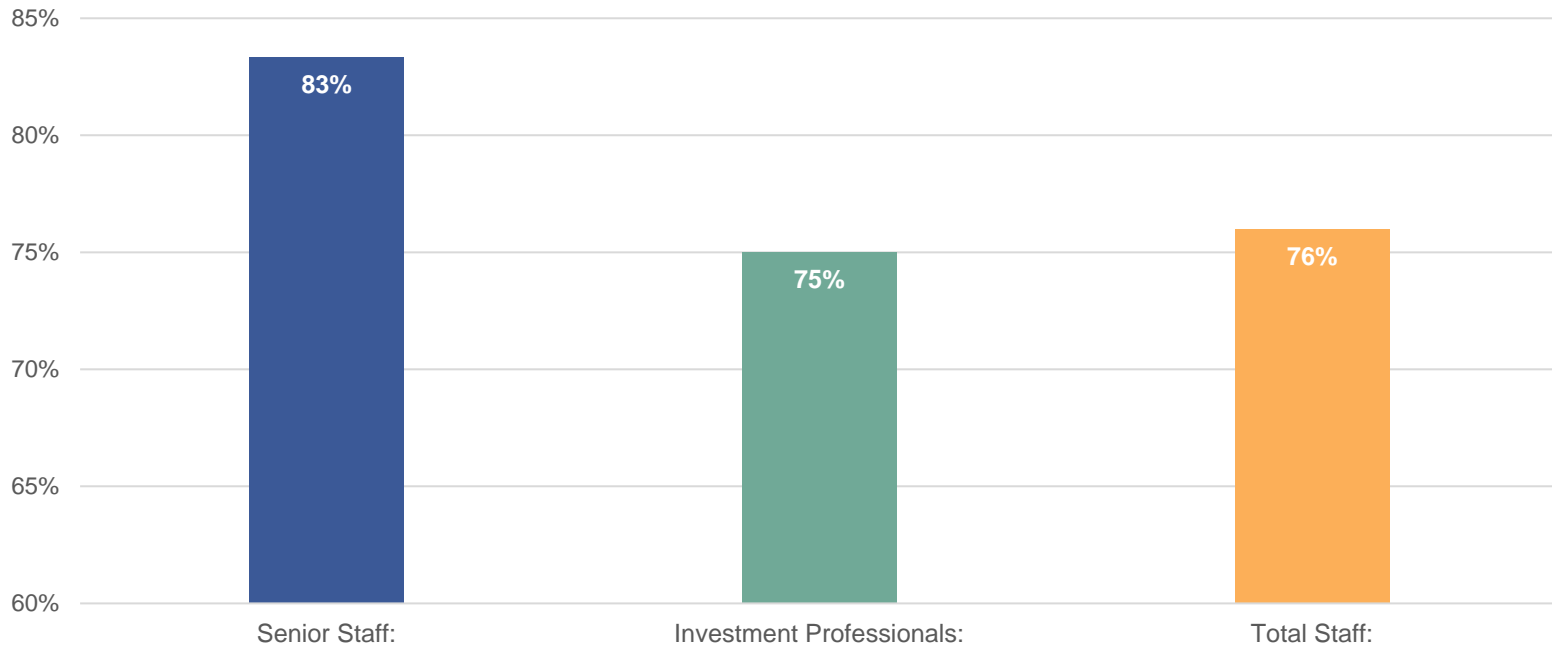


Stephen Kennelly

# BIG DIVERSITY

## “Our secret sauce”

Composition of Basis Staff  
Minorities and Women  
As of October 2020



15% qualified MWOB sponsors targeted for the Fund; currently nearly 30%

# BIG COMMITMENT TO ESG

Incorporating environmental, social and governance factors into our platform creates value for all stakeholders

## How BIG Incorporates ESG Into Our Business

### Environmental

Green Buildings  
Energy Efficient  
Value Add Programs  
Sustainable Office  
Practices

### Social

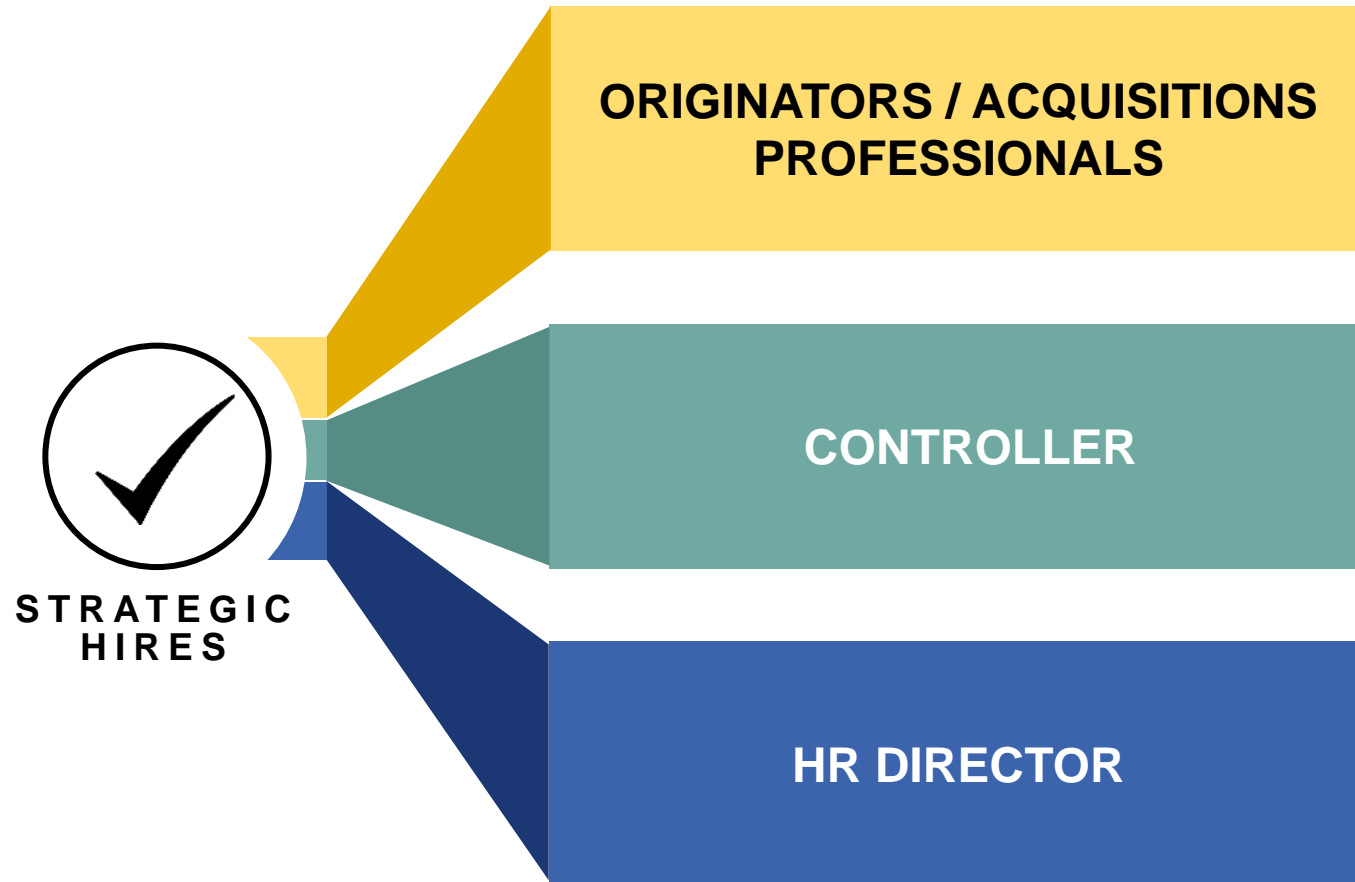
Diverse  
Leadership  
Affordable  
Investments  
Community  
Engagement

### Governance

Certified ESG  
Leadership  
Risk Management  
Policies  
Responsible  
Contractor Initiatives

Increases Value | Mitigates Risk

# FUND / PLATFORM IMPROVEMENTS





# FUND I REVIEW

# DISTINGUISHED ROSTER OF INVESTORS

oversubscribed!

**BIG REAL ESTATE FUND I: 16 Investors | \$410 million**

- Institutional
- Public Plans
- Sovereign Wealth Fund
- Family Office

# BIG FUND I DEPLOYMENT

**100%**  
capital deployed






**Bridge**

**Mezzanine  
& Preferred  
Equity**

**B-Piece**

# DELIVERING AS PROMISED

## Fund I Score Card

PLAN	EXECUTION How are we doing?
Diversification	
Current Income	
Equity-like yields / debt protections	
Middle market focus	
Invest and protect capital	

# FUND II OPPORTUNITY

# BIG REAL ESTATE FUND II

Follow-on fund investing in similar strategies

**Mezzanine • Preferred Equity • Bridge Debt • B Pieces • Distressed Debt**

Fund acquisitions, refinancings and recapitalizations

Target the \$5-\$50MM middle market segment with significant current income

Generally 5-10 year term, fixed and floating rate investments

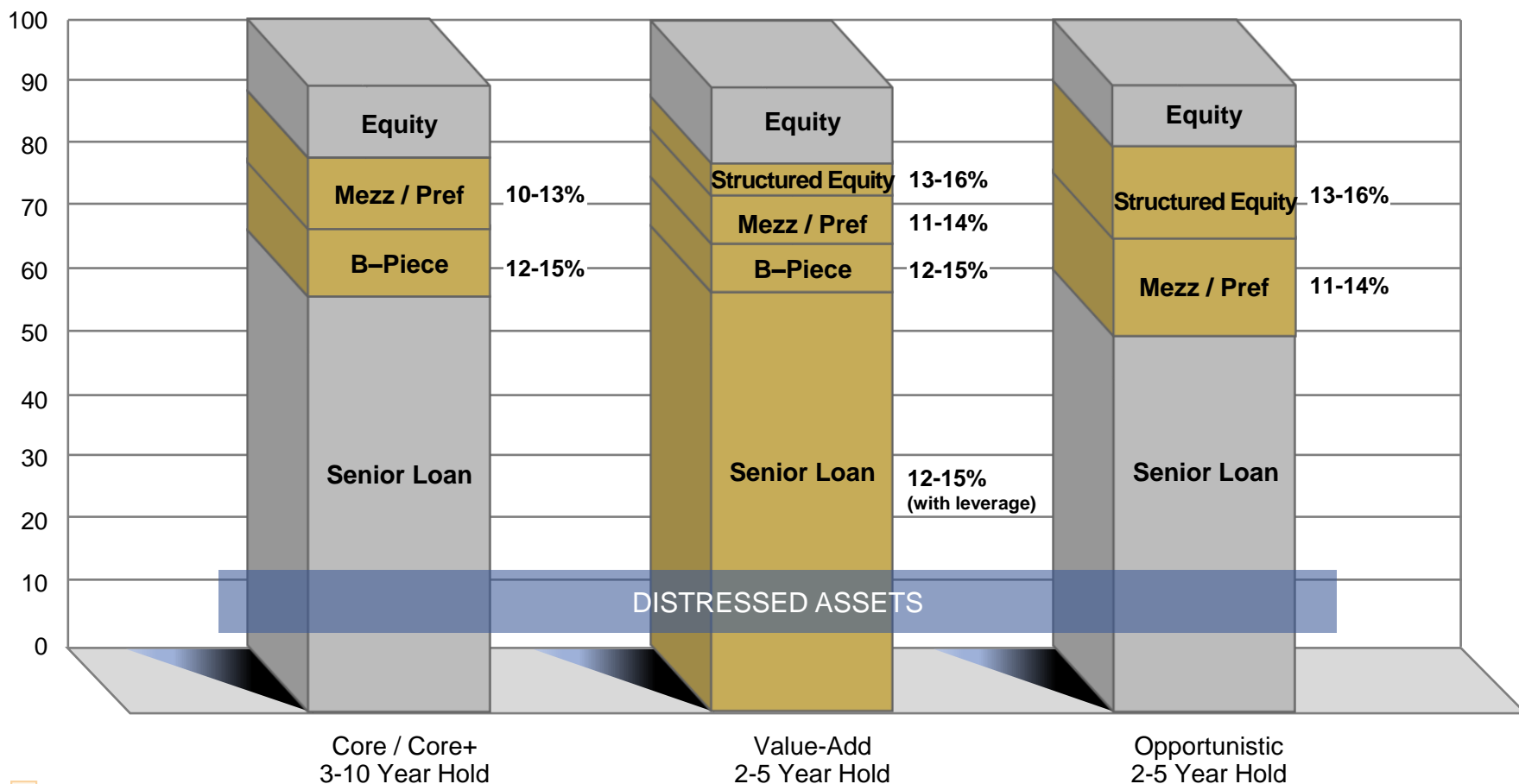
Projected Gross Returns of 12-14%

Target Cash on Cash (CoC) Return of 8-10%

**\$550MM Target Fund**

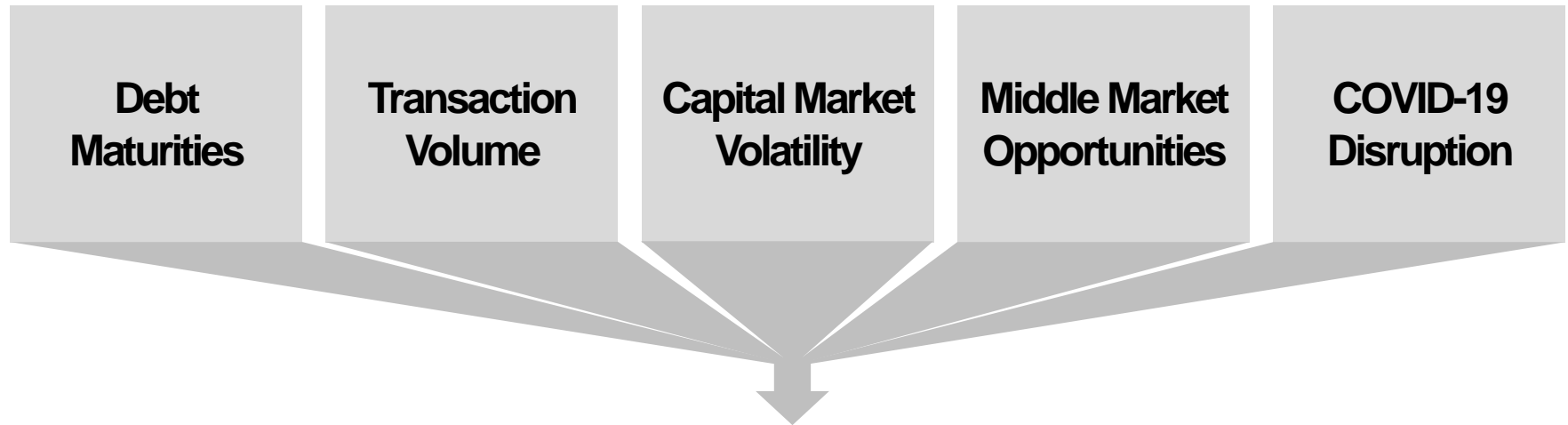
# DIVERSIFIED INVESTMENT STRATEGY

## Target Capital Stack Positions & Potential Returns



# CRE DEBT & STRUCTURED EQUITY OPPORTUNITY

## Demand Drivers



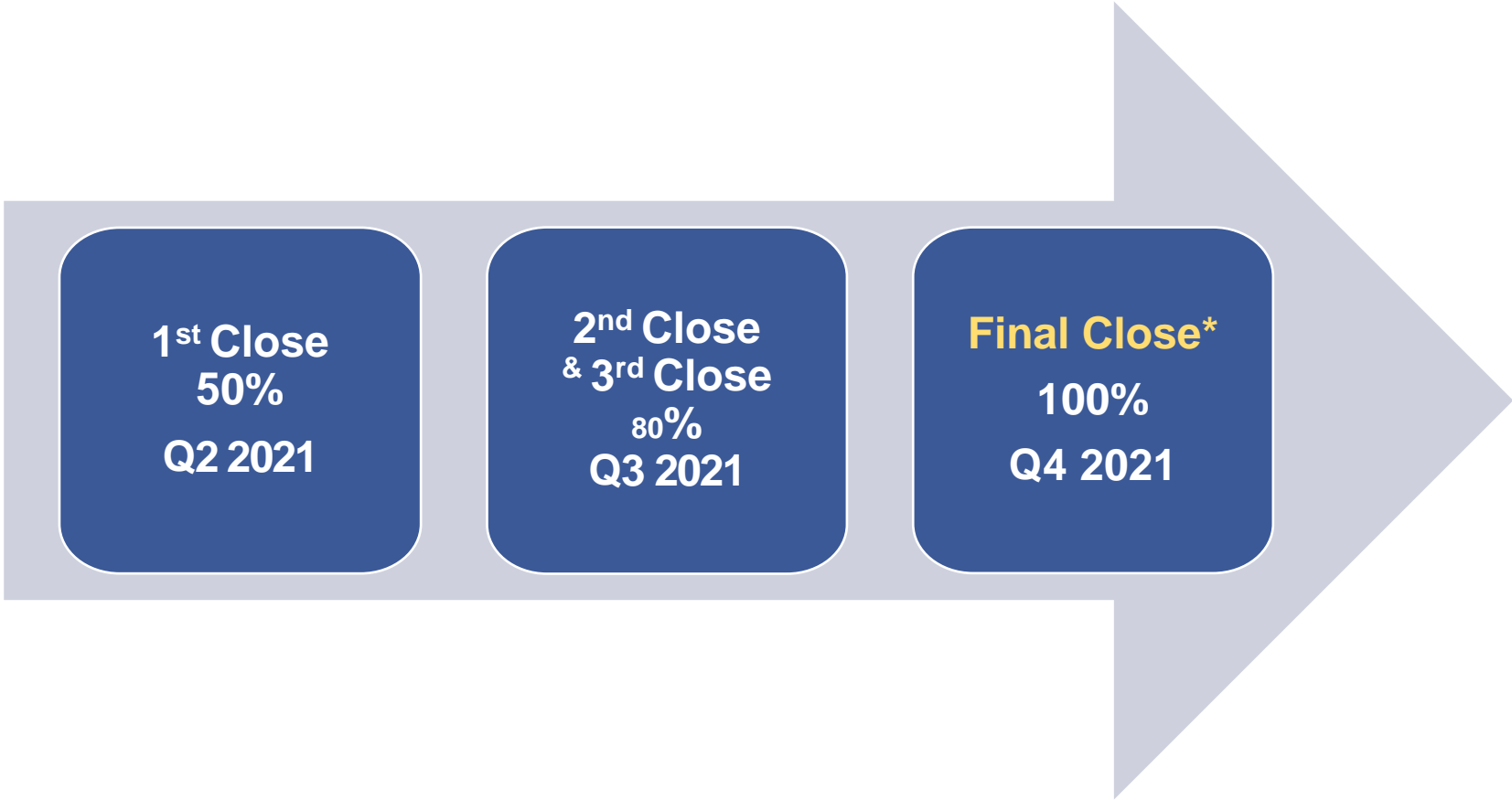
## Opportunities

### **BIG Real Estate Fund II Target Investments:**

- Gap Equity – Mezzanine and Preferred
- Bridge Debt
- B-Piece/CMBS Bonds
- Development Mezz / Preferred Equity
- Structured Equity
- Distressed Investments



# FUNDRAISING TIMELINE



# INVESTMENT PROCESS

Consistent approach to credit with zero credit loss since inception

## Sourcing Investments

- Access to deals through brokers, banks, Wall Street firms, and direct borrower relationships
- National footprint – closed deals in more than 47 U.S. states with 40+ national and regional brokerage firms
- Routinely provided “last look” by several regional brokerage firms due to certainty of execution
- Diverse CRE debt platform provides “one stop” solution

## Deal Screening / Pipeline Management

- Senior professionals involved with all transactions early on to ensure they meet internal requirements
- Detailed ground-up review of collateral, sponsor, location, tenancy, etc.
- Deals structured to maximize returns and minimize risks

## Due Diligence

- Detailed investment and market analysis, valuation determination using discounted cash flow model
- Emphasis on cash flow underwriting, exit analysis, and site visits
- Well reasoned and narrated credit analysis
- Extensive legal review

## Approval, Structuring / Closing

- Investment Committee approval with a team approach – each member involved in every transaction
- Streamlined credit committee process
- Creativity and flexibility in structuring complex transactions with credit enhancements

## Asset Management / Investor Reporting

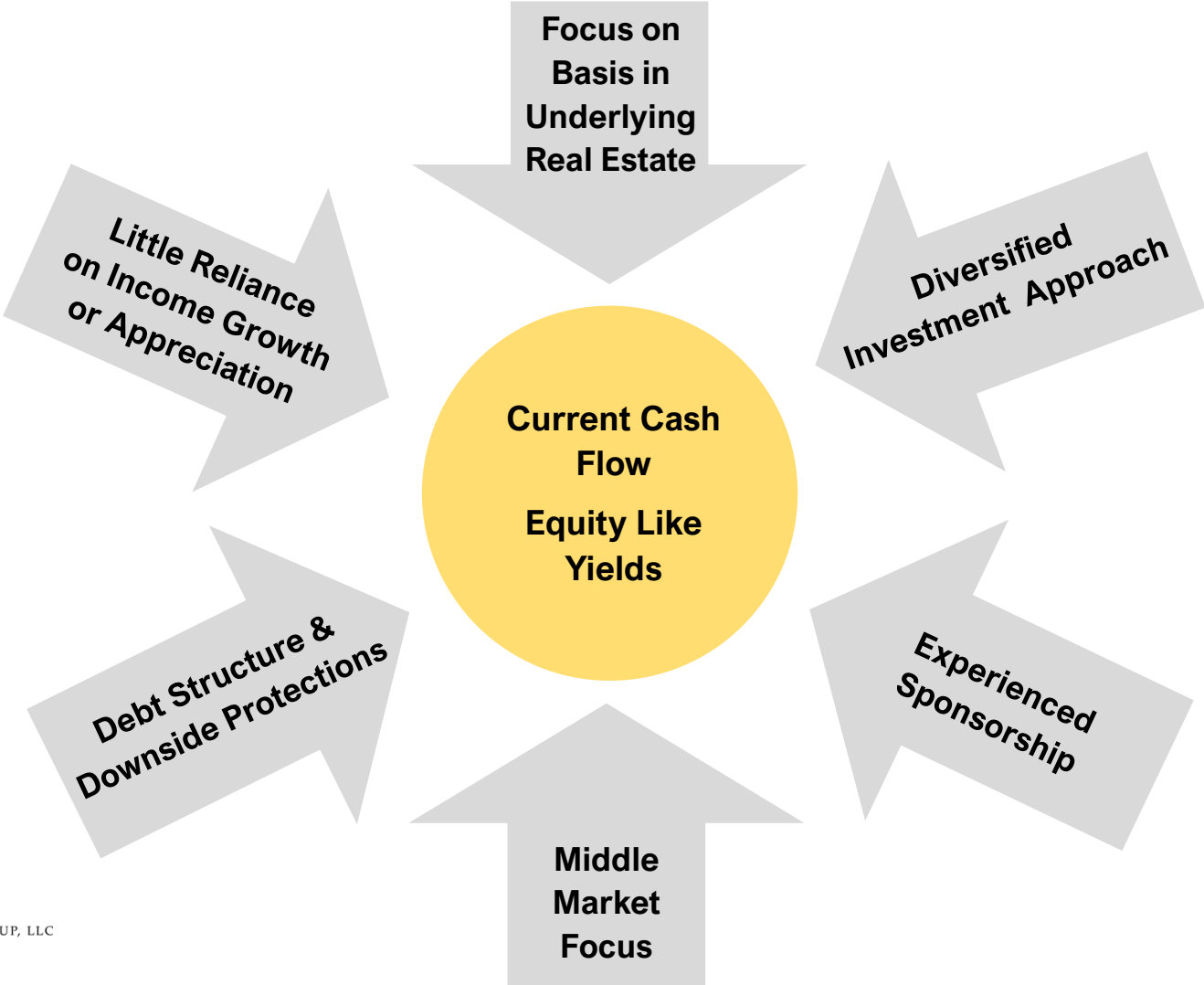
- Active investment management by dedicated asset management group
- Careful monitoring of borrower business plans with structural features
- Quarterly and annual reporting to investors. Audited tax returns

## Exit

- Exit through pay-off from refinance or sale of underlying assets, portfolio sale possible
- Basis has successfully exited with zero principal loss since inception
- Assets currently under management generally performing as agreed

# INVESTMENT PHILOSOPHY

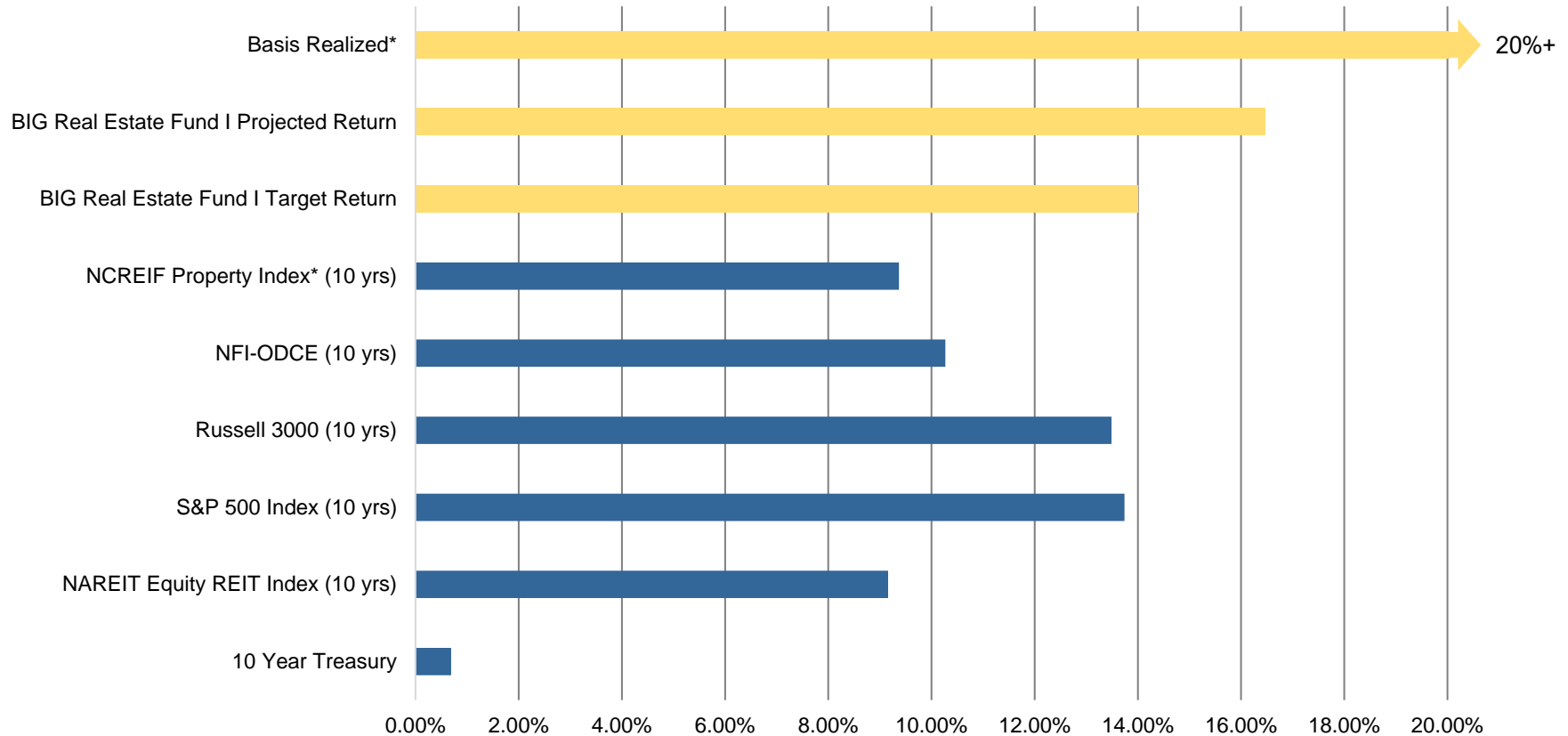
Targeting returns that hold up in any market cycle



# STRONG RELATIVE VALUE

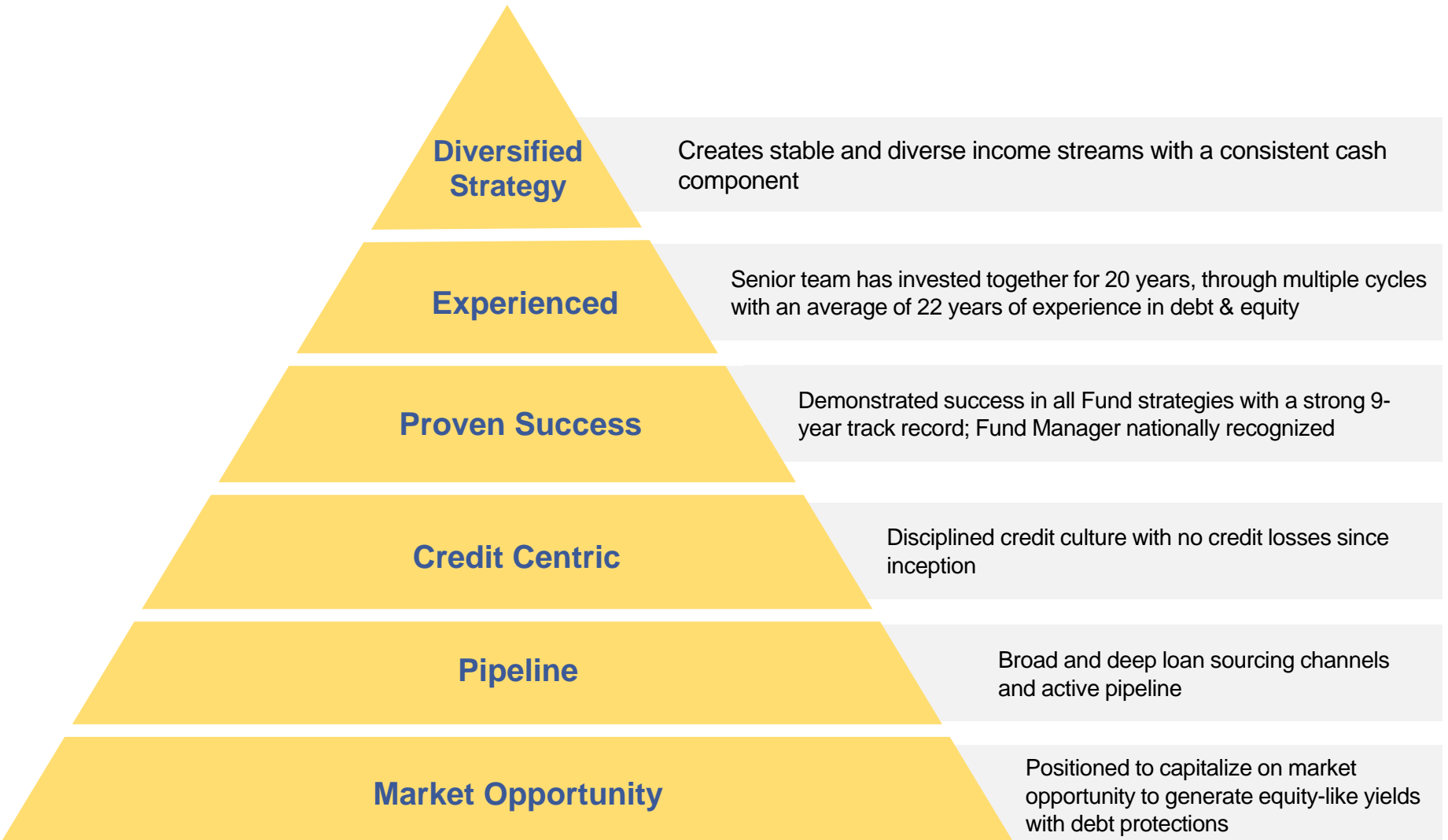
Investing in BIG Real Estate Fund II provides good relative value

Comparative Investments  
(as of 9/30/20)



# WHY BIG REAL ESTATE FUND II?

Defensive strategy with high absolute returns and downside protection



# APPENDIX

Market Opportunity

Standing Out in the Crowd

Select Biographies

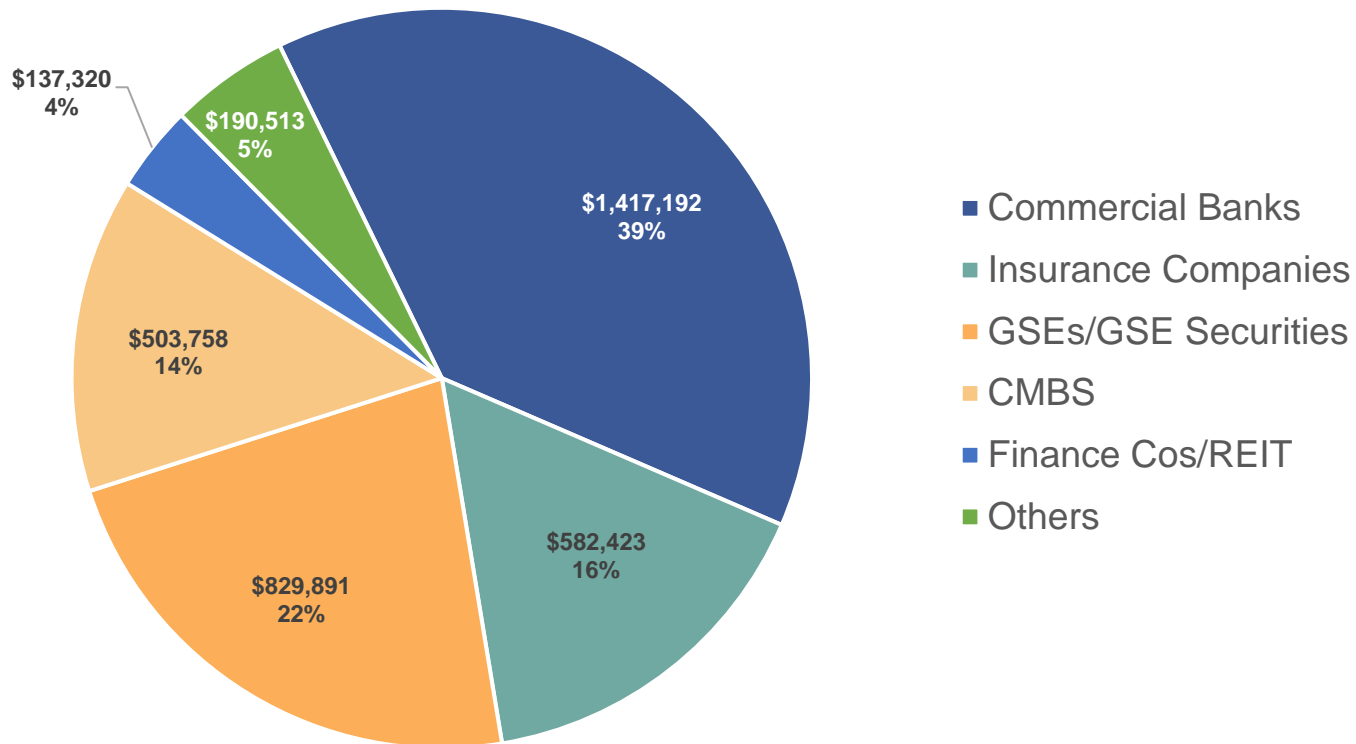
Disclaimer & Confidentiality

# US CRE LENDING MARKET OVERVIEW

Opportunity to achieve equity-like yields

The Fund's \$550MM target size is reasonable given that the total market is ~\$3.7 trillion.

US CRE: Share of \$3.7 Trillion Mortgage Debt Outstanding  
As of May 2020



# DEMAND DRIVERS

## Strong Market Drivers Support Fund II Thesis

Demand Driver	Assumptions
<b>Debt Maturities</b>	Expected maturity of \$1.3 trillion in commercial and multifamily debt through 2023 and \$2.1 trillion through 2025 supports continued need for financing
<b>Transaction Volume</b>	While COVID-19 disrupted 2020 volume, acquisition and loan volume has been robust since 2014 at ~\$500 billion annually with pent up demand and distressed debt investing likely driving future activity
<b>Capital Market Volatility</b>	Increase in credit and CMBS spreads and volatility in pricing and valuations have led to tightening of lending and underwriting standards, creating distress and attractive opportunities for Fund II
<b>Middle Market Opportunities</b>	Evolving demographics and a generational shift are reshaping the country and changing consumption patterns, providing more opportunities for finance of middle market commercial real estate properties as ownership transitions away from baby boomers
<b>COVID-19 Disruption</b>	Levered lenders will face increased pressure to sell their troubled loans due to the COVID-19 pandemic and related economic recession



# MATURITIES HIT THE PANDEMIC WALL

Maturities of \$1.3 trillion through 2023 will lead to bridge, gap equity & distressed opportunities

## DEBT MATURITIES

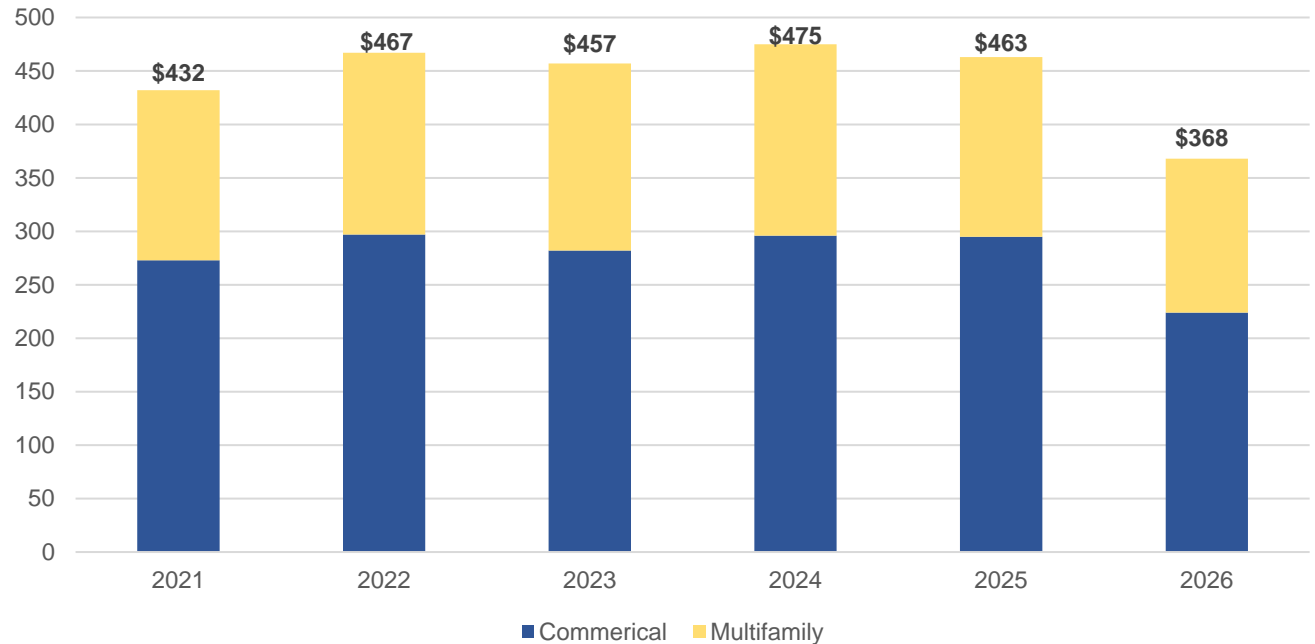
TRANSACTION VOLUME

CAPITAL MARKET VOLATILITY

MIDDLE MARKET OPPORTUNITIES

DISTRESSED DEBT

Wall of Maturities  
(billions)



# TRANSACTION VOLUME

Acquisition and loan volume robust since 2014, distressed debt to drive activity in current crisis

DEBT MATURITIES

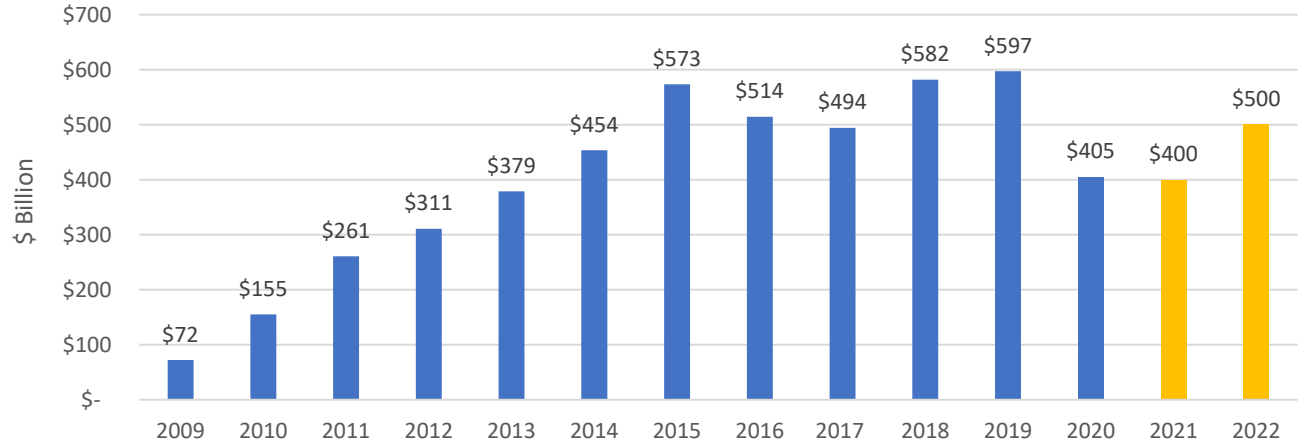
**TRANSACTION VOLUME**

CAPITAL MARKET VOLATILITY

MIDDLE MARKET OPPORTUNITIES

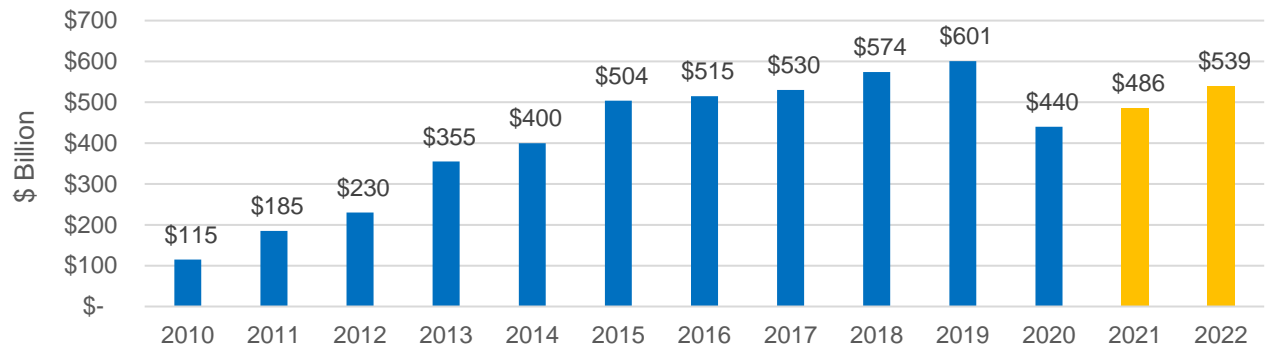
DISTRESSED DEBT

US CRE: Transactions Volume



Source: Real Capital Analytics

US CRE: Loan Origination Volume

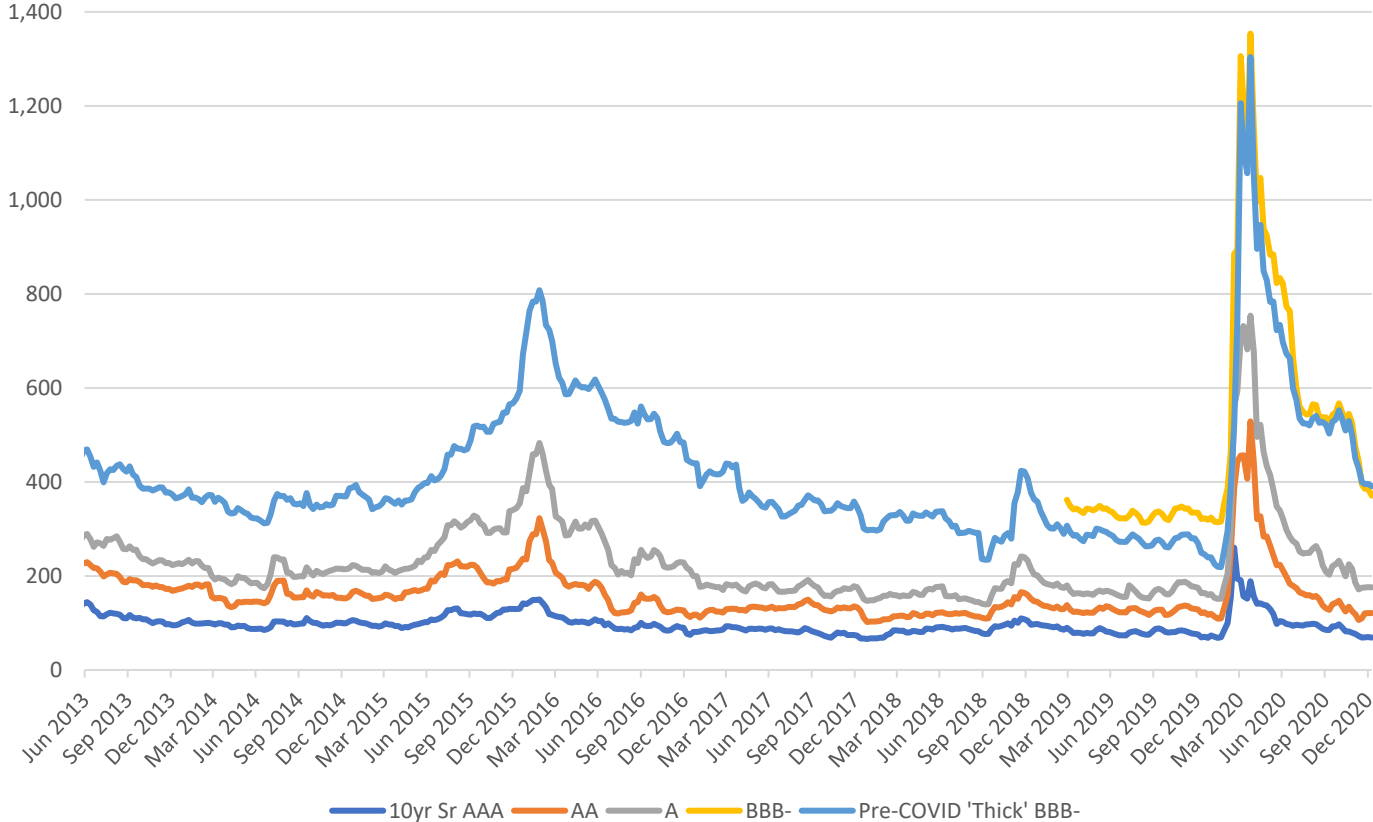


Source: Mortgage Bankers Association

# CAPITAL MARKET VOLATILITY

Blowout in spreads has led to tightening of lending standards, creating opportunities for the Fund

US CMBS: Spreads to Treasuries  
(basis points)



DEBT MATURITIES

TRANSACTION VOLUME

**CAPITAL MARKET VOLATILITY**

MIDDLE MARKET OPPORTUNITIES

DISTRESSED DEBT

Source: JPMorgan, Pricing Direct

# MIDDLE MARKET OPPORTUNITIES

## The BIG Niche

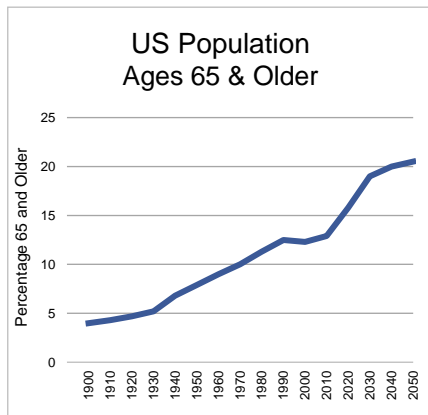
DEBT MATURITIES

TRANSACTION VOLUME

CAPITAL MARKET VOLATILITY

**MIDDLE MARKET OPPORTUNITIES**

DISTRESSED DEBT



- Value of U.S middle market properties is more than half of the \$16T CRE market<sup>1</sup>
- Majority of middle market CRE owners are aging Baby Boomers (ages 51-70)<sup>2</sup>
- 10,000 Baby Boomers turn 65 each day<sup>3</sup> and by 2030 all 73 million Boomers will have crossed that threshold
- Niche opportunity for BIG Real Estate Fund as middle market player driven by:
  - Vacuum of capital in middle market
  - Major transfer in aging ownership projected for **next 10-15 years** due to situational distress (health, retirement, death) creating significant need for capital

Source:

1. National Association of Real Estate Investment Trusts (Nareit)
2. US Census
3. Source Administration on Aging

# DISTRESSED DEBT

Levered lenders face pressure to sell loans, MVIS US Mortgage REIT index down ~42% YTD\*

DEBT MATURITIES

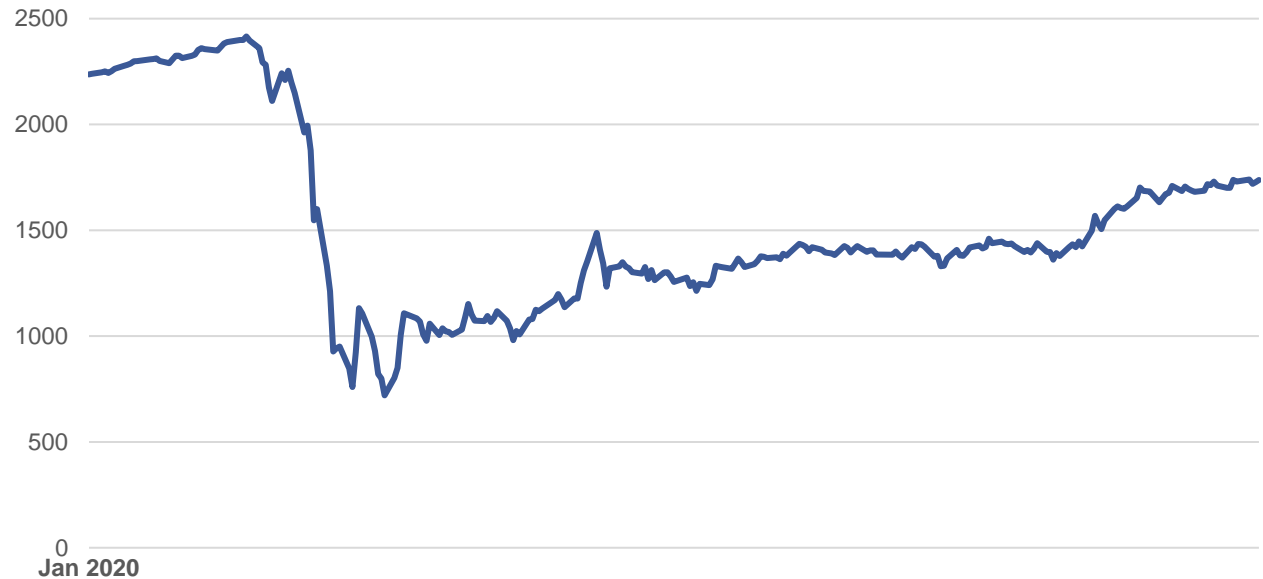
TRANSACTION VOLUME

CAPITAL MARKET VOLATILITY

MIDDLE MARKET OPPORTUNITIES

**DISTRESSED DEBT**

## MVIS US Mortgage REIT Index



Source: [www.mvis-indices.com](http://www.mvis-indices.com)

Source: MV Index Solutions Investable Indices  
\*Through 3/1/2021

# DISTRESSED DEBT

CMBS delinquencies are high with ~10% of the Loans having missed a payment

1 out of 4 hotel loans and ~1 out of 6 retail loans are delinquent

DEBT MATURITIES

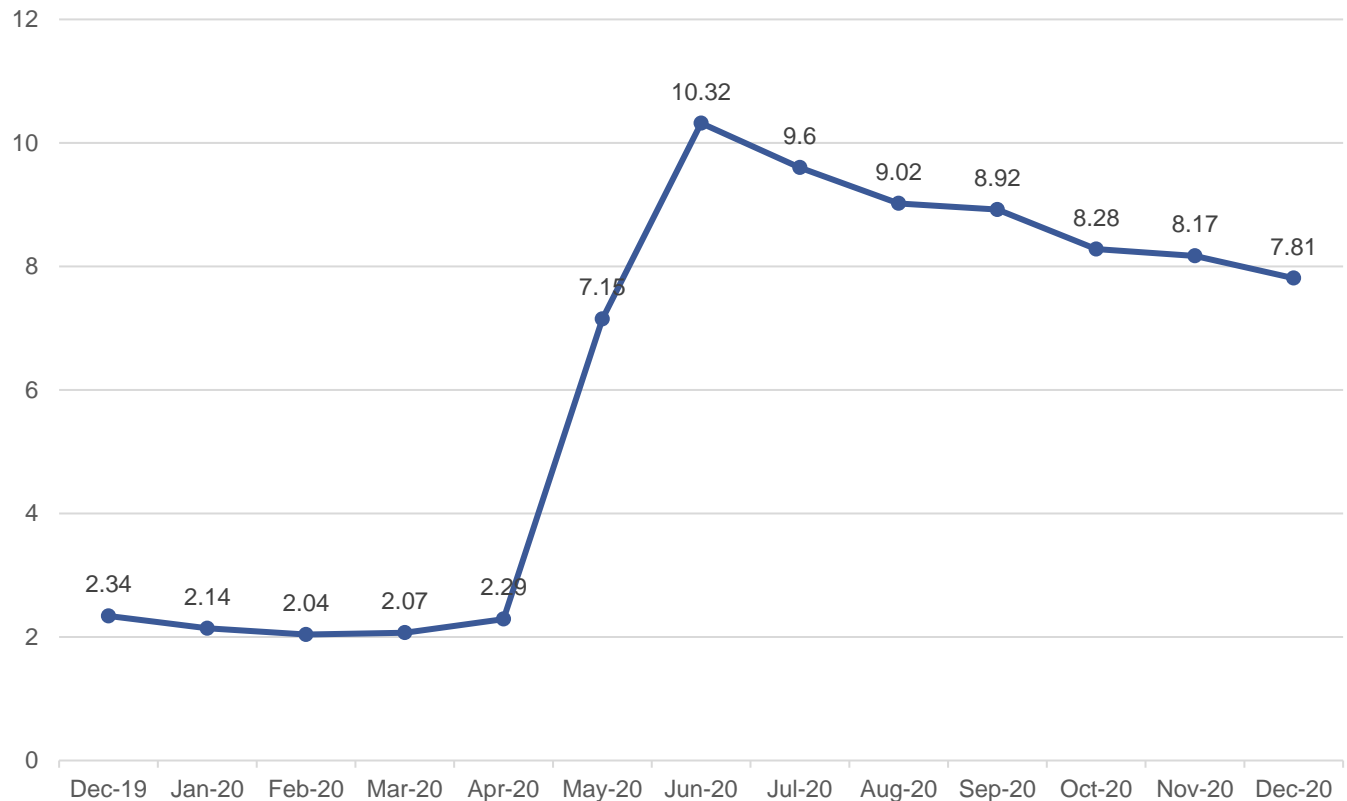
TRANSACTION VOLUME

CAPITAL MARKET VOLATILITY

MIDDLE MARKET OPPORTUNITIES

**DISTRESSED DEBT**

### Percentage of CMBS marked as 30+ days delinquent

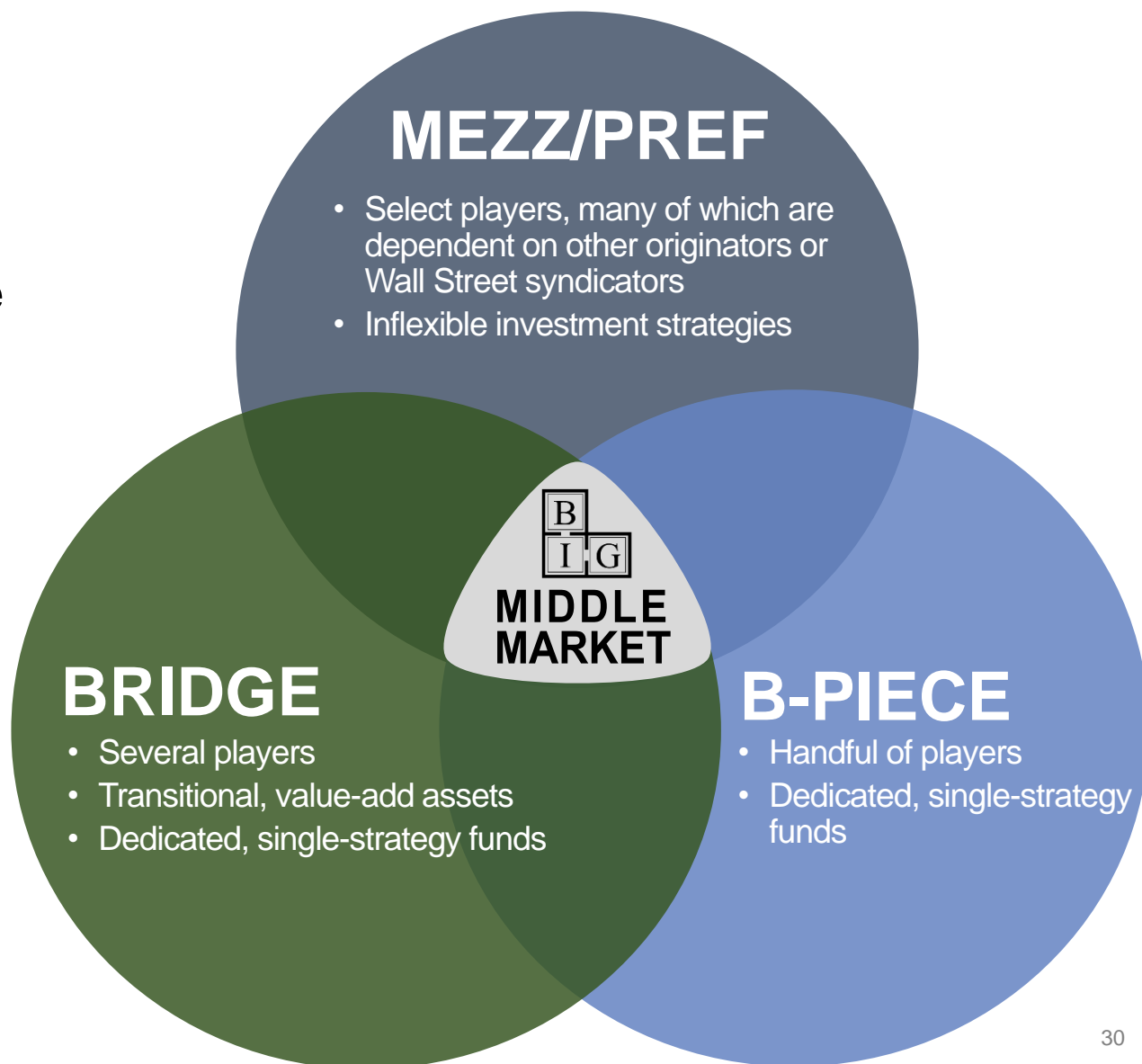


Source: Trepp CMBS Research

# STANDING OUT IN THE CROWD

Basis is one of the few multi-strategy debt platforms:

- investing across the credit spectrum
- maximizing returns through diversification



# SPEAKER BIOGRAPHIES



**Tammy K. Jones**

Co-Founder & Chief Executive Officer

Ms. Jones has more than 20 years of experience in the commercial real estate industry. Over her entire career, Ms. Jones has invested in and loaned CRE assets on behalf of large pension funds and institutional investors, including Equitable Real Estate (largest pension fund advisor and investment management firm at the time), GMACCM (one of the largest CRE lenders, owned by GM) and CWCcapital (the U.S. debt investment platform owned by Caisse de dépôt, one of the largest pension fund managers in Quebec). Ms. Jones is a seasoned veteran in CRE investments, capital markets, and structured finance. Since 2009, Ms. Jones has served as both Co-Founder & Chief Executive Officer of Basis Investment Group (Basis), a multi-strategy commercial real estate investment platform she founded with JEMB Realty Corporation that acquires and originates a variety of senior and subordinated loans, preferred equity and joint venture equity positions on behalf of its investors. Under her leadership, Basis has succeeded in closing nearly \$4.0 billion in commercial real estate debt and structured equity related investments across the United States. Prior to joining Basis, Ms. Jones worked at CWCcapital LLC (CW) from 2004 to 2009, serving as head of CW's fixed and floating rate Capital Markets Lending Division and closing approximately \$6B in investments. Between 1997 and 2004, Ms. Jones was a Senior Vice President of Commercial Capital Initiatives, Inc., a GMACCM subsidiary (now Berkadia) (GMACCM) and part of the leadership team responsible for creating GMAC's Capital Markets lending division. Prior to her seven years with GMACCM, she held various positions on the equity and asset management side of the business at commercial real estate investment companies including Equitable Real Estate and AMRESCO Management, Inc.

Ms. Jones is currently an Independent Director for Mack-Cali Realty Corporation (NYSE: CLI), an Independent Director for KKR Real Estate Select Trust Inc., an Independent Director for Crown Castle International Corp. (NYSE: CCI), the Chair of the Real Estate Executive Council (REEC), a member of the President's Council of Cornell Women (PCCW), a member of the Executive Leadership Council, on the Advisory Board for NYU's Schack Institute of Real Estate and the Vice-Chairman of Basis Impact Group Foundation, a non-profit organization dedicated to creating a pipeline of women and minorities in commercial real estate. Ms. Jones formerly served as an Independent Director for Monogram Residential Trust, Inc. (NYSE: MORE). Ms. Jones was recognized as one of The Network Journal's 25 Most Influential Black Women in Business in 2017 and received the Council of Urban Professionals (CUP) 2019 Finance Catalyst Award. Ms. Jones holds a BA in Economics from Cornell University and an MBA with a concentration in Real Estate Finance from the J. Mack Robinson College of Business at Georgia State University.



**Kunle Shoyombo**

Chief Investment Officer

Mr. Shoyombo is Chief Investment Officer of Basis where he oversees investment sourcing, investment analysis, and investment management. Together with the CEO, Mr. Shoyombo develops and maintains Basis's investment goals, acquisition strategies, capital raising initiatives, asset allocation, employee management and overall firm leadership. Mr. Shoyombo has more than 25 years of experience in all aspects of CRE debt financing and structured equity investments. Prior to joining Basis, Mr. Shoyombo served as Managing Director and CIO for the Capital Markets Lending Division of CWCcapital. He was one of original four senior executives who established CW Capital's lending platform, which originated, securitized, and sold CRE loans and structured equity investments totaling in excess of \$6 billion. While at CWCcapital, Mr. Shoyombo played a vital role in sourcing, underwriting, and structuring bridge loans, mezzanine and preferred equity investments. He also served as member of CW Capital's Investment Committee. Prior to joining CW Capital, Mr. Shoyombo held a senior position at GMAC Commercial Mortgage where he played an instrumental role within the company's CRE loan origination and securitization group. While at GMACCM, Mr. Shoyombo sourced, underwrote and closed CRE investment transactions in excess of \$4 billion, and also served as a member of the firm's Investment Committee. Prior to GMACCM, Mr. Shoyombo held various senior positions at major financial institutions including Nomura Asset Capital, where he was responsible for originating, structuring, closing, and securitizing fixed and floating rate debt instruments in excess of \$3 billion; Community Redevelopment Agency of Los Angeles; and Kenneth Michael and Company. Mr. Shoyombo earned an MBA in Finance with Honors from the Anderson Graduate School of Management at UCLA



# SPEAKER BIOGRAPHIES



**Richard Cadigan**  
Chief Compliance Officer

Mr. Cadigan joined Basis in 2009 and is a member of the firm's senior management team. As Managing Director, Mr. Cadigan handles all corporate legal matters, including negotiating and managing Basis's credit facilities, supervising all corporate governance and compliance matters, negotiating joint venture and separate account agreements, and the development and implementation of Basis's policies and procedures for structuring and closing all transactions. With over 20 years of experience both in the legal and business aspects of CRE finance, Mr. Cadigan works closely with Ms. Jones and Mr. Shoyombo to implement a legal agenda that proactively identifies and addresses critical issues that affect both the company and its strategic partners with the goal to foster continued growth and opportunities across all investment strategies. Prior to joining Basis, Mr. Cadigan was a partner at North River Capital Partners, a private equity fund established to invest in commercial mortgage debt through both the origination of new loans and the acquisition of existing debt instruments. Prior to his employment at North River, Mr. Cadigan was the manager of the transaction management team responsible for structuring fixed and floating rate loans at Dillon Read Capital Management LLC (DRCM), a hedge fund that was wholly owned by UBS. Prior to joining DRCM, Mr. Cadigan worked with Ms. Jones, Mr. Shoyombo, and Ms. Roumila at GMACCM. Mr. Cadigan received a JD from Seton Hall University School of Law and a BA from LaSalle University.

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This Presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities and may not be used or relied upon in evaluating the merits of investing in the Fund. The offer and sales of interests in the Fund will be made only pursuant to the final offering and definitive governing documentation for the Fund (the "Fund Documents") and in accordance with applicable securities laws. The terms of your investment in the Fund have not yet been finalized and, therefore, any discussion of terms or practices herein is preliminary and subject to change. The information set forth herein (including potential terms of the Fund) is provided for discussion and due diligence purposes only, is a summary, does not purport to be complete, does not contain key information about the Fund and is qualified in its entirety by reference to the Fund Documents. This Presentation is not a part of or supplemental to the Fund Documents. This Presentation, including any performance information contained herein, is superseded in its entirety by the applicable Fund Documents.

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References herein to the duration of the sponsor team's track record, experience and investments refer to investments made in the context of a variety of investment structures, the performance of which may differ materially from that of a private commingled investment fund such as the Fund. Further, the team of investment professionals of Basis responsible for the Fund's investment activities and operations will not necessarily be composed of the same investment professionals that have been responsible for all prior investment structures and their respective investments.

It should not be assumed that future investments will be profitable, will equal the performance of the investments in this Presentation, or will not incur losses. Future investments may be under materially different economic conditions, including interest rates, market trends and general business conditions, affecting different investments and using different investment strategies and these differences may have a significant effect on the results portrayed. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein, and nothing shall be relied upon as a promise or representation as to the future performance of any investment.