



## REAL ESTATE OVERVIEW & ACQUISITIONS CRITERIA

Q3 2021



# OVERVIEW

As of September 30, 2021

Modiv seeks to grow its portfolio of single-tenant net-lease assets through acquisitions and sale-leasebacks

- \$500M of assets under management
- Focus on single-tenant properties with long-term net-leases
- Properties leased to tenants with strategic significance to the company's operations
- Senior management team averages over 25 years each of real estate experience
- Ability to deploy capital quickly on target property types
- Committed to transparency in all transactions, a timely closing process and building long-term, beneficial relationships with our tenants, developers and business partners





# ACQUISITIONS

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# ACQUISITION PROFILE

Seeking strategic and operationally imperative single-tenant industrial and office, as well as necessity retail

<b>Transaction Size</b>	\$5,000,000 and up
<b>Property Types</b>	<p>Preferred Asset Targets:</p> <ul style="list-style-type: none"><li>Industrial manufacturing</li><li>Distribution centers</li><li>Food production/Cold storage</li><li>Flex/R&amp;D</li><li>Life sciences</li><li>Necessity retail (i.e., dollar stores, pharmacies, convenience, etc.)</li><li>Quick-service restaurants (QSR)</li><li>Low-rise, highly amenitized office (regional or corporate headquarters)</li></ul>
<b>Lease Terms</b>	<ul style="list-style-type: none"><li>Sale-Leasebacks: 15 years or more; Other Acquisitions: 5-20 years (prefer 10+)</li><li>NNN preferred; will consider NN with minimal deferred maintenance</li></ul>
<b>Markets</b>	Prefer primary growth markets; Will consider secondary/tertiary markets based on real estate attributes, term, lease structure and tenant credit.
<b>Credit Profile</b>	S&P rating of AAA to B or implied equivalent
<b>Closing Timeframe</b>	Typically 45 to 60 days from engagement



# SALE-LEASEBACKS

Modiv is an institutional provider of sale-leaseback capital to corporations and private equity sponsors. Sale-leaseback transactions may provide several benefits:

- Ability to maintain long-term operational control of the property
- Opportunity to convert non-earning assets into unrestricted capital for:
  - Business expansion and growth
  - Dividend recapitalizations
  - Operating capital
  - Debt paydowns
  - M&A
  - Leveraged buyouts

## How Sale-Leasebacks Work



# DEVELOPMENT PROGRAMS & PARTNERSHIP TRANSACTIONS



## Development Programs

Modiv can partner with developers and businesses to provide build-to-suit and forward take-out capital for new property development.

- Preserve and re-invest capital for potentially higher returning activities
- No duplication of ownership or expense of selling the property in the future
- Tenant and Modiv aligned to achieve lowest occupancy cost
- Lease rate is fixed, reducing exposure to interest rates

## Institutional Partnership Transactions

We partner with experienced real estate operators to acquire, develop or restructure net-lease portfolios.

- Joint ventures
- Institutional portfolio acquisitions
- Separate accounts

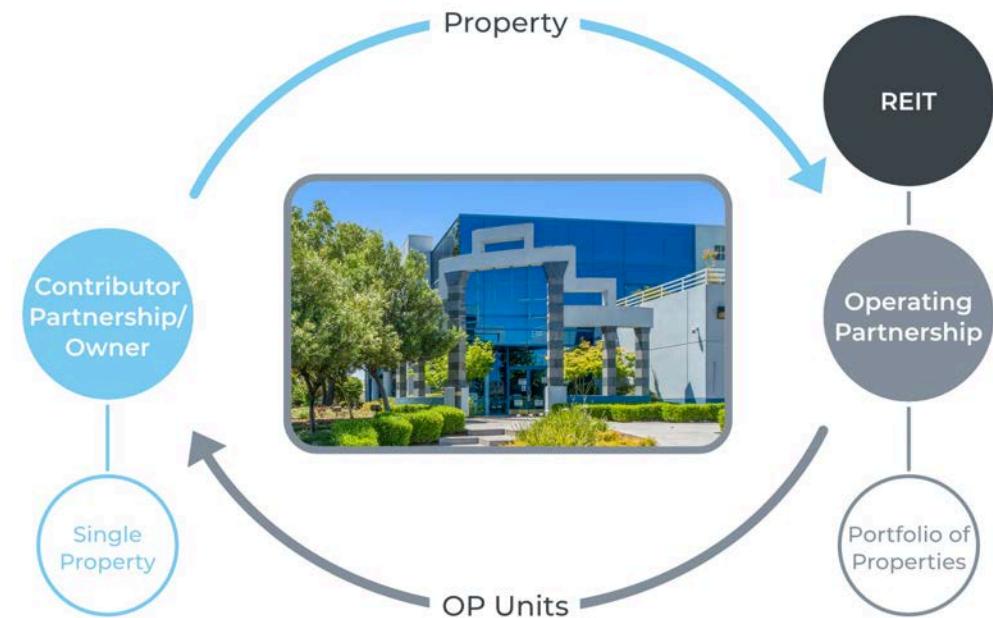
Modiv's UPREIT program may provide an attractive opportunity for owners of net-lease properties looking for an exit strategy.

An UPREIT structure allows investors to contribute ownership of a property to a partnership subsidiary of a REIT in exchange for a partnership interest or operating partnership (OP) units that can then be converted into shares of the REIT itself.

The property seller can defer capital gains taxes or depreciation recapture taxes until the time that they convert those units into shares of stock. The conversion of the partnership units into shares of stock is the taxable transaction.

- Viable alternative to a 1031 exchange
- Potential to defer capital gains taxes
- Flexibility with estate and tax planning<sup>1</sup>
- Enhanced diversification and liquidity
- Passive income from dividends
- Convert real estate assets into salable securities
- Remove property management responsibilities

## How UPREITs Work



<sup>1</sup> Always consult with your lawyer, financial advisor, CPA or other professional regarding estate and tax planning.



## REPRESENTATIVE TRANSACTIONS

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# TRANSACTION OVERVIEWS

3M

DeKalb, IL



Industrial  
410,400 sf

\$15,200,000  
March 2018

Originally developed in 2007 as a build-to-suit industrial property for 3M, this Class A distribution center features approximately 396,000 square feet of warehouse space and 14,000 square feet of office space.

Located on the western edge of the greater Chicago MSA in DeKalb, IL, this property represents a critical component of 3M's three-building global distribution hub for export operations to North America, Latin America, Europe, Africa, and the Middle East.

AvAir

Chandler, AZ



Industrial  
164,714 sf

(sale-leaseback) \$26,500,000  
December 2017

Originally developed in 2015 as a build-to-suit industrial-flex property, this Class A facility features approximately 120,000 square feet of warehouse space and 42,000 square feet of luxury office space. With modern touches throughout including a full gym and kitchen, the entire facility is powered by 1,045 roof-mounted solar panels.

Located in the affluent suburb of Chandler, AZ, the attractive Phoenix-Mesa-Scottsdale market has recently exhibited strong year-over-year rent growth and declining industrial vacancy rates.

Walgreens

Santa Maria, CA



Necessity Retail  
14,490 sf

\$5,125,000  
June 2017

The property is located less than a mile from Santa Maria's Town Center District which includes the City Hall, the Civic Center, Santa Barbara Superior Court, Santa Maria Public Library and US Postal Office as well as other public works projects.

Walgreens Boot Alliance is considered the largest retail pharmacy store chain in the United States and Europe. The company operates more than 21,000 stores in 25 countries.

# TRANSACTION OVERVIEWS



## FUJIFILM Dimatix

Santa Clara, CA



Industrial  
91,740 sf

\$20,869,111  
September 2017

The sole tenant of this 3-building built-to-suit facility for over 15 years, Fujifilm Dimatix has demonstrated a firm commitment to its Silicon Valley headquarters by executing an early lease extension with the lease expiring in 2027.

Located in the Santa Clara, CA submarket of Silicon Valley, this property's surrounding area is home to some of the world's largest multinational technology corporations including Intel, Apple, Nvidia, Google, and Facebook.

## Taylor Farms

Yuma, AZ



Industrial  
216,777 sf

\$24,700,000  
October 2019

Taylor Fresh Foods, Inc., known as Taylor Farms, is family owned and was founded in 1995. It's based in Salinas, California with 14 production facilities located throughout North America and employs over 10,000 people. The company's products are sold in grocery stores across the United States.

The property sits approximately two miles from Interstate 8. Major cities such as Phoenix, Los Angeles, San Diego, and Las Vegas are all within a one-day truck haul.

## Dollar Generals

8 locations in 5 states



Necessity Retail  
82,157 total sf

\$13,525,000  
2015-2016

Dollar General Corporation is a national discount, retail brand that operates more than 17,000 stores across the United States. Dollar General stores deliver everyday low prices on items including food, snacks, health and beauty aids, cleaning supplies, basic apparel, housewares, seasonal items, paper products and much more.

The properties are located in tertiary markets outside of major metropolitan areas. These locations are well suited to Dollar General, which is the only major supplier of groceries and general merchandise in many of these smaller communities.



# PORTFOLIO OVERVIEW

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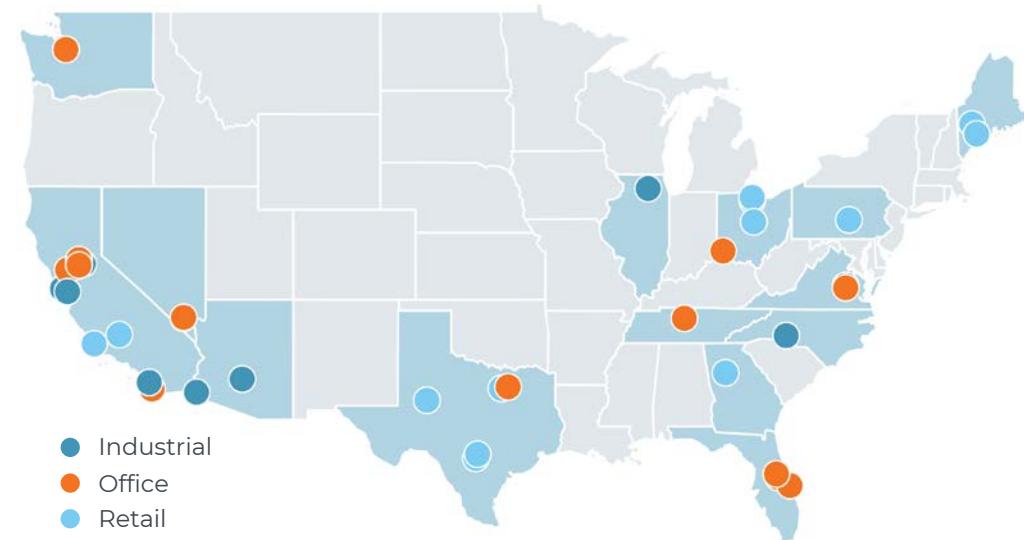
# NET-LEASE REAL ESTATE PORTFOLIO

MODIV

As of September 30, 2021

Properties	38
Square Footage (msf)	2.2
Total Tenants	31
Tenant Industries	14
Occupancy (%)	100%
Investment Grade Rated <sup>1</sup> (% of ABR)	70%
Contractual Rent Bumps (% of ABR)	88%
Average Lease Term Remaining (years)	5.6

Diversified by Geography, Property Type and Sector

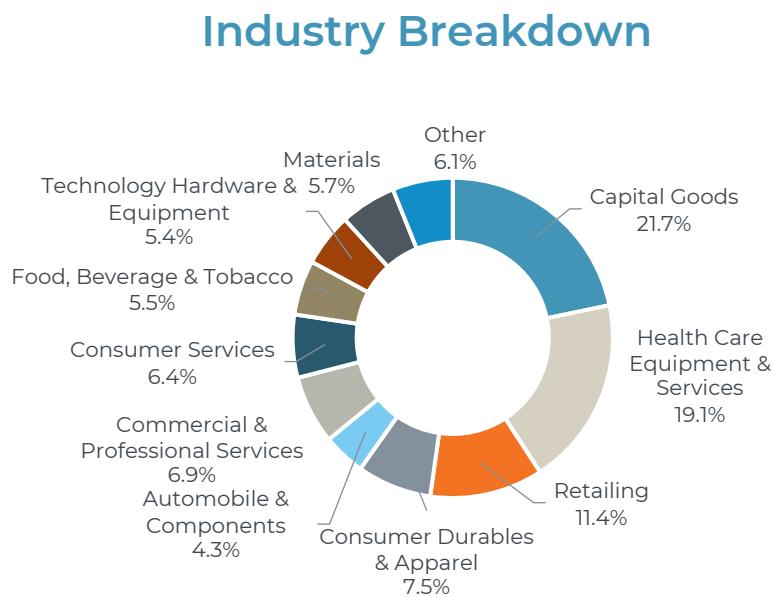


1. Investment grade rating on long-term debt is determined by a nationally recognized statistical rating agency.

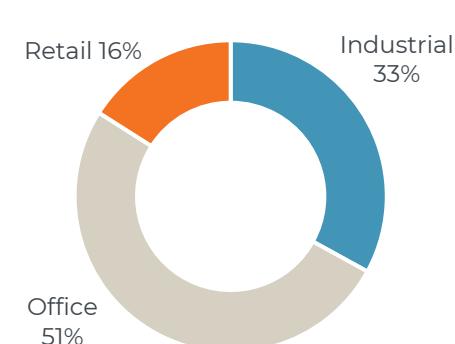
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# KEY PORTFOLIO METRICS

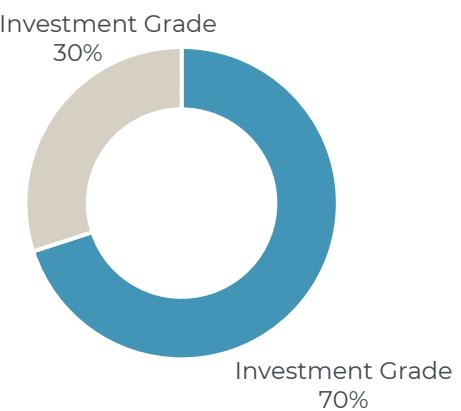
As of September 30, 2021 (unless otherwise noted)



### Property Type



### Investment Grade<sup>2</sup>



### Top 5 Tenants

by Annual Base Rent



8.7% (S&P A)



7.7% (S&P A+)



7.7% (NR)



5.5% (NR)



5.3% (S&P AA-)

1. Excludes leasing activity executed subsequent to quarter end; including this leasing activity, 2022 expirations total 4% and Weighted Average Lease Duration extends to 6.0 years.

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## APPENDIX

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# EXPERIENCED TEAM

## Management Team

Name	Title	Years of Relevant Experience
Ray Wirta	Chairman	50
Aaron Halfacre	Chief Executive Officer	25
Ray Pacini	Chief Financial Officer	40
Bill Broms	Chief Investment Officer	19
Mitchell Germain	Chief Capital Officer	20
David Collins	Chief Property Officer	35
Sandra Sciutto	Chief Accounting Officer	33
John Raney	Chief Legal Officer	12
Jennifer Barber	Chief Operating Officer	6
John Bacon	Chief Marketing Officer	28

### Bill Broms | Chief Investment Officer | [bbroms@modiv.com](mailto:bbroms@modiv.com) | 720.205.1400



- Chief Investment Officer of Modiv Inc. since 2018
- Founder and Chief Executive Officer of Realty Dividend, LLC from 2014-2018
- Former Senior Director of Acquisitions at Cole Real Estate Investments, Inc. from 2010-2014
- Former Director of Acquisitions at Realty Income Corporation (NYSE: O) from 2007-2010
- University of Illinois, B.S. Finance
- Regis University, Master of Business Administration

### David Collins | Chief Property Officer | [dcollins@modiv.com](mailto:dcollins@modiv.com) | 630.272.9005



- Chief Property Officer at Modiv Inc. since 2019
- Former Executive Vice President of Portfolio Management at InvenTrust Properties, Inc from 2014-2018
- Former Senior Vice President of Asset Management at American Realty Capital (NYSE: VER)/Cole Real Estate Investments, Inc. from 2010-2014
- Previously held Senior Asset Management positions at LaSalle Investment Management and Staubach Real Estate Services
- Arizona State University, B.S. Accounting
- University of Arizona, Master of Business Administration

# INVESTMENTS



As of September 30, 2021

Property	City, State	Product Type	Sq.Ft.	Investment Grade <sup>1</sup>	Purchase Date
3M	DeKalb, IL	Industrial	410,400	Y	3/29/2018
Accredo Health	Orlando, FL	Office	63,000	Y	6/15/2016
Amec Foster Wheeler	San Diego, CA	Industrial	37,449	N	7/20/2016
AvAir	Chandler, AZ	Industrial	162,714	N	12/28/2017
Bon Secours Health System	Richmond, VA	Office	72,890	Y	10/31/2018
Costco Wholesale	Issaquah, WA	Office	97,191	Y	12/20/2018
Cummins, Inc.	Nashville, TN	Office	87,230	Y	4/4/2018
Dollar General Bakersfield	Bakersfield, CA	Retail	18,827	Y	11/10/2015
Dollar General Big Spring	Big Spring, TX	Retail	9,026	Y	11/4/2016
Dollar General Castalia	Castalia, OH	Retail	9,026	Y	11/4/2016
Dollar General Lakeside	Lakeside, OH	Retail	9,026	Y	11/4/2016
Dollar General Litchfield	Litchfield, ME	Retail	9,026	Y	11/4/2016
Dollar General Mt. Gilead	Mt. Gilead, OH	Retail	9,026	Y	11/4/2016
Dollar General Thompsontown	Thompsonstown, PA	Retail	9,100	Y	11/4/2016
Dollar General Wilton	Wilton, ME	Retail	9,100	Y	11/4/2016
Dollar Tree	Morrow, GA	Retail	10,906	Y	4/22/2016
EMCOR Facilities	Cincinnati, OH	Office	39,385	Y	8/29/2017
exp Global	Maitland, FL	Office	33,118	N	3/27/2017
FUJIFILM Dimatix (72.71%)	Santa Clara, CA	Industrial	91,740	Y	9/28/2017

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(Cont'd)

# INVESTMENTS



As of September 30, 2021

Property	City, State	Product Type	Sq.Ft.	Investment Grade <sup>1</sup>	Purchase Date
Gap	Rocklin, CA	Office	40,110	N	12/1/2016
GSA - Mine Safety & Health	Vacaville, CA	Office	11,014	Y	4/5/2016
Harley Davidson (For Sale)	Bedford, TX	Retail	70,960	N	4/13/2017
Husqvarna	Charlotte, NC	Industrial	64,637	Y	11/30/2017
Illinois Tool Works	El Dorado Hills, CA	Industrial	38,500	Y	8/18/2016
L3 Communications	Carlsbad, CA	Industrial	46,214	Y	12/23/2016
Labcorp	San Carlos, CA	Industrial	20,800	Y	12/9/2015
Levins Sacramento	Sacramento, CA	Industrial	76,000	N	8/20/2015
Northrop Grumman	Melbourne, FL	Office	107,419	Y	3/7/2017
Omnicare	Richmond, VA	Industrial	51,800	Y	7/20/2017
PreK Education Center	San Antonio, TX	Retail	50,000	Y	4/8/2016
Raising Cane's	San Antonio, TX	Retail	3,853	N	7/26/2021
Solar Turbines	San Diego, CA	Office	26,036	Y	7/20/2016
Sutter Health	Rancho Cordova, CA	Office	106,592	Y	3/15/2017
Taylor Farms	Yuma, AZ	Industrial	216,727	N	10/24/2019
Texas Health Resources	Dallas, TX	Office	38,794	Y	9/13/2018
Walgreens Santa Maria	Santa Maria, CA	Retail	14,490	Y	6/29/2017
Williams Sonoma	Las Vegas, NV	Office	35,867	N	6/22/2017
Wyndham	Las Vegas, NV	Office	41,390	N	6/22/2017
<b>Totals</b>			<b>2,249,383</b>	<b>69%</b>	-

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