

**Q. Why does Metzler conduct a pre-acquisition asset review?**

**A.** I think one of the unique things about Metzler Real Estate is that the asset management process starts very early. Once our investment team identifies a target asset that fits the client's objectives, our asset management team will get involved directly with the underwriting and asset evaluation.

We will go to the market and conduct a thorough tour of the asset. We will speak with the top local brokers and property managers to understand their view of the property and their assessment of its competition. Our intent is to gain a first-hand understanding of how that building will perform in the market against its competition. We bring that understanding to the underwriting. After all, we'll have to deliver on the investment expectations!

As the deal progresses, we begin a comprehensive due diligence program. We cover legal, environmental and physical due diligence of the property. We review all the leases. We talk to all the tenants. We want to understand how this building is going to perform. We also get as much information as we can about the tenants and their businesses. It is imperative to understand who the building competes against and how we are going to successfully lease this building in good and bad markets.

**Q. So the asset management team is deeply involved in the investment component of the relationship even before you actually start to manage the asset.**

**A.** Yes, as I noted, I think it's one of the areas in which Metzler is unique. Following one of our recent acquisitions, two different brokerage companies told me they never see asset managers at properties until after they close.

So it's confirmed by what I'm hearing on the street, that we're there and we're working hard. We work very well and very closely with our investment team so we're certain that, once we get into those final rounds of negotiation, we can deliver on our promises.

A very important part of our ability to acquire an asset is our reputation in the industry. From a seller's standpoint, they understand how much work we've done up front. When they see our thorough due diligence work, our strong underwriting both by the investment and asset management teams, and our history of delivering on our commitments, it puts our clients in a strong position to win the deal.

**Q. Is asset evaluation prior to acquisition more than a tiebreaker to the seller?**

**A.** At the end of the day, it's not always price. At the end of the day, sellers are looking for buyers who can deliver on their promises. The more we know about the building, about the market, the more time we spend on the details of due diligence, then from a seller's standpoint, there is less risk that we won't close. The history Metzler has for its clients of doing exactly those things and ultimately closing puts us at the top of the heap and, hopefully, more often than not the winning bid.

## Asset Management Process

01

Define Approach

02

Assess Conditions and Constraints

03

Develop Strategies

04

Implement Programs

05

Monitor Performance

06

Communicate Results

**Q. Can you take me through a more detailed review of the asset management process that you follow at Metzler?**

**A.** Our asset management process follows six detailed steps. It starts with the understanding of a client's goals and objectives. Once an individual building is identified for acquisition, the asset management team begins their process of due diligence. At that juncture we are primarily concerned with the condition of the property and any capital constraints that may be imposed by the client. From there we develop a long-term business plan for client approval. The plan sets out clear strategies and looks at all influencing variables including marketing, financing, leasing and tax implications.

Our implementation work begins by hiring the best in-market delivery teams including property management, leasing, legal and architecture. Together those teams prepare a detailed management plan which includes comprehensive ten-year leasing and capital project plans as well as the long-term asset management budget. This operating guide becomes the basis of an iterative process that includes annual budgeting, monthly reports and a constant review of all things affecting the viability of the property.

As programs are implemented and progress is recorded, monthly reports keep the client frequently informed of the building's status. Finally, the business plan is regularly revisited and updated as market conditions change.



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