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SOCIAL/IMPACT INVESTING

Greetings!

Gaining momentum in the investment world is a notion of investing in the betterment of a community, where the success of the investment is not only measured in financial gain but also in community improvement. Social or Impact Investments seek a unique path to create social change. As generational wealth is changing, more financial managers are seeking a response to a younger generation that no longer wants to just give money to charity, but to stake a claim in the world by exchanging higher yield returns for a measure of impact to the community. This form of accountability is rapidly progressing in the philanthropic community as perhaps a better measure to ensure success.

How does this model work? In an altruistic manner, investors put capital to work at much lower return expectations in exchange for a report card on measurable cost impact to a social cause. Sounds good, right? But measuring the intangible nature of "good" can be a daunting task for a financial world always seeking to audit results, so this is in the infancy of what will be a major movement.

PRI's and MRI's:

You will hear the acronyms of PRI's and MRI's defined as Program Related Investments or Mission Related Investments. In fact, the Internal Revenue Service allows foundation money that has historically been limited to donations, to legally invest in an organization that aligns with the mission of the giving foundation, AND be able to extract a return for a successful investment. It has been allowed for a long time but has been slow to be embraced for a multitude of reasons. In part, older foundations that have been donating for years to charitable causes (501(c)(3)), are hesitant to try an approach that seems contradictory to their donating principles. In all fairness, there are expanded administrative requirements and expertise in overseeing a PRI that some foundations are not staffed to support. However, more and more organizations like the idea of being able to get a financial and social return for their capital rather than just giving it away. This trend seems to be pushed by younger patrons of charity who are looking for change in older models of philanthropy thus pushing institutional wealth advisors to study the model more closely to answer their questions.

In a world that is looking for public/private partnerships, we think the concept of social investing will become increasingly appealing. Governments are strapped for resources, and the private sector has philanthropy that seeks to do good by giving back. The West coast and progressive cities seem to be leading the charge, but stay tuned for more progressive thinking by many, who want to make

the world a better place through innovative structures that impact social good.

Please Review Investment Profile of the Month:

Investment Profile of the Month:

Summerdale Commons
244-unit Apartment Complex
Old Hapeville Road
Atlanta, GA



What we like about the deal?

- It is the first Social Impact deal in Atlanta dedicated to improving the schools through affordable housing using a 3.7% return on equity to stabilize housing, and turn around bottom performing public schools.
- 10-year commitment to keep rents at Affordable Levels.
- Landlord pays for after school care and healthcare navigation.

What we didn't like about the deal?

- Some governmental regulations will cost money that could go to more programs.

Are You an Investor?

We are in pursuit of several investments. If you are an accredited investor and want to be considered for one of these offerings, please reach out to us. Call us today to learn more at 404-698-3535 or dgibbs@tristarinvest.com.

Sincerely,

TriStar Real Estate Investment

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