

Opportunities in a New Asset Class

Skyline Retail REIT takes on management of Glengate portfolio



The Queensway South, Keswick, ON

Skyline Retail REIT is a privately owned Canadian real estate investment trust managed by the Skyline Group of Companies, a full-service acquisitions, property management and investment firm. The Retail REIT is focused on properties located in Ontario's secondary and tertiary markets, occupied by the types of tenants not affected by the rise in online retailing—Canadian household brand names such as Tim Hortons, LCBO and Shoppers Drug Mart.

"There is certainly a private nature to the business," says Jason Castellán, Co-Founder and CEO of the Skyline Group of Companies. "We are not completely private—our properties are not each individually owned—nor are we a public entity. We allow investors the opportunity to own institutional-quality real estate at a grassroots, hands-on level, and our open-door policy gives them total access to our management team. We're very proud of our unique business model because it allows us to educate and empower our investors. Skyline Retail REIT avoids properties that can be a liability in the case of vacancies—typically, it looks for properties with longer terms remaining on their leases.

"The Skyline Group manages three private REITs, each housing a different type of real estate asset class: we have an Apartment REIT, a Commercial REIT, and a Retail REIT," says Castellán. "In both our Apartment and Retail REITs, we focus on secondary and tertiary markets where we are not competing against institutional money. Instead, we have become an aggregator of these individual properties - building a very nice portfolio that, although privately held, is of institutional quality.

Skyline Group

SKYLINE CO-FOUNDER & CEO
Jason Castellán

GLENGATE FOUNDERS &
SKYLINE RETAIL REIT INDEPENDENT
TRUSTEES TO THE BOARD
Jim Bullock and Don Biback

LOCATION
Guelph, Ontario

A VALUABLE PARTNERSHIP

Skyline Retail REIT has recently taken on a 17-property portfolio with Glengate Holdings Inc., a widely respected Canadian investment company.

"It is very difficult, regardless of what property class you are offering, to build something in today's market with just one property, and then two and three," says Jim Bullock. "The platform gave us a great base with which to start. It now comprises about one-third of the Retail REIT's current portfolio. Don [Biback] and I, the principal partners,

have a background in retail real estate and REITs, which allows us to grow more quickly and acquire better quality assets through our long-term involvement in the industry.”

Bullock and Biback developed each of the Glengate properties over a 10-year period, and the duo has a great deal of experience when it comes to placing top tenants.

“We have established very strong relationships with a large number of retailers that fit within our market,” Biback says.

Skyline’s entrance into the retail sector provides their investor base of more than 2,000 with a new asset class, a diversified offering. The Glengate Portfolio founders’ years of experience is integral to the management of the REIT, as it brings important insight and business connections to the table. For this reason and many more, the two now sit as independent trustees and advisors on Skyline Retail REIT’s board.

“Jim and Don brought experience, depth and key relationships on board,” Castellan says. The Glengate portfolio worked as a seed to the overall Skyline Retail REIT portfolio, because the properties were already stabilized. They were already in place to be a solid platform to start out with, giving the portfolio enormous growth potential. The portfolio has already grown to include 40 properties in 28 communities over the last year alone

Additionally, Bullock and Biback have also been able to expand their work with retailers with the size and support offered by the Skyline Retail REIT.

“They have been able to make more deals and help us all grow at a much more rapid pace,” Castellan says.

COMPLEMENTARY STRENGTHS

The two groups certainly complement one another, bringing numerous benefits to both Skyline and Glengate.

“The relationships work hand-in-hand,” says Castellan. “Jim and Don provide the growth through their networks, and we provide the capital, when needed, to make these acquisitions, as well as the operations and the background to digest and manage these properties on an ongoing basis.”

Since the partnership began, the Glengate portfolio has grown in the first year from \$85 million to about \$270 million. Additionally, according to Biback, the growth is taking place with a strong group of retailers in the portfolio.

“We are doing this with national, recognizable tenants, which continues to add to a very strong portfolio,” he says. “These are brand-name retailers that our investors know and trust.”

The team behind Skyline Retail REIT is pleased with its experience thus far, and its partnership with Glengate. The move has provided the potential for exponential growth on the retail side on a variety of deal structures.

“Instead of having to take cash, the vendors will do a unit deal similarly to what Glengate and its investors did,” Castellan says. “If we couple those opportunities along with the capital raising that Skyline can do, we can grow on the retail side faster than we might through traditional all cash purchases, where you are not getting that complement of deals, which can benefit the vendor to stay involved in real estate in a much more passive way through our REIT.” ■



Skyline Apartment REIT, Skyline Commercial REIT and Skyline Retail REIT are truly unique private real estate investment alternatives that are managed entirely by The Skyline Group of Companies.

This integrated, full-service business model enables Skyline to drive cost efficiencies while ensuring its high standards. Skyline’s consistent focus on quality and refusal to cut corners has been intrinsic to the continued success of the Skyline brand and has won the company numerous awards.

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