CARLTON LANE
CAPITAL

Transcript

What governance of oversight mechanisms are in place?

Oversight is very important.

We at Carlton Lane view ourselves as your oversight on this project for you as the investor,

An example is, as an equity investor, you do have some rights in the operating agreement. The problem is you need 51% of the vote and you're probably invested in a project with, I don't know, 80 strangers. How are you possibly going to get over 50% of the vote if you ever needed to? Right. That's an issue. That's a real issue that happens.

The way we are structured is we create an entity called a special purpose vehicle.

Our investors come into that vehicle. And then we are a single investor in the project. And because we are the sole equity provider or partner, we immediately have 100% voting rights because it's just us.

it's a mechanism that we use to protect investors.

And so when we sign on to be that equity investor for that project, we have some decision rights that we intentionally put into our contracts with the developers that allow us to look out for our own interests, which means our investors interest. So what would some of those rights be when they sell? They need our approval to sell.

If they need a refinance of some sort, or if they need to put additional debt or feel they need to put additional debt on a project, we have to approve it. They can't just go do certain things that we feel might be at the detriment of our investors. We have to approve it.

And there's a whole list of things that we could talk about.

But I just want to give you some examples of the value of investing through Carlton Lane and what we're trying to help our investors accomplish by not going it alone.