



CLOVERLEAF

LATE SUMMER

NEWS

2024

IN A COMPLEX WORLD, I LIKE REAL ESTATE

BY JONATHAN BASOFIN, PRINCIPAL

As I watched recent financial markets' rapid fluctuations, I was struck by how interconnected many investments are to overly complex, intertwined influences, most of which are beyond any one person's control. And as I tried to understand the reasons for these particular swings (and what may happen next) I was reminded why I like commercial real estate and believe in Cloverleaf's approach to investment decisions.

When the markets were tanking the first week of August, observers pointed to an array of causes. For example, many noted the impact of Japan raising interest rates and the resulting domino effect on yen-based "carry trades." I'll admit that I hadn't been paying attention to yen, but the explanation made some sense. Others put more blame on a weak US jobs report. But then some said the jobs report wasn't that bad actually and argued that the Fed simply blew it by keeping interest rates too high for too long.

There were more explanations, but as I was digesting them, the markets began to rebound.

While part of our job at Cloverleaf is to keep an eye on macro trends (and, of course, interest rates), a far weightier component involves choosing real estate that 1) is likely to thrive across a range of externalities and 2) can be dramatically bettered by people working hard to execute a good plan. Commercial real estate is of course impacted by the world around it just like other asset classes, but we can hedge against some of that risk via mechanisms within our control.

There are other commercial real estate professionals with whom Cloverleaf shares this "hands-on" investment philosophy, who we believe are excellent at executing their particular value-add strategy. As discussed in the article below, we look forward to selectively collaborating with some of these groups to bring additional compelling opportunities to our investors.

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There is some degree of soothsaying in any investment decision, but for the type of properties in which Cloverleaf chooses to invest, our predictions center more on property-level fundamentals and strategies to actively add value. In an increasingly complex world, I take comfort in that.

A New Strategic Partnership for Cloverleaf and Its Investors

We are pleased to announce that Cloverleaf — working together with our friends at North Grove Real Estate Capital — will be offering our investors additional opportunities to augment our core Cloverleaf investments. In addition to Cloverleaf’s more standard opportunities — particularly as it has become increasingly challenging to locate a sufficient number of good ones — this partnership aims to provide investors access to a more diverse slate of assets, but filtered through the same cautious approach that has been central to Cloverleaf investing for over 42 years.

Cloverleaf and North Grove will leverage our combined relationships, expertise and decades of experience to curate opportunities to partner exclusively with best-in-class sponsors. Specifically, we will seek to work only with trusted partners on investments that exist below the institutional radar and would typically not be available to individuals. These investments, which will include assorted real estate asset classes, may take various forms — from joint venture or general partner equity to recapitalizations.

As always, the owners of Cloverleaf will invest significantly alongside our investors.

North Grove’s founders/partners, Michael Crandall and Dustin Cahan, are longtime friends (both personally and professionally) of Jonathan Basofin’s. They are commercial estate veterans who have enjoyed significant success on behalf of their investors. Please visit North Grove’s website to learn more about their philosophy and portfolio.

As noted above, these opportunities will be in addition to Cloverleaf’s more standard offerings and are aimed at providing our investors with access to more diversity. While the look and feel of the offerings may be different from our standard Cloverleaf deals, our conservative approach to vetting them will be the same.

If you would like more information, please contact Jonathan Basofin at jeb@cleafgroup.com or 847-272-3300.

Cloverleaf Acquires Value-Add Center in East Peoria, IL



In August 2024, we and our investors acquired Gateway Plaza, a 14,449 square foot value-add retail/service center in East Peoria, IL. The property is presently 21% vacant and includes a multitenant building with suites ranging from 1,499 to 4,500 square feet, as well as a free-standing Arby’s restaurant with a drive-thru. We acquired the property without debt.

We believe the asset has been underserved from a leasing and management standpoint, its rents are relatively low, and with the requisite attention and funds, the vacancy presents an opportunity to add value.

In addition to getting to work on leasing, we will immediately address deferred maintenance items and upgrade the center’s appearance.

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