



Equity Financing

How do you get someone (or a company) to invest in your idea, project or concept?

It starts with a strong (and unique) 'Business Plan'. You have to have a team to be able to 'Manage' the plan which includes a strong 'Background and Experience'. Finally, your 'Timing' has to be right.

1. **Business Plan** – A sound and well thought-out business plan is a key start. It has to be well written and offer a unique opportunity for an investor to be interested.
 - a. What makes your plan unique?
 - b. Why should an investor put his money with you?
 - i. Especially since there are so many choices in the markets today.
 - c. What guarantee does an investor have that he will get his money back or the return on his investment that you promise?
 - d. What is the track record of your company in this field?
 - e. What is your exit strategy?
 - f. What is plan "B" and "C" if plan "A" does not go according to plan?

These are just a few of the questions (and believe me there are many more) that an investor needs to know. You should have a one-page 'Executive Summary' offered first and a larger, more detailed plan if they like the summary and want to take the next step.

You might get response from 10%-20% of those plans you send out. Additionally, we highly recommend you sit eyeball to eyeball with as many investors as you can present to not just mail or email information out.

You need to look long and hard and allow a period of time to find a partner. Be realistic with yourself and your search.

Many times a person starts out with friends and/or family members that invest in a concept like fixing up a house and selling it for a profit. If he/she is successful one might grow and over time build a portfolio of success like 10 houses, then a shopping center, then an office building, etc. This history of performance is the 'business plan' which is built over time.

This is how Sky West was built.

2. **Management Team** – There are many hats to wear when you first start out; management, accounting, payroll, leasing, analysis, entitlement, etc. Over time you wear all hats and learn the ‘ins and outs’ of the real estate business. You build relations along the way, keeping some of them. When you do ‘your next project’ you tap into your best relations. This is what Sky West has done in almost every state on the West Coast. We have spent over 6 years in Colorado and Arizona when we started out and know these markets well. We have developed, brokered and managed assets for several years in Idaho, California and Nevada. We have built relations in all of these states to be able to navigate thru opportunities for our clients, investors and/or partners and know these markets well.
3. **Background & Experience** - A person who has money does not always have the experience to manage the day to day operations. This presents opportunity if you know what you are doing and are willing to do the work needed on a daily basis to deliver results.

- Investors today are concerned because they have watched and trusted outside sources to NOT lose their principal investment and expect returns based on performance, accountability and follow thru based on your approved plan.
- Most importantly they expect a relationship and are counting on you to deliver on what you promise.
- They want to work with people and companies that are transparent and are accountable for their actions.

Over the years we at Sky West have learned this. We put our own money in projects along with our investors. We have detailed accounting available (and current) to be able to report to our investors as often as they would like.

4. **Timing** – You have heard the old cliché ‘timing is everything’. In real estate (especially) timing IS everything. Investors look at trends, history, past performance and a whole host of experience they have from their past to make the best decisions. Most investors have made their money in down markets taking advantage of cycles. They look at timing and where the investment is going to be several years out.
- a. “If I make this investment where will the economy be when we sell?”
 - b. “What are the tax consequences in the current administration and can we take advantage of tax laws before a new administration changes opportunity?”

Be realistic when you set your timelines and deliverables. Most project managers don't allow enough time which creates problems. Be realistic. There is an old saying in real estate (and in life) "under promise and over deliver".

Finally, it is best to set your investments at 3 years or less. In some circumstances (like development) this might be a stretch as most develop projects take not less than 5 years. At Sky West we have learned this from experience and can help you set realistic goals and timelines.

If you have a project and are looking for equity financing Sky West can evaluate and consult to assist you in finding a partner or investor. Please call us to schedule a free consultation and review your opportunity.

We look forward to working with you.

Cordially,



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