2901 Clairmont Rd. Acquisition Proposal

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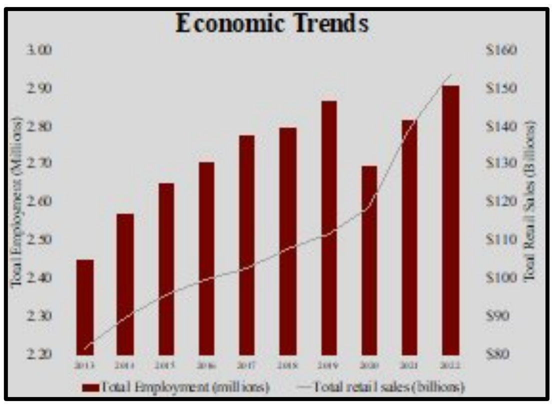
Property Overview: The subject property located at 2901 Clairmont Road in Atlanta, Georgia. It is a one story 128,776 SF Class B retail power center. The property sits on 22.1 acres of leased site and is in the Brookhaven submarket. Sam's Club is the existing tenant in addition to a Sam's Fuel Center. The property was built in 1999 and is equipped with 510 parking spaces. 2901 Clairmont Rd rests 17 minutes north of Atlanta's Central Business District and is situated right off interstate highway I-85 which runs from Virginia to Alabama. Being located off a major highway is important in terms of receiving shipments as well as having access to a large base of customers. Overall, this property is equipped with many advantageous characteristics which combined with the booming Atlanta market, make the possible returns on this investment seemingly limitless.

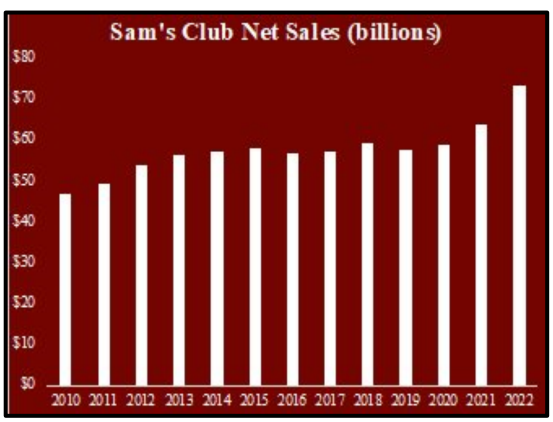
Thesis: We believe that this property is a great investment because of the strong lease terms currently in place, the high population growth the Atlanta area has experienced, and the resilience of grocery properties throughout uncertain times. The Sam's Club lease is a NNN lease guaranteed by Walmart, substantially decreasing risk. Along with this, the Atlanta area has seen its population grow by over 26% in the last 10 years, which is very attractive for retail properties. In addition, as Covid-19 ran its course dramatically impacting the retail asset class, grocery store and grocery-anchored locations were able to show strong resilience and continue to show strong fundamentals today. This is one more factor that allows this property to be a relatively low risk investment with high earning potential.

Retail Overview: Covid was coined as the "retail apocalypse" -- due to the lockdown consumers could or did not want to go to physical stores to shop. Store closings and bankruptcy rendered 51.8 msf. of shopping center retail space empty and 22.3 msf. of retail space was demolished. Vacancy rapidly increased to 10% by Q2 2020. E-commerce sales were only about 10% of all U.S. retail sales before Covid, but it increased to 16% during the pandemic, making it a threat to the recovery of the retail market. This will permanently change the way retail businesses are structured. Malls struggled the most with the highest vacancy rates while grocery performed the best. By Q4 2020 net absorption had already turned positive, showing signs of recovery. With states reopening and the consumer desire to return to in-person experiences, the demand for brick-and-mortar retail locations will continue. Grocery-anchored retail is now on the rise while supply is still slowed. Since retail is in rapid recovery post-pandemic, investors should be sure to get in on retail investments before it's too late or expensive to acquire a property.

Market Overview:

With a comeback in retail markets throughout the country, we view Atlanta, Georgia as a strong and reliable investment. The market shows a full recovery from the Covid-19 pandemic as we see positive trends and strong performances. Construction has expanded inventory in 2022 by 3.1 msf. With 127 new retail establishments, 233 actively seeking tenants are currently looking for locations in Atlanta due to the reliable demographics of the suburbs and positive outlook for the coming years. Strong demand allows the ability to keep up with increasing asking rents which stand at $16.82 psf on average, an increase of 6.8% from the prior year. Vacancy rates sit at about 4.8% which is down 30 bps from last year, wiping away the impacts the pandemic created. As they reached an all-time low in 2019 at 6.6% vacancy, they are surpassing the pre-pandemic rate. The strong vacancy fundamentals are expected to hold strong as current leasing trends are also in a promising state. Finally, Atlanta's single-tenant retail properties have seen some of the lowest cap rates in the past two decades in the low 6%. The high demand and strong fundamentals make for a safe investment in retail property in Atlanta.



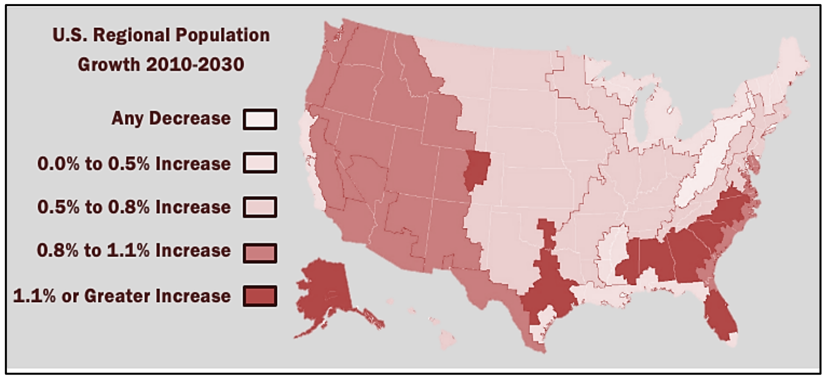


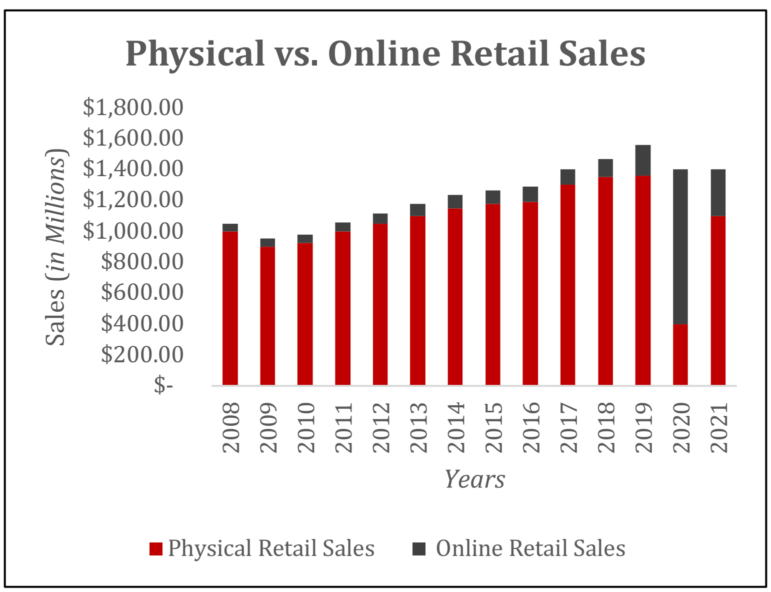
Strong Lease Terms

Sam's Club's current lease terms are extremely attractive for a potential investor. The current lease runs through May 31, 2026, which is nearly all the way through our five-year holding period. There are also six more five-year renewal options which would run through July 2055. Since this store has been a long-standing, high-volume location for Sam's Club with strong performance, it is very probable that they will renew their lease at least once more which will run through the rest of our holding period. This is beneficial for all parties involved: Sam's Club benefits from not incurring relocation costs, the property owner from decreased vacancy risk and at the time of sale, the potential buyer benefits from purchasing a property that is already fully leased. Along with this, the lease for this property is currently a NNN lease which leaves the responsibility for all expenses, including property taxes, insurance, and maintenance, to the tenant. Finally, Sam's Club's lease is corporate guaranteed by their parent company, Walmart Inc. Having not only a well-performing tenant with revenues of about $73 billion in 2021, but also a corporate guarantee by the world's largest retailer is extremely beneficial for the property owner. Sam's Club's high revenues decrease the probability that they would miss out on rent payments but even in that unlikely event, Walmart would cover it. The probability of both Sam's Club and Walmart defaulting on their obligations is extremely unlikely. The lease terms for this property allow for the property owner to have an extremely safe and virtually default risk free income stream, generating an even more enticing investment opportunity.

Population Growth

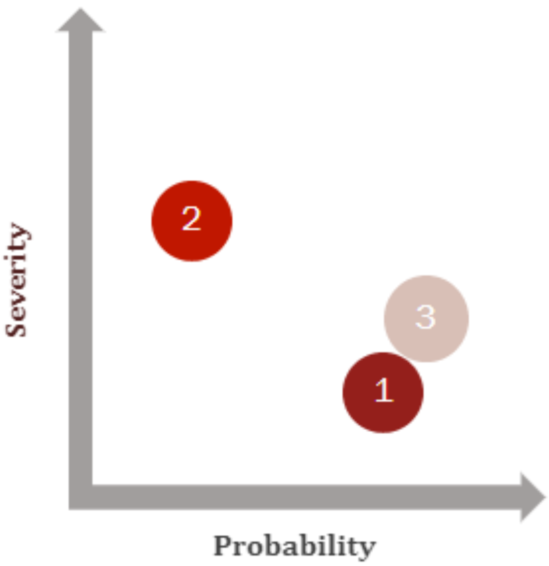
There are two key elements of a successful Grocery-Anchored center. One being a strong anchor supermarket, which we believe this property has with the existing tenant. The other deciding factor of a successful retail center anchored by a grocery tenant is a strong demographic area. Both are critical to creating traffic to the center by shoppers who are able and willing to spend in the supermarket and other in-line shops. Georgia is expected to see a 17.7% total population increase by 2030. Atlanta has also seen a major influx of Fortune 500 companies into the city, bring along their employees and families . In terms of attendance numbers of undergraduate students in the area, the numbers look enticing. Emory posted a growth of attendees to the University of 8.1% over last year (2021 to 2022). This is significant as this means that more money is to be circulated into economy and spent on staples like groceries and perishables. Lastly the retail construction in the pipeline for the coming year is not outpacing the increase in population; thus, a saturated market is not a concern in the horizon. Markets where population is growing faster than square footage created are most attractive since they have more capacity to support growth. When demand outpaces supply prices will go up. Driving up valuations. In an asset class that greatly depends on the population, our property is greatly set up for success.





Grocery Performance

The COVID-19 pandemic took a major toll on the retail asset class, but grocery showed extreme resilience to that time of uncertainty. In 2020, the grocery industry saw a growth of 9.4%. Total sales last year reached $803 billion which was a 16% increase from pre-pandemic levels. Grocery items are essential necessities no matter the current economic conditions or other uncertainties occurring in the world. Due to this, even during such unprecedented times as those of the pandemic, grocery sales still maintained at a high level. The increased time spent at home along with the fear of stocking out, allowed sales during the pandemic to beat past levels. As revenue in grocery stores excelled, transactions for grocery and grocery-anchored properties also performed extremely well. During 2021, 735 transactions of grocery-anchored properties which was a record year. Acquisitions in 2021 totaled $13.3 billion, which was the largest share of all retail property types. Leasing activity for 2021 also saw a 200% increase. The strong demand and fundamentals of grocery retail properties is directly correlated to the revenues these locations are generating. Foot traffic in grocery stores has already fully recovered and surpassed pre-pandemic levels by 8.2%. The dramatic closures of restaurants throughout the US has been an additional catalyst for this increase in foot traffic and sales. Overall, the surge in grocery sales and continued strong performance allows for grocery properties to dramatically decrease the credit risk the property owner faces. Grocery retail properties have become low risk, attractive investments and as CBRE stated, "Grocery-anchored centers will remain the gold standard of retail investment," making the acquisition of 2901 Clairmont Road an attractive investment opportunity.



1.Risk of Online Grocery Shopping

With the Covid-19 pandemic striking in 2020 there has been a surge in demand for E-Grocery. Grocery stores were forced to limit exposure and come up with new ways for people to safely buy products. Stores reverted to online options such as Instacart, which has boosted sales in large grocery stores like Costco to $3.6 Billion dollars a year. The total U.S. grocery market hit $8.7 billion in sales in February 2022, an 8.5% jump from the same period last year as consumers pursued pickup/delivery. During the pandemic researchers found 60% of US consumers started buying groceries online for safety reasons. The average year-to-change for Instacart performances in retail is up to 211% in 2021. There has been a steady decline in E-grocery heading into 2022 as major physical grocery stores open back up. Online grocery sales are projected to account for 11% of total U.S. grocery sales in 2022, and 20.5% by 2026. There is an increase in online grocery options, however pre pandemic only 3 to 4% of online grocery shopping was done in the U.S. While online grocery shopping will continue to increase in the coming year, customers will also continue to value in person shopping especially when referring to food. Additionally, for online grocery shopping to continue, a "shopper" still needs to physically be in the store, allowing for revenue stream to continue.

2. Risk of Mass Migration

A theoretical mass exodus could lead to an oversupply of physical retail stores within the area. Just like at the height of COVID when people relied on takeout or other forms of food that required minimal human interaction; the tenants of these grocery stores had major problems in terms of revenues and meeting rent obligations. In the potential event where other Sunbelt cities begin to gain more popularity that Atlanta, grocery performance would take a major hit. As mentioned earlier, retail, and especially grocery, relies heavily on the local population to generate revenue. If traffic levels falters in the future, for some reason, there could be major headwinds for the state of grocery-anchored retail.

3. Risk of Medical Retail

Medical Retail refers to the business arrangement of a retail center leasing space to a medical facility. Due to the ongoing COVID-19 pandemic and an aging baby boomer cohort, medical facilities are increasing at an accelerated pace. Being that some retail spaces around the metro-Atlanta area already adapted this model to their floor plans, it adds a value-add opportunity for Sam's Club to bring in a tenant that would provide convenient and accessible healthcare in the greater Atlanta area.

Model Assumptions

We made several assumptions when we underwrote this investment. We used the listing price of $16,895,000 as the purchase price. In terms of debt, we assumed a loan-to-value ratio of 65%, a rate of 4.5%. With loan rates rising due to the Fed's rate hikes, we found this number reasonable. In terms of equity, we assumed a GP contribution of 10% and an LP contribution on 90%. We also used a hurdle structure for distributions. The limited partners preferred return is 8% in which the cash flows would be distributed in a pro-rata share. The second hurdle would be from an IRR of 8%-12% where the split would be 25/75 for the GP and LP. The final hurdle takes an additional cash flow left after the second hurdle and distributes 40% to the GP and 60% to the LP. We assumed an exit cap rate of 6%. Class B properties in Atlanta are currently seeing cap rates between 6 and 6.5%. Since our property has a strong tenant with a forecast of strong performance, we went with an exit cap of 6%. This is relatively conservative knowing that cap rate compression is forecasted for the coming years. We assumed a 0% credit loss and a 0% vacancy due to the lease being guaranteed by Walmart Inc. We assumed a 5% expense for operating expenditures as the triple net lease means Sam's Club covers all operating expenses. This 5% serves as a safety buffer to be more conservative. In terms of capital expenditures, while this is a retail property, it is more like an industrial warehouse. Subsequently, 10% of NOI for this type of property is typical as it doesn't require too many big-ticket expenses. Lastly, we assumed a 5% management fee due to there only being a single, long-term tenant.

Financials

Model Assumptions

Property Assumptions	
Property Price	$ 16,895,000.00
Equity Contribution	$ 5,913,250.00
GP Equity %	10%
GP Equity Value	$ 591,325.00
LP Equity %	90%
LP Equity Value	$ 5,321,925.00
Exit Cap	6%

Financing Assumptions	
LTV	65%
Loan Amount	$ 10,981,750.00
Annual IR	4.5%
Monthly IR	0.38%
Amort. Period Years	30
Amort. Period Months	360
Monthly PMT	$55,642.91
Yearly PMT	$667,714.97

Additional Assumptions	
Rent Growth	4.5%
Vacancy	0%
Credit Loss	0%
Operating Expenses	5%
Closing Costs	4%
Capital Expenditures	10%
Management Fee	5%

Sources		Uses	
Loan	$ 10,981,750.00	Property Price	$ 16,895,000.00
GP Equity	$ 591,325.00		
LP Equity	$ 5,321,925.00		
	$ 16,895,000.00		$ 16,895,000.00

Rent Roll

	Monthly Rent						
	2022	2023	2024	2025	2026	2027	2028
Monthly Rent	$ 103,235.43	$ 107,881	$ 112,736	$ 117,809	$ 123,110	$ 128,650	$ 134,439
Yearly Total	$ 1,238,825.12	$ 1,294,572	$ 1,352,828	$ 1,413,705	$ 1,477,322	$ 1,543,801	$ 1,613,273

Pro Forma

	2022 Year 0	2023 Year 1	2024 Year 2	2025 Year 3	2026 Year 4	2027 Year 5	2028 Year 6
Potential Gross Income		$ 1,294,572	$ 1,352,828	$ 1,413,705	$ 1,477,322	$ 1,543,801	$ 1,613,273
Vacancy		$ -	$ -	$ -	$ -	$ -	$ -
		0%	0%	0%	0%	0%	0%
Credit Loss		$ -	$ -	$ -	$ -	$ -	$ -
		0%	0%	0%	0%	0%	0%
Effective Gross Income		$ 1,294,572	$ 1,352,828	$ 1,413,705	$ 1,477,322	$ 1,543,801	$ 1,613,273
Expense Reimbursements		$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Revenue		$ 1,294,572	$ 1,352,828	$ 1,413,705	$ 1,477,322	$ 1,543,801	$ 1,613,273
Operating Expenses		$ 64,729	$ 67,641	$ 70,685	$ 73,866	$ 77,190	$ 80,664
		5%	5%	5%	5%	5%	5%
Ground Lease Rent		$ 19,633.00	$ 20,516.49	$ 21,439.73	$ 22,404.51	$ 23,412.72	$ 24,466.29
Net Operating Income		$ 1,210,211	$ 1,264,670	$ 1,321,580	$ 1,381,051	$ 1,443,199	$ 1,508,143
Debt Service		$ 667,715	$ 667,715	$ 667,715	$ 667,715	$ 667,715	$ 667,715
Capital Expenditures		$ 121,021	$ 126,467	$ 132,158	$ 138,105	$ 144,320	$ 150,814
Leasing Commissions		$ -	$ -	$ -	$ -	$ -	$ -
Management Fee		$ 64,729	$ 67,641	$ 70,685	$ 73,866	$ 77,190	$ 80,664
Reversion Sale Price						$ 25,135,711	
Closing Costs						$ 1,005,428	
Remaining Principal Balance						$ 10,010,735	
Prepayment Penalty						$ -	
Net Sale Proceeds						$ 14,119,548	
Property Before Tax Cash Flow from Operations		$ 356,746	$ 402,847	$ 451,022	$ 501,365	$ 553,974	
Property Before Tax Cash Flow	$ (5,913,250)	$ 356,746	$ 402,847	$ 451,022	$ 501,365	$ 14,673,521	

Exit Cap Rate	**6.00%**
Property Level IRR	**24.41%**

Equity Waterfall

Partnership Structure	%	Amount		Sponsor	LP	IRR Hurdle	
GP Equity Share (Sponsor)	10%	$ 591,325	Pari-Passu Pref. I	10%	90%	8%	Up to 8%
LP Equity Share	90%	$ 5,321,925	Hurdle 2	25%	75%	12%	8-12%
Total Equity	100%	$ 5,913,250	Hurdle 3	40%	60%		Greater than 12%

Property Level Cash Flow			Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Levered. Cash Flow			$ (5,913,250)	$ 356,746	$ 402,847	$ 451,022	$ 501,365	$ 14,673,521
IRR			24.41%					
Equity Multiple			2.77					
Hurdle 1 - Prefered Return and Return of Capital			**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Beginning Balance (LP Capital Account)			$ -	$ 5,321,925	$ 5,426,608	$ 5,498,174	$ 5,532,108	$ 5,523,448
LP Req'd Return to hit Hurdle 1	8%		$ -	$ 425,754	$ 434,129	$ 439,854	$ 442,569	$ 441,876
Contribution from LP	90%		$ 5,321,925	$ -	$ -	$ -	$ -	$ -
Distributions to LP (LP Capital Account)	90%		$ -	$ 321,071	$ 362,562	$ 405,920	$ 451,229	$ 5,965,324
Ending Balance (LP Capital Account)			$ 5,321,925	$ 5,426,608	$ 5,498,174	$ 5,532,108	$ 5,523,448	$ -
LP IRR Error Check	8%	8%	$ (5,321,925)	$ 321,071	$ 362,562	$ 405,920	$ 451,229	$ 5,965,324
Contributions from Sponsor	10%		$ 591,325	$ -	$ -	$ -	$ -	$ -
Distribution to Sponsor	10%		$ -	$ 35,675	$ 40,285	$ 45,102	$ 50,137	$ 662,814
Sponsor IRR Error Check	8%	8%	$ (591,325)	$ 35,675	$ 40,285	$ 45,102	$ 50,137	$ 662,814
Total Distributions			$ -	$ 356,746	$ 402,847	$ 451,022	$ 501,365	$ 6,628,138
Cash Flow Remaining			$ -	$ -	$ -	$ -	$ -	$ 8,045,383
Hurdle 2								
Beginning Balance (LP Capital Account)			$ -	$ 5,321,925	$ 5,639,485	$ 5,953,661	$ 6,262,180	$ 6,562,413
LP Req'd Return to hit Hurdle 2	12%		$ -	$ 638,631	$ 676,738	$ 714,439	$ 751,462	$ 787,490
Contributions from LP			$ 5,321,925	$ -	$ -	$ -	$ -	$ -
Prior Distributions			$ -	$ 321,071	$ 362,562	$ 405,920	$ 451,229	$ 5,965,324
Distributions to LP (Hurdle 2)	75%		$ -	$ -	$ -	$ -	$ -	$ 1,384,579
Ending Balance			$ 5,321,925	$ 5,639,485	$ 5,953,661	$ 6,262,180	$ 6,562,413	$ -
LP IRR Error Check	12%	12%	$ (5,321,925)	$ 321,071	$ 362,562	$ 405,920	$ 451,229	$ 7,349,903
Contributions from Sponsor			$ 591,325	$ -	$ -	$ -	$ -	$ -
Distributions to Sponsor	25%		$ -	$ -	$ -	$ -	$ -	$ 461,526
Total Distributions			$ -	$ -	$ -	$ -	$ -	$ 1,846,105
Cash Flow Remaining			$ -	$ -	$ -	$ -	$ -	$ 6,199,279
Hurdle 3								
Distributions to LP	60%		$ -	$ -	$ -	$ -	$ -	$ 3,719,567
Distributions to Sponsor	40%		$ -	$ -	$ -	$ -	$ -	$ 2,479,711
Total Distributions			$ -	$ -	$ -	$ -	$ -	$ 6,199,279

Cash Flow

GP Cash Flow		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Distributions	$ 3,775,249	$ -	$ 35,675	$ 40,285	$ 45,102	$ 50,137	$ 3,604,051
Contributions	$ 591,325	$ 591,325	$ -	$ -	$ -	$ -	$ -
Net Cash Flow	$ 3,183,924	$ (591,325)	$ 35,675	$ 40,285	$ 45,102	$ 50,137	$ 3,604,051
IRR	47.08%						
Equity Multiple	6.38						

LP Cash flow		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Distributions	$ 12,610,252	$ -	$ 321,071	$ 362,562	$ 405,920	$ 451,229	$ 11,069,470
Contributions	$ 5,321,925	$ 5,321,925	$ -	$ -	$ -	$ -	$ -
Net Cash Flow	$ 7,288,327	$ (5,321,925)	$ 321,071	$ 362,562	$ 405,920	$ 451,229	$ 11,069,470
IRR	20.49%						
Equity Multiple	2.37						