




Deal Selection Pitch

3205 Bassett Street, Santa Clara, CA 95054

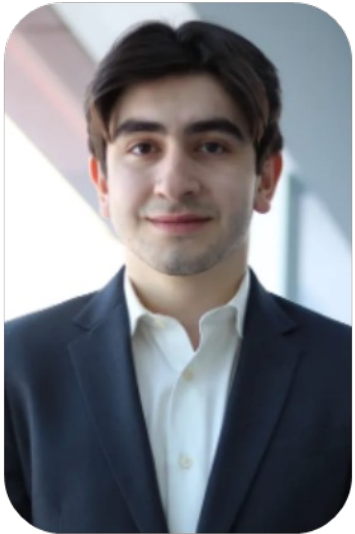
May 3, 2023



AGENDA

1. MEET THE TEAM
 2. DATA CENTERS
 3. ASSET CLASS OVERVIEW
 4. PROPERTY OVERVIEW
 5. AT&T
 6. MARKET OVERVIEW
 7. COMPS
 8. RISKS & MITIGANTS
 9. FINANCIAL OVERVIEW
 10. INVESTMENT THESIS
- 

Meet the Team



**Manuel
Marentes**

Principal



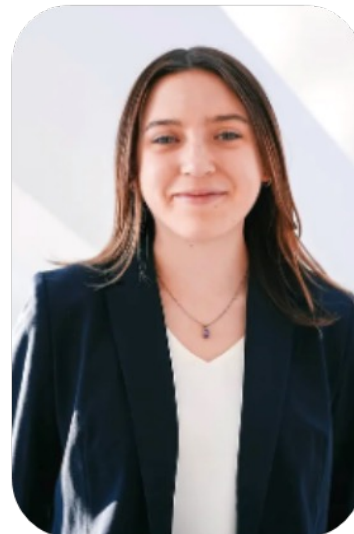
**Noah
George**

Analyst



**Julia
Zangrilli**

Analyst



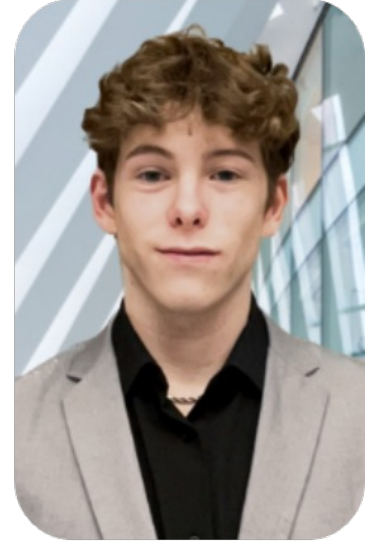
**Hailey
Roche**

Analyst



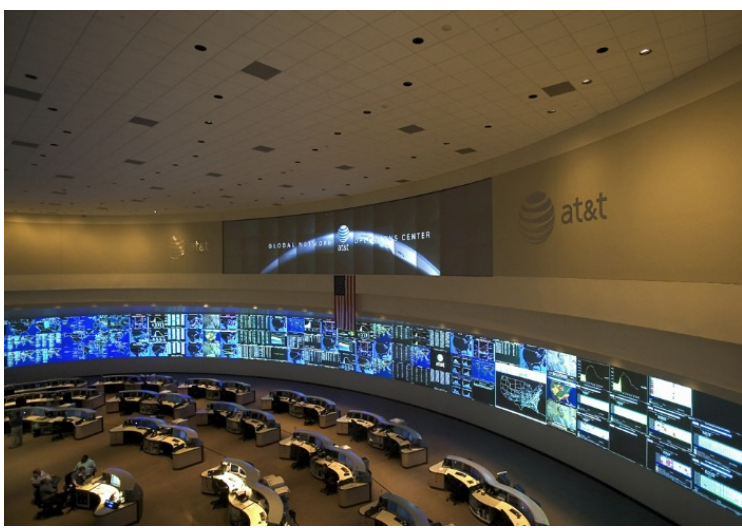
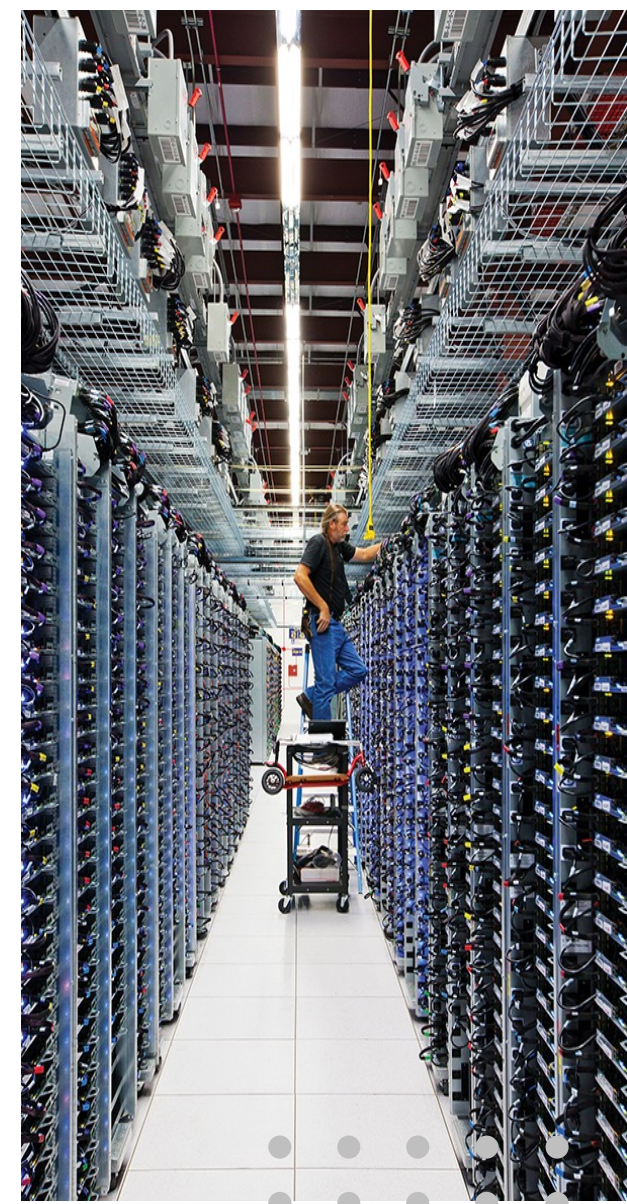
**Will
Carr**

Junior Analyst

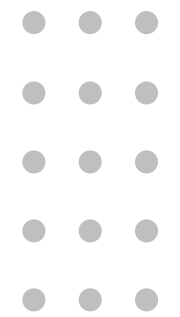


**Tyler
Henlotter**

Junior Analyst



Data Centers

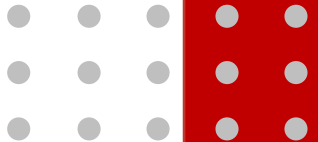


What is a Data Center?

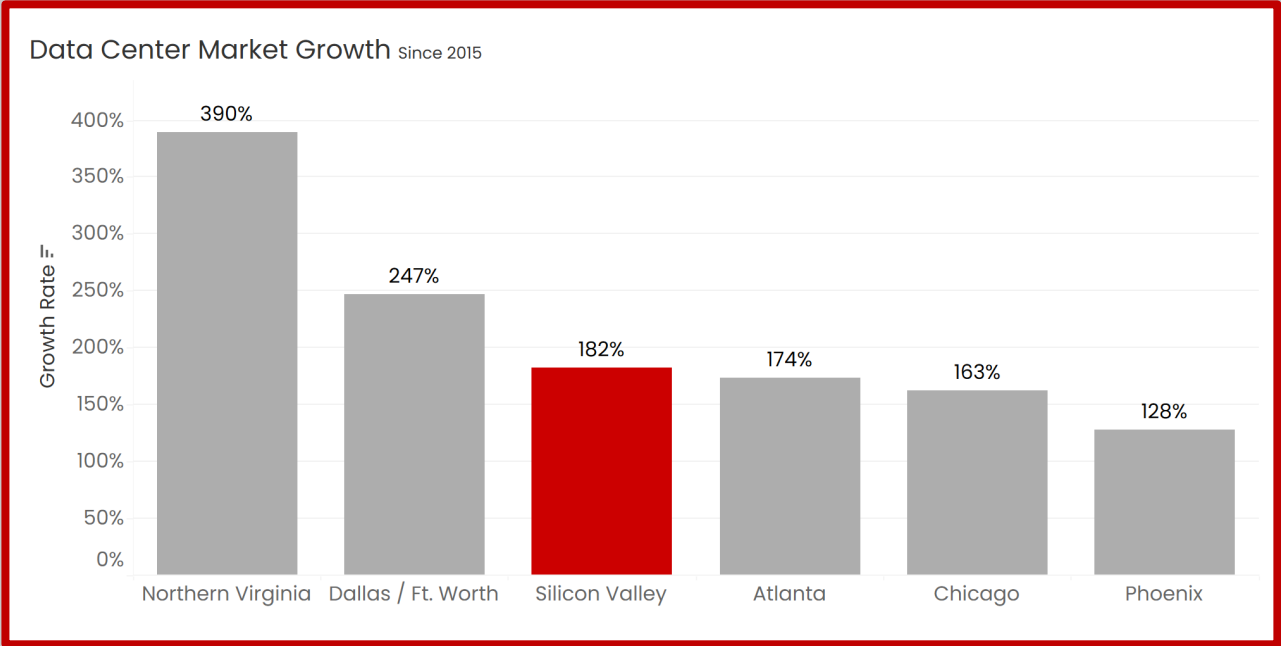
A data center is a large facility that is designed to house computer systems and related components. Data centers provide a secure and controlled environment for servers and other equipment to operate in optimal conditions.



- Store data and applications
- Computers stacks in towers
- Highly availability, reliability, and security
- Typically used for hosting websites
- Designed to be highly scalable
- Staffed by IT professionals

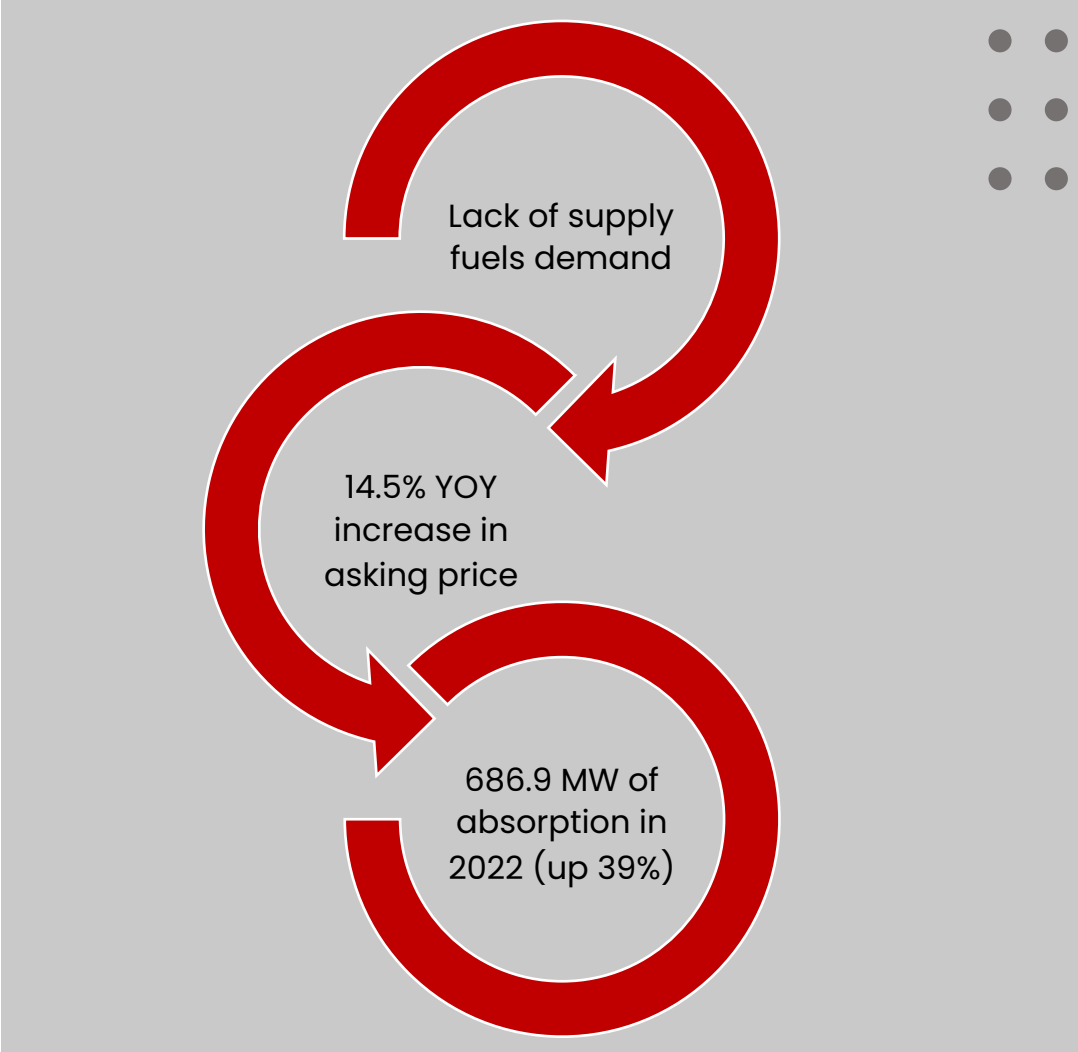


Asset Class Overview



+5.9%
YOY increase in
primary market avg
rental rates

+20%
H1 2022 YOY
increase in market
data center supply



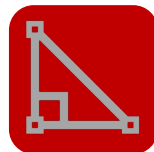


AT&T FIBER NETWORK SWITCH DATA CENTER

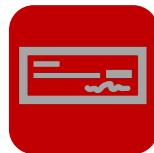


PROPERTY OVERVIEW

3205 Bassett St.



33,257 SF



NNN Lease



Strong Tenant



WELCOME TO
PALO ALTO
CALIFORNIA


Moffett Federal
Airfield


SANTA
CLARA
SQUARE


MISSION
COLLEGE
SANTA CLARA


Marriott

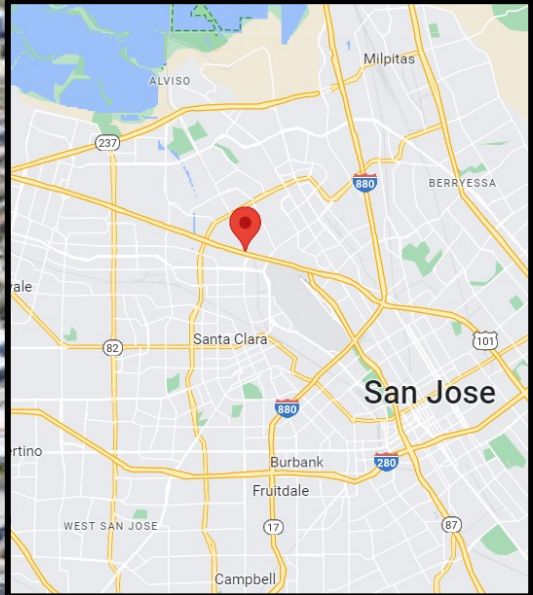
California's
Great
America

Levi's®
STADIUM


AT&T
DATA
CENTER

CALIFORNIA
US
101

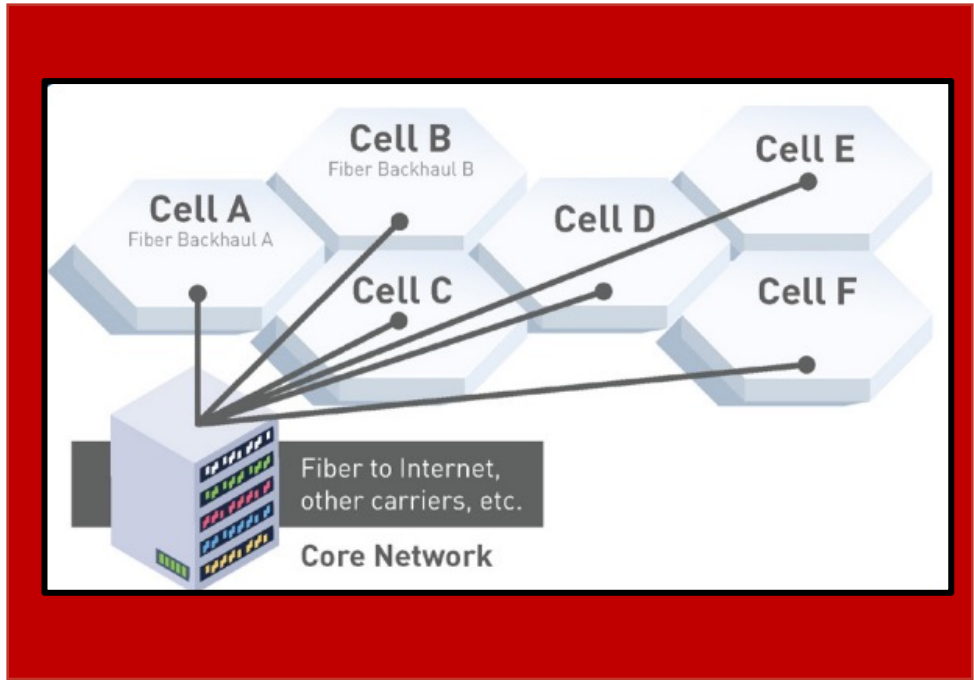
Lafayette St.



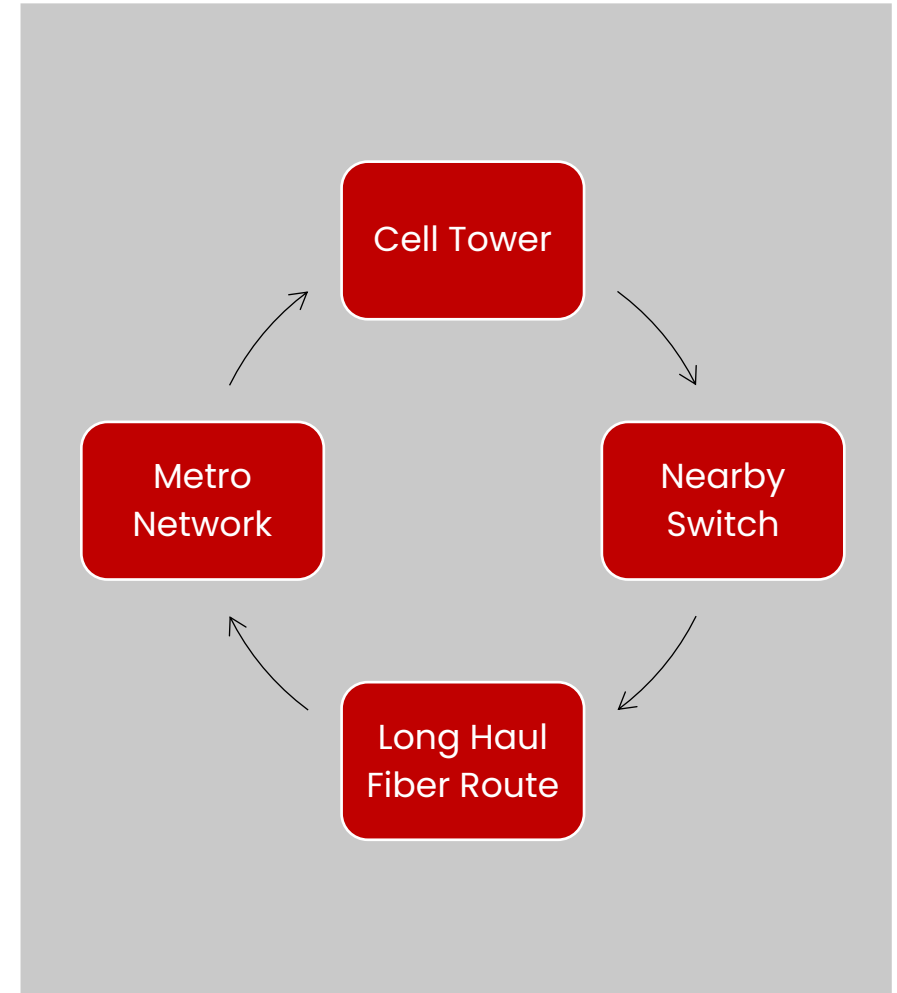
What Does our Data Center Do?

Other Information

- 01. 3500 SF Office
- 02. 24/7 Security
- 03. 618 Ton Chilling Capacity, Secondary Power Unit
- 04. Contracted with Authorities (911 infrastructure)



AT&T stores data and infrastructure to support its network and communication services



Who is AT&T?



Provider of :

- **Telecommunications**
- **Media**
- **Technology Services**



**Develops, Produces, and
Distributes:**

- **Feature Films**
- **Television**
- **Gaming**
- **Physical and Digital
Content**



Offers :

- **Wireless Communications**
- **Internet Services**
- **Phone Services**



Markets Services Under:

- **AT&T**
- **Cricket**
- **SKY**
- **AT&T TV**
- **AT&T FIBER**



220+

COUNTRIES WHERE AT&T OFFERS
TALK, TEXT, AND DATA COVERAGE



MORE THAN
99%

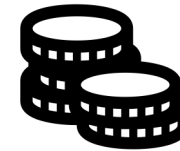
OF LAND COVERED BY
AT&T NETWORK



RANKED

13TH

IN FORTUNE 500
BY REVENUE



BBB+

INVESTMENT GRADE



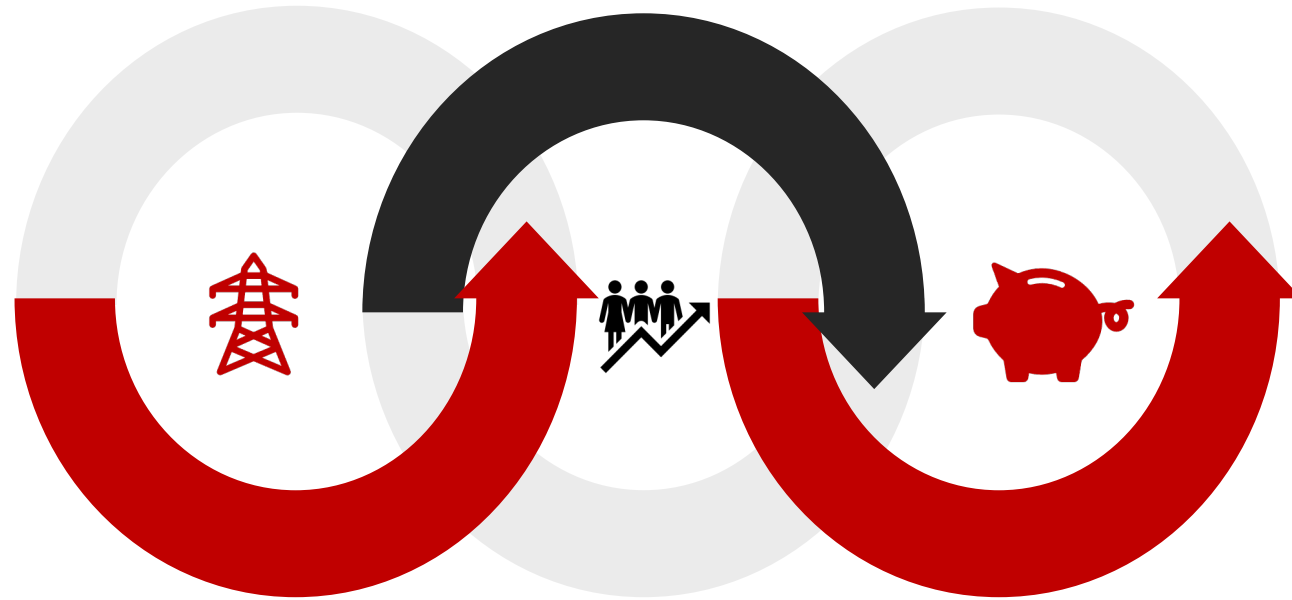
\$140 BILLION

INVESTED IN AT&T'S NETWORK FROM 2012-2016
MORE THAN ANY OTHER PUBLIC COMPANY

Market Overview

02. Vacancy

Lowest Vacancy in the Nation (1.3%)



01. Silicon Valley

Third largest data center market in the United States

03. Maximizing Returns

Highest rental rates of any market

Santa Clara City



74,461 LABOR FORCE



\$108,981 AVG HOUSEHOLD INCOME



AVG AGE OF 36



POPULATION OF 130,983



2.8% UNEMPLOYMENT RATE



Robust Market



Top Technology Metro in US

- Surrounded by massive tech companies
- Highest demand for tech talent of all major metros



Small Competition

- Telecommunications Center
- Fewer than Traditional Data Centers



Safe Area

- Lowest flood risk in Silicon Valley



Cheap Power Costs

- Silicon Valley Power (SVP)
- 22-48% cheaper power rates

Sale Comps



3205 Basset St



1590 Buckeye Dr




1110 Ringwood Ct.

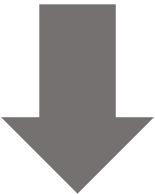


3060 Raymond St.

Distance		2.74 mi.	3.11 mi.	0.24mi.
Year Built	2002	2000	1987	1974
Price	\$13,165,000	\$14,360,000	\$15,250,000	\$13,500,000
Size	33,257 sf	52,703 sf	46,040 sf	29,058 sf
Cost/sf	\$395.86	\$272.47	\$331.23	\$464.59

Risks and Mitigants

Lack of Power
+
Connectivity 



- CA has started construction on a \$3.8 billion middle-mile network, providing 10,000 miles of fiber
- Backup power supply

Lack of
Workers 



- SF Bay area ranks #1 of major metros in tech-talent employment
- AT&T rated as one of the best companies to work for

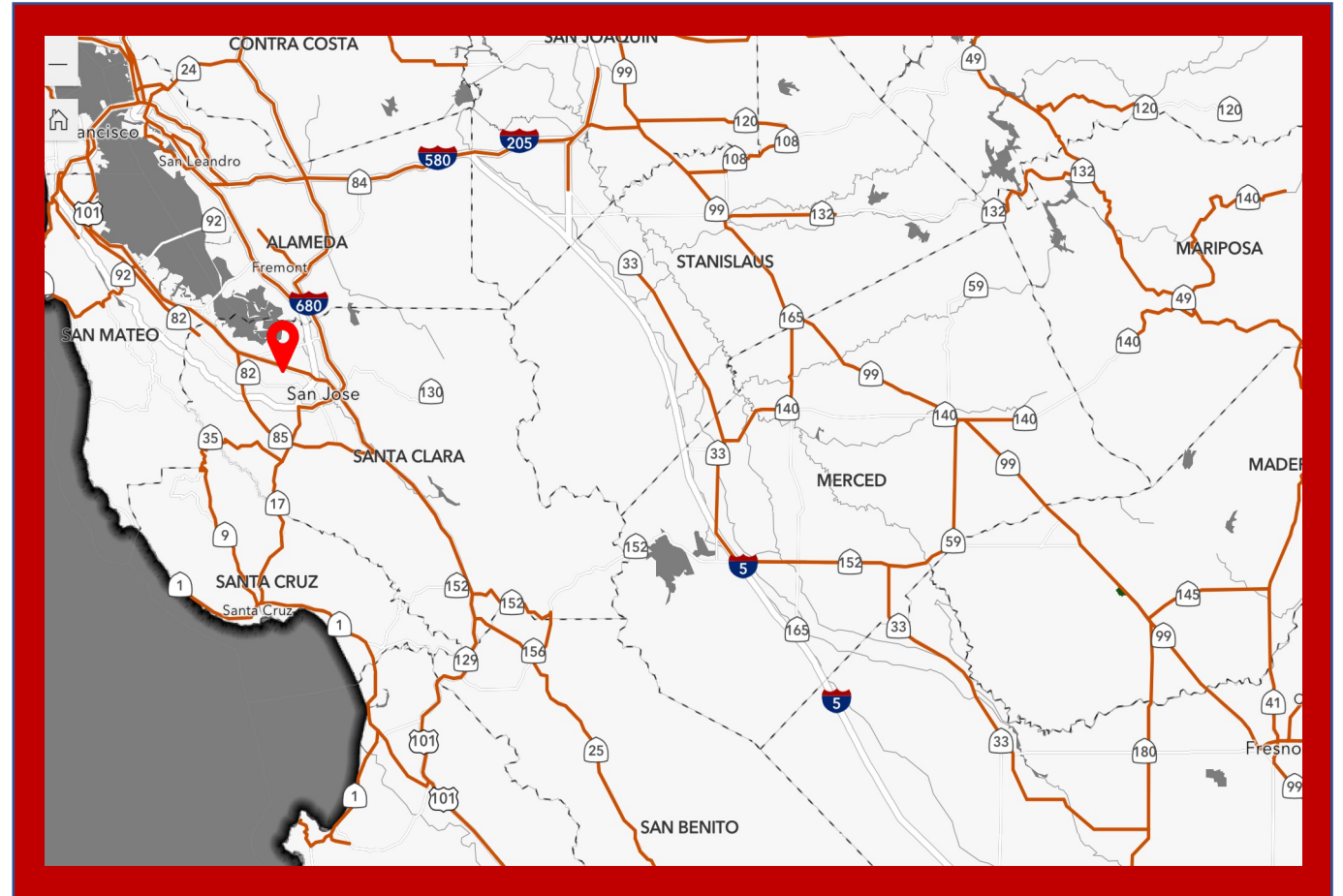
Possible
Recession 



- Recession-proof asset
- Always a need for power and connectivity, regardless of the economy
- Part of 911 Infrastructure

Access to New Connectivity

- Our property lies within 10 miles of new fiber network
- Will give millions of resident's access to high-speed internet
- Better service can lead to higher customer loyalty





Our General Partner TERRA PACT

100+ Properties being managed

15,000+ Agreements made

7,000+ Miles of right-of-way corridor managed



Financial Overview

Model Assumptions	
Rent Accelerator	3.30%
Rent / SF (Year 1)	\$22.18
Size (sf)	33,257
Lease Structure	Absolute NNN
Purchase Price	\$13,165,000
General Vacancy	0.00%
Vacancy (Year 6)	25.00%
Credit Loss	0.00%
Entry Cap Rate	6.15%
Property Taxes	12.00%
Insurance	5.00%
Repairs & Maintenance	5.00%
Property Management Income	\$72,000
Closing Costs	2.00%
Exit Cap Rate	5.50%
Cost of Sale	2.00%
Loan Fees	2.00%
Prepayment Penalty	2.00%
Discount Rate	7.00%

Loan Assumptions	
Purchase Price:	\$13,165,000
LTV:	60.00%
APR:	6.00%
Amortization Term:	30
Monthly Rate:	0.50%
Term (months):	360
Loan Amount:	\$7,899,000
Monthly Payment:	\$47,358
Annual Payment:	\$568,301

Rent Roll

Rent Roll Assumptions	
Rent Accelerator	3.30%
Rent / SF (Year 1)	\$22.18
Size (sf)	33,257

Year	1	2	3	4	5	6	7	8	9	10	11
Unit Mix											
Monthly Rent	\$22.18	\$22.91	\$23.67	\$24.45	\$25.26	\$26.09	\$26.95	\$27.84	\$28.76	\$29.71	\$30.69
Annual Rent	\$737,640	\$761,982	\$787,128	\$813,103	\$839,935	\$867,653	\$896,286	\$925,863	\$956,417	\$987,979	\$1,020,582
Total (GPR)	\$737,640	\$761,982	\$787,128	\$813,103	\$839,935	\$867,653	\$896,286	\$925,863	\$956,417	\$987,979	\$1,020,582

Pro Forma & Returns

Year		0	1	2	3	4	5	6	7	8	9	10	11
Cash Flow Statement	Percentages												
Rent Income													
Gross Potential Rent			\$737,640	\$761,982	\$787,128	\$813,103	\$839,935	\$867,653	\$896,286	\$925,863	\$956,417	\$987,979	\$1,020,582
General Vacancy Loss	0%		\$0	\$0	\$0	\$0	\$0	\$216,913	\$0	\$0	\$0	\$0	\$0
Credit Loss	0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Revenue			\$737,640	\$761,982	\$787,128	\$813,103	\$839,935	\$650,740	\$896,286	\$925,863	\$956,417	\$987,979	\$1,020,582
Expense Reimbursements			\$162,281	\$164,715	\$167,230	\$169,827	\$172,510	\$153,591	\$178,145	\$181,103	\$184,159	\$187,315	\$190,575
Management Fee			\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Total Operating Revenue			\$971,921	\$998,697	\$1,026,357	\$1,054,930	\$1,084,446	\$876,331	\$1,146,431	\$1,178,966	\$1,212,575	\$1,247,293	\$1,283,157
Operating Expenses													
Property Taxes	12%		\$88,517	\$88,517	\$88,517	\$88,517	\$88,517	\$88,517	\$88,517	\$88,517	\$88,517	\$88,517	\$88,517
Insurance	5%		\$36,882	\$38,099	\$39,356	\$40,655	\$41,997	\$32,537	\$44,814	\$46,293	\$47,821	\$49,399	\$51,029
Repairs & Maintenance	5%		\$36,882	\$38,099	\$39,356	\$40,655	\$41,997	\$32,537	\$44,814	\$46,293	\$47,821	\$49,399	\$51,029
Total Operating Expenses			\$162,281	\$164,715	\$167,230	\$169,827	\$172,510	\$153,591	\$178,145	\$181,103	\$184,159	\$187,315	\$190,575
Net Operating Income			\$809,640	\$833,982	\$859,128	\$885,103	\$911,935	\$722,740	\$968,286	\$997,863	\$1,028,417	\$1,059,979	\$1,092,582
Debt Service			\$568,302	\$568,302	\$568,302	\$568,302	\$568,302	\$568,302	\$568,302	\$568,302	\$568,302	\$568,302	\$568,302
Cash Flow After Debt Service			\$241,338	\$265,680	\$290,826	\$316,801	\$343,633	\$154,438	\$399,984	\$429,561	\$460,115	\$491,677	\$524,280
Purchase & Sale Metrics													
Unlevered Cash Flow													
Purchase Price			-\$13,165,000										
Closing Costs	2%		-\$263,300										
Sale Price											\$19,865,124		
Cost of Sale	2%										-\$397,302		
Total Unlevered Cash Flow			-\$13,428,300	\$809,640	\$833,982	\$859,128	\$885,103	\$911,935	\$722,740	\$968,286	\$997,863	\$1,028,417	\$20,527,800
Levered Cash Flow													
Loan Proceeds			\$7,899,000										
Loan Fees	2%		-\$157,980										
Loan Payoff												-\$6,610,335	
Prepayment Penalty	2%											-\$132,207	
Total levered Cash Flow			-\$5,687,280	\$241,338	\$265,680	\$290,826	\$316,801	\$343,633	\$154,438	\$399,984	\$429,561	\$460,115	\$13,216,956

DSCR		1.42	1.47	1.51	1.56	1.60	1.27	1.70	1.76	1.81	1.87	1.92
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Return Metrics	
Unlevered IRR:	9.51%
Unlevered NPV:	\$2,743,589
Levered IRR:	12.45%
Levered NPV:	\$3,065,527

IREA's Returns

IREA Capital as a Percentage of Total Equity
0.9768%

IREA Investment	\$50,000.00
IREA IRR	11.02%
IREA Equity Multiple	1.56x

Sensitivity Analysis

Exit Cap Rate		Rent Growth				
Unlevered IRR	9.51%	2.30%	2.80%	3.30%	3.80%	4.30%
	4.50%	10.22%	10.70%	11.18%	11.65%	12.13%
	5.00%	9.35%	9.82%	10.29%	10.76%	11.24%
	5.50%	8.58%	9.04%	9.51%	9.98%	10.45%
	6.00%	7.89%	8.35%	8.81%	9.28%	9.74%
	6.50%	7.27%	7.73%	8.19%	8.65%	9.11%
Levered IRR	12.45%	2.30%	2.80%	3.30%	3.80%	4.30%
	4.50%	13.63%	14.43%	15.21%	15.98%	16.74%
	5.00%	12.14%	12.96%	13.77%	14.57%	15.35%
	5.50%	10.76%	11.62%	12.45%	13.27%	14.07%
	6.00%	9.47%	10.36%	11.22%	12.06%	12.88%
	6.50%	8.26%	9.17%	10.07%	10.93%	11.78%

Investment Thesis

“We recommend a 10 year buy and hold on this core property. This is a recession-proof asset located in an ideal market for data center growth and is currently occupied by an extremely strong tenant. This is a safe investment that will generate steady returns over the life of the investment.”

Questions?

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