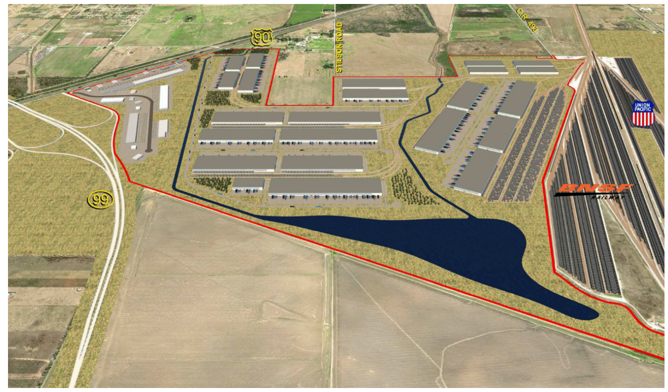
IREA



4445 Highway 90 W, Dayton TX, 77535

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Thesis

Our thesis is to develop a core asset industrial property in a market with economic need, high industrial demand, and unparalleled road and rail access. Our goal is to build, lease, and sell over a ten-year hold term, and drive profit from our customizable approach.

Industrial Overview

The industrial asset class has remained red hot throughout 2022, specifically in the southern region. Developers remain extremely bullish about the US industrial market for the near future. In the third quarter of 2022, net absorption registered at 108.2 million square feet (msf), marking the eighth straight quarter of over 100 msf. Vacancy rates remain low as demand stays strong. Rental rates are also reaching new heights, as the asking rental rate finished the third quarter at $8.70 per square foot (psf). This measured a 4% climb QoQ and a 22% annual increase—marking the strongest YoY growth rate recorded.

Development Costs	
Purchase Price	$12,798,688
Loan Balance	$7,679,213
GP Equity	$511,948
LP Equity	$4,607,528
Total Equity	$5,119,475
Closing Costs	$255,974
Capital Improvements	$21,886
Total Development Cost	$13,054,662

Property Overview

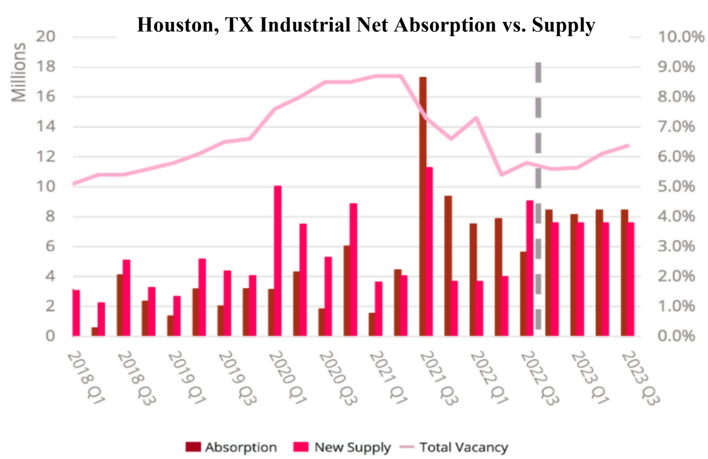
The property we chose is 4445 Highway 90 W Dayton, Texas. It has a purchase price of $12,798,688. Estimated, $6,755 in capital improvements and 15.26% levered IRR. Gulf Inland Logistics Park is a 1,350-acre rail served industrial park with direct connections to the BNSF Railway and Union Pacific Railroad. South side of US 90 at Grand Parkway Dayton and Liberty County. This class A industrial warehouse built in 2023 is available for purchase or lease lots from 20 acres to 1,000 acres or build-to-suit from 25,000 SF to 1,5000 SF. Located at the intersection of US Highway 90 and the Grand Parkway, Gulf Inland provides unmatched access to Houston and the region. Gulf Inland offers unparalleled road and rail access, experienced leadership, customizable space offerings, and an eager, local workforce.

Catalysts

The main catalysts in Dayton that led us to want to invest there are strong tax incentives, heavy demand, low vacancy, and optimal location. Texas benefits from multiple tax incentives, which decreases expenses and allows for higher returns. In H1 2022, the city saw vacancy decrease 30 bps to 3.9% from 4.2% in H2 2021. The Dayton industrial market continued to show strong fundamentals during the first half of 2022. Demand in the area remains high with nearly 2.0 million sq. ft. of positive net absorption. Lastly, Dayton is a great location due to its unparalleled road and rail access. Dayton is neighboring Houston, allowing it to alleviate the strong demand and attract new investments. These factors have led to market growth in Dayton, making it a great place to invest.

Market Analysis

The greater Houston MSA Industrial market is in excellent shape. Southeast Texas ports continue to break records for incoming (and exporting) goods as distribution shifts more to the Gulf and Southeast U.S ports from the highly constrained West Coast ports. We expect this trend to continue after the severe backlogs and potential upcoming labor issues on the west coast. Southeast Texas ports continue to break records for incoming (and exporting) goods as distribution shifts more to the Gulf and Southeast U.S ports from the highly constrained West Coast ports. The market continues to gain momentum as leasing velocity reached over 11 million square feet in the third quarter. The increase in demand for space continued to spur new development with over 27 square feet under construction. With recorded 5.6 million square feet of positive net absorption in the third quarter, pushing the year-to date total to more than 21 million square feet.



Risks & Exit Strategies

Due to the nature of our investment strategy, there a variety of risks that we have implemented exit strategies to prepare for. To begin with, the first risk we face is oversupply. As of right now in the Dayton market, absorption is greater than delivery. In correlation to oversupply we run the risk of vacancy. If the market in Dayton becomes too saturated before our delivery date, we could struggle to find a tenant to lease the development to. Thus, negatively affecting our cash flow because we would have vacancies. Lastly, interest rates are continuing to rise. Investors are holding onto their capital because of how volatile the market has become. This then tightens our investor returns and could make it hard to acquire the rest of the capital to complete the project. In addition to acquiring equity for the deal interest rates making financing with debt very expensive. With interest rates nearing 7% the cost to borrow makes deals hard to pencil. To mitigate the risk of oversupply we have a projected delivery date of 2023, with the latest delivery being within 3 years. Through our research absorption is projected to still outpace deliveries for all of 2023. Considering this is the projection in a recession, this risk will become less of a concern post-recession. Next, to mitigate the risk of possible vacancy we have a pool of 3 possible tenant asset classes that could move into the developed space. With the potential of 3 different variations of industrial builds it will increase our ability to lease the build quickly. Lastly, the market is projected to bottom out in the next few months, with that being considered this is the perfect time to invest in a stable asset class while the economy rebounds.

Pro Forma:

Year:		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash Flow Statement	**Percentages**	0	1	2	3	4	5	6	7	8	9	10	11
Potential Gross Income			$1,020,000	$1,050,600	$1,217,933	$1,254,471	$1,292,105	$1,330,869	$1,370,795	$1,411,919	$1,454,276	$1,497,904	$1,542,842
General Vacancy Loss	5%		$51,000	$52,530	$60,897	$62,724	$64,605	$66,543	$68,540	$70,596	$72,714	$74,895	$77,142
Credit Loss	3%		$30,600	$31,518	$36,538	$37,634	$38,763	$39,926	$41,124	$42,358	$43,628	$44,937	$46,285
Concessions & Free Rent	0%		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Rental Revenue			$938,400	$966,552	$1,120,499	$1,154,114	$1,188,737	$1,224,399	$1,261,131	$1,298,965	$1,337,934	$1,378,072	$1,419,414
Effective Gross Income													
Effective Gross Revenue			$938,400	$966,552	$1,120,499	$1,154,114	$1,188,737	$1,224,399	$1,261,131	$1,298,965	$1,337,934	$1,378,072	$1,419,414
Operating Expenses:													
Property Taxes	0.47		$39,950	$39,950	$39,950	$39,950	$39,950	$39,950	$39,950	$39,950	$39,950	$39,950	$39,950
Insurance	5%		$46,920	$48,328	$56,025	$57,706	$59,437	$61,220	$63,057	$64,948	$66,897	$68,904	$70,971
Repairs & Maintenance	5%		$46,920	$48,328	$56,025	$57,706	$59,437	$61,220	$63,057	$64,948	$66,897	$68,904	$70,971
Property Management Fee	5%		$46,920	$48,328	$56,025	$57,706	$59,437	$61,220	$63,057	$64,948	$66,897	$68,904	$70,971
Other Expenses	3%		$28,152	$28,997	$33,615	$34,623	$35,662	$36,732	$37,834	$38,969	$40,138	$41,342	$42,582
Total Operating Expenses			$208,862	$213,929	$241,640	$247,690	$253,923	$260,342	$266,954	$273,764	$280,778	$288,003	$295,445
Net Operating Income:													
Net Operating Income:			$729,538	$752,623	$878,859	$906,423	$934,814	$964,057	$994,178	$1,025,201	$1,057,156	$1,090,069	$1,123,970
Capital Expenses:													
Capital Expense Reserves	1%		$7,295	$7,526	$8,789	$9,064	$9,348	$9,641	$9,942	$10,252	$10,572	$10,901	
Total Capital Expenses			$7,295	$7,526	$8,789	$9,064	$9,348	$9,641	$9,942	$10,252	$10,572	$10,901	
Cash Flow Before Debt Service													
Cash Flow Before Debt Service			$722,243	$745,096	$870,070	$897,359	$925,466	$954,417	$984,236	$1,014,949	$1,046,584	$1,079,168	
Debt Service													
Principal Paymets			($122,515)	($131,372)	($140,869)	($151,052)	($161,972)	($173,681)	($186,236)	($199,699)	($214,135)	($229,615)	
Interest Payments			($535,462)	($526,606)	($517,109)	($506,925)	($496,006)	($484,297)	($471,742)	($458,279)	($443,842)	($428,362)	
Cash Flow After Debt Service													
Cash Flow After Debt Service			$64,265	$87,119	$212,093	$239,381	$267,489	$296,439	$326,258	$356,972	$388,607	$421,191	
Purchase & Sale Metrics													
Unlevered Cash Flow:													
Total Project Cost		$12,929,892											
Closing Costs	2%	$258,598											
Reversion Sales Price												$24,977,103	
Cost of Sale		$13,188,490											
Total Unlevered Cash Flow		($13,188,490)	$722,243	$745,096	$870,070	$897,359	$925,466	$954,417	$984,236	$1,014,949	$1,046,584	$26,056,272	
Levered Cash Flow													
Loan Proceeds		$7,757,935	$0										
Loan Payoffs												($6,081,082)	
Prepayment Penalty	3%	($232,738)											
Total Levered Cash Flow		($5,663,293)	$64,265	$87,119	$212,093	$239,381	$267,489	$296,439	$326,258	$356,972	$388,607	$19,317,212	

GP Contribution	5%
LP Contribution	95%

	IRR	GP	LP
Preferred Return	8%	5%	95%
Hurdle 2	12%	25%	75%
Hurdle 3		30%	70%

Equity Multiple	
GP	12.15x
LP	3.69x
OUR	3.69x
Our return	$ 162,705.68

Year:	0	1	2	3	4	5	6	7	8	9	10
GP Cash Flow											
Distributions	$0	$3,213	$4,356	$10,605	$11,969	$13,374	$14,822	$16,313	$17,849	$19,430	$3,328,584
Contributions	($283,165)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash Flow	($283,165)	$3,213	$4,356	$10,605	$11,969	$13,374	$14,822	$16,313	$17,849	$19,430	$3,328,584
LP Cash Flow											
Distributions	$0	$61,052	$82,763	$201,488	$227,412	$254,114	$281,617	$309,945	$339,123	$369,176	$15,988,628
Contributions	($4,913,359)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash Flow	($4,913,359)	$61,052	$82,763	$201,488	$227,412	$254,114	$281,617	$309,945	$339,123	$369,176	$15,988,628
Our Cash Flow											
Distributions	$0	$621	$842	$2,050	$2,314	$2,586	$2,866	$3,154	$3,451	$3,757	$162,706
Contributions	($50,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Cash Flow	($50,000)	$621	$3,724	$9,067	$10,234	$11,435	$12,673	$13,948	$15,261	$16,613	$162,706

Entity-Level Return Metrics	
Unlevered IRR	11.86%
Levered IRR	15.26%
Unlevered EM	2.59
Levered EM	3.81
Unlevered Cash-on-Cash	8.18%
Levered Cash-on-Cash	19.06%