

Leasing Spreads & Downtime

# Q1 2025 | Signed Leases – Fund 2 (Page 1/2)

4 New Leases and 14 Renewals/Expansions signed in Q1-2025

## KEY HIGHLIGHTS

Vie De France exercised a fixed renewal option. BP assumed 95% probability on the fixed option. Rate was increased slightly by baking in minimal capital for HVAC improvements. G&W Products exercised a fixed renewal option.

# Q1 2025 | Signed Leases – Fund 2 (Page 2/2)

4 New Leases and 14 Renewals/Expansions signed in Q1-2025

## KEY HIGHLIGHTS

Keller Warehousing lease renewal moved quickly and the team was unable to complete a credit check – this was a renewal and the tenant had a strong payment history and no outstanding balance. Content exercised their two year option but there was difficulty agreeing on rent. As a result, FP engaged an appraiser per the lease requirements, landing on \$15.50 PSF. Given the

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# Q1 2025 | Market Level Summary – Fund 2

Fund 2 achieved an 11% leasing spread in Q1 and exceeded business plan expectations. Escalations averaged 3.73%, about 100 bps above original business plan and in line with the R&D teams benchmark based on size and market.

1. Deals represent executed leases with term > 12 months 2. Rent Increase over Prior Lease calculation excludes spaces that were previously vacant

# Quarterly Trend | Fund 2 Leasing Spreads Achieved

Fund 2 lease executions were in line with forecast manager in Q1 and continued to outpace business plan.

Fund 2 continues to execute leases at rates above the prior lease with an 11% leasing spread achieved in Q1. This was slightly diluted by several fixed renewal options and lease arbitration cases during the quarter.

# Downtime Quarterly Trend | Fund 2

Fund 2 downtime is exceeding UW DT as of Q1-2025 due to a drag created by long standing vacancies. Current vacancies have been sitting an average of 8.4 months, above the underwritten 7.8 months.

# Leasing Performance since Inception | Fund 2 Stats

Leasing spreads during the quarter were lower than historical averages, mostly driven by several fixed renewal options and baseball arbitration required for several leases.

Executed leases have an escalation ~1% higher than UW assumption (2.73% UW vs 3.73% executed)

Renewal Rate peaked in Q1 at 72%, above the 60% trend Fund 2 has historically seen.

# Portfolio Trends



# Leasing Performance since Inception | Overall Portfolio Stats (Fund 2 & 3)

249 Leases signed since inception with a Wtd. Avg. Rate of \$8.07 and Wtd Avg. Term of 5 years Leasing Activity achieved a spread of 32% over prior leases and 10% over Business Plan New Leases achieved a higher rate spread over Business compared to Renewals. However, when adjusted for below market fixed option renewals, Remy comparisons disprove a renewal ...

# Quarterly Trend I Portfolio Leasing Spreads Achieved (Fund 2 & 3)

Faropoint leasing activity to date has achieved an average ~33% spread over prior lease rates, and ~12% spread over Business Plan. Over the past 10 quarters, FP leasing achieved an average 8.0% spread over Forecast Manager assumptions.

# Portfolio Downtime since Inception | How is actual Downtime trending?

74% of signed new leases between signed since inception both the funds have a downtime < 6 months. This is in-line with the standard leasing assumption used in UW. ~22% of signed new leases since inception exceeded UW downtime. 39% of the leases that exceeded UW downtime occurred in the past year. The data set represents ~127 new leases signed since inception.

Portfolio Downtime since Inception | How is actual Downtime trending?

Leasing Spreads & Downtime

# Q1 2025 | Signed Leases – Fund 2

4 New Leases and 1 Renewals/Expansions signed in Q2-2025. An additional 4 short term renewals/new leases under 12 months were executed in Q2.

## KEY HIGHLIGHTS

DEAL NOTES Trident Exlm, Chicago- New lease with current sub-tenant, now direct with LL with increased security deposit and 6 personal guarantors (all partners) on the lease Olive My Pickle, Jacksonville - 26% bump year 1 then 4% escalations in the following years (used 4% to not skew averages)

# Q1 2025 | Market Level Summary – Fund 2

Fund 2 achieved a 42% leasing spread in Q2, surpassing the overall portfolio at 29%. Escalations outperformed business plan target of 2.74%, achieving 3.93% for the quarter.

1. Deals represent executed leases with term > 12 months 2. Rent Increase over Prior Lease calculation excludes spaces that were previously vacant

# Downtime Quarterly Trend | Fund 2

Fund 2 downtime is exceeding UW DT only slightly as of Q2-2025 due to a drag created by long standing vacancies. Current vacancies have been sitting an average of 8.0 months, above the underwritten 7.9 months.

\*"Months to lease" – pulled from CoStar (7/25/25) for industrial properties 20-200KSF in FP markets



# Leasing Performance since Inception | Fund 2 Stats

Leasing spreads during the quarter outpaced historical performance at 42%.

Executed leases for the quarter have an escalation about 120 bp higher than UW assumption (2.74% UW vs 3.93% executed).

Renewal Rate has been 68% over the last year, in line with the overall portfolio. This last quarter renewal rate dropped to 17%, though this only represented six tenants.

# Quarterly Trend | Fund 2 Leasing Spreads Achieved

Fund 2 lease executions were approximately 5% above forecast manager in Q2 and 18% above business plan.

Fund 2 continues to execute leases at rates above the prior lease with a 42% leasing spread achieved in Q2.

# Q2 2025 | External benchmarking

Lease escalations based on FP lease table; other metrics pulled from CoStar (7/25/25) for industrial properties 20-200KSF in FP markets

# Portfolio Trends

# Leasing Performance since Inception | Overall Portfolio Stats (Fund 2 & 3)

252 Leases signed since inception with a Wtd. Avg. Rate of \$7.28 and Wtd Avg. Term of 5.0 Leasing Activity achieved a spread of 40% over prior leases and 10% over Business Plan New Leases achieved a higher rate spread over Business compared to Renewals. However, when adjusted for below market fixed option renewals, Remy comparisons disprove a renewal bias.

# Quarterly Trend I Portfolio Leasing Spreads Achieved (Fund 2 & 3)

Faropoint leasing activity to date has achieved an average ~40% spread over prior lease rates, and ~10% spread over Business Plan.

# Portfolio Downtime since Inception | How is actual Downtime trending?

74% of signed new leases since inception in both funds have a downtime < 6 months. ~22% of signed new leases since inception exceeded UW downtime. 28% of the leases that exceeded UW downtime occurred in the past year. The data set represents ~132 new leases signed since inception.

# Leasing Spreads & Downtime



# Q1 2025 | Signed Leases – Fund 3

9 New Leases and 6 Renewals/Expansions signed in Q1-2025

## KEY HIGHLIGHTS

Mash Enterprises expanded into a sublet space, taking out a below market tenant 1.5 years early, with no TI. G&W Products exercised a fixed renewal option.

# Q1 2025 | Market Level Summary – Fund 3

Fund 3 achieved a 67% leasing spread in Q1 and was in line with business plan expectations. Escalations averaged 3.06%, about 2% above original business plan, but about 40 bps below the R&D teams benchmark based on size and market. Atlanta's leasing spread is primarily drive by SRS Distribution, which had a 368% leasing spread

1. Deals represent executed leases with term > 12 months 2. Rent Increase over Prior Lease calculation excludes spaces that were previously vacant

# Quarterly Trend I Fund 3 Leasing Spreads Achieved

Leasing spreads have stabilized into the fund life and continue to be in line with forecast manager and business plan.

Fund 3 achieved strong 1Q25 leasing spreads, which was anticipated in the original underwriting, over prior lease of 67% in 1Q25

# Downtime Quarterly Trend | Fund 3

Fund 3 downtime is exceeding UW DT as of Q1-2025 due to a drag created by long standing vacancies. The current quarter figures are driven by the new lease execution at 1501 Kings after ~21 months downtime.

# Leasing Performance since Inception | Fund 3 Stats

Strong leasing spread in Q1 in Fund 3, outperforming the portfolio overall, but in line with original underwriting.

Fund 3 escalations continue to be slightly ahead of BP, with Q1 superseding business plan by about 40 bps.

Renewal Rate has remained steady at ~61% for Fund 3 since inception.

# Portfolio Trends

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# Quarterly Trend I Portfolio Leasing Spreads Achieved (Fund 2 & 3)

Faropoint leasing activity to date has achieved an average ~33% spread over prior lease rates, and ~12% spread over Business Plan. Over the past 10 quarters, FP leasing achieved an average 8.0% spread over Forecast Manager assumptions.



# Portfolio Downtime since Inception | How is actual Downtime trending?

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Portfolio Downtime since Inception | How is actual Downtime trending?

Leasing Spreads & Downtime

# Q2 2025 | Signed Leases – Fund 3

2 New Leases and 10 Renewals/Expansions signed in Q2-2025, in addition, 3 short term leases under 12 months were signed.

## KEY HIGHLIGHTS

DEAL NOTES Ohio Department (2), Chicago - Renewal with State of Ohio who only does a gross lease structure with 2 years term- net equivalent rent would be \$8.60 PSF in year 1 and \$10.50 in year 2 American Builders & Contractors (2), Memphis- Multiple requests were made to review financials but were denied

# Q2 2025 | Market Level Summary – Fund 3

Fund 3 achieved a 23% leasing spread in Q2 and was in line with business plan expectations. Escalations averaged 5.51%, about 240 bps above original business plan, but including one unusually high escalation in Columbus.

1. Deals represent executed leases with term > 12 months 2. Rent Increase over Prior Lease calculation excludes spaces that were previously vacant

# Downtime Quarterly Trend | Fund 3

Fund 3 downtime is exceeding UW DT as of Q2-2025 due to a drag created by long standing vacancies.

\* "Months to lease" – pulled from CoStar (7/25/25) for industrial properties 20-200KSF in FP markets

# Leasing Performance since Inception | Fund 3 Stats

Fund 3 leasing spreads at 23% are in line with the portfolio at 29%, though it has slightly moderated from its year one levels of 43%.

Fund 3 escalations continue to be very ahead of BP, with Q2 superseding business plan by about 240 bps and since inception exceeding business plan by 75 bps.

Renewal Rate was above the historical average in Q2 at 83%. Over the last year it has been 57%.

# Quarterly Trend I Fund 3 Leasing Spreads Achieved

Fund three outperformed forecast manager in Q2 and was in line with business plan.

Fund 3 achieved strong 2Q25 leasing spreads, which was anticipated in the original underwriting, over prior lease of 23% in 2Q25



# Q2 2025 | External benchmarking

Lease escalations based on FP lease table; other metrics pulled from CoStar (7/25/25) for industrial properties 20-200KSF in FP markets

# Portfolio Trends

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