Sun Belt Light Industrial Fund I

$150M Value-Add Investment Strategy | Q1 2025

Investment Opportunity

- Target: $150M equity fund focused on light industrial assets in high-growth Sun Belt markets
- Strategy: Acquire small-bay warehouse and flex industrial properties with value-add potential
- Target Returns: 15-18% Net IRR with 1.7-2.0x equity multiple over 5-year hold period
- Markets: Dallas-Fort Worth, Phoenix, Nashville, Charlotte, Tampa, and Austin
- Thesis: Structural undersupply in small-bay segment creates pricing inefficiency vs. institutional big-box

Fund Overview

$150M
Target Fund Size

15-18%
Target Net IRR

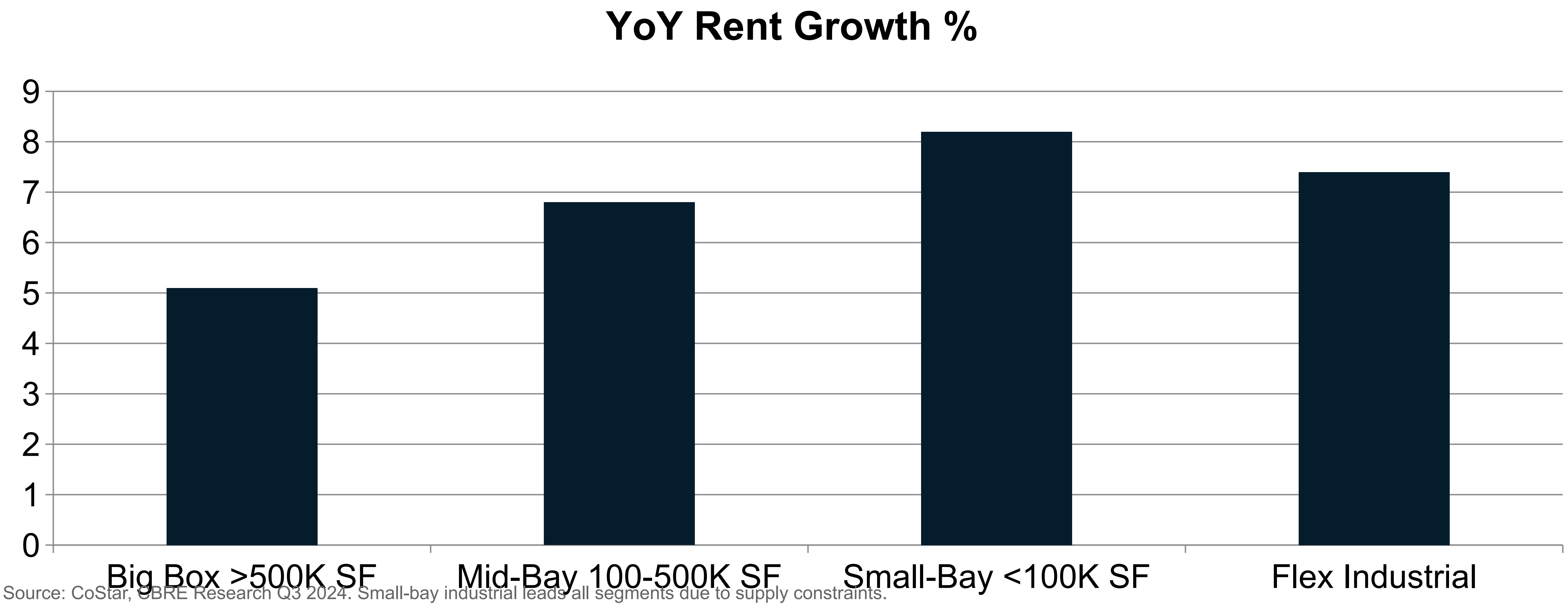
1.7-2.0x
Equity Multiple

3-5 Years
Hold Period

Light Industrial: Structural Supply-Demand Imbalance

- US industrial vacancy at historic low of 4.1% nationally, sub-3% in target markets
- Small-bay segment (<100K SF) receives only 8% of new construction despite 35% of tenant demand
- Developers favor 500K+ SF big-box for institutional capital; small-bay remains fragmented
- E-commerce last-mile requirements favor infill small-bay locations near population centers
- Supply chain reshoring adding 350,000+ manufacturing jobs since 2021, many in SMB facilities

Industrial Rent Growth by Segment



Source: CoStar, CBRE Research Q3 2024. Small-bay industrial leads all segments due to supply constraints.

Target Market Fundamentals

Market	Vacancy %	Rent Growth	Pop. Growth	Job Growth	New Supply %
Dallas-Fort Worth	3.8%	9.2%	2.1%	3.4%	2.1%
Phoenix	3.2%	11.4%	2.8%	4.1%	1.8%
Nashville	2.9%	8.7%	2.3%	3.8%	1.5%
Charlotte	3.5%	7.9%	2.0%	3.2%	1.9%
Tampa	3.1%	10.2%	2.4%	3.5%	1.4%
Austin	4.2%	8.1%	3.1%	4.5%	2.8%

Why We Win Deals

- 65% of acquisitions sourced off-market through direct broker relationships built over 10+ years
- Right-sized for small-bay: Too small for Blackstone/Prologis, too complex for 1031 buyers
- Speed to close: 45-day average from LOI to close vs. 90+ days for institutional buyers
- Reputation for certainty: Zero retrades across 45 transactions since 2015
- Local presence: Dedicated acquisition officers in Dallas, Phoenix, and Nashville

Competitive Positioning

Institutional Buyers ($500M+ funds)

- Target 250K+ SF assets
- 90-120 day close timelines
- Committee-driven decisions
- Often require seller financing
- Limited operational capability

Sun Belt Industrial (Our Approach)

- Target 20-100K SF assets
- 45-day average close timeline
- Principal-led decisions
- All-cash or conventional debt
- In-house property management

Value-Add Approach

- Target: Small-bay warehouse (20K-100K SF) and flex industrial properties
- Acquisition criteria: 70-85% occupied, below-market rents, deferred maintenance
- Value creation: Lease-up to 95%+, mark-to-market rents, light capex improvements
- Hold period: 3-5 years with exit to institutional buyers or 1031 exchange buyers
- Leverage: 55-60% LTV with fixed-rate debt, 5+ year terms to eliminate refi risk

Investment Criteria

Target Profile

- Asset size: 20,000 - 100,000 SF
- Multi-tenant small-bay format
- 1990+ construction or renovated
- Clear height: 18-24 feet
- Truck court and loading docks

Value-Add Drivers

- Below-market in-place rents (15%+ discount)
- Lease-up from 70-85% to 95%+
- Deferred maintenance cure ($5-15/SF)
- LED lighting & HVAC upgrades
- Facade and signage improvements

Target Acquisition Metrics

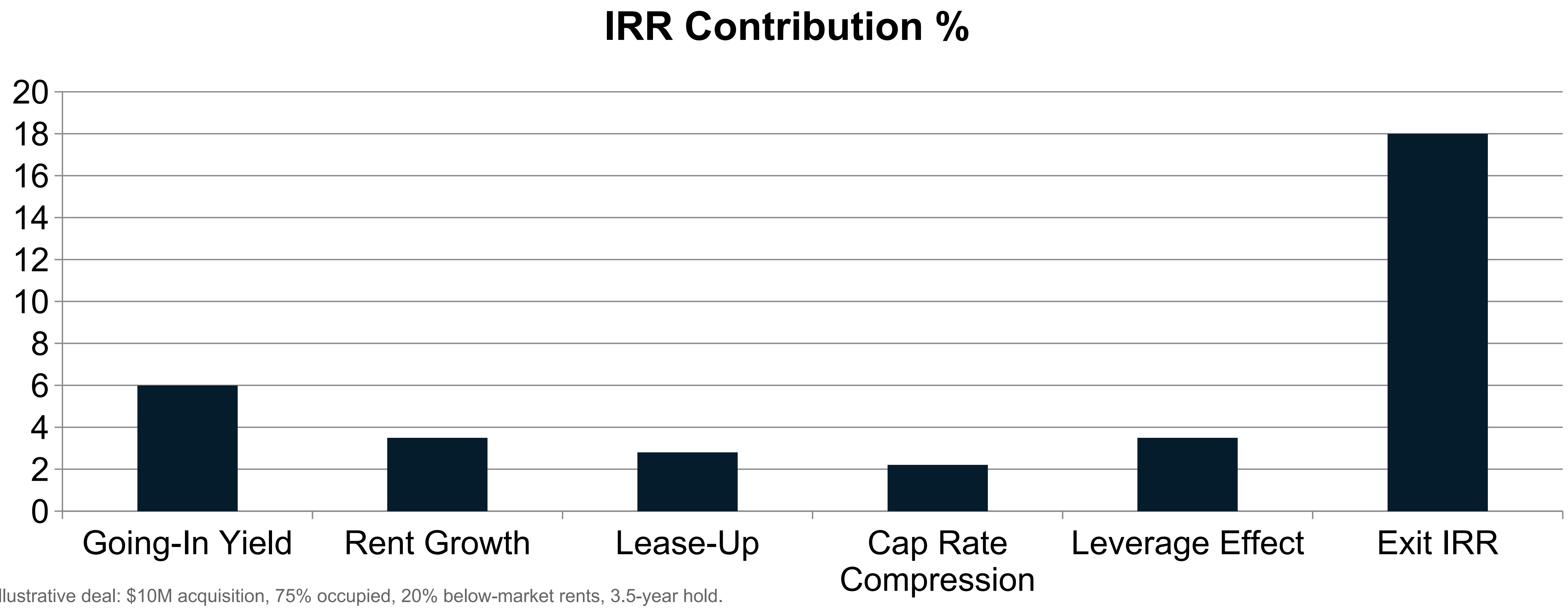
6.0-6.5%
Going-In Cap Rate

7.5-8.0%
Stabilized Yield

5.75-6.25%
Exit Cap Rate

$8-15M
Avg Deal Size

Representative Deal: Value Creation Waterfall



Illustrative deal: $10M acquisition, 75% occupied, 20% below-market rents, 3.5-year hold.

Case Study: Southport Business Park, Nashville

- Acquisition: December 2019 | 68,000 SF | 6 buildings | $8.2M ($121/SF)
- Situation: 72% occupied, rents 22% below market, deferred maintenance
- Execution: $680K capex (roof, HVAC, LED, paving), aggressive leasing campaign
- Result: Stabilized at 97% in 18 months, rents increased 28% on renewals
- Exit: March 2023 to 1031 buyer at $13.8M ($203/SF) | 5.2% cap rate

Southport Business Park: Returns

$3.4M
Equity Invested

$8.2M
Equity Returned

26.8%
Net IRR

2.4x
Equity Multiple

Southport: NOI Bridge

Component	At Acquisition	At Stabilization	At Exit
Occupancy	72%	97%	97%
Avg Rent ($/SF)	$6.85	$8.40	$8.78
Gross Revenue	$335K	$554K	$579K
Operating Expenses	($134K)	($155K)	($162K)
Net Operating Income	$201K	$399K	$417K
Cap Rate Implied	6.8%	N/A	5.2%

Proven Industrial Investment Experience

- Management team has deployed $420M+ across 45 industrial transactions since 2015
- Realized Net IRR of 19.1% and 2.0x equity multiple on 28 fully exited investments
- 17 current holdings performing at or above underwriting (Gross IRR: 14.2% avg)
- Zero principal losses across all investments; one partial write-down (2020 COVID impact, recovered)
- Track record verified by RSM US LLP; available for LP due diligence upon request

Realized Investments (Selected)

Property	Market	Vintage	SF	Hold	Net IRR	Multiple
Southport Business Park	Nashville	2019	68K	3.2 yr	26.8%	2.4x
Mesa Industrial Center	Phoenix	2018	92K	4.1 yr	18.4%	2.0x
DFW Flex Portfolio (3)	Dallas	2017	145K	3.8 yr	17.2%	1.8x
Charlotte Commerce Ctr	Charlotte	2020	54K	2.9 yr	23.5%	2.1x
Tampa Bay Logistics	Tampa	2018	78K	4.5 yr	15.1%	1.7x

Return Attribution Analysis

Sources of Return (Avg)

- Rent Growth: 35% of total return
- Lease-Up/Occupancy: 25% of total return
- Cap Rate Compression: 20% of total return
- Leverage Effect: 20% of total return

Key Observations

- Operational improvements drive 60% of value
- Market tailwinds contribute 40%
- Conservative leverage (avg 58% LTV) limits downside
- Consistent execution across market cycles

Firm-Wide Performance Summary

$420M+
Total Deployed

19.1%
Realized Net IRR

2.0x
Realized Multiple

0%
Loss Ratio

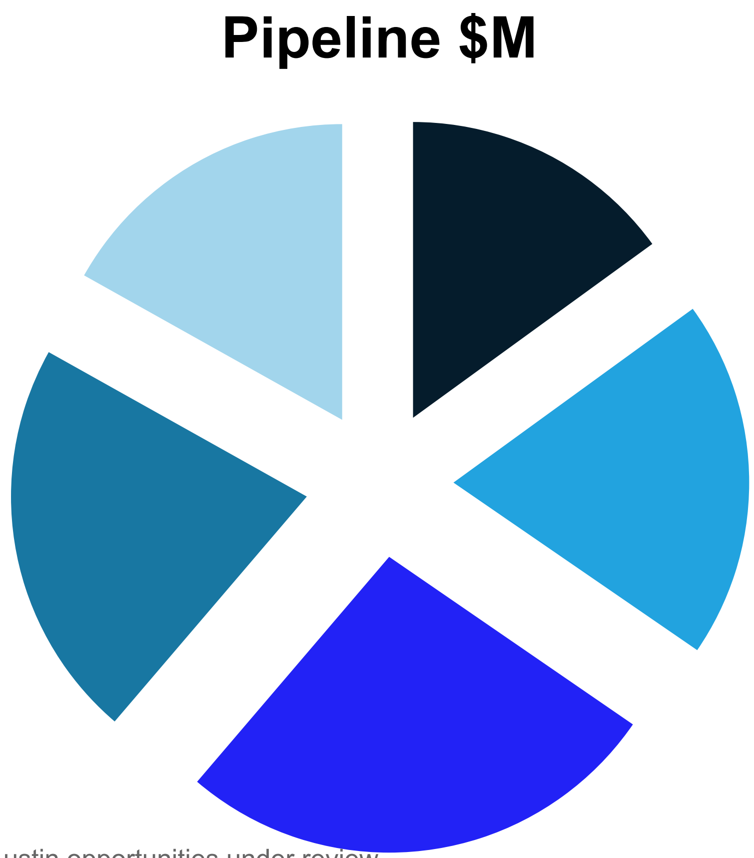
Current Investment Pipeline

Property	Market	SF	Price	Cap Rate	Status	Est. Close
Music City Warehouse	Nashville	48K	$7.2M	6.1%	Under Contract	Feb 2025
Camelback Flex Center	Phoenix	62K	$9.4M	6.4%	Due Diligence	Mar 2025
Metroplex Industrial	DFW	85K	$12.8M	6.2%	LOI Accepted	Q2 2025
I-485 Business Center	Charlotte	71K	$10.5M	6.3%	LOI Submitted	Q2 2025
Tampa Gateway	Tampa	55K	$8.1M	6.5%	Preliminary	TBD

Pipeline Summary & Deployment Pace

- Actionable pipeline (Under Contract + Due Diligence): $16.6M / 110K SF (11% of fund)
- Near-term pipeline (LOI stage): $23.3M / 156K SF (16% of fund)
- Expected first close deployment: 25-30% within 6 months of final close
- Target full deployment: 24-30 months from first close
- Robust deal flow: Reviewing 15-20 opportunities per month in target markets

Pipeline by Market



Geographic diversification aligned with target market allocation. Austin opportunities under review.

Key Risks and Mitigants

Risk Factors

- Interest rate volatility
- Economic recession / demand decline
- New supply in target markets
- Tenant credit defaults
- Execution risk on renovations

Mitigating Strategies

- Fixed-rate debt, 5+ yr terms, 55-60% LTV
- Essential-use tenants, diverse base (20+ per asset)
- Focus on infill locations with barriers to entry
- Credit underwriting, 3-6 month security deposits
- Experienced in-house team, GMP contracts

Scenario Analysis: Fund-Level Returns

Scenario	Rent Growth	Exit Cap	LTV	Net IRR	Multiple
Bull Case	5% / yr	5.50%	55%	21-23%	2.2-2.4x
Base Case	3% / yr	6.00%	58%	15-18%	1.7-2.0x
Stress Case	0% / yr	6.75%	55%	8-11%	1.3-1.5x
Downside Case	-2% / yr	7.25%	50%	3-6%	1.1-1.2x

Downside Protection Mechanisms

- Conservative leverage: 55-60% LTV vs. market standard 65-70%
- Fixed-rate debt with 5+ year terms eliminates refinancing risk during hold
- Multi-tenant format (20+ tenants per property) diversifies income stream
- Essential-use tenants: HVAC contractors, electricians, auto services, e-commerce fulfillment
- Built-in cushion: Acquire 15%+ below replacement cost in all target markets

Summary of Terms

Term	Details
Fund Size	$150M target ($175M hard cap)
Minimum Commitment	$1 million ($500K for existing investors)
Management Fee	1.5% on committed (Yrs 1-3); 1.25% on invested (Yrs 4+)
Carried Interest	20% over 8% preferred return (European waterfall)
Preferred Return	8% compounded annually, LP catch-up to 10%
GP Clawback	100% of excess carry returned if fund underperforms at liquidation
Investment Period	3 years (1-year extension with LP consent)
Fund Term	7 years (2 one-year extensions with LP consent)
GP Commitment	3% of fund size ($4.5M) - principals investing personal capital

Alignment of Interests

GP Economics & Commitment

- 3% GP co-invest ($4.5M personal capital)
- European waterfall: carry only after full return of capital
- 100% GP clawback provision
- No transaction fees retained by GP
- Key person: J. Smith and S. Johnson

LP Protections

- Annual audited financials (RSM US LLP)
- Quarterly NAV and performance reporting
- LPAC with approval rights on conflicts
- No-fault removal with 75% LP vote
- Co-invest rights on deals >$20M

Fee Comparison: Sun Belt vs. Market

Term	Sun Belt Fund I	Peer Average ($100-200M)
Management Fee (Inv. Period)	1.50%	1.50-1.75%
Management Fee (Post-Inv.)	1.25% on invested	1.50% on committed
Carried Interest	20%	20%
Preferred Return	8%	7-8%
GP Commitment	3.0%	1-2%
Waterfall Structure	European	Mixed (50% American)

John Smith, Managing Partner & CEO

- 25 years of industrial real estate investment experience
- Previously: Managing Director, CBRE Investment Management ($3B industrial portfolio)
- Before CBRE: VP Acquisitions at Duke Realty (2005-2012), $800M deployed
- Led 87 industrial transactions totaling $1.8B across career
- Key Fund I deals: Southport Nashville (26.8% IRR), DFW Flex Portfolio (17.2% IRR)
- MBA, University of Texas at Austin; BS Real Estate, Arizona State University

Sarah Johnson, Partner & CIO

- 18 years of commercial real estate acquisitions and asset management
- Previously: Director of Acquisitions, Clarion Partners ($500M annual deployment)
- Before Clarion: Acquisitions at Hines (2008-2015), industrial and logistics focus
- Underwritten $4B+ in transactions; closed $2.1B across 65 deals
- Key Fund I deals: Mesa Industrial (18.4% IRR), Charlotte Commerce (23.5% IRR)
- MBA, Wharton School; BA Economics, Duke University

Investment & Operations Team

Acquisitions & Underwriting

- Michael Chen, VP Acquisitions (10 yrs, ex-JLL)
- Amanda Torres, Associate (4 yrs, ex-Eastdil)
- Robert Kim, Analyst (2 yrs, ex-PGIM)

Asset Mgmt & Operations

- Lisa Rodriguez, VP Asset Mgmt (12 yrs, ex-Prologis)
- David Park, CFO (18 yrs, ex-Angelo Gordon)
- Jennifer Walsh, Controller (8 yrs, CPA)

Organization & Governance

- Investment Committee: J. Smith, S. Johnson, D. Park (unanimous approval required)
- Property Management: In-house team of 8 FTEs across 3 regional offices
- Legal Counsel: Kirkland & Ellis LLP (fund formation), local counsel per market
- Auditor: RSM US LLP (annual fund audit, quarterly NAV review)
- Fund Administrator: Citco Fund Services (investor reporting, capital calls)

Appendix A: Complete Track Record

- Full track record available upon execution of NDA
- Includes: All 45 transactions, vintage years, hold periods, gross and net returns
- Third-party verification letter from RSM US LLP available
- References available from co-investors in prior funds
- Contact: ir@sunbeltindustrial.com for data room access

Appendix B: Target Market Deep Dive - Dallas-Fort Worth

Metric	DFW Metro	Small-Bay Submarket	National Avg
Industrial Inventory	1.02B SF	185M SF	N/A
Vacancy Rate	3.8%	2.9%	4.1%
Avg Asking Rent	$8.25/SF	$9.10/SF	$7.85/SF
YoY Rent Growth	9.2%	11.5%	6.2%
Under Construction	28M SF	2.1M SF	N/A
Net Absorption (TTM)	42M SF	8.2M SF	N/A

Appendix C: Sample Underwriting - Music City Warehouse

Metric	Year 1	Year 2	Year 3	Exit
Occupancy	78%	92%	96%	96%
Avg Rent/SF	$7.80	$8.35	$8.75	$9.10
Gross Revenue	$292K	$368K	$403K	$419K
Operating Expenses	($102K)	($115K)	($121K)	($126K)
NOI	$190K	$253K	$282K	$293K
Debt Service	($142K)	($142K)	($142K)	N/A
Cash Flow	$48K	$111K	$140K	N/A

Appendix D: Legal & Tax Structure

- Fund Vehicle: Sun Belt Light Industrial Fund I, LP (Delaware limited partnership)
- General Partner: Sun Belt Industrial GP I, LLC (Delaware LLC)
- REIT Blocker: Available for tax-exempt and non-US investors
- ERISA: Fund structured as VCOC to accommodate ERISA capital
- K-1 Delivery: Target March 15 annually; extensions available upon request
- State Filing: Fund will file in all states where properties are located

Appendix E: ESG & Sustainability

- LED Lighting: All properties upgraded to LED within 12 months of acquisition
- Solar Evaluation: Rooftop solar feasibility assessed on all acquisitions >50K SF
- HVAC Efficiency: High-efficiency units installed on all new leases
- Water Conservation: Low-flow fixtures and drought-tolerant landscaping standard
- Tenant Engagement: Green lease provisions for utility data sharing
- Reporting: Annual ESG report to LPs aligned with GRESB framework

Thank You

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