



FORT CAPITAL

**INVESTMENT OFFERING
OFF-MARKET CLASS B MULTI-TENANT
INDUSTRIAL**

OPPORTUNITY NAME

ADDRESS
CITY, TX ZIP

DATE

This summary is being furnished to prospective investors on a confidential basis in connection with their consideration of an investment. The summary is intended to present general information on the investment and is not intended to be an offer, solicitation, or recommendation. The information contained herein is believed to be accurate but is not guaranteed.

TABLE OF CONTENTS

3 Investment Introduction, Investment Summary, Critical Dates

4 Property Summary

5 Reasons to Acquire, Partnership Terms

6 Financial Returns

7 Sources and Uses of Funds, Underwriting, Loan Details

8-9 Five Year Pro Forma

10 Lease & Sales Comps

11 The Sponsor, Leasing & Property Management

12-13 Industrial Markets

14 Photos

INVESTMENT INTRODUCTION

Fort Capital is pleased to present the opportunity to acquire an off-market portfolio of ## quality Class B multi-tenant industrial buildings totaling ### square feet. This portfolio is located in the Great Southwest submarket, one of the top submarkets in Dallas/Fort Worth.

The sourcing of this opportunity allows Fort Capital an attractive basis at a discount to market value and replacement cost. Market sales comparable are trading around \$# per square-foot and it would cost roughly \$# per square-foot to build similar product. This acquisition cost grants a #% discount to market value and a #% discount to replacement cost.

This opportunity has a strong occupancy of #% and the location within the market provides a healthy income stream with upside potential through growing in-place rents. Upon stabilization, Fort Capital foresees holding the portfolio as a cashflow investment until the optimal divestment opportunity arises. Fort Capital anticipates the total hold period being between 5-7 years. These properties could be combined into a portfolio sale which will compress our exit cap benefiting Fort Capital and our Investors.

INVESTMENT SUMMARY

| | |
|---|---------------------------|
| PURCHASE PRICE | \$# \$# per square-foot |
| TOTAL INVESTMENT | \$# \$# per square-foot |
| HOLD PERIOD | 5 Year |
| BASE CASE POTENTIAL EQUITY INVESTOR IRR | ##% |
| BASE CASE POTENTIAL EQUITY CASH ON CASH RETURN | # |
| BASE CASE AVERAGE CASH YIELD | ##% |

CRITICAL DATES

| | |
|---|------|
| EXPECTED SIGNED PSA | Date |
| INVESTOR CALL | Date |
| DUE DILIGENCE EXPIRATION SENDING PPM DOCS TO INVESTORS | Date |
| EXECUTED PPM DUE FROM INVESTORS | Date |
| EXPECTED CAPITAL CALL DUE | Date |
| CLOSING DATE | Date |

PROPERTY SUMMARY

Aerial Photo

PROPERTY SUMMARY

| | |
|-----------------------------|--|
| ADDRESS | Address |
| LOCATION | Great Southwest Sub-Market |
| TYPE OF ASSET | Class B Light Industrial |
| TOTAL SIZE | # SF / # Acres |
| YEAR BUILT | # |
| CONSTRUCTION TYPE | Tilt-Wall |
| ROOF TYPE & AGE | TPO - Replaced in # |
| CLEAR HEIGHT DOCKS | # Grade Level |
| OCCUPANCY | ##% Occupied [# Tenants] |
| IN-PLACE RENTS | \$\$ NNN |
| SUITE RANGE | # – # |
| ENVIRONMENTAL | No knowledge of environmental issues Phase I has been ordered |
| ZONING | Light Industrial |

REASONS TO ACQUIRE

FORT CAPITAL OWNS AND MANAGES # ADJACENT

- Adjacent assets total # square-foot and are #% leased
- Provide real time data to accurately underwrite current opportunity
- Economies of scale for leasing and management team
- Allow for tenant growth and diverse suite options

ABILITY TO INCREASE NOI

- Current net rents average \$# (## below market net rates)
- Tenant renewals and vacancies will be leased at \$# NNN
- Convert gross leases to triple-net leases
- Projected NOI increases \$# by month # increasing the cap rate from ## to ##

SELLER FINANCING WITH BETTER THAN MARKET TERMS

- #-year fixed term, ## interest, ## LTV, I/O for # months
- No pre-payment penalty
- Cost savings: no lender legal fees or appraisal fees
- Typical lender terms: #-year term, ## interest, ## LTV, I/O for # months

MINIMAL CAPEX REQUIRMENTS

- New roofs installed in # saving roughly \$# million throughout hold period
- CapEx items after closing: landscape cleanup, strip the parking lot, paint exterior of each building

IRREPLACEABLE LOCATION WITH ACCESS TO KEY INFRASTRUCTURE

- # miles from Highway # & # miles from Interstate #
- East and west access to Fort Worth and Dallas CBD via Interstate #
- Direct access to D/FW International Airport via Highway #
- Centrally located to pull labor from all areas of the Dallas/Fort Worth Metroplex

PARTNERSHIP TERMS

EQUITY INVESTMENT \$#

CAPITAL CALL REQUEST Date

CLOSING Date

LEGAL STRUCTURE Class B units (Class B Members) and Class C units (Class C Members)

All affiliated Fort Capital Class B units will be subject to the same allocations as all outside investors. Class C units issued to Fort Capital and affiliates for incentive allocation.

WATERFALL

Cashflow from Operations:

1. Current and Unpaid ## Class B Preferred Return
2. Class B Return of Capital
3. Thereafter, ## to Class B, ## to Class C (Sponsor)

Cashflow from a Capital Event (Sale or Refinance):

1. Current and Unpaid #% Class B Preferred Return
2. Class B Return of Capital
3. Thereafter, #% to Class B, #% to Class C (Sponsor)

RISKS

1. There is a risk of downtime exceeding expectations. However, the underwriting includes an annual #% vacancy loss throughout the life of the project. This is comprised of #-month downtimes at each expiration, no recoveries during downtime.
2. There is a risk of the inability to achieve forecasted rate of \$# per square-foot over the life of the deal as in-place tenants roll, but with the last four leases at our current adjacent holdings leasing at rates higher than \$# NNN, we are confident these numbers are achievable.

ORGANIZATIONAL ALLOCATIONS (Actual Costs)

- Administrative and Construction Management Allocation: # charged monthly
- Asset Management Allocation: an annual #% of total equity raised
- Acquisition Allocation: #% of Purchase Price
- Financing Allocation: #% of Total Principle

TRANSACTIONAL ALLOCATIONS (Actual Costs)

- Refinance Allocation: #% of Principle
- Disposition Allocation: #% of Sales Price

SKIN IN THE GAME

Fort will contribute a minimum of #% into Class B units and will guarantee #% of all lender debt.

FINANCIAL RETURNS

The projected returns are based on a capital contribution of \$# of Class B Equity. Class B investors will receive an #% preferred return, #% of remaining cashflow after the payment of the preferred return to Class B investors, and #% of remaining cashflow once the total capital contributions of Class B investors have been returned. Base case projections currently show that the Class B Equity investors could receive a #% IRR and #% cash-on-cash return over the expected five-year investment period.

| Class B Investor Returns (Base Case) | | 0 | 1 | 2 | 3 | 4 | 5 |
|--------------------------------------|--|------------------------------|---|---|---|---|---|
| Returns to Class B Investors | | Financial Return Data | | | | | |
| Class B Preferred Return | | | | | | | |
| Cashflow to Accumulated Unpaid Pref | | | | | | | |
| Return of Class B Capital | | | | | | | |
| Class B Returns | | | | | | | |
| Class B Cash-on-Cash Returns | | | | | | | |
| IRR: | | | | | | | |
| ROEx: | | | | | | | |
| Profit: | | | | | | | |
| Potential Returns per \$100,000: | | | | | | | |

**Showing potential returns on \$X investment*

SOURCES AND USES OF FUNDS

Fort Capital is purchasing the properties for \$# (\$# per square-foot) and capitalizing an additional \$# (\$# per square-foot) in project costs (minor exterior updates and cleanup, anticipated year-one leasing and tenant improvement costs, expected maintenance costs, allocations and actual project costs).

| Sources of Funds | | | Uses of Funds | | |
|----------------------------------|------------------------------|-------|----------------|---------------------------|-------|
| Sources | % | Total | Uses | % | Total |
| Senior Loan | Sources of Funds Data | | Purchase Price | Uses of Funds Data | |
| Class A Equity | | | | | |
| Class B Equity: Outside Equity | | | | | |
| Class B Equity: Fort Capital | | | | | |
| Class B Equity: Fort Capital Wor | | | | | |
| Total | | | Total | | |

UNDERWRITING

Fort has underwritten the \$# subject investment with \$# of senior debt and \$# of total equity.

RENTAL RATES \$# NNN

2ND GENERATION LEASE TERM # YEARS

TENANT IMPROVEMENTS \$# NEW / \$# Renewal

LEASING COMISSION # NEW / #% Renewal

DOWN TIME # Month New / # Months Renewal

LOAN DETAILS

LOAN-TO-VALUE #%

RATE #%

TERM # Years Fixed

AMORTIZATION # Years

INTEREST ONLY # Months

FIVE YEAR PRO FORMA

| Project Name | |
|------------------------------|--|
| Building SF | |
| Land SF (Net) | |
| Purchase Price | |
| Additional Land Purchase | |
| Total Purchase Price | |
| In-Place Capitalization Rate | |
| Building PSF | |
| Land PSF | |
| Closing Date | |

| Financing | |
|--|--|
| Total Project Cost | |
| Senior Loan | |
| Preferred Equity | |
| Other Equity | |
| Class B Equity: Outside Equity | |
| Class B Equity: Fort Capital | |
| Class B Equity: Fort Capital - Working Capital | |
| Total Senior Debt | |
| Total Subordinate Debt | |
| Total Equity | |
| Total Capitalization | |
| <u>Senior Loan</u> | |
| Type (1: CPM, 2: IO, 3: Custom) | |
| Rate | |
| Interest Only | |
| Am | |
| Term | |
| PMT | |
| <u>Preferred Equity</u> | |
| Type (1: CPM, 2: IO, 3: Custom) | |
| Rate | |
| Interest Only | |
| Am | |
| Term | |
| PMT | |
| <u>Class A Equity</u> | |
| Preferred Return | |
| 1st Split | |
| 2nd Split | |
| <u>Class B Equity</u> | |
| Preferred Return | |
| 1st Split | |
| 2nd Split | |

| Reversion | Value | PSF | Land PSF |
|-----------|-------|-----|----------|
| | | | |

| Expenses | I/P | Annual |
|---|-----|--------|
| CAM (psf) | | |
| Real Estate Taxes (psf) | | |
| Management Allocation (% of Gross Incom | | |
| Insurance (psf) | | |
| Non-Recoverable Op Expenses | | |
| Other Expenses | | |
| Total Annual Expenses | | |

| Reserves | I/P | Annual |
|----------------------------------|-----|--------|
| Capex | | |
| Future Leasing Commission (psf) | | |
| Future Tenant Improvements (psf) | | |
| Cummulative Reserve Deficit | | |

| Non Recoverable | I/P | Annual |
|---|-----|--------|
| FC Asset Management Allocation | | |
| Outside Equity Asset Management Allocat | | |
| Administrative Allocation | | |

| Other Assumptions | I/P |
|------------------------|-----|
| Vacancy Factor | |
| True Vacancy | |
| Expense Infaltion Rate | |

| Sale | I/P |
|----------------------------------|-----|
| Hold Period | |
| Sale Type | |
| Land PSF | |
| Cost of Sale | |
| Ending Reserve Balance to Equity | |

| 5 Year Return Summary | |
|--------------------------------------|--|
| Total Project Cost | |
| Total Equity | |
| <u>Returns</u> | |
| Levered IRR | |
| Levered ROE X | |
| Profit | |
| Class B Returns | |
| Class B ROEx | |
| Class B Total Profit | |
| GP Profit | |
| PV Operating FCF | |
| PV Reversion FCF | |
| Total | |
| Less Equity | |
| NPV | |
| Minimum DSCR | |
| Minimum Cash-on-Cash (Project Level) | |

FIVE YEAR PRO FORMA

| Merrick Park Valuation | Month 1 Annualized | 1 | 2 | 3 | 4 | 5 |
|--|--------------------|---|---|---|---|---|
| Operations | | | | | | |
| Total Rent | | | | | | |
| Average Rent PSF: | | | | | | |
| Downtime Assumptions | | | | | | |
| Total Recoveries | | | | | | |
| Total Revenue | | | | | | |
| Less Vacancy Factor | | | | | | |
| Expenses | | | | | | |
| CAM (psf) | | | | | | |
| Real Estate Taxes (psf) | | | | | | |
| Management Allocation (% of Gross Income) | | | | | | |
| Insurance (psf) | | | | | | |
| Non Recoverable Expenses: | | | | | | |
| Other Expenses | | | | | | |
| Total Recoverable Expenses | | | | | | |
| Net Operating Income | | | | | | |
| Return on Total Cost: | | | | | | |
| Reserves | | | | | | |
| Capex | | | | | | |
| Future Leasing Commission (psf) | | | | | | |
| Future Tenant Improvements (psf) | | | | | | |
| Total Reserves | | | | | | |
| Non Recoverable | | | | | | |
| FC Asset Management Allocation | | | | | | |
| Partnership Level Expenses | | | | | | |
| Outside Equity Asset Management Allocation | | | | | | |
| Total Non-Recoverables | | | | | | |
| Reversion | | | | | | |
| Land Sale | | | | | | |
| Cost of Sale | | | | | | |
| Land Sale Proceeds | | | | | | |
| Reversion Proceeds | | | | | | |
| Ending Reserve Balance | | | | | | |
| Prefinancing Cashflow | | | | | | |
| Debt Service Coverage Ratio (DSCR): | | | | | | |
| Senior Debt | | | | | | |
| Senior Debt Repayment | | | | | | |
| Subordinate Debt | | | | | | |
| Subordinate Debt Repayment | | | | | | |
| Anticipated New Senior Debt | | | | | | |
| Tranch 3 Repayment | | | | | | |
| Line of Credit 1 | | | | | | |
| Line of Credit 1 Repayment | | | | | | |
| After Financing FCF | | | | | | |
| Cash-on-Cash Returns | | | | | | |

LEASE AND SALES COMPS

Lease Comps

| No | Property Name | Date | Leased SF | Term Months | Base Rent | Tenant | Year Built | Clear Height | Notes | Location | Dist (mi) |
|----|---------------|------|-----------|-------------|-----------|--------|------------|--------------|-------|----------|-----------|
| 1 | [Redacted] | | | | | | | | | | |
| 2 | [Redacted] | | | | | | | | | | |
| 3 | [Redacted] | | | | | | | | | | |
| 4 | [Redacted] | | | | | | | | | | |



Sales Comps Merrick Park

| No | Property Name | RBA | Buyer | Seller | Total Price | PSF | Date of Sale | Year built | Clear Height | Distance (mi) |
|----|---------------------------------------|--------|------------------------------|----------------------------|-------------|---------|--------------|------------|--------------|---------------|
| 1 | 500 S Beltline Irving, TX | 42,000 | Formation Asset Mangement | Silver Tree Partners | \$3,150,000 | \$75.00 | 12/31/2018 | 1981 | 14' | 0.20 |
| 2 | 1325 Capital Parkway Carrolton, TX | 40,353 | Riverfront Properties | Roane Property Holdings | \$3,099,917 | \$76.82 | 8/1/2018 | 1985 | 14' | 10.00 |
| 3 | 1151 Empire Central | 31,557 | Pinnacle Marble | Mcfadded & Miller | \$2,524,560 | \$80.00 | 11/1/2018 | 1964 | 18' | 3.00 |
| 4 | 3402 Century Circel | 31,115 | Blue Fish Company | Horn Family Investments | \$2,424,000 | \$77.90 | 1/1/2019 | 1977 | 20' | 3.00 |
| 5 | 1906 S Great SW Parkway | 49,592 | Astro Sheet Metal | MG Bryan Investments | \$4,000,000 | \$80.66 | 10/1/2018 | 1973 | 19' | 4.00 |

THE SPONSOR



Fort Capital is a proven real estate private equity firm headquartered in Fort Worth, Texas. Founded by CEO Chris Powers in 2005, Fort Capital has broad experience in a variety of real estate asset classes – currently, Fort has over \$300 million in assets under management across a portfolio of commercial, urban-core, and residential projects in DFW.

In 2017, Fort Capital formed its Industrial team based on a thesis of in-place value and continued growth of the Industrial asset class. Fort has successfully closed 18 deals totaling 2.7 million square feet in the past 3 years. The asset class has consistently shown strong fundamental value through cost-effective space with versatile functionality and attractive risk-adjusted cash yields. Strong fundamental value and compelling macroeconomic trends lead Fort Capital to believe confidently that industrial real estate will continue to provide investors superior risk-adjusted returns into the foreseeable future.

RECENT DFW CLOSINGS

| | |
|--|---------------------------------|
| 4040 FOREST LANE GARLAND, TX | 660,070 SF industrial property |
| ARLINGTON PORTFOLIO ARLINGTON, TX | 455,331 SF industrial property |
| COMMERCE PARK IRVING, TX | 179,049 SF industrial property |
| VALWOOD PORTFOLIO FARMERS BRANCH, TX | 157,003 SF industrial portfolio |
| FOSSIL CREEK PORTFOLIO FORT WORTH, TX | 184,527 SF industrial portfolio |
| SHAWNEE PORTFOLIO DALLAS, TX | 195,537 SF industrial portfolio |

PORTFOLIO SUCCESS THROUGH PANDEMIC

Since March of 2020, during the global COVID-19 pandemic and social unrest, Fort Capital was able to sign 18 leases or lease renewals in excess of 90,000 square-feet at 8 different properties located in multiple submarkets. Two of the assets, 700 Industrial and 4040 Royal were purchased in March of 2020 with multiple vacancies and have since had their occupancy brought to 100% with leasing rates above underwriting and minimal capital improvements required in the suites.

LEASING AND PROPERTY MANAGEMENT

LEASING

Fort Capital has worked diligently with LanCarte Commercial based out of Fort Worth, TX during the due diligence process and plans to continue working with them to lease these assets. Commercial currently leases the adjacent properties for Fort Capital and brings extensive knowledge on the market which will help them drive rental rates at the new properties.

PROPERTY MANAGEMENT

FCP Management is the property management arm of Fort Capital responsible for managing over two million square feet of assets with over 250 customers. We strive to be more than just a property management company by taking a proactive approach with our customers and our buildings. We create value using comprehensive property inspections, a personalized customer experience to drive retention, and cost reduction and control.

INDUSTRIAL MARKETS

Aerial Photo

DALLAS/FORT WORTH INDUSTRIAL MARKET

The Dallas/Fort Worth industrial market is comprised of nine major submarkets that contain approximately 900 million square feet of industrial product ranging from manufacturing to light industrial and business parks. Dallas/Fort Worth's business parks command a large portion of the overall industrial product and are designed to preserve the logistical benefits of a master-planned development. Dallas/Fort Worth ("DFW") is an integral distribution market for the nation and is the third-largest industrial market in the United States (measured by total square footage). The MSA saw an increase of 102,500 new jobs from February 2018 to 2019, only one of two markets to add over 100,000 jobs over the trailing twelve months. DFW ranked second in absolute growth and fourth in percentage growth at 2.83%.

- **DFW POSITIVE NET ABSORPTION**

The DFW industrial submarket has absorbed over 20.2 million square feet over the last twelve months, one of the highest absorption numbers in the metro's history. Since 2010, the DFW industrial market has absorbed more than 152 million square feet, which equates to a quarterly average of 4.2 million square feet per quarter. Over the most recent four quarters, the market has absorbed an average of 5.05 million square feet each quarter. The DFW industrial market has added significant new supply in recent years, yet robust tenant demand for industrial product in DFW has kept the market balanced. Since 2010, tenant demand has outstripped new supply by more than 1.2 times, resulting in steadily increasing market occupancy.

- **DFW VACANCY RATE CONTINUES TO REMAIN LOW**

Since 2010, occupancy within the DFW industrial market has grown by 5.1% and has averaged 92.4%. Dating back to 2005, the market has been remarkably stable with occupancy never dipping below 88.5%. Both warehouse and flex markets continue to perform with current occupancy levels of 93.7% and 93.6%, respectively.



Aerial Photo

GREAT SOUTHWEST / ARLINGTON INDUSTRIAL SUBMARKET

This submarket is located five minutes south of D/FW Airport. It has superior highway access in and out of the Dallas/Fort Worth Metroplex through various arteries such as: I-20, I-30, Highway 360, Highway 161, Highway 183, and Loop 12. Additionally, North/South Expansions on South Highway 360 in Grand Prairie will continue to progress through the end of 2020 – improving infrastructure and fueling development growth.

The Submarket shares boundaries with the South Fort Worth to the west and South Stemmons and South Dallas to the east. Great Southwest/Arlington is further subdivided into three micro-markets: Upper Great Southwest, Lower Great Southwest, and Arlington. Grand Prairie and Arlington are the primary suburbs that make up The Submarket. Area attractions include: Toyota Music Factory, Six Flags, Globe Life Park in Arlington, and AT&T Stadium.

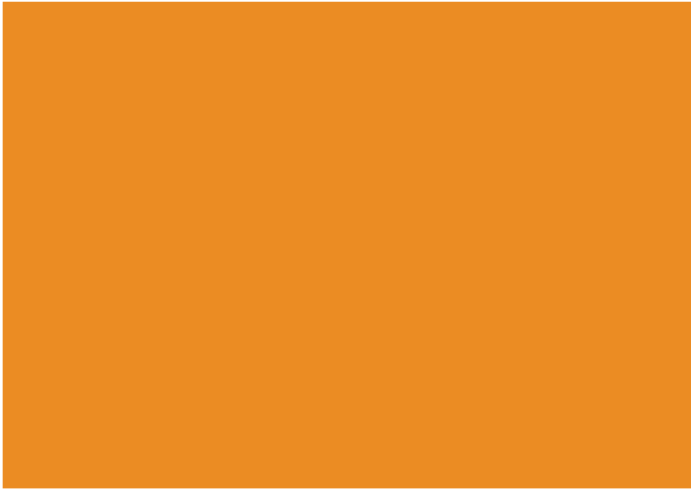
- **SUPPLY**

The Great Southwest/Arlington submarket contains 115.5 million square feet of total inventory. It is the second-largest industrial submarket in the Dallas/Fort Worth Metroplex, encompassing 14.2% of the overall market supply. GSW posted a total net absorption of 11,000 square feet in Q1 2020, resulting in a vacancy rate of 4.6% even after delivering 2.8 million square feet in 2019. The submarket currently has 978,000 square feet of new product under construction.

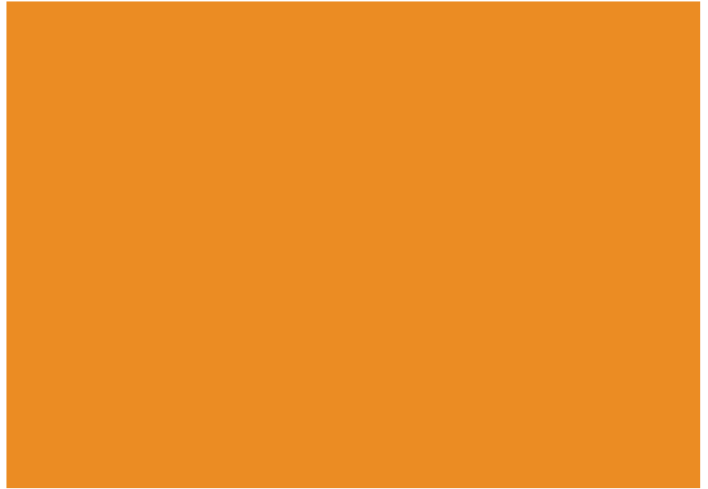
- **NET ABSORPTION AND DECREASING VACANCY RATES**

GSW posted a net absorption of 1.0 million square feet in the first half of 2019, resulting in vacancy rates that decreased 80 bps from year end 2018 to 3.7% at the end of Q2 2019. The submarket currently has 3.2 million square feet of new product under construction with 28.2% pre-leased and has delivered only 593,290 square feet thus far in 2019. Lower GSW continues to remain extremely popular to tenants as well posting one of the lowest vacancy rates in history at 2.7%. Lower GSW only has 155,000 square feet of current construction which will continue to push the vacancy rate down helping to drive rental rates into the future.

PROPERTY PHOTOS



PROPERTY PHOTO DESCRIPTION



PROPERTY PHOTO DESCRIPTION