AMERICAN INDUSTRIAL MARKET INVESTING MASTER CLASS

CRE RECESSION FUNDAMENTALS

"The key is to continue investing wisely and consistently through every market cycle, as investors that do this have historically retired over 30% wealthier.“

~ ***Morgan Housel ' The Psychology of Money***

WHO ARE DWG CAPITAL PARTNERS AND DWG CAPITAL GROUP

Judd Dunning
President | Principal

Judd Dunning is a third-generation real estate professional who has built a successful career selling commercial real estate investments and placing debt/equity nationally. With over 20 years of institutional commercial real estate experience, he has also sold numerous businesses and raised hundreds of millions of dollars in debt and equity, which all contribute directly to his NNN industrial sale-leaseback portfolio strategy nationwide at DWG Capital Partners for the benefit of all his new investment partners on every deal acquired.

As the President of DWG Capital Group and DWG Capital Partners, Mr. Dunning has executed over $1B+ of transactions and placed hundreds of millions in debt and equity. He is a well-established investment sale/capital markets advisor specializing in providing strategic CRE-based advisory services for stabilized, value-add, and distressed retail, office, industrial, apartments, and development assets.

Mr. Dunning has a superior roster of clients, including prominent institutions, funds, and private companies that he services as he expands DWG Capital Partners across the nation. DWG Capital Group has closed approximately $850M in investment sales and debt/equity volume in the last eighteen months, purchasing industrial, office, and retail NNN investment and sale-leaseback properties throughout the nation.

Judd Dunning has also received several awards in recent years, including being named the 2021 CoStar Power Broker of the Year. In 2022, he won the Los Angeles Business Journal Community Impact Deal of the Year Gold Award and was nominated for the Los Angeles Business Journal Broker Executive of the Year.

DWG Capital Group's collective sales have exceeded $1B since its inception, including joint venturing millions of square feet of CRE assets. Mr. Dunning's strategic business plan focuses on creating, securing, and owning intelligent, exponential CRE-based wealth generating growth assets for DWG Capital Group and DWG Capital Partners and its partners.

Meet the DWG Team

RYAN BILLINGS

INVESTOR RELATIONS

EMILY FRAZEE

OPERATIONS & MARKETING

DUGAN KELLEY

KELLEY CLARKE LAW FIRM

ROBERT BIANCHI

CALIFORNIA CPA GROUP

JOHN DEHN

SUNBRITE ADVISORY

DON MOORE

CLEAN FINANCIALS

SERGEI MOCHTCHENKOV

CFA & FINANCIAL ANALYST

Who are DWG Capital Partners?

WHAT WE DO

We are a highly experienced, private investment firm focusing on single-tenant, net-lease, and sale-leaseback structured transactions primarily in the industrial sector.

With a dedicated team of legal counsel, tenant credit risk analysis, cost segregation, environmental risk analysis, financial analysis, investor relations, and marketing staff, DWG Capital Partners is uniquely positioned for successful full-cycle investments.

WHY SALE LEASEBACK?

Potential benefits of sale-leaseback structured transactions to sellers:

- Rent payments are tax-deductible
- Extract 100% of value versus traditional bank financing of 70-75%
- Maintain all operational control of the property
- Removal of cumbersome corporate loan covenants

Dormant equity in corporate real estate is considered a non-earning “asset” that can be redeployed into significant, more productive uses, such as paying down debt, capital expenditures, acquisitions, and increasing working capital.

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PARTNERS

DWGCP HAS ±$50 AUM OF NNN INDUSTRIAL SLBS NATIONWIDE IN 5 STATES

VALUE CREATION THROUGH NNN SALE LEASEBACK STRUCTURED CAPITAL, COMMERCIAL REAL ESTATE INVESTMENTS.

DWG Capital Partners is a private commercial real estate investment firm founded by Judd Dunning, an award-winning, institutional real estate veteran, in 2015. The firm is headquartered in Fort Worth, Texas, and Los Angeles, California, and focuses on bringing vision, intelligence, simplicity, and capital together to benefit both its investment partners and the assets it invests in.

TOTAL ASSETS UNDER MGT: ±$50,290,000 | TOTAL 439,401 SF

DWG CAPITAL PARTNERS

AVG. PROJ. RETURNS 18%-25%+IRR | 2X MULTIPLES | AVG. MO. PREF. COC 7%-9%

DWG CAPITAL PARTNERS & DWG CAPITAL GROUP AWARDS

$50M AUM ACQUIRED | $800M OF CRE/DEBT/EQUITY CLOSED 2022/23

LOS ANGELES BUSINESS JOURNAL
COMMERCIAL REAL ESTATE AWARDS

GOLD AWARD

Community Impact Deal of the Year Award 2022 Winner

...for

Sony Pictures Animation

CoStar™ 2021
POWER BROKER™ AWARD

2022 LA Broker Executive of the Year Nominee

INDUSTRIAL | JOINT VENTURE | MULTIFAMILY | DEBT/EQUITY | RETAIL | OFFICE | DEVELOPMENT

OUR TEAM: DUNNING | BIANCHI | KELLEY | BILLINGS | FRAZEE | MOORE | SCOTT | DEHN | MOCHTCHENKOV | WHITNER

CRE RECESSION INVESTING FUNDAMENTALS & WISDOM

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The 5 D's of DWG

- Diligence
- Distress
- Debt
- Divorce
- Dissolution

THERE IS ALWAYS A DEAL TO BE FOUND

RECESSION CRE FUNDAMENTA

1. About Choosing Partners: *You can't change the people around you, but you can change the people around you."* **Anonymous**

2. About Moving Forward During More Volatile Economic Cycles: *"I will tell you how to become rich. Close the doors, be fearful when others are greedy. Be greedy when others are fearful."* **— Warren Buffett**

3. About The Long Game: *"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."* **— Robert Kiyosaki**

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RECESSION CRE FUNDAMENTALS

4. About Market Timing: *"Sometimes buying early on the way down looks like being wrong, but it isn't."* — **Seth Klarman**

5. About Holding Good Real Estate At The Right Times: *"Don't wait to buy real but real estate and wait."* — **T Harv Ecker**

6. About The Bottom Line: *"I love quotes... but in the end, knowledge has to be converted to action or it's worthless."* — **Tony Robbins**

All stating "We skillfully move "Onward & Upward", in ANY marke

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INVESTMENT FUNDAMENTALS

- **"You make most of your money in a bear market; you just don't realize it at the time."** ~ *Shelby Cullom Davis*
- **"A market downturn doesn't bother us. It is an opportunity to increase our ownership of great companies with great management at good prices."** ~ *Warren Buffett*
- **"Though tempting, trying to time the market is a loser's game. $10,000 continuously invested in the market over the past 20 years grew to more than $48,000. If you missed just the best 30 days, your investment was reduced to $9,900."** ~ *Christopher Davis*
- **"Wide diversification is only required when investors do not understand what they are doing."** ~ *Warren Buffett*

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INVESTMENT FUNDAMENTALS

- **"Far more money has been lost by investors trying to anticipate corrections than lost in the corrections themselves. Thousands of experts study overbought indicators, head-and-shoulder patterns, put-call ratios, and the Fed's policy on money supply…and they can't predict markets with any useful consistency, any more than the gizzard squeezers could tell the Roman emperors when the Huns would attack."** ~ *Peter Lynch*
- **"You get recessions; you have stock market declines. If you don't understand that's going to happen, then you're not ready, and you won't do well in the markets."** ~ *Peter Lynch*
- **"~~Know what you own and know why you own it."~~** ~~~ *Peter Lynch*~~

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INVESTMENT FUNDAMENTA

- **"How many millionaires do you know who have become wealthy by investing in savings accounts? I rest my case."** ~ *Robert G. Allen*
- **"We don't prognosticate macroeconomic factors; we're looking at our companies from a bottom-up perspective on their long-run prospects of returning."** ~ *Mellody Hobson*
- **"Courage taught me that no matter how bad a crisis gets ... any sound investment will eventually pay off."** ~ *Carlos Slim Helu*

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WHY INDUSTRIAL?

Industrial real estate has made countless as the most promising classification of commercial real estate (CRE) with massive growth potential alongside the expansion of e-commerce. After COVID-19 pandemic hit, as the darling of commercial real estate in response to explosive e-commerce growth and renewed corporate interest in reshoring production to the U.S. in pursuit of better supply chain resiliency

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INVESTING IN INDUSTRIAL REAL ESTATE WAS NEVER CONSIDERED AS ATTRACTIVE AS OFFICE OR RETAIL OR APARTMENTS IN THE PAST. HOWEVER, THIS DYNAMIC HAS CHANGED, IN LARGE PART, DUE TO THE GROWTH OF E-COMMERCE. INVESTING IN INDUSTRIAL REAL ESTATE IS RED HOT AND THE CONTINUED GROWTH OF CONSUMER ONLINE SHOPPING DRIVES THE NEED FOR ADDITIONAL WAREHOUSE SPACE. INDUSTRIAL REAL ESTATE — INCLUDING PLANTS, WAREHOUSES AND DISTRIBUTION FACILITIES — HAS NOW BECOME THE INVESTMENT

"ASSET CLASS OF CHOICE"

OVER PAST SEVERAL YEARS AND NOW POST COVID RAPID DEMAND REMAINS ON THE RISE. SINCE BACK TO 2010 INDUSTRIAL RENT GROWTH HAS BEEN POSITIVE AND VACANCY RATES HAVE BEEN AT ***HISTORIC LOWS PROVIDING ATTRACTIVE, STABLE, LONG-TERM RETURNS TO INVESTORS***.

THESE SOLID FUNDAMENTALS AND THE FACT THAT "E-COMMERCE STILL HAS A LONG RUNWAY" FOR GROWTH MAKES INDUSTRIAL REAL ESTATE THE ...

"DARLING OF THE COMMERCIAL REAL ESTATE INDUSTRY."

ACCORDING TO CRAIG MEYER, LL'S PRESIDENT OF INDUSTRIAL SERVICES AND A 40YEAR INDUSTRY VETERAN.

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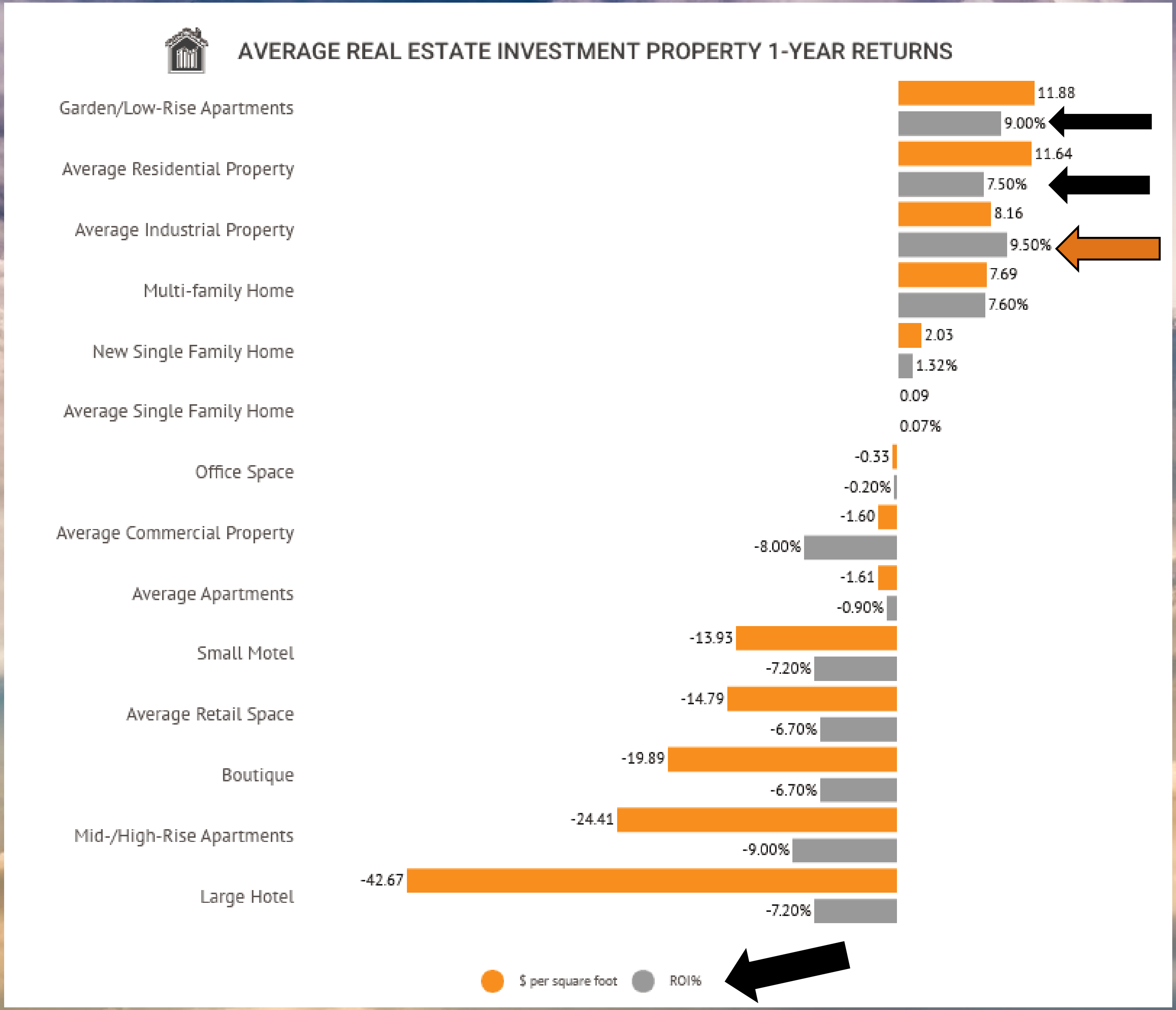

AVERAGE REAL ESTATE INVESTMENT PROPERTY 1-YEAR RETURNS
Garden/Low-Rise Apartments
11.88
9.00%
Average Residential Property
11.64
7.50%
Average Industrial Property
8.16
9.50%
Multi-family Home
7.69
7.60%
New Single Family Home
2.03
1.32%
Average Single Family Home
0.09
0.07%
Office Space
-0.33
-0.20%
Average Commercial Property
-1.60
-8.00%
Average Apartments
-1.61
-0.90%
Small Motel
-13.93
-7.20%
Average Retail Space
-14.79
-6.70%
Boutique
-19.89
-6.70%
Mid-/High-Rise Apartments
-24.41
-9.00%
Large Hotel
-42.67
-7.20%
$ per square foot
ROI%

WHAT IS INDUSTRIAL REAL ESTATE?

Industrial:

Industrial real estate is any real estate used for the purpose of industry, including heavy manufacturing, light assembly, bulk warehouses, and flex spaces that can mix industrial space with office space.

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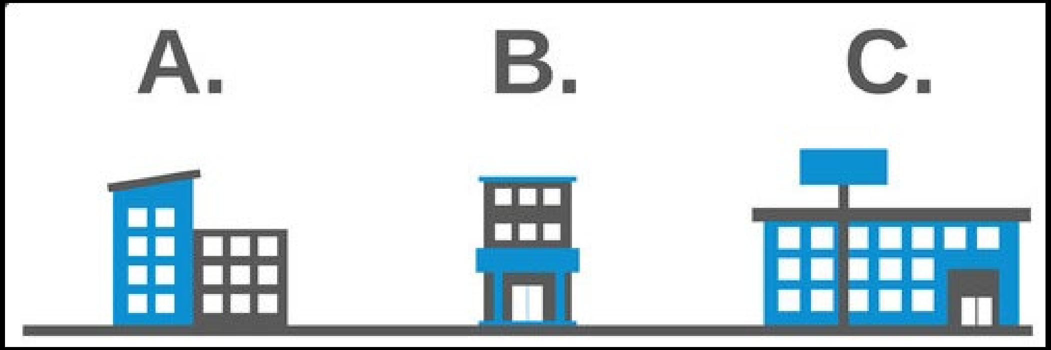
What is Industrial Real Estate?

Industrial Real Estate can be broadly defined as all land and buildings which accommodate industrial activities including production, manufacturing, assembly, warehousing, research, storage, and distribution.



For any commercial building, there will be a class grade attached to it- Class A, Class B, Class C. It is important to consider which class will make the most sense for your investment as some of these assets are more likely to see capital appreciation whereas others will be better suited, rather, for capital preservation.

Industrial Real Estate Classes

COMMON FEATURES can include HIGH CEILINGS, REINFORCED FLOORING, WIDE OPEN SPACES, AND LOADING DOCKS THAT CAN ACCOMMODATE A WIDE RANGE OF INDUSTRIAL EQUIPMENT.

A

The newest and best-quality structures that exist in the market.

B

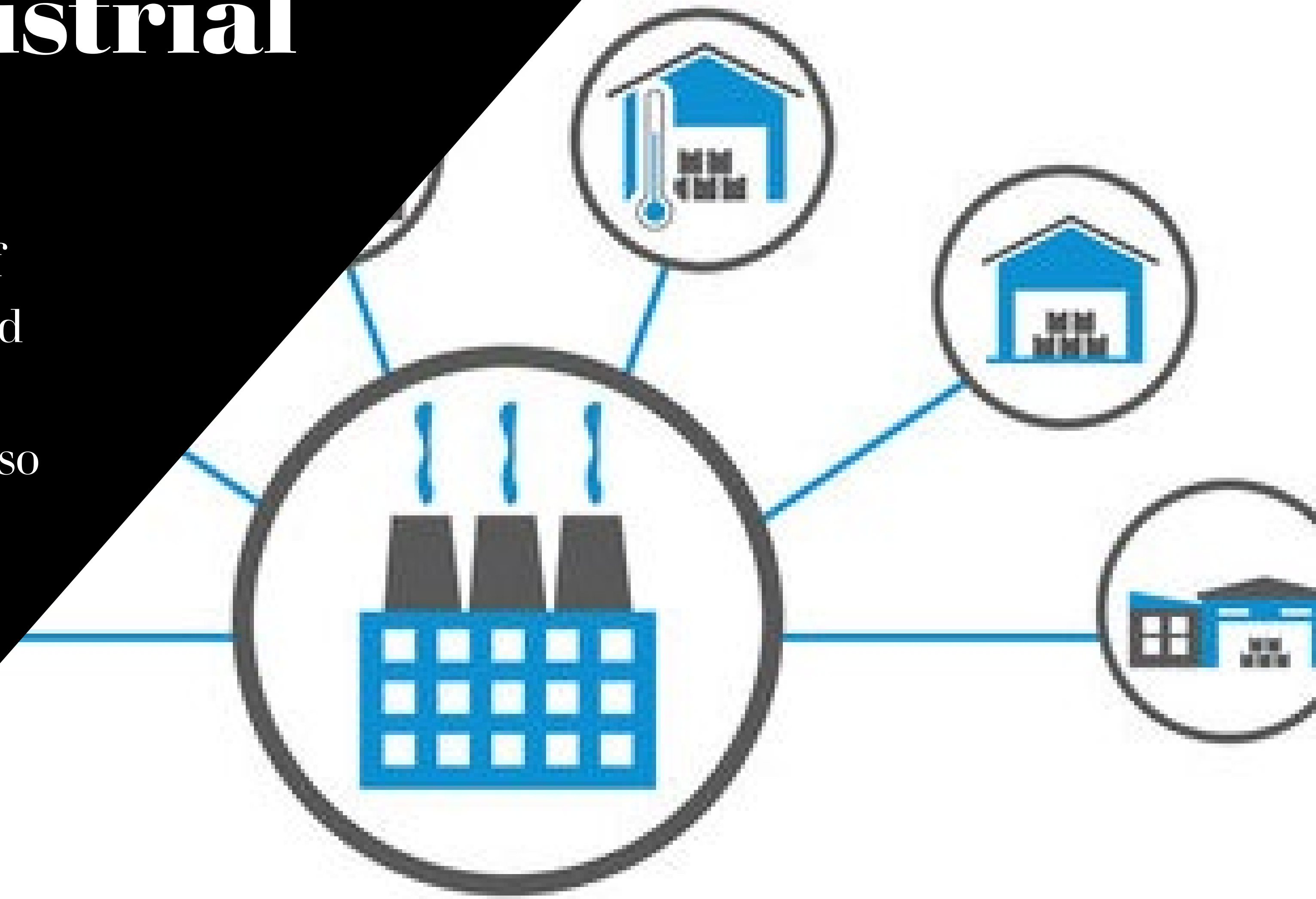
Usually older buildings, but can also be new buildings without all of the bells and whistles.

C

Usually 20 or more years old, have multiple deferred maintenance issues.

Types of Industrial Real Estate

There are many different types of users for industrial properties, and there are different types of structures associated with them, so it is important to familiarize yourself with each one to know what kind of tenants occupy each type of property.



Types of Industrial Real Estate

Industrial Land

Land that is zoned industrially, but does not have any permanent structure on its premises.

Industrial Build-To-Suit

A landowner pays for the construction of a structure according to the tenant's specifications and then leases that building to the tenant once the building is delivered.

Bulk Warehouse

The largest industrial product and are typically in the 50,000-1,000,000+ square foot range. These properties are usually regional distribution for various types of products and require strong accessibility for trucks entering and exiting the highway systems.

Flex Warehouse

Usually have at least some portion of office space connected to the warehouse and can widely range in size to fit your small mom and pop plumber to regional granite distributors and more.

REMEMBER: There are specific areas in each city designated to industrial properties shown on a zoning map, which describe where these spaces can be constructed and operate, so that the activity on these sites does not disrupt businesses or residencies that might have otherwise been adjacently placed.

Types of Industrial Real Estate

Heavy Manufacturing

Often isolated within the most intense industrialized areas of municipalities due to its use of heavy machinery, chemicals, and power necessities.

Light Assembly

Has a fair amount of crossover with flex space, but unlike heavy manufacturing, light assembly space isn't typically utilized to manufacture materials, simply to assemble them and ship them out to distribution centers.

Cold Storage

Refrigerated warehousing intended to store perishable food and products. They are often used as distribution centers for chain groceries and require HVAC systems and insulation setups that are able to support and maintain temperatures ranging between 34 degrees to -10 degrees.

Types of Industrial Real Estate

Data Centers

Very complex properties usually in centralized locations that are typically equipped with computer systems and networking equipment that is concentrated for the purpose of storing, processing, distributing, or allowing access to large amounts of data.

Industrial Showroom

A hybrid between retail and warehousing. This product allows manufacturers to showcase their goods in a more retail setting while having shipping and distribution, too.

Research & Development

Able to accommodate a large variety of users. These sites may sometimes fall under the flex space category as they can be any hybrid combination of office, warehouse, and manufacturing space.

.**Growth Drivers for Industrial Real Estate**

E-commerce. As more and more people shop online, companies need additional space to store and ship their products. This trend led to a surge in demand for fulfillment and distribution centers—particularly in areas close to major population centers.

•**Manufacturing**. Many U.S. companies have begun returning their production assets to U.S. soil, driving a need for modernized manufacturing plants that can handle advanced automation’s power and infrastructure requirements.

•**Cold storage**. U.S. cold storage infrastructure is significantly outdated, which became problematic during the COVID-19 pandemic. As a result, the food and pharmaceutical industries have made significant investment

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WHATS NEXT FOR INDUSTRIAL

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Slowdown Schmo-down

First and foremost, recent fears about an industrial slowdown are exaggerated

Remember that industrial real estate is coming off two years of unprecedented demand fueled by the COVID-19 outbreak. However, as the world learns to manage the virus, the contributing factors that drove the massive shift to e-commerce have begun to have less impact. For example, in early 2022, some landlords attempted to delay deals with tenants because rents were rising so fast that waiting a few weeks ensured a better deal for the property owner. Costs are lower also creating more runway, where many assets have far exceeding replacement costs.

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.WHAT'S NEXT FOR AMERICAN INDUSTRIAL REAL ESTATE?

Industrial real estate will undoubtedly continue its resilience through 2023 and remain a leader in CRE. The following factors support this prediction:

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Industrial Real Estate Demand in 2023

•**Low vacancy.** Industrial vacancy remains under 5 percent in most parts of the United States and is even less in port-adjacent markets. Despite waning consumer spending and predictions of a lackluster peak season turnout by consumers, demand for e-commerce and omnichannel fulfillment space still far outpaces supply. Until supply and demand begin to balance, industrial should remain relatively safe from economic volatility.

•**Supply chain restructuring**. U.S. companies will continue efforts to shorten supply chains by reshoring production assets and sourcing domestic suppliers. Rising demand for reliable, U.S.-produced goods will continue to act as a boon for industrial real estate.

.WHAT'S NEXT FOR AMERICAN INDUSTRIAL REAL ESTATE?

•**Federal investment**. The Inflation Reduction Act provides significant resources for the green manufacturing sector. As established companies and start-ups pursue government funding to produce renewable energy solutions, electric vehicles, batteries, microchips, and other eligible goods, they will require suitable advanced manufacturing space.

Though demand will remain stable in 2023, there will be some changes. For example, rising inflation has impacted the availability of funding for speculative projects. As such, spec construction will most likely grind to a stop in 2023. Furthermore, landlords may see rents finally stabilize early in the year as tenants take longer to enter into agreements, and the economy makes them hesitant to commit to high leasing costs. All in all, however, industry stakeholders can rest assured that industrial will remain one of the strongest real estate asset classes throughout the year.

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U.S. NATIONAL

Industrial Q1 2023

	YoY Chg	12-Mo. Forecast
3.6% Vacancy Rate	▲	▲
62.5M Net Absorption, SF	▼	▼
$9.19 Asking Rent, PSF	▲	▲
17.2% Rent Growth	▲	▼
663.3M Under Construction	—	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast*
155.3M Total Nonfarm Employment	▲	▲

Industrial Demand Shifts Back to Normalized Levels, Still Powers Forward

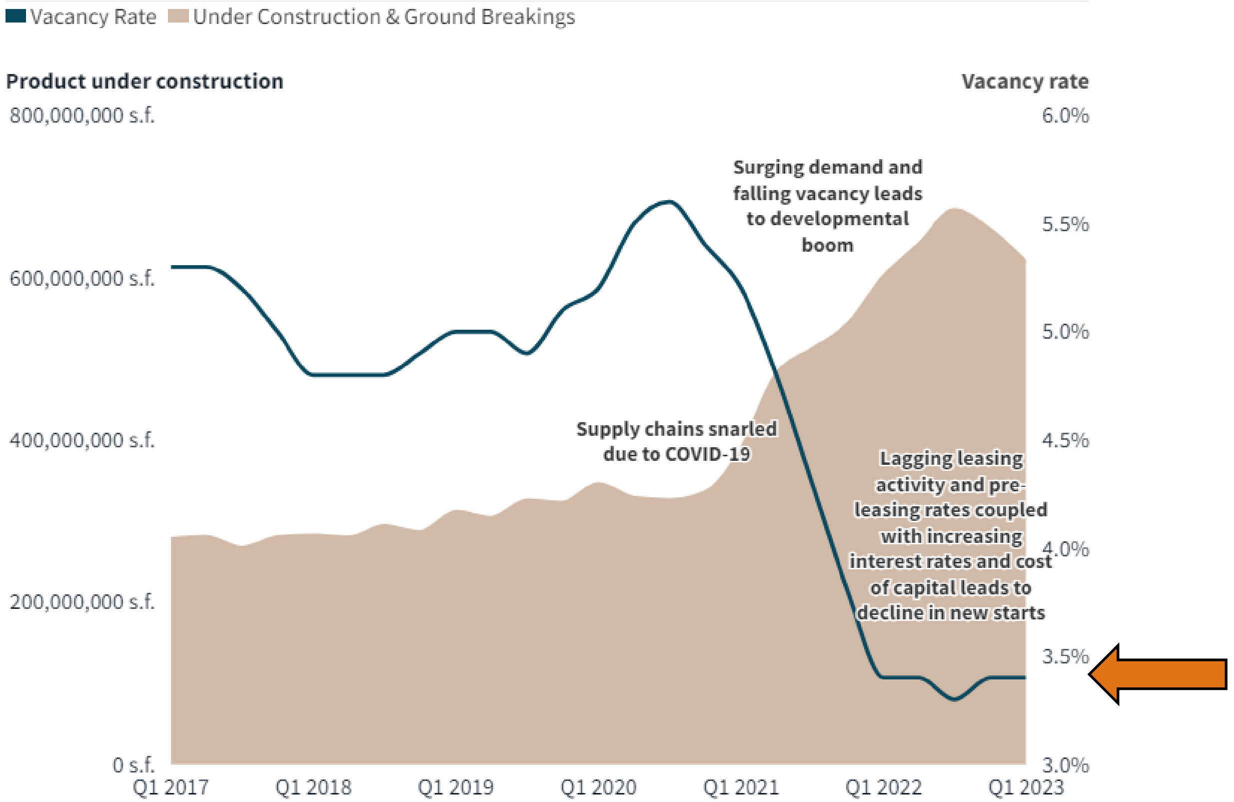
Deal Volume Still Healthy: With a backdrop of high inflation and high interest rates, decelerating consumer demand, and economic uncertainty, the U.S. industrial market trajectory stayed positive across all key indicators. The record demand totals of 2021 and 2022 were partially fueled by the stimulated economy coupled with the dynamic surge in e-commerce during the pandemic and was not sustainable long-term. As a result, quarterly U.S. leasing totals dipped by 9.4% from the previous quarter, with 136.9 million square feet (msf) of deals signed in the first quarter. This total was in line with the quarterly average achieved pre-pandemic (2016-2019), before this expansion cycle kicked into overdrive. While most transaction size ranges yielded declines in volume during the first quarter, the 250,000-500,000-square foot cohort remained steady when compared with the previous three quarters, accounting for a fifth of the quarterly leasing total.

As has been the case over the last few years, the flight to quality by logistics tenants has been vigorous. During the first quarter, tenants executed 59.1 msf of deals in industrial facilities built since 2020, representing 46.4% of the total. In comparison, these modern, Class A buildings accounted for 46.2% of all deal volume in 2022 and 40% in 2021. The Northeast was the only region where leasing activity did not lag the fourth quarter 2022. Leasing volumes in the Northeast were up 5.1% quarter-over-quarter (QoQ), fueled by notable surges in the Pennsylvania I-81/I-78 Corridor, Philadelphia, and Central New Jersey markets. In the Midwest, South and West regions, leasing was off by 13.2%, 9.8% and 12.1%, respectively, over the same time.

Although moderating, first quarter net absorption came in at 62.5 msf and was comparable to quarterly totals registered earlier in the expansion cycle (2016-2019). While overall net absorption had a notable deceleration in the first quarter, results varied by market with Houston, Dallas/Fort Worth, Phoenix, Indianapolis, Atlanta, the Pennsylvania I-81/I-78 Corridor, and Las Vegas all recording more than 2.8 msf of positive net demand. Conversely, net occupancy gains were tempered across most other markets. Like leasing, the Northeast was the only region in the country to yield a quarterly increase in overall absorption, where it was up 7.7%.

Vacancy Remains Well Below Historical Averages: The overall U.S. industrial vacancy rate ticked higher by 40 basis points (bps) in Q1 2023 to 3.6% but sits well below the 10-year historical average of 5.3%. The uptick was mainly due to the plethora of speculative deliveries coupled with the normalization of demand. Regionally, the South yielded the highest increase in vacancy with a 60-bps jump to 4.2%, making it the first region to surpass the 3% range. This is unsurprising with the level of new construction activity, especially speculative space coming on the market in this region. The West remains the only region with a sub-3% overall vacancy rate.

United States Industrial Outlook | Q1 2023



Industrial markets cooled as fundamentals decelerate

May 04, 2023

JLL

Absorption in the first quarter posted a 47.0% year-over-year decline as 58.6 million s.f. was absorbed. Deliveries in the first quarter amounted to 127.7 million s.f., and when coupled with sluggish pre-leasing figures, the vacancy rate increased 40 bps from the prior quarter to 3.8%. Furthermore, this was the first quarter that saw an uptick in sublease vacancy which rose to 0.5%.

Market performance categories

- **Leasing**: Preliminary leasing data indicates that Q1 2023 volume has dropped 16.3% from the previous quarter. In Q1, 61.5% of industrial leases were new to market deals, indicating companies are strategically expanding or establishing operations in markets that benefit their goals. Furthermore, Class A assets accounted for 68.5% of leases signed indicating it continues to remain the most attractive and active asset subtype.
- **Rental Rates**: As anticipated, the average asking rates rose 20.6% year-over-year to $9.19 p.s.f.
- **Net Absorption**: Absorption in the first quarter posted a 47.0% year-over-year decline as 58.6 million s.f. was absorbed. The bulk of absorption was attributed to pre-leased assets delivering.
- **Vacancy**: With sluggish pre-leasing figures and robust deliveries, the vacancy rate increased 40 bps from the prior quarter to 3.8%. However, many markets continue to maintain a sub 2.0% vacancy rate.
- **Under Construction**: Number of groundbreakings backslid despite historic low vacancy rate. There is currently 620.5 million s.f. is under construction across the nation. 2023 will close with nearly 90% of all product currently under construction delivering which will increase the total industrial inventory across the country roughly 3.8%.

NEWMARK

The National Industrial Market: Conditions & Trends

4Q 2022

Newmark presents the Fourth Quarter 2022 National Industrial Market: Conditions & Trends report.

Industrial Market Observations

1. Uncertainty Reigns as the Economic Outlook Darkens

— Consumer sentiment demonstrated minor improvement by year-end, yet recessionary fears and persistent inflation are driving a more conservative approach to spending.

— Forecasts for future economic growth have been successively revised downward as the year progresses. The Conference Board estimates a 96.0% chance of recession in the next 12 months.

— Good news: the U.S. economy does continue to grow, labor markets remain tight despite high-profile layoffs and, amid systemic interest rate raises, inflation is decelerating faster than expected.

3. Industrial Leasing Fundamentals Remain Sound amid Market Normalization

— Slowing yet still robust demand in the fourth quarter of 2022 brought annual net absorption to 454.6 msf – the second-best annual absorption total on record after 2021.

— The construction pipeline moderated for the first time in 10 quarters on the heels of slowing construction starts and elevated deliveries. At 672.0 msf, the pipeline was just under the historic high set last quarter.

— Average industrial asking rents crossed the double-digit mark, reaching $10.13/SF by the end of 2022. Annual rent growth posted its highest gain yet (17.2%), but forecast scenarios show decelerating, if still strong, rent growth throughout 2023.

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CommercialEdge

National Industrial Report

April 2023

Key Takeaways:

- National industrial in-place rents averaged $7.15 per square foot in March, up 7.1% year-over-year
- The national vacancy rate stood at 3.9%, unchanged month-over-month
- 636.6 million square feet of industrial space was under construction nationwide
- Industrial transactions totaled $7.7 billion in Q1 2023, trading at an average sale price of $133.77 per square foot
- The Bay Area and the Inland Empire recorded more than $1B in sales each in Q1
- St. Louis was the only metro to register negative rent growth, falling 2.0% year-over-year
- Miami was the most expensive market in the South, with in-place rents at $9.61 per square foot
- Philadelphia led the Northeast in development with 18 million square feet of space underway

Rents and Occupancy: Industrial Rent Growth Still Rising

National in-place rents for industrial space averaged $7.15 per square foot in March, up 7.1% year-over-year, the latest U.S. industrial market report shows. During the first quarter of 2023, national average rents increased by 14 cents, or 2.0%.

Large coastal markets continued to lead the way in industrial rent growth. Specifically, metros with the highest year-over-year increases in asking rents through March were the Inland Empire (16.3% year-over-year), Los Angeles (13.1%), Boston (9.7%), Orange County (7.6%), New Jersey (8.6%) and Bridgeport (8.3%). 18 of the top 30 metros recorded year-over-year growth rates of 5.2% or more, while St. Louis, was the only metro to post negative growth, declining 2% year-over-year.

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INDUSTRIAL INVESTING FUNDAMENTALS

FUNDAMENTALS

Rents at *or* below market

Strong discounts to *peak pricing* & a strategic supply chain location

A great team....

Purchase Price Below Replacement Costs

Lease backed by a strong tenant & market fundamentals

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DWG CAPITAL PARTNER’S CURRENT NEW DEAL

8.00% CAP | PHOENIX (MESA) MSA | $10M 18-YEAR NNN INDUSTRIAL MANUFACTURING SALE LEASEBACK

DWG CAPITAL PARTNERS CONFIDENTIAL JOINT VENTURE PARTNERSHIP INVESTMENT OFFERING

- NEW 18-YR NNN LEASE AT CLOSING
- EXCEPTIONAL RENT GROWTH AND LOW VACANCY MSA
- STRONG MARKET FUNDAMENTALS
- CORPORATE GUARANTEED LEASE
- SUCCESSFUL LONG-TERM 30-YR BUSINESS
- TOP 5 US INDUSTRIAL CRE MARKET W/ HIGH BARRIER TO ENTRY

7% PREFERENTIAL MONTHLY RETURN YR 1&2 (THEN, INCREASES 0.25%/YR) | ±17%-20% POTENTIAL IRR/ROI AND 2X EQUITY MULTIPLE + COST SEGREGATED ACCELERATED DEPRECIATION FOR YOUR 2023 TAXES

±72,780 SF
BUILDING

±1.90 AC
LAND AREA

1959
YEAR BUILT

12-MONTH NET ABSORPTION IN SF
Q1 2023 | 152K↓

ANNUAL RENT GROWTH
Q1 2023 | 15.8%

UNDER CONSTRUCTION
Q1 2023 | 56.3M SF (PHX)

VACANCY RATES
Q1 2023 | 3.8%

DWG CAPITAL PARTNERS | JUDD DUNNING | 972.738.8586 | 310.261.8428 | JDUNNING@DWG-RE.COM

DWG CAPITAL PARTNERS

REASONS TO LOVE THE DEAL & INVEST

HIGH CAP RATE: AirBagIt's **hard-to-find cap rate of 8.00%** presents an exceptional opportunity for DWGCP investors to achieve **above-market returns in a well-established market consistently ranking in the top 5 industrial markets in the country.**

EXCELLENT FINANCING IN PLACE: Utilizing DWGCP's 20 years of capital markets experience, the sponsor's 6.5% financing was re-locked during a very small window in the current volitality to 6.25% -- then again to **a new below-average market 5.9% interest rate** on very attractive 70% LTV 25-year amortization schedule.

ESTABLISHED TENANT: The property is currently occupied by AirBagIt, a well-established manufacturer of motor vehicle parts and accessories with proven success and strategies for future growth. The tenant will sign an **18-year NNN lease** and two 10-year renewal options. This **provides a stable income stream for investors, making it a reliable long-term investment.**

FAVORABLE LOCATION: The property is located within a gentrification area that has seen many development projects including the ASU satelite campus. Broadway, the main strand of Mesa sits just south of the property containing many prominent businesses. Additionally, the property's location provides easy access to major highways, such as US-60 and Loop 101 and Loop 202, offering tenants convenient transportation/distribution options.

STRONG MARKET FUNDAMENTALS: The Mesa, AZ industrial market has strong market fundamentals, with **steady demand and limited new supply over the past decade,** resulting in compressed vacancies from a high of over 20% in 2010 to 3.8% today. This steady demand ensures that **the property is likely to remain occupied and generate a stable income stream for investors.** The market also tends to command slightly higher rents than the metro average, making it an **excellent investment opportunity for investors looking for attractive returns in a stable market.**

POTENTIAL FOR ABOVE-MARKET RETURNS: In addition to the higher cap rate with a seasoned tenant creating value immediately at closing, the opportunity shall offer an attractive preferential return of approximately **±7.0% annually for the first two years that shall then increase by 0.25% annually thereafter (7.25%, 7.5%, 7.75%, 8%, 8.25%, etc).** Anticipated **outcomes are projected at a potential ±17.0%-22% IRR/ROI** -- over an anticipated 3-5 year hold period. The Phoenix MSA's exceptional cap rate environment and future growth expectations provide additional potential for even greater above-market returns.

AGGRESSIVE TAX STRATEGIES: DWGCP's team shall **utilize aggressive cost segregation accelerated depreciation strategies for immediate benefits for our investor/partners' 2023 taxes** and the creation of significantly higher effective overall returns. This approach will **reduce the tax burden for investors,** increasing overall returns.

LOW-MAINTENANCE INVESTMENT: This investment is low-maintenance, and DWGCP provides ongoing management of the property, **minimizing the workload for investors.** This allows investors to focus on other investments and enjoy a hassle-free investment experience.

EASY INVESTING: Investing with DWGCP is **easy, with minimum partner investments from $50,000 to a maximum of $500,000 available for reservation through our investor portal.** This online platform simplifies the investment process, allowing investors to manage their investments **as easily as a click of the mouse from the office or the house.**

EXECUTIVE SUMMARY

THE OFFERING

DWG Capital Partners, the "Sponsor", is under contract to purchase **260 S Hibbert St, Mesa, AZ 85210.** The property is occupied by AirBagIt, the "Tenant", a manufacturer of motor vehicle parts and accessories. DWGCP negotiated a **$9,640,000 purchase price, securing a 8.00% cap rate in a prime mid to high 5% cap market,** making it a more coveted investment opportunity with attractive above-market returns and excellent tax benefits. The asset is being **purchased at $132.45/SF, significantly below replacement cost (minimum of $225/psf)** for a concrete tilt-up industrial building.

THE PROPERTY

The property is a free-standing manufacturing and distribution facility comprises **approximately 72,780 square feet** of space, 3 external docks, a 20-foot ceiling height and 3 external levelators. The property **sits on approximately 1.90 acres of land** and is located within a downtown Mesa. Notably, this structure contains **potential cold storage** if ever re-tenanted with approximately 60% of the building also being temperature controled and insulated.

THE LEASE

The new **NNN lease is for a term of 18 years** with two 10-year renewal options and contains **annual rent escalations of 3%** in the first five years, then 2% annually thereafter. The **rent for the property is $10.60/SF.** AirBagIt established occupancy since purchasing it in 1997 and it serves as its primary business location. The landlord shall be granting a monthly rent T/I credit to the tenant for a period of two years during which the **tenant shall further invest in additional approximate $250,000 into improving the property value.**

THE TENANT

AirBagIt has been **in operation for over 30 years,** starting in a garage in 1987 and expanding to incorporate AIM INDUSTRIES in 1992 and Chassis Tech in 1994. It **specializes in manufacturing motor vehicle parts and accessories,** including suspension products air struts, control arms, headlights and many others. **AirBagIt has been an innovator** in the sector for more than 20 years, **featured in SEMA** as the company that **introduced air ride suspension.**

INVESTMENT SUMMARY	
All-In-Cost:	$10,414,000 ($143.09/SF)
Cap Rate	8.00%
Purchase Price	$9,640,000 ($132.45/SF)
Current NOI:	$771,468 ($10.60/SF)
Rent Escalations:	Year 1-5: 3.00% annually | Year 6+: 2.00% annually
Target IRR/ROI	±17.0%
Preferential Return:	Year 1-2: 7.0% | Year 3+: increase 0.25% annually
Lease Terms:	18-Year Absolute NNN
Tenant:	AirBagIt
Property Type:	Warehouse & Manufacturing
Approximate Bldg SF:	72,780 SF | 1.90 Acre Lot

THE LOCATION

Mesa, AZ in the Phoenix MSA offers a **prime location** in an up and coming area with a path of significant gentrification and progress. Offering easy access to highways US-60, Loop 101, and Loop 202, the 1.90-acre property is located north of Broadway Road near prominent businesses. The **Phoenix MSA is a top 5 industrial market** with **exceptional stability via its low vacancy rates, double-digit rent growth** and inherent appreciation. Notably, DWGCP purchased Rembrandt Phoenix with a 15-year NNN Lease in this same market at a 5.85% cap in 2022 and a new 15-year NNN Lease just went on market at 4.75% asking cap rate further highlighting the excellence of this location and MSA.

THE MARKET

Located in the booming East Valley region, the Mesa industrial submarket has experienced **steady demand and limited new supply over the past decade,** resulting in compressed vacancies from a high of over 20% in 2010 to 3.8% today. **Rent growth has increased to 15.8% over the past 12 months.** It has been **assessed at a ±5.6% cap rate, making the 8.12% cap a rare, high-yielding investment opportunity.**

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