

AUGUST 2021

# Industrial Acquisition Fund

F Street Industrial Opportunity Fund, LLC



[www.fstreetdevelopment.com](http://www.fstreetdevelopment.com)

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# Table of Contents

The Team	4
Our Philosophy	5
Why Invest With Us?	6
Why Industrial Real Estate?	7
About the Fund	9
Fund Strategy	10
Investor Returns	11
Fund Fees	12
Previous Deals	13



# Our Team

*Meet the dedicated leadership team for our development group*



## **SCOTT LURIE | FOUNDER**

Scott is the founder of F Street Group, an investment company that has syndicated a number of industry vertical investments, including real estate, hospitality, lending, and emerging markets. As President of F Street Development, Scott has been the driving force behind the acquisition of real estate assets and continues to seek new investments that meet his stringent criteria, with a focus on improving the communities where he invests.



## **JOSH LURIE | GENERAL COUNSEL, VP OF INVESTOR RELATIONS**

Josh is a partner with F Street Development, having previously practiced real estate law at Husch Blackwell. He received his BBA from UW-Madison in Accounting and Finance, Investment and Banking, and received his JD from Marquette University and is licensed to practice law in Wisconsin. Josh focuses on sourcing and underwriting investment opportunities, performing legal work, and working closely with our investors to ensure proper communication.



## **BILL BOLLOW | CHIEF FINANCIAL OFFICER**

Bill graduated from Lawrence University in 2005 with a BA in Economics. He subsequently earned his MS in Accounting from UW-Milwaukee and his CPA designation. He has 10+ years of real estate accounting and financial experience and oversees all facets of those areas for F Street Development.



## **MIKE DONEY | VP, MARKETING**

Mike has 15+ years of experience in marketing and has used his passion for technology and design to help further expand F Street Group's market and brand strategies. Since joining in 2017, he has helped to redesign and revitalize our brands, creating a more interactive and user-friendly experience for our clients, investors, and guests.



## **PAULA ARMATO | ASSET MANAGER**

Paula has 7+ years of experience working in property management and new development projects. She coordinates tenant relations, commercial build outs, and CapEx projects with our contractors and vendors. Additionally, she oversees our third party management team and building operations. Paula has a BBA in Business Management from the University of Wisconsin-Whitewater and her Wisconsin Real Estate Salesperson License.

# Our Philosophy

*Acquiring and developing a brighter future.*

F Street Development focuses on investing in commercial real estate across various asset classes. Our creative approach, in-depth understanding of the market, and relationship with real estate professionals help to unlock value for each investment we undertake.

By listening and working closely with our partners (brokers, tenants, employees, and investors) we are committed to building meaningful projects while generating above-market returns for our investors.

By actively managing each real estate investment, we provide tailored business strategies to ensure we understand the nuances of each investment. This translates to putting more money in the pockets of our investors.

***"Real estate, when purchased and managed appropriately, is a safe long-term investment and a great way to build wealth."***

## **VISION**

To be a leader in the real estate investment and development community recognized for our passion, commitment to excellence, and creativity to enhance shareholder value and returns.

## **MISSION**

To develop and build meaningful real estate projects that make the communities we invest in better places to live, work, and play.



# Why Invest With Us?

## **Preserve and Create Wealth**

You have worked hard to build your wealth. It is our mission to identify compelling real estate investment opportunities to preserve and grow your wealth. We maximize your investment dollars and generate strong returns by using 70%-75% leverage.

## **Disciplined Investment Approach**

With a keen focus on underwriting and risk mitigation for each asset we purchase as part of the fund, we understand the importance of providing diversification within the industrial asset class based on geography and tenant base.

## **Sponsor Investment**

F Street Development invests alongside our investors as an investor in F Street Industrial Opportunity Fund, LLC. We put our money where our mouth is and feel strongly that the investments we make are compelling to deploy our own capital. F Street Development and its sponsors will be investing \$500,000.00 in F Street Industrial Opportunity Fund, LLC.

## **Aligned Incentives**

F Street Development does not share in any of the profits until investors receive a minimum of a 7% preferred return on their capital investment. Therefore, we are motivated and incentivized to deliver strong returns to investors.

## **Proven Track Record**

We have been responsibly investing in commercial real estate for nearly two decades. We have built a strong reputation for creating significant shareholder value, as evidenced by recurring investors and our growing investor network.



# Why Industrial Real Estate?

We focus on industrial acquisitions. We are bullish on the asset class as a whole. We believe the metrics and research supports sustainable and increased demand for logistics over the next 10+ years. The outlook for the U.S. economy supports increased demand for logistics and industrial manufacturing companies that require efficient and well-located industrial warehousing and manufacturing facilities. By identifying well-located and well-constructed industrial assets, we mitigate tenant back-fill risk in the event tenants/companies vacate or no longer require space.

## Why Private Real Estate Over Public Real Estate?

Private real estate investment provides unique diversification from the volatility and risks public investors are exposed to.

- Combination of cash flow and asset appreciation.
- Diversification from the underlying volatility of the stock market due to low correlation to markets. REITs do not provide this same benefit.
- Ensure that your excess cash is generating passive income.

Our investors gain access to private real estate industrial investment opportunities not generally available to individual investors.



# About the Fund

F Street Development is seeking to raise \$10M of investor capital, which will be deployed to ***purchase legacy industrial real estate properties in Wisconsin and beyond.***

**F Street Industrial Opportunity Fund, LLC** will provide an investment opportunity with strong cash flow in industrial real estate through strategic and value-add industrial acquisitions.

F Street Development employs an analytical underwriting approach to each investment opportunity and is focused on an investment's ability to generate cash flow and create diversification for the fund investors. The fund will take calculated risk and remain disciplined when evaluating each investment.

## Investor Benefits

- Above-average risk-adjusted returns (12-18% targeted NET IRR)
- Diversification:
  - Geographic
  - Tenant Business Sector
  - Type of Tenant Company
  - Construction Type
  - Lease Structure
- Capitalize on the current low-interest environment
- Members will receive one schedule K-1 for their interest in the Fund, regardless of the number of assets actually acquired through the Fund



# Fund Strategy

- Work closely with trusted community partners to identify compelling industrial acquisitions. We aim to capitalize on market inefficiencies, such as:
  - Properties with under-market rents
  - Properties with inefficient Operators
  - Properties presenting lease restructuring or tenant upgrade potential
  - Properties that have short-term leases
  - Properties that are deficient, offering the opportunity to increase value through improvement or tenant replacement.
- Develop a business plan to optimize each property's Net Operating Income by increasing rental income while simultaneously controlling expenses.
- Self-manage the assets to keep a keen pulse on the asset and execute the business plan.
- What Distinguishes Our Opportunity:
  - Individual investors target \$1-\$5M acquisitions, Institutional investors target \$50-\$100M acquisitions — *we operate in the middle.*
  - We seek stabilized or value-add industrial acquisitions between \$5-\$15M where we identify a compelling opportunity.

# Investment Returns

- Members receive a 7% preferred return on all outstanding deployed contributions.
- Once the 7% preferred return is paid the remaining cash flow is split 80% to Members and 20% to Manager.
- Net sale proceeds upon disposition of assets are split 50% to Members and 50% to Manager.

## Fund Operation

- Investors will sign subscription agreements to become members of the fund for the total investment desired
  - *The minimum investment is \$100,000.00 for 1 unit*
- Typically 3-5 capital calls will be made during the Fund's investment period
- F Street's goal is to deploy capital in 12-18 months
- No more than 33% of Fund equity will be invested in any single asset
- 5% deposit is due upon capital commitment to the Fund



*\*\*Please see the F Street Industrial Opportunity Fund, LLC Operating Agreement for details on the waterfall.*

# Fund Fees

**Asset Management Fee:** Manager will receive an asset management fee equal to 1.5% of aggregate committed capital invested in the F Street Industrial Opportunity Fund, LLC. The asset management fee accrues until capital is deployed.

**Acquisition Fee:** Upon the successful closing of each asset purchased in the Fund, Manager will receive a 1.5% acquisition fee on the purchase price of the asset.

**Disposition Fee:** Upon the successful disposition of each asset, Manager will be paid a 1.5% disposition fee on the sale price of the asset.

**Refinance Fee:** Upon the successful financing of each asset, Manager will be paid a .5% refinancing fee on the new outstanding debt.

The property management fee may be earned, but passed through to the tenants, as part of their operating expenses in their lease. This will not affect net cash flow and returns for investors. In the event this is not possible, the individual SPE may charge a commercially reasonable property management fee not to exceed 2% of gross rental income at the property.

## *Previous Deal*

# 1919 W College Avenue

On April 30th, 2019, F Street Development closed on 152,000 square feet of industrial manufacturing space in Appleton, Wisconsin. F Street Development syndicated this investment with multiple investors, which completed the \$1.5 million equity raise required for the acquisition.

Upon acquisition, we immediately (alongside our trusted brokers) commenced negotiations with tenants we knew were interested in leasing space in the Fox Valley region. After a few weeks and engaging in discussions with multiple companies, we had two options to lease the entire space. One was to a local company and the other was to lease to the current tenant, Reynolds Presto.



In our negotiations, we leveraged competition in order to extract as much term and dollars per square foot of rent to strike a deal for a 10-year lease with Reynolds Presto, at rates that were 10%+ above in-place rents.

The property was purchased at \$4.5M. After signing the new 10-year lease, F Street Development increased the value of the property to approximately \$6.7M (\$2.2M increase in value!). Upon lease execution and successful refinancing with the original lender, on August 15th, we successfully returned 100% of the investor's capital in addition to the 7% preferred return that accrued from April 30th (date of closing) to August 15th (the date of payoff).

In June 2021, F Street Development sold the property to a fund for \$7.2 million, creating an equity multiple of 1.8x initial investment for investors in just over 2 years.

# 749 Wacker Drive

F Street Development successfully negotiated a sale-leaseback with a private equity company's portfolio manufacturing companies. F Street Development structured a 10-year absolute net lease with the tenant responsible for all operating expenses of the property, customary repair and maintenance responsibilities under a typical lease structure, and all structural building items.

F Street Development went through typical due diligence and underwriting process for this investment/transaction, evaluated the private equity company, and the portfolio company.

The asset produces strong cash flow for our company and investors. The tenant continues to perform well and is committed to the asset and future growth.



*Previous Deal*

# Southpoint Commerce Park

*New, Efficient Industrial Space In Appleton, Wisconsin*

The development is aimed at fulfilling the need for new quality class A industrial warehouse/distribution product in the Fox Valley market, located in Appleton, Wisconsin. The first building to be constructed on the 50-acre master-planned development, which was recently completed, is a speculative building consisting of 218,240 sq. ft.

We have several leasing opportunities that we are working on with a number of potentially interested tenants and we are in the process of scoping the project for the next building.





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