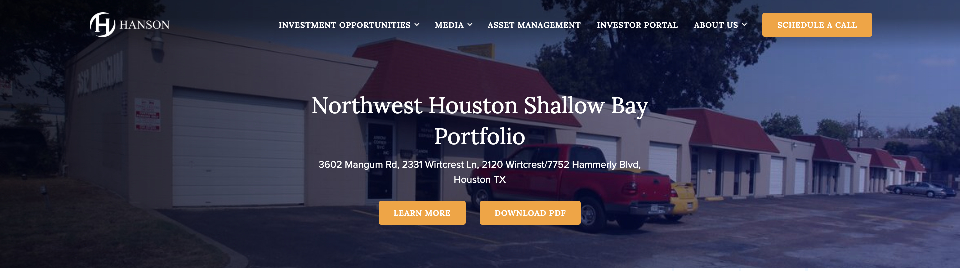

Northwest Houston Shallow Bay Portfolio

3602 Mangum Rd, 2331 Wirtcrest Ln, 2120 Wirtcrest/7752 Hammerly Blvd,
Houston TX

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OPPORTUNITY SUMMARY

2331
WIRTCREST LN.
A-K
2331-A

The Northwest Houston Shallow Bay Portfolio consists of 3 assets all located throughout the bustling Northwest Houston industrial corridor. The buildings total 123,898 SF across 5.95 acres, including 72 bays with an average bay size of 1,721 SF creating an opportunity to significantly drive yield based on lease rates being achieved on incubator spaces in the market today. These assets are an attractive opportunity to buy at an incredible basis ($81/SF) significantly below replacement cost, convert leases to NNN leases, push rents to market rates and create strong returns through diversified streams of income.

Currently 100% occupied with a healthy mark-to-market and short-term roll (sub 1 year WALT) the Northwest Houston Shallow Bay Portfolio provides ample opportunity to create value.

MINIMUM INVESTMENT $50,000

Key Information

Purchase Price:	$10.03 Million
TI/Leasing Budget:	$1.92 Million
Equity Required:	$5.81 Million
Close of Raise:	07/1/2025
Zoning:	Industrial
Stabilized Cash on Cash - Institutional Class	11.85
Stabilized Cash on Cash - Investor Class	8.88%
IRR:	27.94%
Equity Multiple:	1.62
Purchase Yield I Stabilized Yield:	6.07 I 10.12
Estimated Loan Term:	5 Years
Fixed I Variable Rate:	Fixed

LTC:	55.00%
Estimated Loan Rate:	7.25%
Estimated Hold Period:	2 Years

GET STARTED

PROPERTY DETAILS

- Building Size: 123,898 SF Across 9 Buildings
- Lot Size: 5.95 Acres
- Zoning: Industrial – State Code F1
- Market: Houston, TX
- Freeway Access: US HWY 290 & 610 Interchange
- Year Built: 1973-81
- Construction Type: Steel/Masonry

BUSINESS PLAN

Northwest Houston Shallow Bay Portfolio

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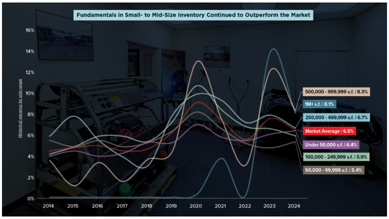
The business plan for the Northwest Houston Shallow Bay Portfolio aligns very similarly to our recent acquisition on Tanner Rd. We will first execute exterior improvements including siding repairs, paint, improved suite signage, concrete repairs, a re-stripe of the parking lot and any required roof and gutter repairs. This will allow us to provide a clean and modern feel to the business park, as well as help increase the ratio of existing tenants that will renew at market rates and stay at the site. For tenants that vacate the property, we will perform interior renovations of the bay such as upgrading lighting, LVT flooring in the office spaces as well as a fresh coat of paint. These upgrades will offer refreshed spaces to minimize downtime and maximize revenue at these bays.

The project is 100% leased today, and each lease offers the opportunity to terminate with 60 days notice at any lease execution anniversary. This creates incredible flexibility to execute our value add plan while maintaining in place cash flow. The bays currently have an average in place net lease rate of $.41/SF, and we are underwriting bringing the average lease rate across the portfolio up to $.83/SF by month 16 of ownership. We have benchmarked our underwritten lease rates to metal product in the Northwest Houston submarket that have an inferior exterior presentation in comparison to what our budgeted capital improvement plan will deliver. This conservative underwriting creates a significant buffer, as our leasing assumptions are 10-15% lower than assets that have implemented the strong capital improvement plan we are budgeting for. Therefore, we are confident in our ability to drive our yield north of 10% in less than two years.

MARKET ANALYSIS

Shallow Bay Industrial Outperforming Class A Industrial

Per JLL, Houston's small to mid-size industrial inventory is outperforming the market with below-average vacancies. While large-tenant deals are quick to move the needle, it's worth noting that over 75% of leases so far this year (by count) are smaller than 100,000 s.f. in size. With the Northwest Houston Shallow Bay Portfolio consisting of an average building size sub 30,000 s.f. and bay sizes averaging 1,721 s.f. the portfolio is posed to capture the upside in this segment and outperform the market at large.



LOCATION

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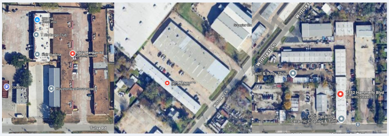
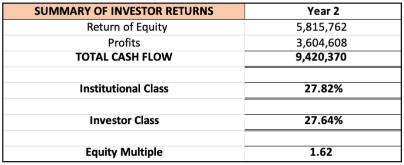


Why Northwest Houston Shallow Bay Portfolio Makes Sense

- Infill location
- Close to major highway (Highway 290 & 610)
- In demand bay sizes
- Short term roll
- Significant mark to market opportunity

RETURNS OVERVIEW



SUMMARY OF INVESTOR RETURNS	Year 2
Return of Equity	5,815,762
Profits	3,604,608
TOTAL CASH FLOW	**9,420,370**
Institutional Class	**27.82%**
Investor Class	**27.64%**
Equity Multiple	**1.62**

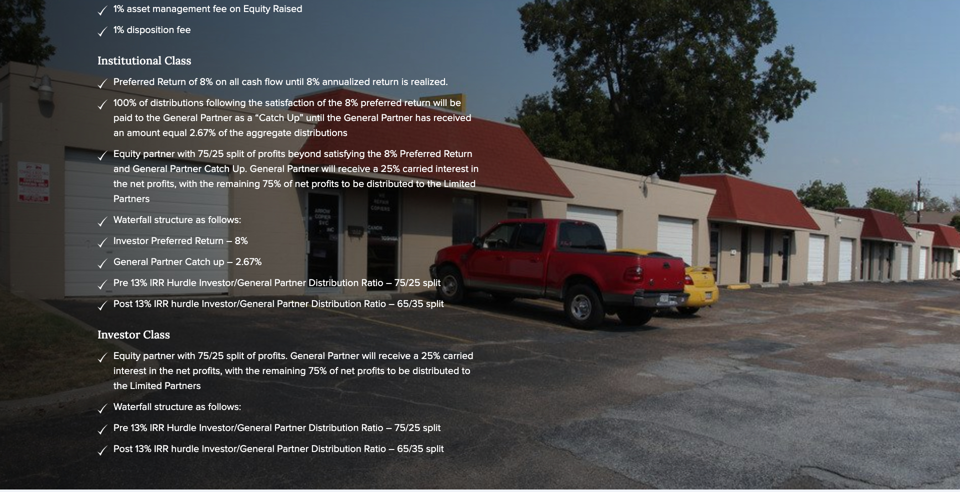
UNDERWRITING ASSUMPTIONS

Replacement Rental Rate:	$0.83/SF NNN
Vacancy Timing Upon Lease Expiration:	6 months
Exit Cap Rate:	7.25
Sale Price:	$145/SF
Deal Time Horizon:	2 Year

PARTNERSHIP STRUCTURE

Distributions and Fees

- ✓ Monthly distributions of operating profits
- ✓ 1.5-2.0% acquisition fee



- 1% asset management fee on Equity Raised
- 1% disposition fee

Institutional Class

- Preferred Return of 8% on all cash flow until 8% annualized return is realized.
- 100% of distributions following the satisfaction of the 8% preferred return will be paid to the General Partner as a “Catch Up” until the General Partner has received an amount equal 2.67% of the aggregate distributions
- Equity partner with 75/25 split of profits beyond satisfying the 8% Preferred Return and General Partner Catch Up. General Partner will receive a 25% carried interest in the net profits, with the remaining 75% of net profits to be distributed to the Limited Partners
- Waterfall structure as follows:
- Investor Preferred Return – 8%
- General Partner Catch up – 2.67%
- Pre 13% IRR Hurdle Investor/General Partner Distribution Ratio – 75/25 split
- Post 13% IRR hurdle Investor/General Partner Distribution Ratio – 65/35 split

Investor Class

- Equity partner with 75/25 split of profits. General Partner will receive a 25% carried interest in the net profits, with the remaining 75% of net profits to be distributed to the Limited Partners
- Waterfall structure as follows:
- Pre 13% IRR Hurdle Investor/General Partner Distribution Ratio – 75/25 split
- Post 13% IRR hurdle Investor/General Partner Distribution Ratio – 65/35 split

COMPANY OVERVIEW

Northwest Houston Shallow Bay Portfolio

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At Hanson Capital Group, experience is not just a metric—it’s our foundation. Boasting over 100 years of combined expertise in real estate, we’ve cultivated a reputation for excellence and strategic insight in the market. Our formidable investments, nearing $300,000,000 under management, are a testament to our sustained success. Driving our vision forward is a harmonized team of executives and directors. CEO Chris Hanson, COO Zach Price, Managing Director of Acquisitions Chris Pike, and Managing Director of Asset Management Jim Tainter lead the charge. Together, they craft the trajectory for Hanson Capital Group, ensuring we remain at the forefront of the real estate industry.

Established in 2008, Hanson Capital Group embarked on its mission to become a trusted auction bidding service provider and create a lasting enterprise focused on creating wealth for ourselves and our partners. Aligning with prominent institutions, our dedication and energy quickly became evident, resulting in the acquisition of over 1,500 single-family homes out of foreclosure within an impressive six-year span. However, our sights were set higher. Identifying a unique opportunity to elevate our bidding pursuits, Hanson Capital, LLC was established in 2010 as a state-licensed mortgage bank. Today, Hanson Capital thrives as a leading hard money and bridge debt lender, and, to date, has overseen transactions exceeding $500 million, while consistently maintaining an equity portfolio averaging $40 million.

While our initial investments were rooted in real estate backed lending, in 2010 we began our pursuit of direct investment in value-add multifamily assets. After nearly a decade of that value-add multifamily strategy, and after buying and selling a few thousand apartment doors, our focus shifted in 2018 towards industrial real estate, which continues to be the focus today.

We are now deeply entrenched in industrial real estate within the so-called “Sun Belt”, with a notable presence in strategic areas like California, Arizona, and Texas. The result of this commitment is over $250,000,000 in industrial real estate and over 1.4 million square feet of current assets under management.

Our process is invaluable to our success. All investment decisions are made by our investment committee in accordance with our Investment Policy Statement (IPS). Strategically crafted, the IPS emphasizes our central mission: capitalizing on inefficiencies in real estate to provide sustainable returns through proven and disciplined investment and management strategies. Every facet of the IPS has been intricately designed to demystify our methodologies, underscoring our commitment to transparency, accountability, and the responsible management of entrusted capital. The IPS also guides us in making informed, consistent decisions, helping to mitigate risks, and optimize returns, while ensuring that our actions align with our long-term investment objectives.

SPONSOR OVERVIEW

Northwest Houston Shallow Bay Portfolio

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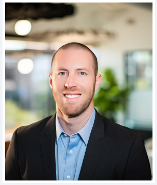
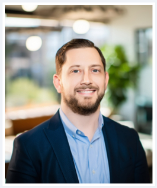


Chris Hanson, the Principal of Hanson Capital Group (HCG), is renowned for his strategic foresight in the real estate sector. Starting with the acquisition of single-family homes for institutions during the Great Recession and a mortgage banking operation, Chris has adeptly navigated market trends, transitioning into multifamily and subsequently industrial real estate. His unique ability to identify lucrative opportunities has been pivotal to HCG's success. Under Chris's leadership, HCG has thrived in real estate and finance, showcasing his profound insight into both sectors. His dynamic approach and unparalleled experience fuel HCG's ongoing growth and success.



Zach brings a unique blend of operational acumen and legal expertise to the real estate investment sector. As COO, he integrates strategic operational management, focusing on process streamlining and enhancing operational efficiency. Zach's role involves a wide range of responsibilities, including team leadership, property oversight, investor relations, and ensuring compliance. His analytical approach and ability to handle challenges demonstrate his adaptability and dedication to the company's success in the dynamic real estate market

Chris has been a driving force in the company's growth and profitability. In his role, Chris leads the development and execution of acquisition strategies, combining his deep understanding of real estate trends and financial modeling to secure profitable investments. He manages both the internal team and external relationships, including brokers and financial partners, fostering a results-driven environment. His commitment to continuous learning and active industry engagement ensures Hanson Capital Group's agility and success in the dynamic real estate market.

Jim's extensive thirty-year career in the real estate sector is marked by his expertise in a wide array of areas. Known for his exceptional service and an owner-centric approach, Jim has a proven track record of handling diverse commercial, industrial, retail, and multi-family properties. Jim excels in recruiting and motivating top talent, fostering team engagement, and implementing best practices from an owner's perspective. This approach not only enhances the value for clients and their properties but also supports the leasing, accounting, and management teams under his guidance.

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Individuals, Institutions and Financial Advisors seeking capital growth and/or income trust Hanson Capital for strong private equity and credit investment performance distinguished by energy, transparency, accessibility and authenticity. Hanson's operating model, continually refined since the firm's founding in 2008 is characterized by four compelling attributes: Vigorous Deal Sourcing, Razor Sharp Underwriting, Innovative Agility, and Investor Alignment.

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