



**FREEHOUSE CAPITAL  
PARTNERS**

## Investment Presentation

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2024

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# Cheyenne Single-Tenant Conversion Deal Profile

## BACKGROUND

FCP acquired 2852 Christensen in Sept 2022. The asset was developed as an 82,000 SF single-tenant industrial building on 17.28 acres, occupied for 10+ years by a pipe manufacturer. The purchase price represented a 50% discount to replacement cost in a market with limited high-quality large suite supply, such that rent premiums for comparable space >\$10 PSF.

Cheyenne, WY, located 90 mins north of the Denver MSA, is experiencing rapid industrial demand growth from employers attracted to its business-friendly economy, favorable interstate access, and rail junctions connecting it to the broader Intermountain West. It is endemically undersupplied in large-suite, tenant-ready industrial.

## OUR STRATEGY

- Convert the single 82,000 square feet asset into 3-4 suites.
- Close on the asset within 90 days (Sept '22) with at least 50% of the asset leased to tenants, which would cover our carrying costs in perpetuity (debt service, taxes, operations).
- Complete capital improvements so tenants could occupy the newly divided asset within 90 days.
- Lease the remaining square footage at a rent premium within 12 months of closing (by Sept '23).
- Deliver projected cash on cash yields of 8.49% in year one and 9.22% in year two.



## ORIGINAL PROFORMA PROJECTIONS (5 YEAR HOLD)

### Illustrative Investor Returns per \$100,000

	0	1	2	3	4	5
Investors Cash Flow	(80,634)	(18,622)	8,487	9,224	8,258	209,222
Investors CoC Yield		-18.62%	8.49%	9.22%	8.26%	209.22%
IRR:	20.52%					
ROEx:	2.36x					
Profit:	\$135,935					

## SOURCES & USES OF FUNDS

Uses	Close	Life of Deal	
		\$ Amount	\$/SF
Purchase Price	<b>7,000,000</b>	7,000,000	\$85.37
Closing Costs	70,000	70,000	\$0.85
Initial Reserves	35,000	35,000	\$0.43
Setup Fees	10,500	10,500	\$0.13
Diligence Expenses	30,000	30,000	\$0.37
Acquisition Fee	140,000	140,000	\$1.71
Leasing Costs	-	296,490	\$3.62
Tenant Improvements	-	278,800	\$3.40
Capital Projects	-	688,400	\$8.40
Loan Origination	35,000	35,000	\$0.43
Lender Interest Escrow	174,459	174,459	\$2.13
<b>Total Uses</b>	<b>7,494,959</b>	<b>8,758,649</b>	<b>\$106.81</b>

Sources		Close	Life of Deal	
			\$ Amount	\$/SF
Debt	46.7%	3,500,000	3,500,000	\$42.68
Equity	53.3%	3,994,959	4,458,997	\$60.42
	90.0%			
Investors	%	3,595,463	4,458,997	\$54.38
GP	10.0%	399,496	495,444	\$6.04
CF from Operations		-	304,208	\$3.71
<b>Total Sources</b>		<b>7,494,959</b>	<b>8,758,649</b>	<b>\$106.81</b>

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**PERFORMANCE** FCP closed on the asset on-schedule in Sept 2022 with a capital stack including our network of investor partners as well as key local investors. Additionally, we partnered with the regional economic development agency to aid with tenant demand and other items. And leveraged our on-the-ground market relationships to accelerate lease demand and capital improvements with partners we already know.

STRATEGY	RESULT							
Close with 50% LTV with fixed rate (not variable) debt with sufficient NOI to cover carrying costs with 50% occupancy.	<ul style="list-style-type: none"> <li>Partnered with our regional bank partner to secure debt at a five-year fixed 5.1% rate whereby debt service and carrying costs are covered even if 50% of the asset is vacant (Rule #1: Don't blow up)</li> </ul>							
Close on the asset within 90 days (Sept '22) with at least 50% of the asset leased to tenants, which would cover our carrying costs in perpetuity (debt service, taxes, operations).	<ul style="list-style-type: none"> <li>Initiated lease marketing within 48 hours of going under contract.</li> <li>Secured a signed 3Y lease with renewals with a national credit quality tenant on 25% of the asset before close.</li> <li>Finalized LOI before close and a signed 3Y lease with renewals lease days later with a national credit quality tenant on the second 25% (50% total).</li> </ul>							
Convert the single 82,000 square feet asset into 3-4 suites, occupiable by Jan 1st, 2023.	<ul style="list-style-type: none"> <li>Started capital improvements days after closing to demise 82,000 SF into 3 suites, leaving the unleased suite the option to be 20K SF or 40k SF depending on ultimate tenant demand.</li> <li>Capex included demising suites, utility improvements, new dock installation, and site improvements.</li> </ul>							
Complete capital improvements so tenants could occupy the newly divided asset within 90 days.	<ul style="list-style-type: none"> <li>The first two leased suites (~48k SF) were delivered to the initial two tenants, commencing rent in Jan 2023, approximately 105 days after closing.</li> <li>Original proforma projected rent commencement for each suite in Jan 2023 and Apr 2023 respectively.</li> <li>Actual rent commencement for both suites began in Jan 2023, ahead of projections.</li> <li>Proforma rents for the first two suites \$10 NNN vs \$10 NNN actual.</li> </ul>							
Lease the remaining square footage at a rent premium within 12 months of closing (by Sept '23).	<ul style="list-style-type: none"> <li>FCP continued lease marketing for the remaining through Q1 and Q2 2023.</li> <li>Lease executed in Q4 2023 with rent commencement in Jan 2024, three months behind schedule.</li> <li>Total blended rent \$12.39 NNN (vs \$9 NNN proforma)</li> <li>Projected buildout and tenant improvement costs of ~\$300k vs \$120k actuals.</li> </ul>							
Deliver projected cash on cash yields of 8.49% in year one and 9.22% in year two.	<table border="1"> <thead> <tr> <th data-bbox="1446 1487 1809 1577">2024 Actual Projected NOI (vs original projection)</th> <th data-bbox="1825 1487 2189 1577">Year 1 Projected Yield (vs original projection)</th> <th data-bbox="2205 1487 2568 1577">Year 2 Projected Yield (vs original projection)</th> <th data-bbox="2602 1543 3168 1615" rowspan="2">Current value at 7% cap rate: ~\$13M (vs \$7.9M fully-loaded basis)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1446 1596 1809 1675">\$912,149 (\$913,101)</td> <td data-bbox="1825 1596 2189 1675">8.45% (8.49%)</td> <td data-bbox="2205 1596 2568 1675">13.27% (9.22%)</td> </tr> </tbody> </table>	2024 Actual Projected NOI (vs original projection)	Year 1 Projected Yield (vs original projection)	Year 2 Projected Yield (vs original projection)	Current value at 7% cap rate: ~\$13M (vs \$7.9M fully-loaded basis)	\$912,149 (\$913,101)	8.45% (8.49%)	13.27% (9.22%)
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BEFORE



AFTER

