



**RHOME TX  
INDUSTRIAL  
BUILD-TO-LEASE  
DEVELOPMENT  
OPPORTUNITY**

INVESTOR DECK - CONFIDENTIAL

# RHOME TX INDUSTRIAL DEVELOPMENT OPPORTUNITY

114 Industrial Park Phase II, LLC will be constructing a **new 120-acre industrial development for lease**, 8 miles west of Texas Motor Speedway on Highway 114.



CAPITAL RAISE  
**\$10M TO \$15M**



ANTICIPATED INVESTOR RETURN  
**+/- 10% PER YEAR BY YEAR 4-5**

# THE PROJECT

**We're very pleased to offer another exciting development opportunity near the city of Rhome on Highway 114.** Most of you know of or are perhaps invested in our neighboring 58-acre project (*114 Industrial Park*) and a few of you originally invested in our first 58-acre salvage yard turned industrial development (*Tearaparts LP*).

**This is the last remaining parcel of 114 frontage** in the area which falls within our preferred niche of Wise County property that is superseded by **more liberal development rules associated with Fort Worth ETJ (Extended Territorial Jurisdiction)**. I have been trying to buy this property since originally buying the neighboring parcel to the West (2013) and more recently the neighboring parcel to the East (2019).

We have been building comps on either side of this property for the last 8 years, and land prices have appreciated considerably. After becoming friends with this neighbor, **he has offered me the first rights to this property before he placed it on the market.**

To that end, **I have negotiated a deal for these last remaining parcels at approximately \$55k an acre.** We are seeking an appraisal for confirmation, but **our neighboring 58 acres just appraised for \$94k an acre.** In spite of discounting which is warranted for this property's size, **the property has more than twice as much highway frontage (.41 miles)** which should keep values up.

**This is a value play.** At the prevailing appraised market rate of \$94k per acre, **this 120-acre parcel's indicated value would be approximately \$11M, which compares extremely well with our purchase price of \$6.5M.** Even further, upwards of 1.5M sq ft of warehouse space could eventually be built on the property, which at market-rate rent of **\$7 per foot would generate \$10.5M per year in revenue.** As such, the projections presented in this document are simply indications of the relationship of leased square footage to income; we intend to continue building in line with demand.

**Overall, we are getting an excellent deal with substantial equity starting Day One.** Most importantly, this acquisition offers **excellent highway access and liberal development rules which are nearly impossible to find elsewhere.**

Due to our having developed and sold similarly sized industrial property nearby, we have an **existing list of more than 45 commercial brokers who are interested in industrial properties in this area.** We have a list of 5 brokers deemed "*more interested*" than the others with **clientele who are actively looking for properties that fit this description. We anticipate strong demand.**



# THE PROJECT (cont.)

As previously presented in the first phase of this deal (build-to-sell units), **several thousand new homes are currently under construction within a 3-mile radius of this property with several thousand more planned.** This area is very similar to Keller 15 years ago, and more recently Haslet, which is nearly full. This next growth ring is the **natural progression of North Fort Worth and Alliance which are nearly out of space.** A quick drive on 114 or on 287 in this corridor will offer all evidence needed. Given that our group has a new development underway next door (whose goal is to provide +/- 5 acre parcels with 30k sq. ft. spec buildings for sale), we'll be taking a different approach with this property with an **emphasis on long term growth and income.**

We intend to develop **an industrial park that only offers space for lease.** We plan to pursue a conservative strategy by purchasing the property with cash, and completing all first phase development with cash as well. Once we have tenants with sufficient occupancy and cash flow, we'll borrow from a bank to build more space, fill it up accordingly and borrow to build another package of units for lease. **Given the success and 100% occupancy of nearby "light industrial" parks,** we'd like to start with at least one 50k sq. ft. metal building that can be split into units of at least 2k sq. ft. **Market rent is approximately \$7.00 per sf for these types of units and demand has been excellent.** As demand dictates, we'll continue to build space of the size and type along the lines of what we're seeing in the marketplace. At present, we're not interested in competing with the

larger single-tenant offerings we're creating next door, but once that project is sold out, we would potentially consider such a strategy here if demand warrants.

Compared to the nearby competition, **we'll be offering nicer buildings with higher ceilings, completely paved parking and driving areas** (vs. mixed gravel and concrete), **better ingress/egress from the highway with an accel/deccel lane, more robust signage, better interior roads and drainage,** and we can do all of this with **pricing equal to our less robust competition** (currently \$7.00 per sf).

**Superior quality, but at the market rate.**

# TRANSACTION BACKGROUND & HISTORY

In 2013, we started an automotive salvage yard and needed to find property with flexible zoning to operate with. We ultimately found a 58-acre parcel of land which was in Wise County and negotiated a purchase price of approximately \$12k per acre. This was formerly a farm field, but we purchased it due to its inclusion in the City of Fort Worth's ETJ (Extended Territorial Jurisdiction). **This special classification offers more lenient building/permitting/development standards than virtually anywhere in the metroplex** (even more lenient than most "county" standards).

At the time, we didn't need all the land we purchased, so we immediately sold 15 acres of undeveloped frontage for \$55k per acre. Over time, the salvage yard operation didn't work out and we placed our building and remaining acreage for sale in 2016. After marketing extensively, we could not find a buyer for all 38 acres, so **we sold our 23k sq. ft. building along with 8 acres for \$2M. Considering our land basis at \$12k per acre and the building was constructed for \$900k, this worked out pretty well.** We then constructed a new driveway and carved out 5 lots (5+/- acres each) and placed them for sale. Almost immediately we sold two of the remaining lots for \$60k and \$70k per acre. Eventually we paved the access road and have since been selling the "worst" lots in the subdivision for \$110k per acre. Having accidentally become industrial developers, we learned several lessons and have been on the hunt for property with similar characteristics to develop from scratch.

During this time, **we continued hearing the same things from prospective buyers:**

**They need 20k to 60k sq. ft and they're having trouble finding it anywhere in the metroplex. Additionally, those places that they can find rarely come with additional parking/yard space.**

Every single one of the buyers for our other property indicated they would have preferred to purchase a building immediately vs. having to custom build, but there weren't other options available. We even had a Fortune 500 company interested in buying one of our lots.

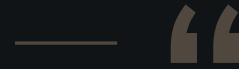
In March 2019, **a nearby property came up for sale and we purchased it the same day it hit the market for \$27k an acre.** We immediately put \$300k worth of dirt work into leveling some of the uneven areas and **this spring that property was appraised for \$5M.**

**This proposed transaction will allow us to complement our existing offering with lease space, and will allow us and our investors to realize further value in on a long-term basis using a deal template we already know and understand well. The surrounding area is experiencing tremendous growth with more than 10 major new housing developments within a 5-mile radius of the project.**

I'd encourage you to visit the site and see all this growth for yourself.

# DFW METROPLEX SHORTAGE IN INDUSTRIAL SPACE

With 42 straight quarters of positive industrial absorption in DFW, the continued shortage in industrial space is not forecast to slow down in the near future.



**Q1 2021 marked the 42nd consecutive quarter of positive industrial absorption in DFW,** following five years of demand surpassing 20 million sq. ft. from 2016 through 2020. Just over 10.3 million sq. ft. was absorbed in Q1 2021, bringing the trailing twelve-month absorption to 27.4 million sq. ft. The market-wide industrial vacancy rate in Dallas/Fort Worth decreased over the quarter, contracting by 32 basis points (bps) to 5.4%.

CBRE DALLAS / FORT WORTH INDUSTRIAL MARKETVIEW Q1 2021

# DFW METROPLEX SHORTAGE IN INDUSTRIAL SPACE


North Fort Worth has been receiving a lot of attention for the pace of 1MM+ sq. ft. buildings being constructed as large companies continue the migration into Texas.

**DALLAS  
BUSINESS JOURNAL**


Commercial Real Estate

**Hillwood plans largest speculative warehouse in AllianceTexas history**

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Hillwood plans to break ground in July on a new 1.24 million-square-foot speculative warehouse.  
HILLWOOD

 By Ryan Salchert – Staff Writer, Dallas Business Journal  
May 25, 2021

**IN THIS ARTICLE**

The project is located on over 100 acres of land.

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To meet the critical need for large speculative warehouse space in North Texas, Hillwood is planning its largest spec project yet at AllianceTexas. The company plans to break ground in July on Alliance Center East 1, a **1.24 million-square-foot warehouse located east of Interstate 35 W and north of Keller Haslet Road**

DALLAS BUSINESS JOURNAL MAY 2021



**OUR EXPECTATION:**  
Market factors will create continued opportunities for the smaller companies who need space to operate in this rapidly expanding area

# DEAL STRUCTURE AND RETURN

<b>Capital Raise</b>	\$10M to \$15M Total
<b>Minimum Investment</b>	\$100k with \$50k increments thereafter
<b>Preferred Return</b>	Equity investors recoup all principal plus 10% return on outstanding principal per year as available for distribution out of cash flows. Interest begins accruing after Year 1.
<b>Equity Interest</b>	Investors will receive 70% of the returns above and beyond the hurdle.
<b>Anticipated Investor Return***</b>	+/- 10% investor return anticipated within 4-5 years. Fund will remain evergreen
<b>Distribution Timing</b>	Distributions will be made quarterly as proceeds are available
<b>Early Exit Option</b>	Plan to offer Early Exit option (mechanism TBD) for investors who wish to exit their position early
<b>Management Fee</b>	5% Management Fee based on Gross Rent. Management will utilize an existing home on the property to manage ongoing development and leasing.
<b>Ownership Percentage</b>	All proceeds will be used for development which means that post capital valuation and resulting ownership percentage will depend on total capital raised
<b>Sponsor-Guaranteed Loans</b>	Any subsequent lending will be guaranteed by Sponsor only and the debt benefits all investors pro rata.

*\*\*See scenario modeling which indicates potential outcomes based on pace of lease-up, number of buildings completed and leased per year, etc. These results are not guaranteed.*



The background of the entire image is a dark, semi-transparent architectural site plan. It features various geometric shapes, lines, and numerical annotations, suggesting a technical drawing of a building or landscape. The plan includes curved paths, straight lines, and small text labels like '12.97', '12.37', and '12.30'.

**VISIT THE SITE,  
AND SEE FOR YOURSELF.**

## **CONTACT**

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817-680-2987



**ADDENDUM**

# 58-ACRE PROPERTY NEXT DOOR APPRAISED AT \$94K/ACRE



April 8, 2021

Mr. Matthew Billings  
Ciera Bank  
1501 Summit Avenue  
Fort Worth, Texas 76102

SUBJECT: Market Value Appraisal  
A 58.88 Acre Tract of Land with Two Proposed Office Warehouses  
North Side of East State Highway 114, 2.53 miles Southeast of Rhome  
Rhome, Wise County, Texas 76052  
IRR - Fort Worth File No. 195-2021-0271

Dear Mr. Billings:

Integra Realty Resources – Fort Worth is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is (primary site), pertaining to the fee simple interest in the property. As requested, the prospective market value as completed of the fee simple interest is also estimated. The client for the assignment is Ciera Bank. The intended user of this report is the client. The intended use of the report is for loan underwriting purposes. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is 58.88 acre (2,564,726 square feet) tract of land in southeast Wise County, Texas. The site is located on the north side of East State Highway 114, approximately 1/2 miles east of the city limits of Rhome. There are proposed construction plans for two identical office warehouses that will be metal construction and consist of 31,250 square feet of rentable area each.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of Ciera Bank. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Integra Realty Resources  
Fort Worth

7080 Camp Bowie Boulevard  
Fort Worth, TX 76116

T 817.763.8000  
www.irr.com

Mr. Matthew Billings  
Ciera Bank  
April 8, 2021  
Page 2

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is (Primary Site)	Fee Simple	March 31, 2021	\$1,040,000
Prospective Market Value As Completed	Fee Simple	October 1, 2021	\$5,790,000
Prospective Market Value As Stabilized	Fee Simple	January 1, 2022	\$5,900,000
Market Value As Is (Excess Land)	Fee Simple	April 1, 2021	\$4,280,000

#### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. Our opinion of prospective market value as completed assumes that the proposed improvements are completed in accordance with plans and specifications as of October 1, 2021, the effective appraisal date.
2. Our opinion of prospective market value as stabilized assumes that the proposed improvements are leased to stabilized occupancy as of January 1, 2022, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.



Full appraisal document available.



# CBRE DALLAS / FORT WORTH INDUSTRIAL MARKET OVERVIEW, Q1 2021





# RETURNS MODEL PRO FORMA

Scenario #1:  
\$10M raise & Single 50k Start

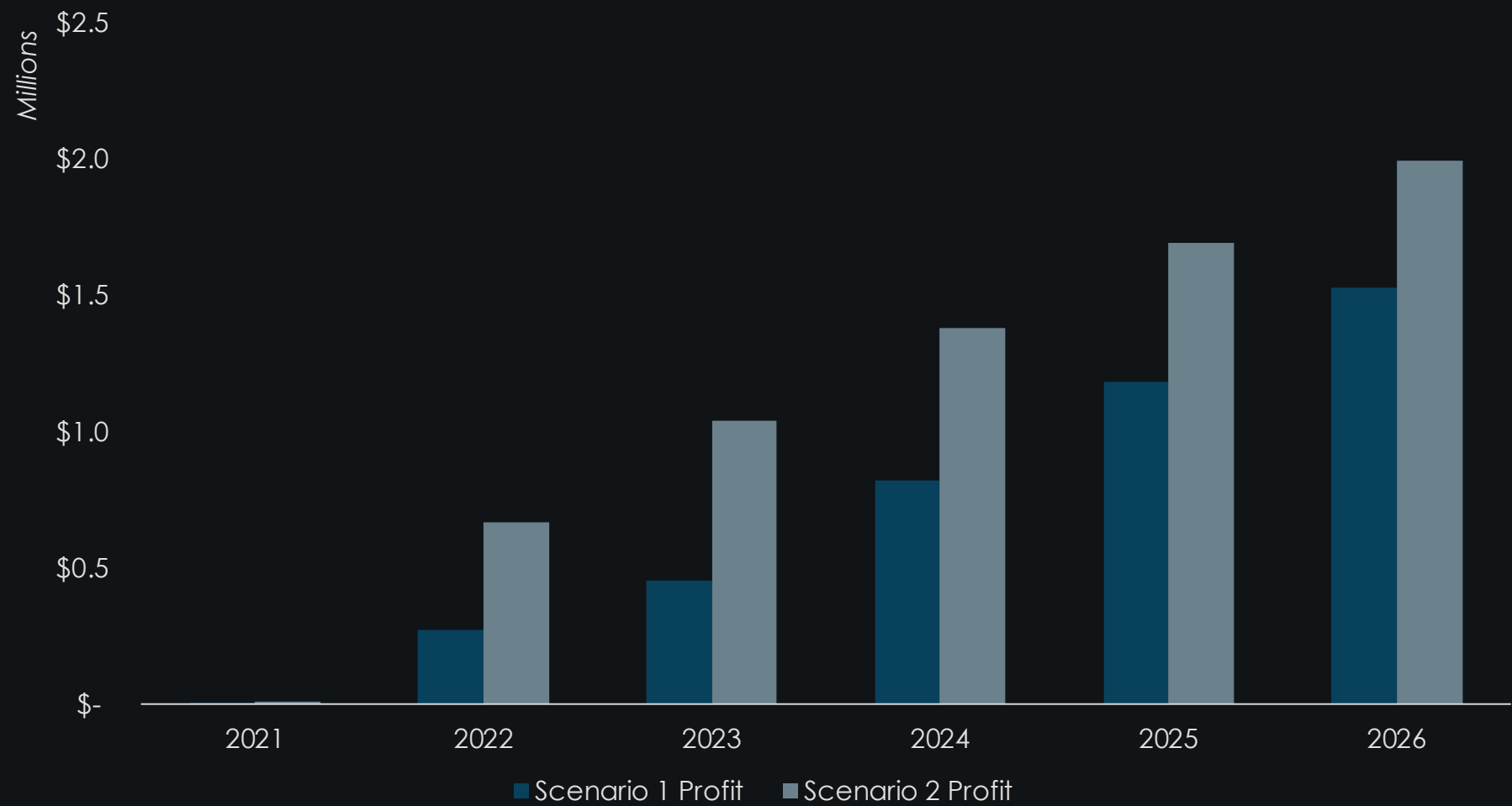
Year	2021	2022	2023	2024	2025	2026
Land	\$6,500,000	\$0	\$0	\$0	\$0	\$0
Phase 1 Road	\$1,200,000	\$0	\$0	\$0	\$0	\$0
50k Building	\$2,000,000	\$0	\$0	\$0	\$0	\$0
50k Building	\$0	\$2,000,000	\$0	\$0	\$0	\$0
50k Building	\$0	\$0	\$2,000,000	\$0	\$0	\$0
50k Building	\$0	\$0	\$0	\$2,000,000	\$0	\$0
50k Building	\$0	\$0	\$0	\$0	\$2,000,000	\$0
Lease Income @ \$7 per foot	\$5,830	\$402,270	\$862,840	\$1,440,010	\$2,017,180	\$2,588,520
5% Management	\$292	\$20,114	\$43,142	\$72,001	\$100,859	\$129,426
10% Maintenance / Insurance	\$583	\$40,227	\$86,284	\$144,001	\$201,718	\$258,852
Debt Service \$14k per \$2MM 20 yr. 6%	\$0	\$70,000	\$280,000	\$406,000	\$532,000	\$672,000
Profit	\$4,956	\$271,930	\$453,414	\$818,009	\$1,182,603	\$1,528,242

# RETURNS MODEL PRO FORMA

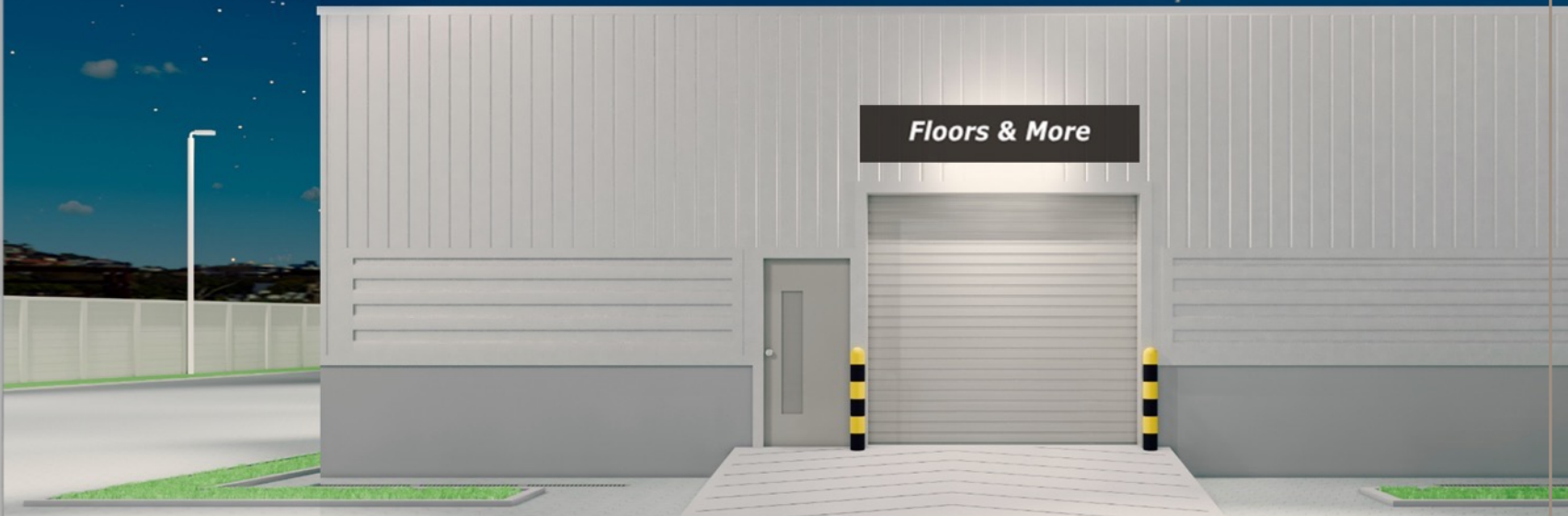
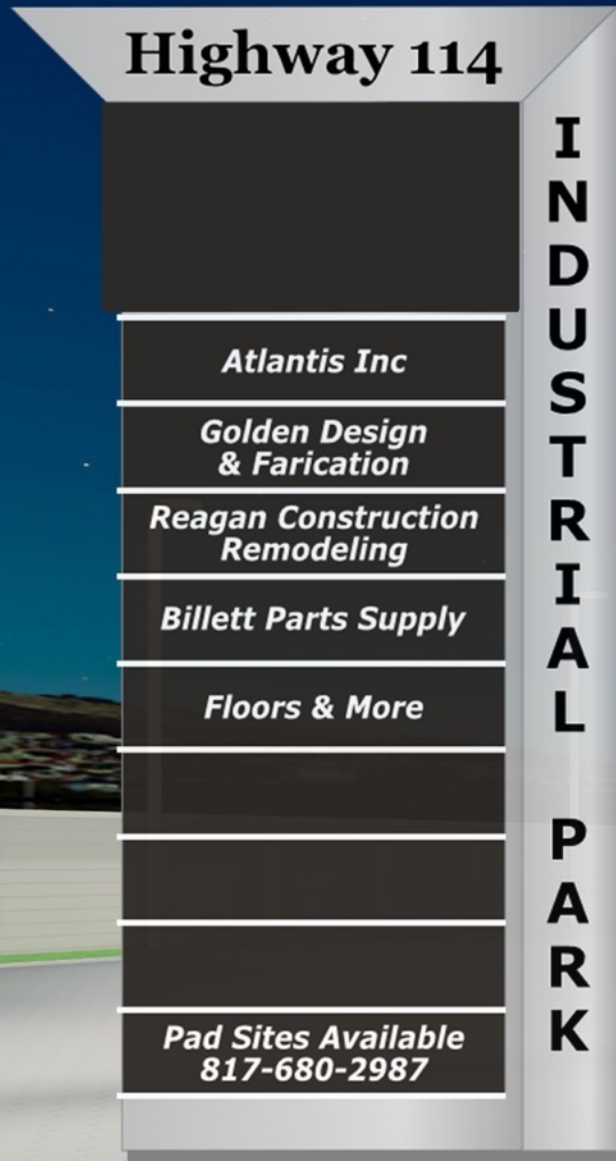
Scenario #2:  
\$15M raise & Triple 50k Start

Year	2021	2022	2023	2024	2025	2026
Land	\$6,500,000	\$0	\$0	\$0	\$0	\$0
Phase 1 Road	\$2,300,000	\$0	\$0	\$0	\$0	\$0
50k Building	\$2,000,000	\$0	\$0	\$0	\$0	\$0
50k Building	\$2,000,000	\$0	\$0	\$0	\$0	\$0
50k Building	\$2,000,000	\$0	\$0	\$0	\$0	\$0
50k Building	\$0	\$2,000,000	\$0	\$0	\$0	\$0
50k Building	\$0	\$2,000,000	\$0	\$0	\$0	\$0
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50k Building	\$0	\$0	\$0	\$2,000,000	\$0	\$0
50k Building	\$0	\$0	\$0	\$0	\$2,000,000	\$0
50k Building	\$0	\$0	\$0	\$0	\$2,000,000	\$0
50k Building	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000
50k Building	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000
Lease Income @ \$7 per foot	\$11,660	\$851,180	\$1,749,000	\$2,611,840	\$3,439,700	\$4,255,900
5% Management	\$583	\$42,559	\$87,450	\$130,592	\$171,985	\$212,795
10% Maintenance / Insurance	\$1,166	\$85,118	\$174,900	\$261,184	\$343,970	\$425,590
Debt Service \$14k per \$2MM 20 yr. 6%	\$0	\$56,000	\$448,000	\$840,000	\$1,232,000	\$1,624,000
Profit	\$9,911	\$667,503	\$1,038,650	\$1,380,064	\$1,691,745	\$1,993,515

# RETURNS SCENARIO COMPARISON



# EXAMPLE OF MONUMENT SIGN





# DEVELOPING ADJACENT PARCELS

New development is  
adjacent to our other  
development parcels.





## INDUSTRIAL PARK LOCATION

**120 ACRES**  
**114 INDUSTRIAL PARK PHASE I**



**Several new  
residential  
developments  
nearby**

## Alliance Intermodal Facility

Fort Worth  
Alliance Airport

0 5000 10000 15000 20000ft



# Remaining ETJ Property

Our three  
properties are the  
last remaining  
practical parcels  
going West on 114

