

Dear LPs,

As we move into 2025, I want to provide an update on our economic outlook, portfolio positioning, and strategy for Grey Opal.

### **Current Economic Environment**

We foresee coming deflation due to a lack of demand, with rate cuts likely occurring later rather than sooner. Given this landscape, the best action is to gather cash, reduce debt, and invest in assets with the potential for long-term cash flow, even if returns materialize over a 5-10-year horizon. We are fully committed to longevity and believe this will be a golden decade for the global economy (led by America). As the next 10 years develop, we will remain dedicated to studying and waiting for the best pitches to swing.

### **Investment Strategy & Portfolio Updates**

Cash flow and land remain the ultimate hedges against inflation. Until we acquire businesses generating direct cash flow, we will continue participating in select public equity investments. Our top picks remain **WM (Waste Management)** and **TFC (Truist Financial)**. We recently exited our position in **TTWO (Take-Two Interactive)** after realizing significant value.

**Smaller Stock Positions:** BAER, IEP, LUV

### **Land Investments & Developments**

Finding undervalued and overlooked land has become increasingly difficult. However, we continue to seek opportunities to buy land in key locations with long-term upside.

**Lake Terrace:** We are listing this property for sale and seeking Joint Venture partners to further its . Acquired at a probate sale, this investment could generate a **1200% return** from development and entitlement gains. While vertical integration and in-house development remain long-term goals, the current economic climate makes excessive leverage too risky.

Our strategy remains to operate **with minimal debt**, as leverage introduces significant unknown risks. Buffett has often emphasized that leverage can amplify returns but also introduces an unacceptable level of unpredictability.

**Other Land Holdings:** Our philosophy is that land serves as both an inflation hedge and a long-term wealth generator. As the land becomes more productive, returns should significantly outpace inflation. We recently confirmed that our other tracts can be developed with a well system, eliminating prior concerns about water access. The sites already have sewer infrastructure in place, making them a high-potential investment.

### **Asset Market Conditions**

The cost of acquiring land in prime areas remains high. Our focus is on securing large tracts of land with production potential, which can deliver outsized long-term gains.

### **Fund Vision & Path Forward**

Our priority for 2025 is to **generate liquidity events and reinvest in our core strategy**. We will continue seeking protected returns by avoiding excessive debt and speculation, concentrating on high-quality stock selection and private equity opportunities in land development.

Ultimately, our goal is to achieve **10x returns** on our capital. We remain committed to identifying asymmetric opportunities that offer significant upside while maintaining our disciplined approach to risk management. In the future, our plans involve acquiring businesses generating direct cash flow to our benefit, but only at the perfect value.

Thank you for your continued trust and partnership.

Best,

A handwritten signature in black ink, appearing to read "Dhruv Dhawan".

Dhruv Dhawan