

CREEKSTONE TRANSPORTATION PARTNERS, LLLP

EQUITY FUND OFFERING

CREEKSTONE FOREST

March 2024

Creekstone Forest, Inc.
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SUMMARY OF INVESTMENT PROPOSAL

Creekstone Transportation Partners, LLLP, (CTP) a Delaware Limited Liability Limited Partnership, was created with fund options of \$1 million, \$3 million, and \$20 million to be used as capital to acquire existing FedEx Ground Line Haul operations that are providing shipping services within the FedEx Ground Transportation Service Provider business structure.

This capital will be deployed to acquire smaller existing operations at 2 to 4 times their historical EBIDTA. Upon completion of acquisitions, CTP will have approximately \$50 million in gross revenue with approximately \$10 to \$15 million in EBIDTA. Over the next five to seven years, we will continue to grow the operation through organic growth (averaging 12 to 15% per year) and through smaller acquisitions. Targeted partner annual cash on cash returns will be 12%, and internal rate of returns for equity partners will be 25 to 30% upon exit.

STRUCTURE OF INVESTMENT PROPOSAL

Creekstone Transportation Partners, LLLP, (CTP) a Delaware Limited Liability Limited Partnership will serve as the investment vehicle and parent company of Creekstone Forest Logistics, Inc. (CFL), a C Corporation registered in the state of Georgia, and will be comprised of three classes of stock as follows:

- The Partnership will receive Class A preferred shares of CFL with an 8% return. This will provide equity partners protection on their initial investment plus a preferred return.
- The Partnership will also receive shares of Class B Common Stock entitling it up to 70% of the capital gains of CFL.
- Sponsors will receive shares of Class A Common Stock of CFL entitling them up to 30% of the capital gains.
- **CFL will be structured to take advantage of current IRS Section 1202, the Qualified Small Business Stock election, that exempts shareholders from capital gains taxes upon disposition after a holding period of five years.**

INTRODUCTION

Who We Are

Creekstone Forest, Inc., the General Partner, is led by seasoned FedEx Ground service providers who've operated in the metro Atlanta and north Georgia region. Our founders have expertise in logistics management, sourcing, underwriting, closing and operating complex investments. They believe in investing in low beta, relatively simple business models that offer their partners attractive returns independent of cyclical changes in the broader economy.

Why FedEx Ground Linehaul?

FedEx Ground contracts with independent corporations (Transportation Service Providers) to provide linehaul services within the FedEx shipping system. TSPs are awarded one-year contracts that are automatically renewed provided they meet pre-defined service and safety thresholds. TSPs own their own equipment and are responsible the staffing of driver and support personnel. FedEx linehaul is drop and hook, no touch freight, which is a major selling point in driver recruitment and retention. Linehaul operations have a clear path to scalability across the country, not unlike a business franchise.

OPPORTUNITY

At present, the average linehaul contractor owns between two and ten linehaul runs, with a smaller yet still moderate amount owning between ten and twenty-five runs. A small minority of linehaul contractors own fifty or more. Currently, these smaller contractor operations can be purchased for 2 to 4 times EBIDTA. We see the landscape shifting over the next several years with larger contractors acquiring many of the smaller contractors and would like to position ourselves to be able to take advantage of the shifting landscape through acquisition as well as organic growth. We also see a potential arbitrage opportunity for contractors with EBIDTAs above \$5 million, in that, institutional buyers are now becoming interested in acquiring large contractor operations with revenues in excess of \$50 million at higher multiples.

OBJECTIVE

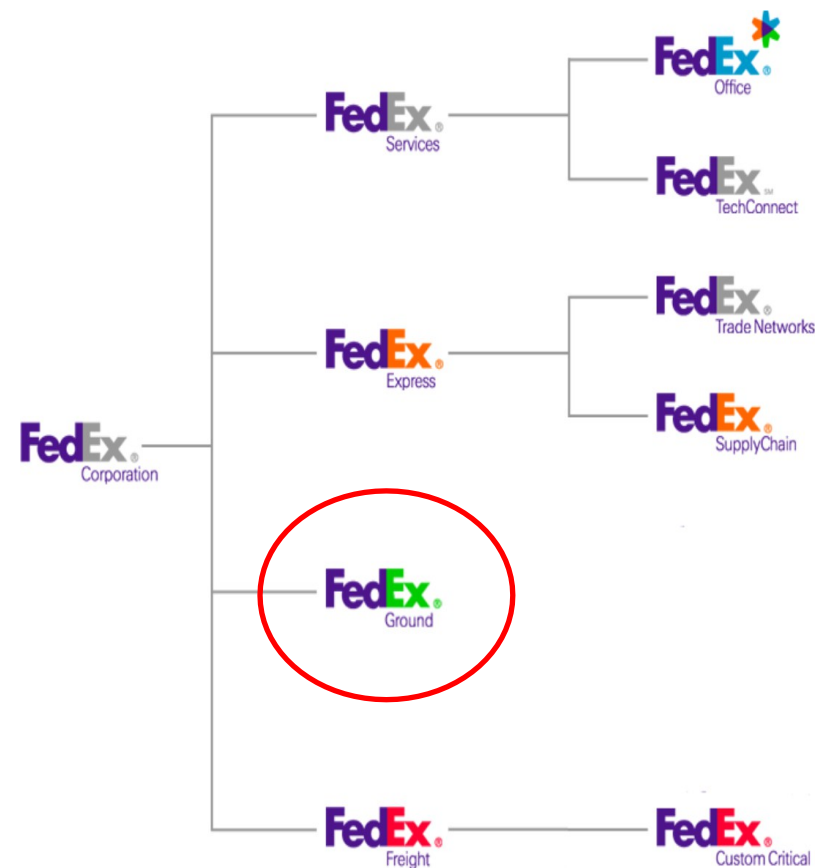
Creekstone Transportation Partners' three different fund opportunities commitments will be used as capital to acquire FedEx Ground linehaul operations. This capital will be deployed to acquire smaller existing operations at 2 to 4 times their historical EBIDTA. Upon completion of acquisitions, CTP will have approximately \$40 to \$50 million in gross revenue with approximately \$10 to \$15 million in EBIDTA. Over the next five to seven years, we will continue to grow the operation through organic growth and through presented investment opportunities. Targeted partner annual cash on cash returns will be 12%, and an internal rate of return for equity partners will be 25% to 30% upon exit.

FEDEX BUSINESS MODEL

FEDEX ENTERPRISE BUSINESS STRUCTURE

FedEx Ground Independent Contractor (or Transportation Service Provider) business model capitalizes on two major macroeconomic themes relevant to today's and our future economy:

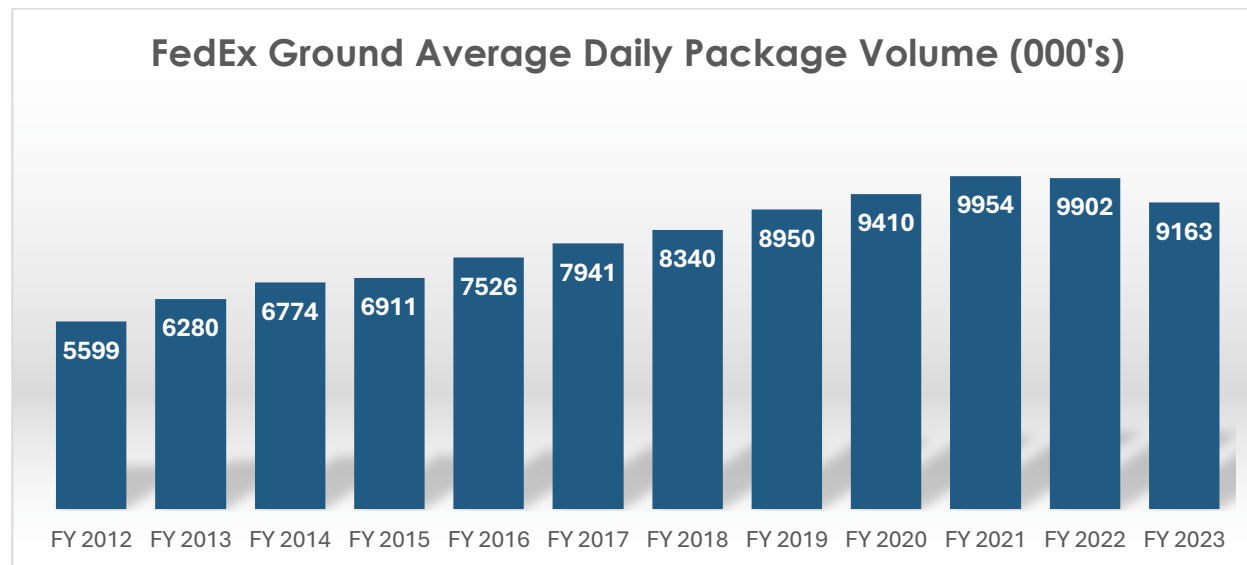
- Continual shift in consumer retail purchasing trends from brick-and-mortar to e-commerce.
- Ability to target specific part of the country where growth patterns outpace the greater US.
- FedEx package volume has increased consistently, independent of the economic environment.
- FedEx Ground is the business unit of FedEx Corp that provides primarily 2-5 day shipping.
- This unit along with FedEx Custom Critical operate under an independent contractor model.
- As of June 2024, FedEx will be combining Express, Ground and Freight under one umbrella, increasing growth opportunities for contractors.



INVESTMENT THESIS

Why FedEx Ground

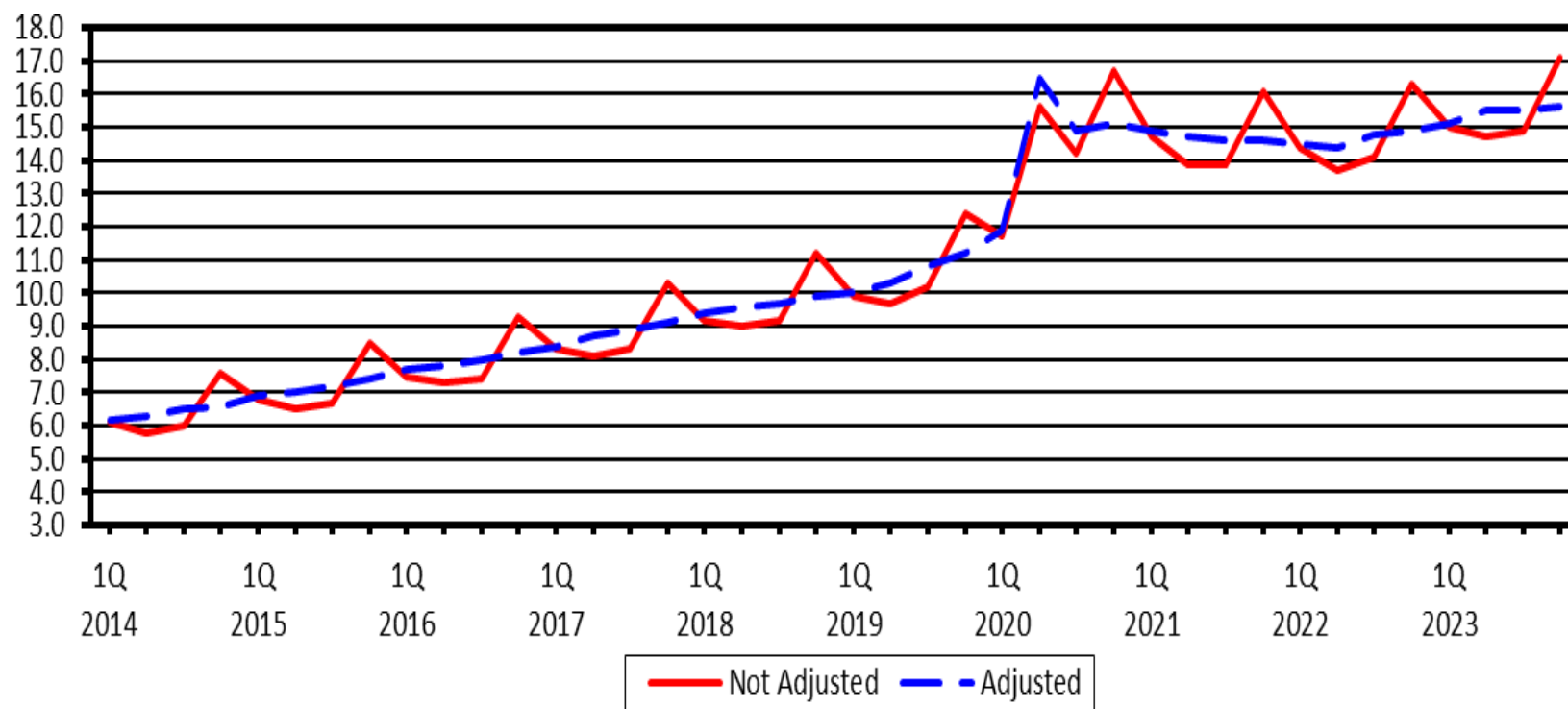
Over the past decade, FedEx Ground has experienced a consistent upward trend in its average daily package volume driven by the surge in e-commerce activities. The average daily package volume has steadily increased year after year reflecting the growing demand for shipping services. This sustained growth underscores FedEx Ground's role as a key player in the logistics industry adapting to evolving consumer preferences and market dynamics. FY's 2020-2022 saw a surge in volume related to the COVID pandemic. FY 2023 saw a return to more normal package volume, while resuming a normal growth rate.



MACRO SHIFT IN CONSUMER SHOPPING – PLENTY OF MARKET SHARE REMAINS

Estimated Quarterly U.S. Retail E-Commerce Sales as a Percent of Total Quarterly Retail Sales:

1st Quarter 2014 – 4th Quarter 2023



FEDEX GROUND TSP BUSINESS MODEL

TRANSPORTATION SERVICE PROVIDER (TSP) MODEL

- FedEx contracts with independent businesses to provide linehaul services.
- Contracts are service specific, contractually protected linehaul runs.
- FedEx settles its outstanding AP with Contractors weekly, meaning no collections – ever.
- Contractors own linehaul runs and have rights to acquire, sell, or transfer their propriety interests with consent of FedEx.
- Purchase and sale prices determined by secondary market.
- Contractor owns or leases its delivery vehicles.
- Contractor employs driving personnel and fulfills their employment related obligations.
 - Establishes staffing policies and procedures.
 - Determines employee's compensation and benefits.
 - Determines staffing requirements for team and solo runs.
- Straight forward operating model (employees and trucks).
- Clear Path to Scalability.

INVESTMENT STRATEGY

INVESTMENT OPPORTUNITIES

- Approximately 650 TSPs exist with generally 20-30 linehaul operations being broadly marketed at any given time across the U.S. – market is considered liquid relative to other small-mid-sized closely held businesses.
- Market prices fall in the range of 2 to 4 times EBITDA.
- As with any industry, the best deals are done off-market. This is where our position as an approved Contractor has substantial value.

TARGET MARKETS

- Focused on linehaul runs emanating from FedEx Ground hubs in the Southeastern and Midwestern US.
- Selectively expand across high-growth hubs as opportunities present themselves.

INVESTMENT GROWTH

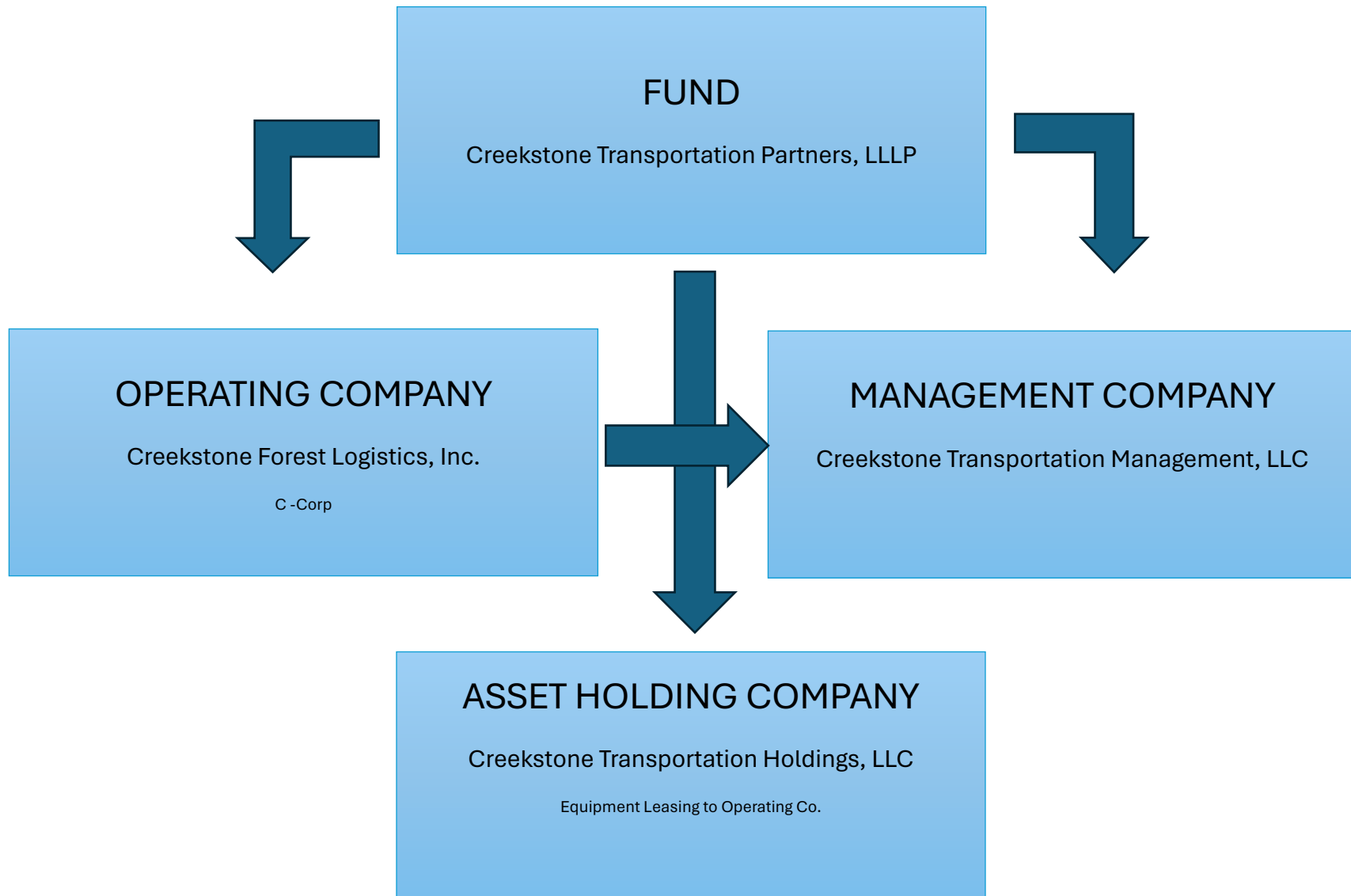
- FedEx's evolution from Independent Contractor (IC) to Transportation Service Provider (TSP) model allows for more sophisticated contractors to negotiate advantageous fee schedules.
- Expansion by acquisition of solo and team assigned linehaul runs emanating in the Southeast and Midwest, and by attaining newly formed unassigned runs awarded to preferred contractors by FedEx Ground (Organic growth).

INVESTMENT STRATEGY (cont'd.)

LINEHAUL BUSINESS RISKS & MITIGATION PLANNING

- Operational Risk
 - Lawsuits over independent consultant vs employee status - FedEx has settled these lawsuits and to further mitigate risk, FedEx is pursuing relationships with larger operators to maintain independent contractor status.
- Operational Risk
 - Driver Absence - Continual driver recruitment. Create contingencies with Manager availability, and part-time drivers on call, as needed.
 - Auto Accidents - Proper insurance coverage and FedEx mandated weekly safety meetings.
- Business Continuation Risk
 - FedEx non-renewal of annual contract - Contractor is provided a cure period to resolve operating issues, or if desired, sell the business via the secondary market.
- Economic Risk
 - Recession - Historical operations indicate flat growth during 2008-2009 recession.

ENTITY ORGANIZATION



KEY MEMBERS

Craig Culpepper, Principal – Creekstone Forest, Inc.

Craig Culpepper is the Principal of Creekstone Forest, Inc., and of Creekstone Transportation Partners LLLP. Mr. Culpepper will also serve as the Principal of Creekstone Forest Logistics, Inc. He formerly served as the CFO, and an equity partner of a FedEx Ground Home Delivery contractor covering north Georgia for six years.

Mr. Culpepper spent nearly two decades in the alternative asset industry working for one of the country's top non-bank investment firms at the Chicago Board of Trade in the futures industry, as well as a member of a Commodity Trading Advisory firm in Atlanta, GA. During his career, Craig was responsible for the acquisition, and trading, of multi-million dollar alternative asset accounts for both institutional and high net worth clients. He holds a Bachelor of Business Administration in Banking and Finance from the University of Mississippi.

L. Kent Webb, General Counsel – Taylor, English, Duma, LLP

Jim Standard, Tax Attorney – Taylor, English, Duma, LLP

T. Seth Peabody, CPA – iTxRe



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