

THOMASCOMPANY

NET LEASE CAPITAL MARKETS

2935 HIGHWAY 36 FREEPORT, TEXAS



Volkswagen

SINGLE TENANT TRIPLE NET-LEASE | LEASEHOLD INTEREST | ZERO CASH FLOW STRUCTURE

THIS INVESTMENT OFFERING MEMORANDUM has been prepared by Thomas Company and does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor do they purport to be all inclusive or to contain all of the information which prospective investors may need or desire. All projections have been developed by Seller, Thomas Company and designated sources, and are based upon assumptions relating to the general economy, competition and other factors beyond the control of Seller, and therefore are subject to variation. No representation is made by Seller or Thomas Company as to the accuracy or completeness of the information contained herein, and nothing contained herein, is, or shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, Seller and its officers, directors and employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, Thomas Company, Seller and its officers, directors and employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or omission from the Investment Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Investment Offering Memorandum does not constitute a representation that there has been a change in the business or affairs of the Property or Seller since the date of preparation of the Investment Offering Memorandum. Analysis and verification of the information contained in the Investment Offering Memorandum is solely the responsibility of the prospective purchaser.

Seller and Thomas Company each expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers regarding the Property and/or terminate discussions with any entity at any time with or without notice. Seller shall have no legal commitment or obligation to sell the property to any entity reviewing the Investment Offering Memorandum or making an offer to purchase the Property unless and until such offer is approved by Seller, a written agreement for the purchase of the Property has been fully executed, delivered and approved by Seller and its legal counsel and any conditions to Seller's obligations thereunder have been satisfied or waived. This Investment Offering Memorandum and the contents are of a confidential nature. By accepting the Investment Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Investment Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Seller, and that you will not use the Investment Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of Seller or Thomas Company. If you do not have an interest in the Property at this time, please return the Investment Offering Memorandum forthwith.

© 2023 Thomas Company

THOMASCOMPANY

NET LEASE CAPITAL MARKETS

PLEASE CONTACT

JEFFREY S. THOMAS

Jeffrey@thomascompany.com

(800) 775-3350
Idaho License #DB46528

THOMAS COMPANY

100 Sun Valley Road, Suite 328
Sun Valley, ID 83353

THOMASCOMPANY.COM

OFFERED IN COORDINATION &
CONJUNCTION WITH TEXAS
REAL ESTATE BROKER

Scott Haire
Lic #9005889



The Offering

Thomas Company is pleased to offer for sale a Volkswagen Gulf Coast Vehicle Terminal in Freeport, Texas (Houston MSA). This built-to-suit leasehold interest property consists of a fully developed 120-acre vehicle import and processing facility. The property is offered as a Zero Cash Flow Structure with Paydown Readvance available and a fully amortizing loan with no balloon payment. This structure is ideal for tax-deferred 1031 exchange buyers or non-exchange buyers seeking passive losses.



INVESTMENT HIGHLIGHTS

Strong Corporate Tenant

Volkswagen (S&P:BBB+) is a German motor vehicle manufacturer and one of the largest auto makers in the world. The Volkswagen group includes brands such as VW, Audi, Lamborghini, Bugatti and Porsche and produces over 10 million cars per year.

Long Term Lease

A 20 year triple net lease shows that Volkswagen has a long term commitment to this site. VW's port operations in Houston and Midlothian will be consolidated into this hub in Freeport.

Passive Ownership

This long term 20 year leasehold zero cash flow structure is ideal for investors looking for passive ownership. VW pays ground rent directly to Port Freeport.

Mission Critical Location

This new rail-served port location has the capability to handle Volkswagen's new deep water car carriers that cannot operate at other Houston ports due to the size of the ships. The site will be Volkswagen's new Gulf Coast hub that will import over 140,000 vehicles annually from Europe and Mexico to be distributed by rail and car carriers to over 300 dealerships across the United States.



Executive Summary

PROPERTY SUMMARY

Price	\$138,649,820
Percentage Over Loan Balance	13%
Loan Balance (5/15/24)	\$122,698,814
Equity required	\$15,950,846
City, State	Freeport, TX
Property Type	Vehicle Import Processing Center
Year 1 NOI:	\$9,430,820
Year Built	2024
Land Size	120 Acres

LEASE SUMMARY

Lease Type	Triple-Net (NNN)
Tenant	Volkswagen Group of America
Guarantor	Volkswagen AG (S&P:BBB+)
Ground Landlord	Port Freeport
Legal Interest	Leasehold
Landlord Responsibilities	None
Lease Commencement Date	Earlier of substantial completion or 4/1/2024
Lease Expiration Date	3/31/44
Lease Term	20 years
Rental Increases	2% annually
Renewal Options	1 x 10 year option
Base Rent	\$8,897,000
Tenant Paid Mngmt Fee	6% of base rent



Improvements Summary

This fully developed 120 acre facility will be directly adjacent to a newly-built rail line. Asphalt paving for approximately +/-15,979 vehicles, +/-168 employee parking spaces, 54 railcar, and 44 truck hauling positions. Final parking counts may vary where light poles and fire hydrants shall be placed onsite. Three new rail car turnouts with switches. One 79,360 SF pre-engineered metal general parts building (Building A). One 80,750 SF pre-engineered metal body shop/Porsche building (Building B). One 64,000 SF fabric premium canopy, one car wash building, two prefabricated trucker's office buildings and one prefabricated security guard building.



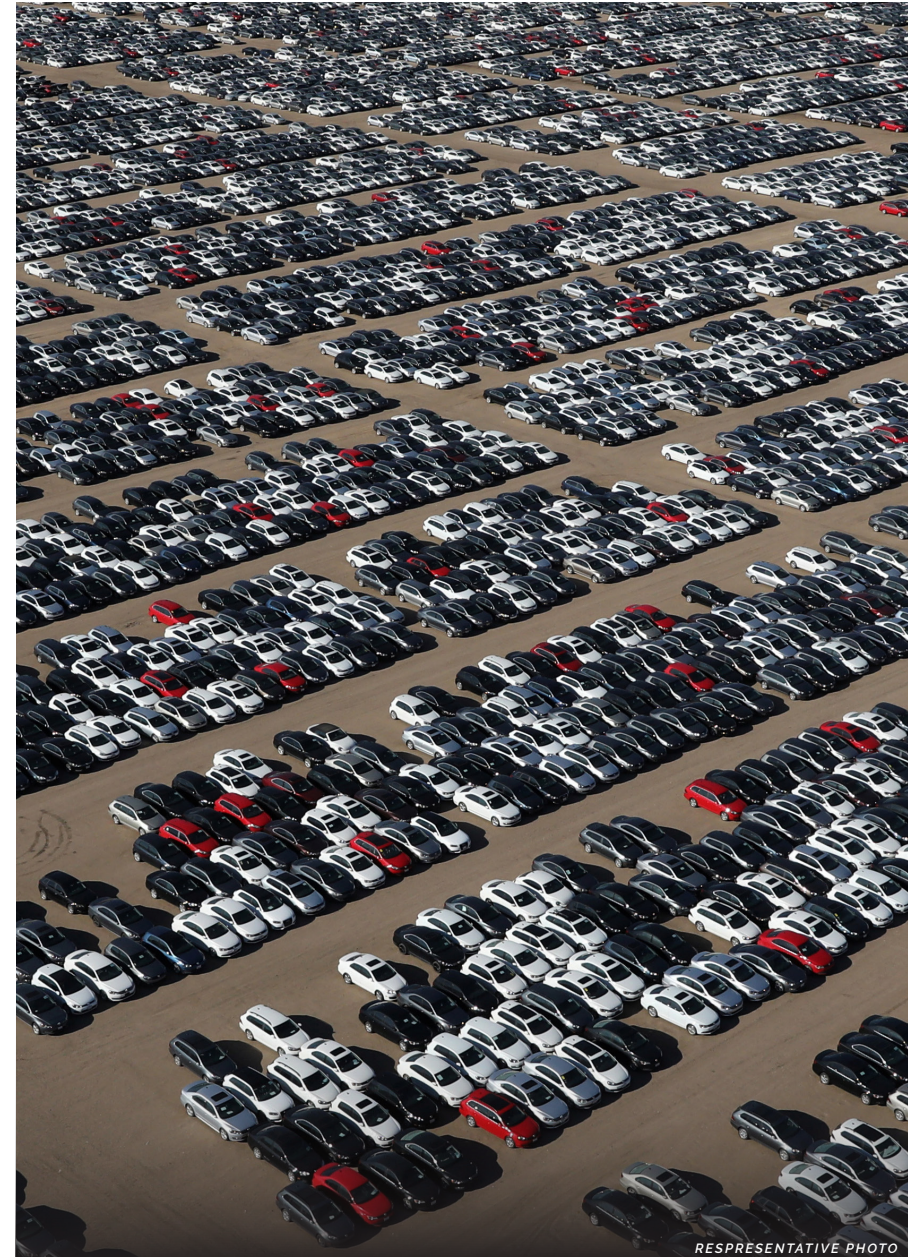
Executive Summary Continued

LOAN SUMMARY

Current Balance (9/15/2024)	\$122,698,814
Interest Rate	6.427%
Commencement	4/15/24
Maturity	3/15/44
Term	20 years
Amortization	20 years (fully amortizing)
Balloon Payment	None
Paydown/Readvance	Yes
Trustee Fee	\$300
Servicing Fee	\$533

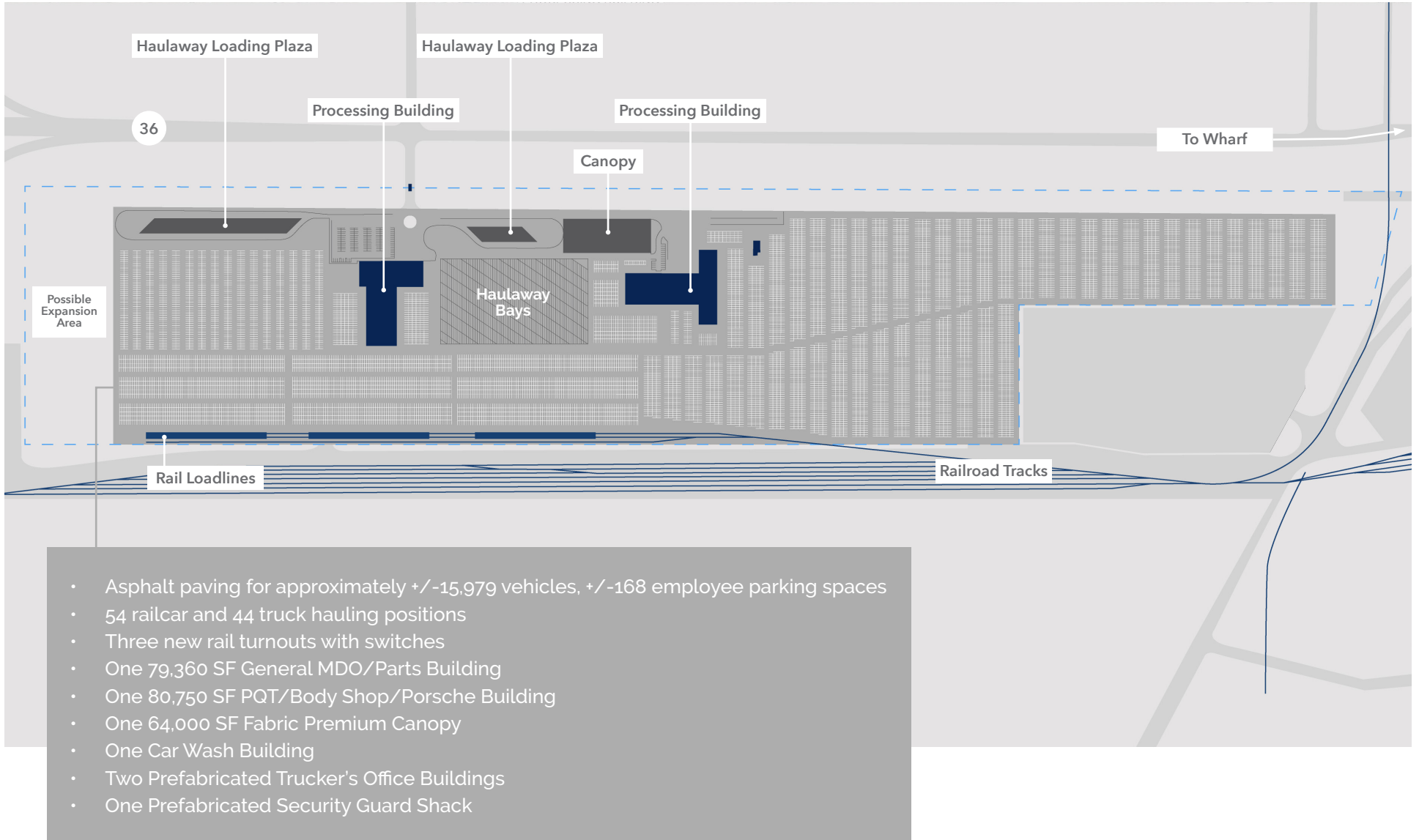
GROUND LEASE SUMMARY

Tenant	PRP KDC Freeport Development, LLC
Land Size	120 Acres
Ground Landlord	Port Freeport
Lease Commencement Date	Earlier of substantial completion or 4/1/2024
Lease Expiration Date	3/31/55
Termination Option	If VW doesn't renew lease after first 20 years
Ground Payment	VW pays directly to Port Freeport
Lease Term	31 years
Year 1 Ground Rent	\$619,200
Rental Increases	2% annually
Renewal Options	None



REPRESENTATIVE PHOTO



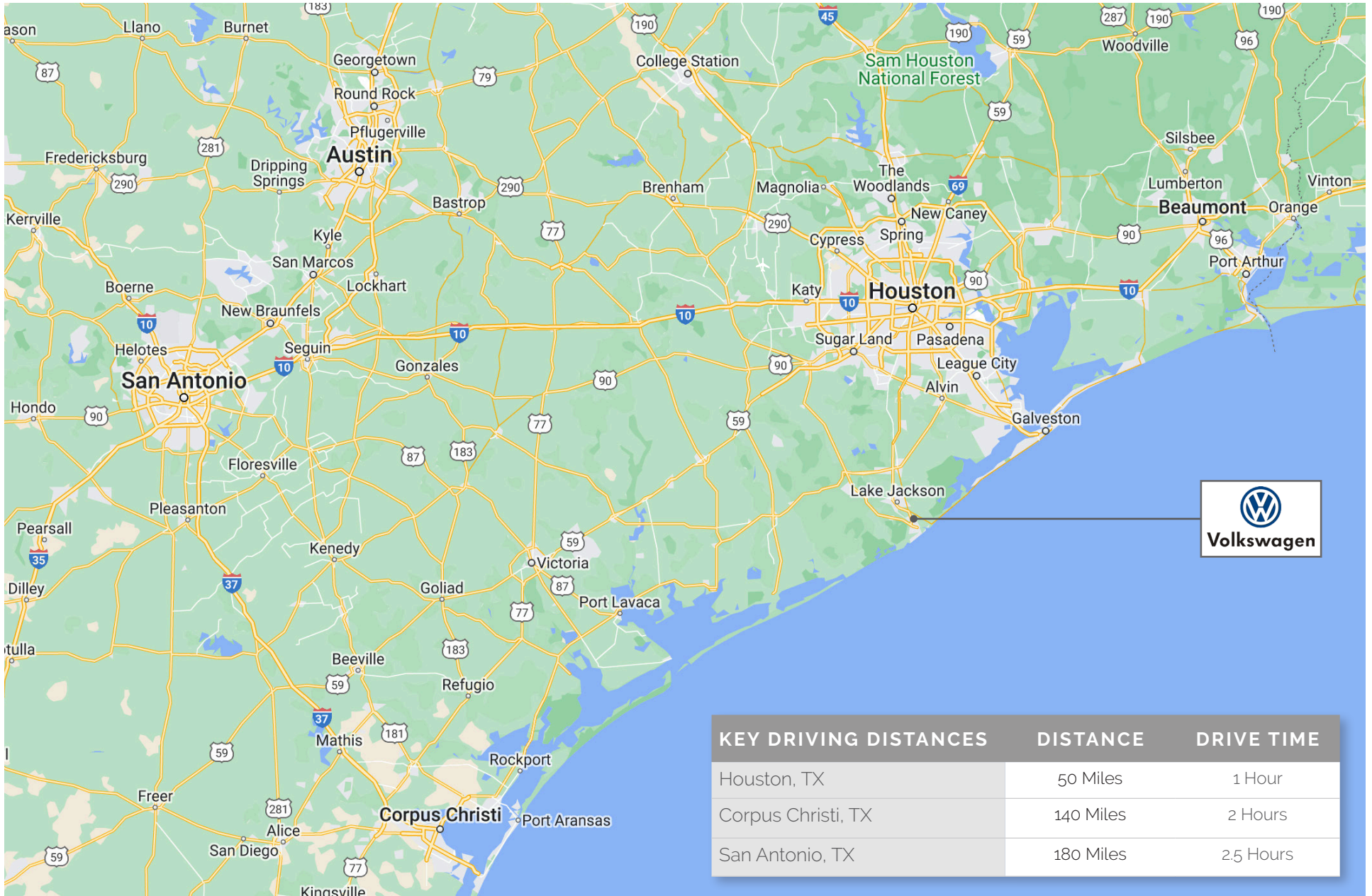


Lease Abstract



LEASE ABSTRACT	
Tenant Name	Volkswagen Group of America
Guarantor	Volkswagen AG (S&P:BBB+)
Lease Type	Triple-Net (NNN)
Land Size	120 Acres
Lease Commencement Date	Earlier of substantial completion or 4/1/2024
Expiration Date	3/31/44
Lease Term	20 years
Remaining Lease Term	20 years
No. & Term of Options	1 x 10 year option
Base Rent	\$8,897,000
Mandatory Management fee	6% of base rent paid monthly
Year 1 NOI	\$9,420,820
Rent Increase Schedule	2% annually
Tenant Operating Expenses/ Utilities	Tenant shall pay for any and all utilities used on the premises
Property Tax Expense	Tenant shall pay, before any interest or penalties are due thereon, all Taxes.
Property Insurance	Tenant shall maintain full policy coverage naming Landlord as loss payee and any leasehold mortgagee identified by Landlord to tenant in writing.
Maintenance & Repairs	Tenant shall, at its own cost and expense, maintain the premises in a manner required by the lease

Regional Map





Mission Critical Location

In a press release Volkswagen Group of America announced Port Freeport, Texas as their new Gulf Coast hub for future operations.

Volkswagen Group of America, Inc. (VWGoA) announced Port Freeport as their new major Gulf Coast hub for its future vehicle logistics port operations in collaboration with Port Freeport. With this fully developed 120 acre rail-served location, a long-term 20-year lease agreement, and ~\$5 million of their own capital invested, Volkswagen Group of America aims to further improve vehicle logistics efficiency and increase importation capacities to serve nearly 300 dealers in the United States. Current Volkswagen operations in Gulf Coast ports such as Houston and Midlothian will be consolidated into this new hub in Freeport, further solidifying their long-term investment in the site. Volkswagen Group of America's future operations at Port Freeport are anticipated to create over 100 jobs directly at the terminal facility plus many more indirectly through related fields such as trucking and rail, vessel unloading, vessel pilots, and more.

"Moving Volkswagen Group of America's major Gulf Coast hub to Port Freeport is part of our network and growth strategy for the United States. We're continuously working to optimize the business and environmental impact of our logistics operations. Our new hub at Port Freeport will allow us to serve nearly one-third of our U.S. dealer network more efficiently and more sustainably. We couldn't be more excited to work with Port Freeport on this next chapter."

- Anu Goel,

Executive Vice President, Group After Sales & Services, Volkswagen Group of America, Inc.





Port Freeport Overview

PORT FREEPORT

Port Freeport (S&P:A) is a major seaport located in Freeport, Texas, on the Gulf of Mexico. Just 50 miles south of Houston, it is one of the largest and fastest growing deep water ports in the country. This plays a crucial role in supporting the region's economy and international trade. Port Freeport handles approximately 37,000,000 tons of cargo, 1300 deep water vessels, and 3,000 total vessels annually. VW's presence in Freeport will give them the opportunity to import over 140,000 vehicles annually and reach over 300 dealerships nationally.

Economic Impact: Port Freeport serves as a significant economic driver for the region. It supports a wide range of industries including, petrochemicals, manufacturing, agriculture, retail, and more. The port generates jobs, attracts businesses, and contributes to the local and regional economy through trade and commerce.

International Trade: Port Freeport is a key gateway for international trade. It provides access to global markets, allowing businesses to import and export goods efficiently. The port handles a diverse range of cargo, including containerized goods, break-bulk cargo, liquid and dry bulk commodities, and heavy project cargo.

Strategic Location: Port Freeport's strategic location on the Gulf of Mexico offers several advantages. It provides direct access to major shipping lanes, enabling efficient transportation of goods to and from international markets. Additionally, its proximity to the Houston metropolitan area, one of the largest economic centers in the United States, enhances its connectivity and market reach.

Infrastructure and Capabilities: Port Freeport boasts modern infrastructure and facilities to accommodate different types of cargo and vessels. It has a deepwater harbor that can handle large ships, including container ships, bulk carriers, tankers, and barges. The port's channel depth and width allow for efficient navigation and handling of maritime traffic.

PORT FREEPORT ECONOMIC IMPACT	
Annual Statewide Economic Impact	109,800 Jobs
	\$1.8 Billion in Tax Revenues
	\$84.3 Billion in Total Economic Output
Annual Nationwide Economic Impact	266,300 Jobs
	\$5.4 Billion in Tax Revenues
	\$157.3 Billion in Total Economic Output



Tenant Overview

THE VOLKSWAGEN GROUP OF AMERICA (VWGoA)

Business Overview

The Volkswagen Group of America (VWGoA) is the North American subsidiary of the Volkswagen Group AG, a leading global automotive manufacturer based in Germany. Volkswagen of America plays a crucial role in Volkswagen's global strategy and brand presence in the American market. The company offers a diverse range of vehicles tailored to meet the needs of American consumers, including compact cars, sedans, SUVs, and electric vehicles. Volkswagen of America is committed to advancing sustainable mobility and has been actively promoting its electric vehicle lineup, along with expanding its network of charging infrastructure across the country.

Volkswagen has continued to generate significant revenue from the sales of its vehicles and related services. In 2022, the company reported total revenue of \$299 billion, up almost 12% from the prior year, reflecting its global presence and diverse product portfolio. Volkswagen has made substantial capital investments to expand its production capacity, enhance technological capabilities, and support new market ventures. Investing in future growth, like their new vehicle import process facility in Freeport, Texas, reflects the company's commitment to growth, innovation, and adapting to evolving market trends.

Developing Port Freeport will enable Volkswagen Group of America to import approx. 140,000 vehicles per year, primarily from its production hubs in Mexico, as well as imports from Europe.

Market Presence: The Volkswagen Group of America's strong presence in the North American automotive market has been further solidified by their investment in Freeport, Texas. The Volkswagen brand, in particular, has a significant market share and offers a wide range of vehicles, including sedans, SUVs, and electric vehicles. Volkswagen consistently ranks among the top automotive manufacturers in terms of global market share. In recent years, its global market share has hovered around 11-13%.



INVESTMENT SALES • ADVISORY SERVICES • SALE LEASEBACKS • DEBT PLACEMENT

THOMASCOMPANY

NET LEASE CAPITAL MARKETS

PLEASE CONTACT

JEFFREY S. THOMAS

Jeffrey@thomascompany.com

(800) 775-3350

Idaho License #DB46528

THOMAS COMPANY

100 Sun Valley Road, Suite 328

Sun Valley, ID 83353

THOMASCOMPANY.COM

OFFERED IN COORDINATION
& CONJUNCTION WITH TEXAS
REAL ESTATE BROKER

Scott Haire
Lic #9005889