



WATER STREET
PARTNERS

Investor Update

January 23, 2025

ws.partners



Agenda

- Welcome
- What are we seeing?
- Fund I
- Fund II
- Fund III
- Questions



WATER STREET
PARTNERS

ws.partners

| It's nice to see you!



Jim Hegedus



Joe Boone



Joe Ryan



Jack Ryan



Matt Carle



Ryan Durand



WATER STREET
PARTNERS

ws.partners

It takes a village...



CBRE

RYAN



JLL

IMI

MidCOUNTRY
BANK

DACOTAH
BANK



BRIDGEWATER BANK

ALERUS



PREVOST
PARTNERS
INC.

krdesign



BRAUN
INTERTEC



Accountinuity

Nova Consulting

WIPFLI

Juniper Square

Larkin Hoffman

WINTHROP & WEINSTINE

LAW OFFICES OF NICHOLAS A. FURIA, PLLC
MINNESOTA PROPERTY TAX APPEALS™

THE BAINES GROUP
Construction

ROSKOP
CONSTRUCTION

ANDERSON CC
COMMERCIAL CONSTRUCTION

API
GROUP

DIVERSIFIED
CONSTRUCTION

RAK
CONSTRUCTION



WATER STREET
PARTNERS

60+ people!

ws.partners

What are we seeing?

2024: a year of anticipation...

- Inflation cooled
- Fed dropped rates by 100 bps
- Election occurred & concluded

In real estate, we saw...

- Many market participants on sidelines
- Transaction volume increase in Q4
- 10 YR T increased ~100 bps since 1st rate cut



WATER STREET
PARTNERS

ws.partners

Big wins despite challenges

- Eagan – SOLD!
- Winnebago – SOLD!
- Data Centers – SOLD!
- SGS lease extension at 610 BC!
- 54k sf of leases at Beltline!
- Sold Wayzata cell tower!
- Fund III – EXCEEDED target!





WATER STREET
PARTNERS



WATER STREET FUND I



The big picture...

Initial Closing:	Sept. 2018
Final Investment:	Sept. 2020
Capital Calls:	\$10.00MM
Distributions:	\$3.50MM
Avg. Cash Flow:	6.69%
Leverage:	59.6%
Leased:	95.0%
Targeted IRR (Net):	9% - 11%





WATER STREET
PARTNERS

610
BUSINESS
CENTER

ws.partners

2024 Results

- Executed 7-year extension with SGS
- Agreed to terms with tenant for remainder

2025 & Beyond

- Finish demising & tenant build-outs
- Sell asset



WATER STREET
PARTNERS

610
BUSINESS
CENTER

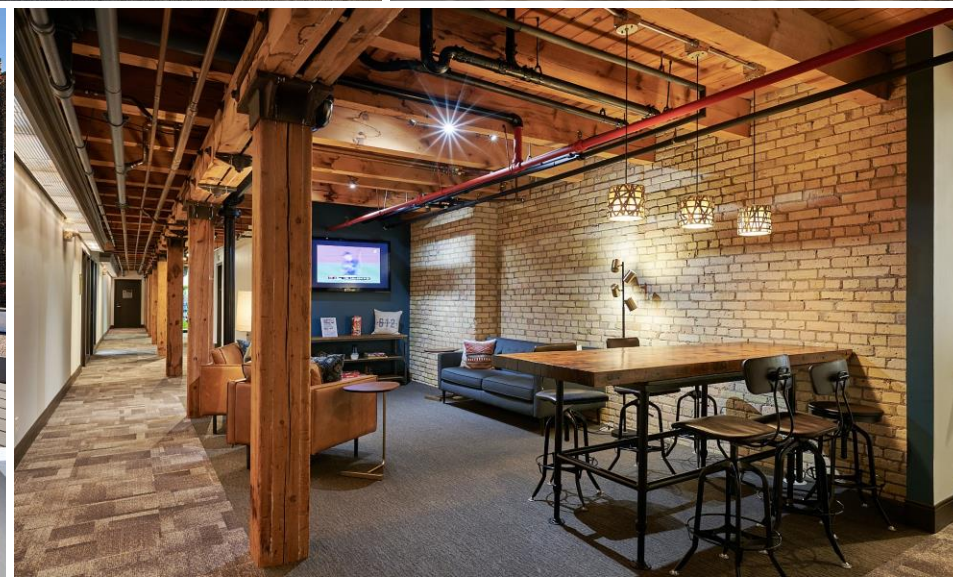
ws.partners



WATER STREET
PARTNERS

UNION
PLAZA

ws.partners



2024 Results

- Signed 10,475 sf of total leases
- Completed coworking transition!
- Made select capital improvements

2025 & Beyond

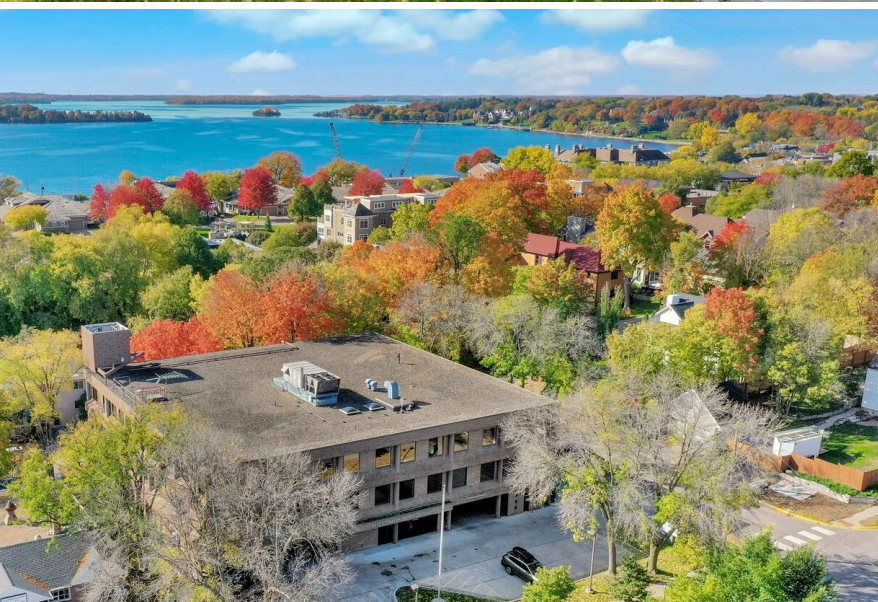
- Achieve 90% occupancy (+5,218 sf)
- Renew leases at/before expiration
- Assist with third floor stabilization



WATER STREET
PARTNERS

UNION
PLAZA

ws.partners



WATER STREET
PARTNERS

800
WAYZATA
BLVD

ws.partners

2024 Results

- Collected rent and maintained property
- Significant tour activity
- Sold cell tower easement for \$600k
- Received two bona fide offers to purchase
- Agreed to one-year extension with Alerus

2025 & Beyond

- Find buyer or anchor tenant



WATER STREET
PARTNERS

800
WAYZATA
BLVD

ws.partners

Project Renderings



WATER STREET
PARTNERS

800
WAYZATA
BLVD

ws.partners





WATER STREET
PARTNERS

BELTLINE
PORTFOLIO

ws.partners

2024 Results

- Pivoted strategy to maximize value
- Signed 13k SF of new leases (REM5)
- Signed 41k SF of lease extensions
- Grew rents another 3% (22% since acq.)
- Engaged CBRE & selected buyer

2025 & Beyond

- Close sale of the asset in Q2



How are we looking?

	Beltline	800W	610	Union
Year of Sale:	2025	2025	2025	2027
Exit Cap:	7.40%	n/a	7.50%	10.00%
Profit ¹ :	\$2.1M	\$1.1M	\$3.6M	\$1.8M
IRR ¹ :	12.20%	14.02%	12.72%	5.31%
EM ¹ :	1.60x	1.79x	1.95x	1.40x

¹ Profit, IRR & EM are deal-level projections, net of fees



WATER STREET
PARTNERS

FUND I

ws.partners



WATER STREET PARTNERS



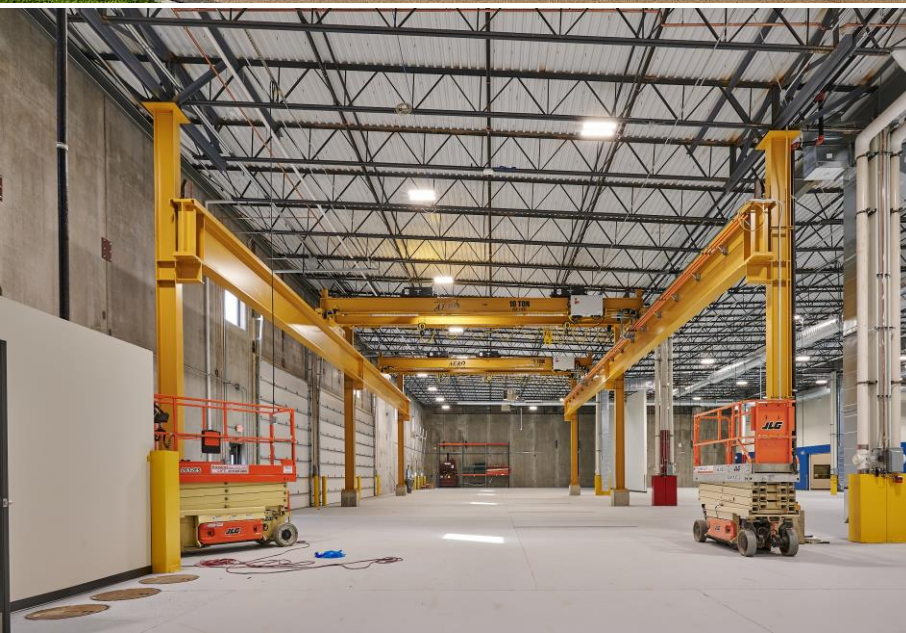
WATER STREET FUND II



The big picture...

Initial Closing:	July 2021
Final Investment:	March 2023
Capital Calls:	\$22.40MM
Distributions:	\$23.28MM
Avg. Cash Flow:	N/A
Leverage:	64.2%
Leased:	95.6%
Targeted IRR (Net):	15%+





WATER STREET
PARTNERS

SAVAGE R&D
FACILITY

ws.partners

2024 Results

- Completed build-out & marketed for sale
- Sold asset in July to Syndicated Equities
- Sale price \$8.18M (\$181/sf, 6.7% cap rate)
- 15.0% IRR & 1.25x EM (20-month hold)





WATER STREET
PARTNERS



EAGAN
INNOVATION
CENTER

ws.partners

2024 Results

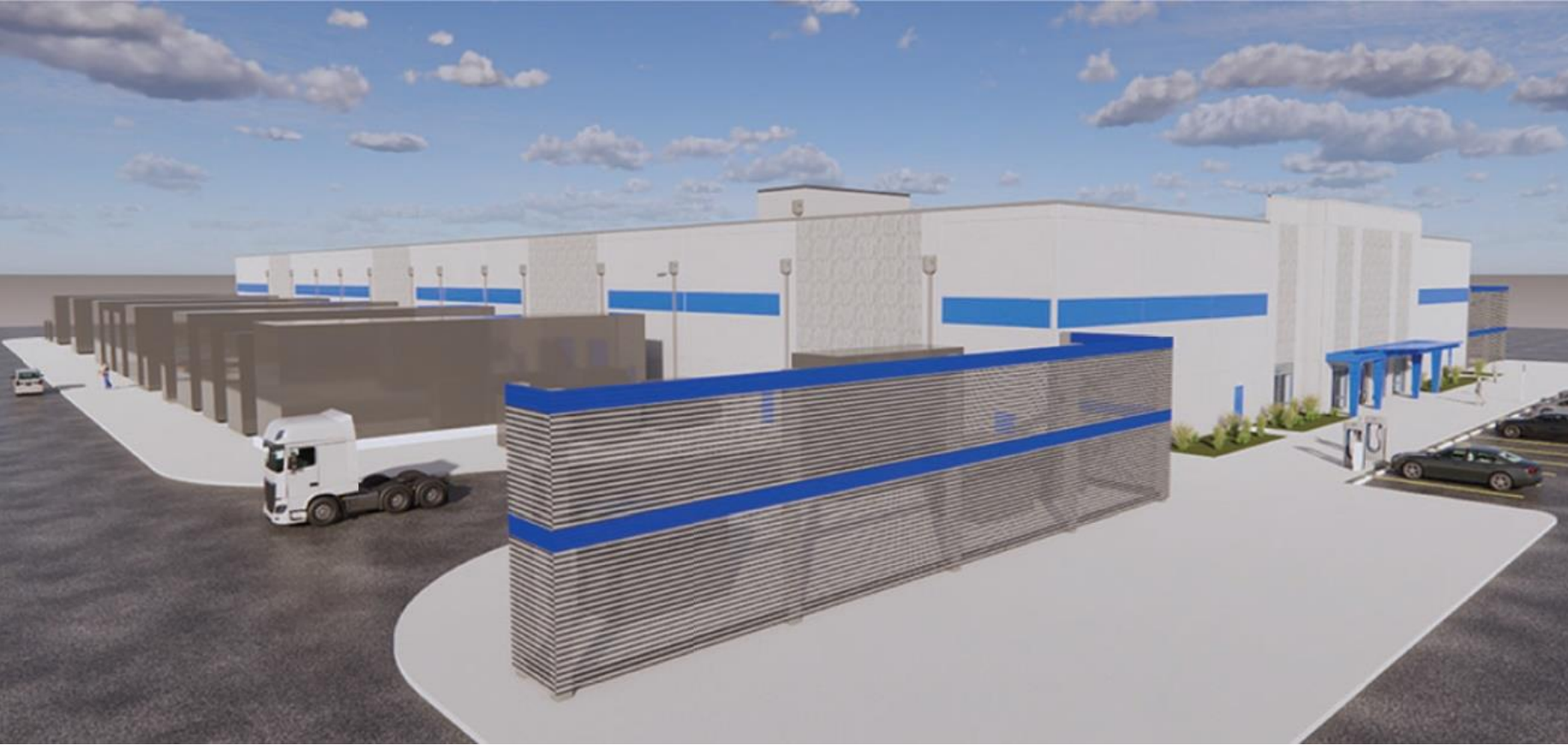
- Leased 27k sf to Northstar Baseball
- Sold asset in August to Hunt Electric
- Sale price of \$44M (\$152/sf, 4.5% cap rate)
- 17.7% IRR & 1.33x EM (21-month hold)



WATER STREET
PARTNERS

EAGAN
INNOVATION
CENTER

ws.partners



WATER STREET
PARTNERS

DATA CENTER PORTFOLIO



ws.partners

2024 Results

- Completed projects on time & on budget
- Sold interest in December to Cloud Capital
- Sale price equated to 6.78% cap rate
- 29.0% IRR & 1.60x EM (22-month hold)



WATER STREET
PARTNERS

DATA CENTER
PORTFOLIO

ws.partners



WATER STREET
PARTNERS

WHITEWATER
RESERVE

ws.partners

2024 Results

- Distributed \$533k of operating income
- Increased rents 2.5% (\$0.39/SF) YoY
- Signed 2k sf of new leases (97.2% leased)
- Built-up cash position for lease renewals

2025 & Beyond

- Renew Westwood & BBQ Holdings
- Engage brokerage teams to explore sale



WATER STREET
PARTNERS

WHITEWATER
RESERVE

ws.partners

How are we looking?

	Savage	Eagan	DCP	WW
Year of Sale:	2024	2024	2024	2026
Exit Cap:	6.70%	4.50%	6.75%	8.50%
Profit ¹ :	\$0.7M	\$4.8M	\$2.9M	\$8.3M
IRR ¹ :	15.00%	17.70%	29.01%	15.90%
EM ¹ :	1.25x	1.33x	1.60x	1.92x

¹ Profit, IRR & EM are deal-level projections, net of fees



WATER STREET
PARTNERS

FUND II

ws.partners



WATER STREET PARTNERS



The big picture...

Initial Closing:	January 2025
Investment Period:	2 years
Total Raise:	\$32.00MM
Capital Calls:	\$4.80MM
Distributions:	\$0.00MM
Target Leverage:	60.0%
Targeted IRR (Net):	~20%



Where do we see opportunity?

Real estate owners are facing headwinds, and not everyone is poised to weather the storm...

- Wall of debt maturities
- Limited resources & capital
- Inflationary pressure on operations
- Behavioral shifts accelerated by pandemic
- Time constraints



WATER STREET
PARTNERS

ws.partners

What will it look like?

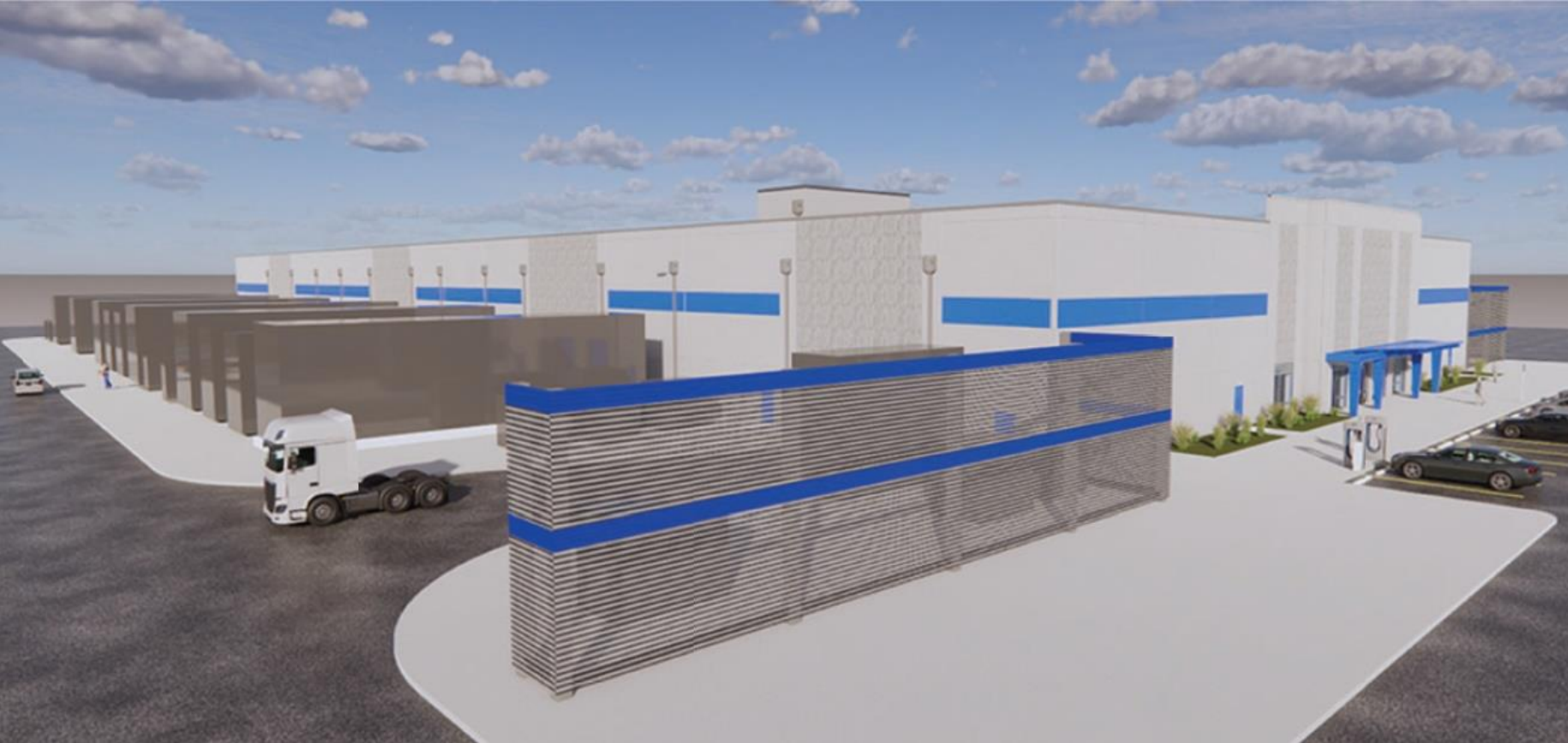
Flexibility is critical, but target profile is:

- North Carolina & Minnesota
- Data Center, Industrial & Multifamily
- Off-market or quietly marketed
- Tight timelines & lender pressure expected
- Variety of structures (equity, debt, JV, earnout)



WATER STREET
PARTNERS

ws.partners



WATER STREET
PARTNERS

DATA CENTER PORTFOLIO 2.0

ws.partners



Investment Overview

- Eight pre-leased data center projects
- General partner investment
- Put option with limited partner

Markets

- | | |
|-------------------|---------------------|
| - Chicago, IL | - Louisville, KY |
| - St. Louis, MO | - Redmond, OR |
| - El Paso, TX | - Bowling Green, OH |
| - Albuquerque, NM | - Augusta, GA |



WATER STREET
PARTNERS

DATA CENTER
PORTFOLIO
2.0

ws.partners

Progress to Date

- Closed & commenced first 5 projects
 - Chicago: structural steel & precast complete
 - St. Louis: sitework & utilities underway
 - El Paso: preconstruction prep underway
 - Albuquerque: GC has mobilized
- Debt facility in place at 75% LTC

2025 Goals

- Close & commence remaining 3 projects



WATER STREET
PARTNERS

DATA CENTER
PORTFOLIO
2.0

ws.partners



WATER STREET
PARTNERS

POTENTIAL
OPPORTUNITI
ES



ws.partners

Potential Investment – NC

- Two flex buildings totaling 40k sf
- Off-market deal brought by local contact
- Owner facing financial difficulties
- Established demand from users
- Tight timeline but significant upside



WATER STREET
PARTNERS

FLEX
INDUSTRIAL

ws.partners



Potential Investment – MN

- Quietly sourced through leasing brokers
- 90k sf warehouse, recently became vacant
- Significant capital needed to re-lease space
- Lender playing hard ball with owner



WATER STREET
PARTNERS

INFILL
INDUSTRIAL

ws.partners



Potential Investment – MN

- Mid-rise building with 200 units
- Direct relationship with owner
- Project stabilized but NOI is thin
- Loan paydown required to extend
- Preferred equity structure



WATER STREET
PARTNERS

MULTIFAMILY

ws.partners





WATER STREET
PARTNERS

Thank you for joining us!
Any questions?

ws.partners

Strong NOI growth...

	Current NOI %	Initial NOI %	Change
610	9.97%	9.05%	+0.92%
Union ¹	5.48%	4.47%	+1.01%
Wayzata	10.20%	9.58%	+0.62%
Beltline	8.47%	7.06%	+1.41%

¹ Current projected stabilized yield for Union Plaza is 10.42%



Loan Maturities

	Rate	LTC	Maturity
610	6.32%	58.6%	Oct-27
Union	6.52%	64.8%	Oct-27
Wayzata	4.05%	59.0%	Jan-25
Beltline	3.39%	59.0%	Sep-25
Average	5.40%	60.0%	



WATER STREET
PARTNERS

FUND I

ws.partners

Growing NOI on lease-up assets

	Current NOI %	Initial NOI %	Change
WW	9.49%	6.44%	+3.05%
Savage	7.60%	7.60%	+0.00%
Eagan ¹	5.63%	5.15%	+0.48%
DCP	7.47%	7.47%	+0.00%

¹ Current projected stabilized yield for Eagan is 10.32%



WATER STREET
PARTNERS

FUND II

ws.partners

Debt Maturities

	Rate	LTC	Maturity
WW ¹	4.44%	62.9%	Dec-31
Savage	5.85%	65.0%	Nov-25
Eagan	5.65%	64.7%	Nov-27
DCP ²	7.63%	70.0%	2026-8
Average	5.77%	65.5%	

¹ Whitewater loan will be 100% fixed in Apr. 2024; rate resets in 2026

² Data center project rates are variable at SOFR + 200-250 bps



WATER STREET
PARTNERS

FUND II

ws.partners