



WATER STREET
PARTNERS

Investor Update

January 25, 2024

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Agenda

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



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| It's nice to see you!



Jim Hegedus



Joe Boone



Joe Ryan



Jack Ryan



Matt Carle



Ryan Durand



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| It takes a village...

CBRE



RYAN

IMI

Larkin Hoffman

WINTHROP & WEINSTINE



**PREVOST
PARTNERS
INC.**



**BRAUN
INTERTEC**

Nova Consulting

WIPFLI

Juniper Square

**MIDCOUNTRY
BANK**



ALERUS

**ROSKOP
CONSTRUCTION**



**API
GROUP**



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What are we seeing?

2023 was another strange year...

- The Fed increased rates another 100 bps
- Inflation continued its slow descent
- Bank failures early in the year

In real estate, we saw...

- Challenges obtaining debt for investments
- Real estate transaction volume plummeted
- Cap rates increased across property types



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Big wins despite challenges

- Whitewater stabilized!
- Beltline back to 100% leased!
- Extended Amazon parking lease!
- Winnebago lease commenced!
- Property taxes reduced at Beltline!
- Fund II investment into data centers!





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WATER STREET FUND I



The big picture...

Initial Closing:	Sept. 2018
Final Investment:	Sept. 2020
Capital Calls:	\$10.00MM
Distributions:	\$2.57MM
Avg. Cash Flow:	7.10%
Leverage:	60.0%
Leased:	93.4%
Targeted IRR (Net):	9% - 11%



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%	



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FUND I

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610
BUSINESS
CENTER

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Results to Date

- Navigated pandemic and ownership change
- Built rapport with leadership and employees
- Maintained property in first class manner

2024 & Beyond

- Secure new tenant for ~30,000 square feet
- Execute long-term renewal SGS



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610
BUSINESS
CENTER

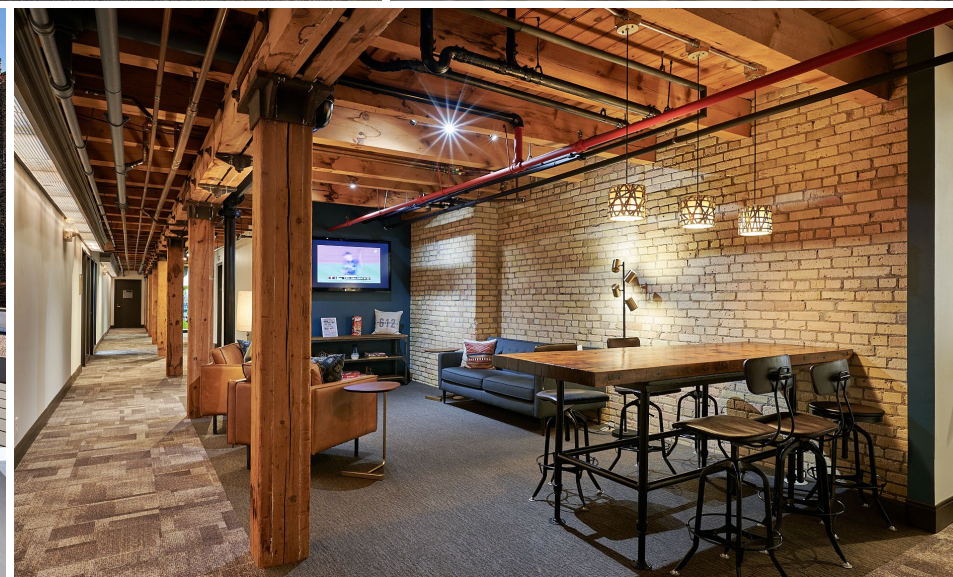
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UNION
PLAZA

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Results to Date

- Completed lobby, amenity and mech. projects
- Increased occupancy by 8.2% (to 76.1%)
- Increased in-place rents by \$3.62 (32%!)

2024 & Beyond

- Achieve 90% occupancy (+9,286 sf)
- Continue to increase rents
- Execute long-term solution for third floor

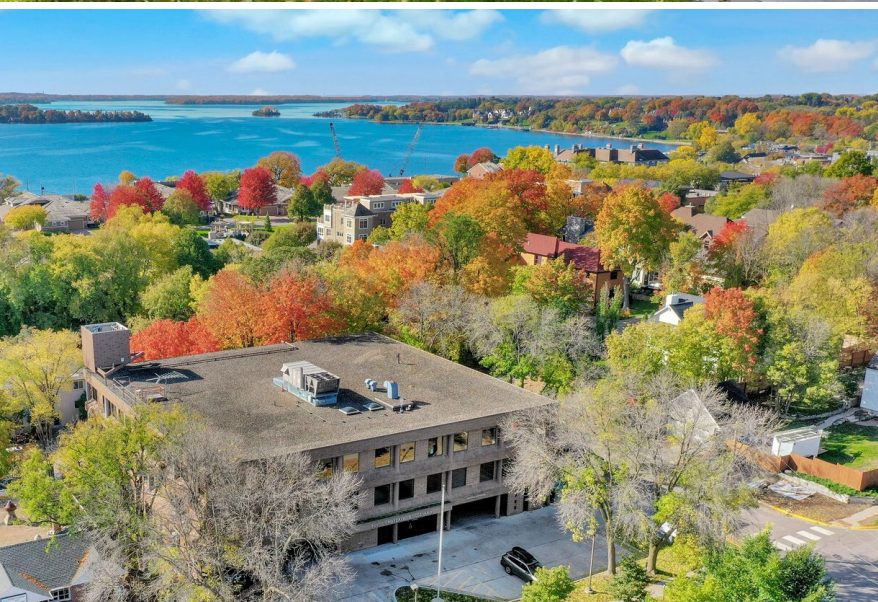


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800
WAYZATA
BLVD

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Results to Date

- Collected rent & maintained property
- Obtained renderings and priced renovation
- Engaged JLL to market for lease or sale

2024 & Beyond

- Find buyer or tenant to kick-off renovation



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WAYZATA
BLVD

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Project Renderings



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BLVD

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BELTLINE
PORTFOLIO

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Results to Date

- Re-leased to 100% (+14.7%)
- Increased rents by \$1.45 (18.4%)
- Completed sprinkler install & parking lot
- Successfully appealed taxes

2024 & Beyond

- Complete restructuring of REM5 lease
- Renew SixSpeed 1-2 years



How are we looking?

	610	Union	Wayzata	Beltline
Year of Sale:	2025	2026	2024	2024
Exit Cap:	7.75%	9.00%	n/a	7.00%
Profit ¹ :	\$2.8M	\$3.3M	\$1.0M	\$1.8M
IRR ¹ :	10.73%	9.37%	14.47%	13.53%
EM ¹ :	1.74x	1.79x	1.75x	1.63x

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



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FUND I

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WATER STREET FUND II



The big picture...

Initial Closing:	July 2021
Final Investment:	March 2023
Capital Calls:	\$22.40MM
Distributions:	\$0.00MM
Avg. Cash Flow:	N/A
Leverage:	65.5%
Leased:	80.5%
Targeted IRR (Net):	15%+



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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%



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FUND II

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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



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FUND II

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WHITEWATER
RESERVE

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Results to Date

- Raised occupancy by 30.2% (to 98.4%)
- Increased rents by \$2.22 (16.5%) to \$15.69
- Completed Link renovation project

2024 & Beyond

- Renew Westwood and BBQ Holdings
- Amend signage plan with city of Minnetonka
- Closely monitor capital markets for office



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WHITEWATER
RESERVE

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The Link - Before



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Whitewater
OFFICE CENTER
WHITEWATER
RESERVE

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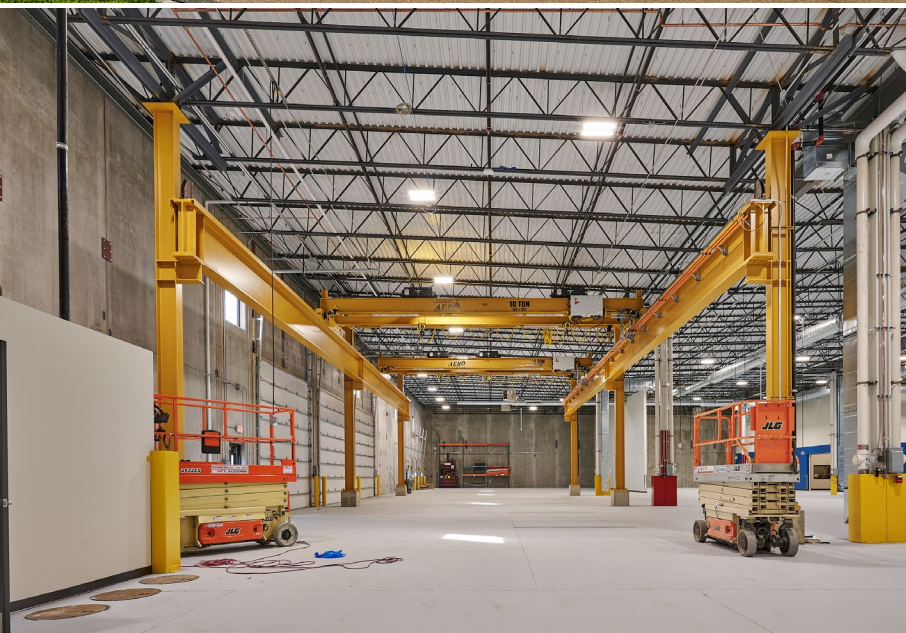


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WHITEWATER
RESERVE

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After



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SAVAGE R&D
FACILITY

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Results to Date

- Completed build-out and commenced lease
- Agreed to terms with buyer for Q1 2024 sale

2024 & Beyond

- Close transaction at the agreed upon terms





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EAGAN
INNOVATION
CENTER

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Results to Date

- Issued 7 lease proposals totaling 464k sf
- Extended Amazon parking lease
- Delivered CAE expansion space
- Parking lot, vacancy prep & signage

2024 & Beyond

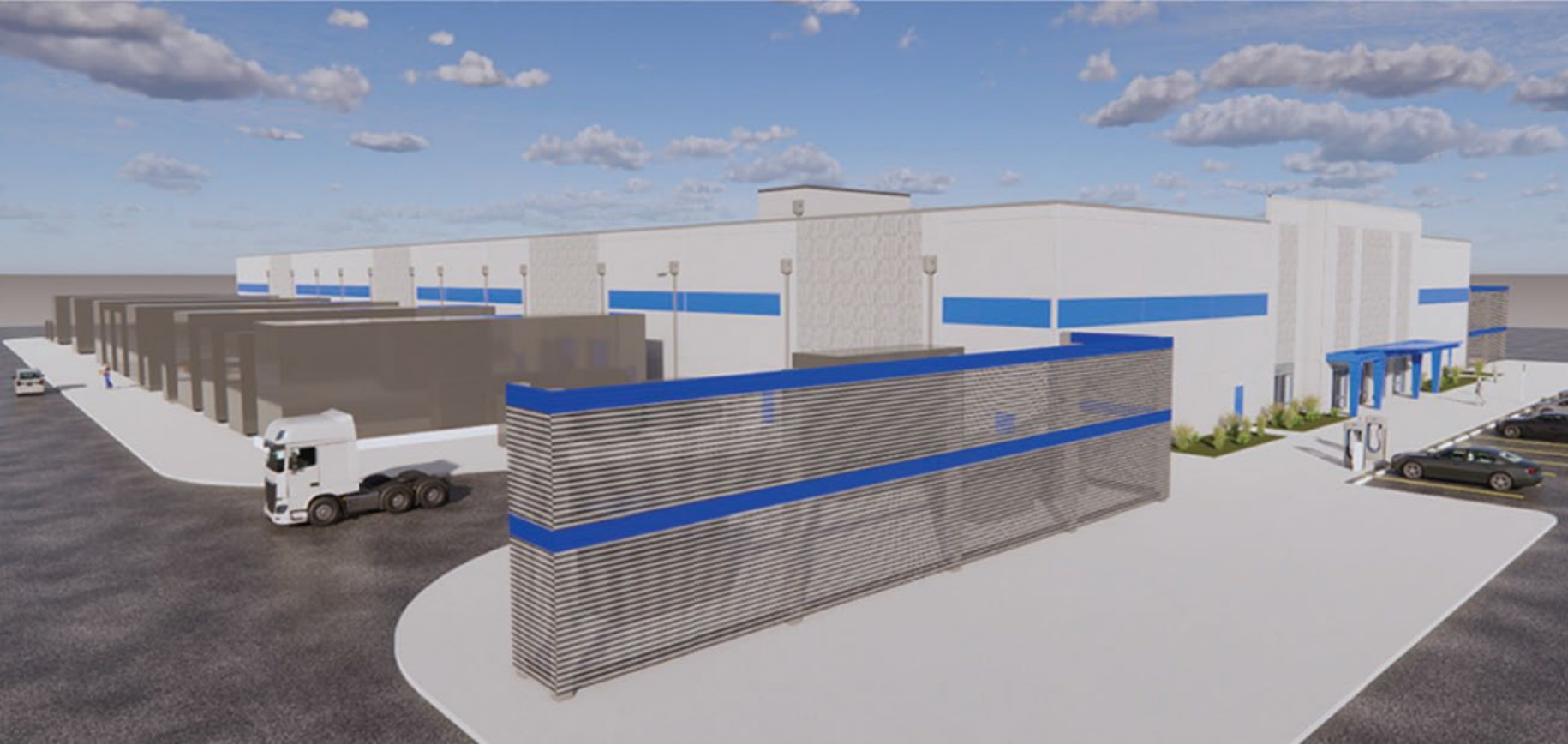
- LEASES! Execute 130,000 sf of new leases
- Look for other sources of parking revenue



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EAGAN
INNOVATION
CENTER

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DATA CENTER PORTFOLIO



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Why data center developments?

- Compelling risk-adjusted return
- Direct access to institutional grade projects
- Diversification across markets

How do we fit in?

- GP investment alongside Oppidan
- Investor shares in promote
- No guaranties/recourse to investors



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DATA CENTER
PORTFOLIO

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Results to Date

- Closed on all investments in 2023
- Projects tracking to schedule & budget

2024 & Beyond

- Ensure completion of all projects
- Negotiate terms of put/exit with Cloud



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DATA CENTER
PORTFOLIO

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How are we looking?

	WW	Savage	Eagan	DCP
Year of Sale:	2026	2024	2026	2024-5
Exit Cap:	8.50%	6.29%	8.50%	6.50%
Profit ¹ :	\$8.3M	\$0.9M	\$15.0M	\$4.2M
IRR ¹ :	15.90%	23.62%	20.10%	36.01%
EM ¹ :	1.92x	1.33x	2.03x	1.84x

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



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FUND II

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What's Next?

Strategy:

Target Returns:

Target Equity:

Target Leverage:

Target Holds:

Value-Add

20%+

\$30.00MM

60%

3 – 5 years



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Thank you for joining us!
Any questions?

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