



NORTH HOUSTON

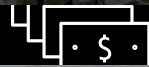
AR Sort Center



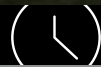
SECURE CASH FLOW
WITH BACK-END
UPSIDE POTENTIAL



NEWLY
CONSTRUCTED,
STATE-OF-THE-ART
FACILITY



SIGNIFICANT
TENANT
INVESTMENT



LONG-TERM
CREDIT TENANCY



PREMIER BUSINESS
PARK LOCATION
WITH EXCEPTIONAL
ACCESS



MISSION CRITICAL
LOCATION FOR AN
AMAZON SORT
CENTER



HOUSTON:
NATION-LEADING
GROWTH

INVESTMENT SUMMARY

Jones Lang LaSalle (“JLL”), as the exclusive advisor to the Owner, is pleased to present the opportunity to purchase the fee simple interest in **North Houston AR Sort Center** (the “Property”), an 856,605 square foot, sort center in Houston, TX with **11.0 years of lease term remaining**. Developed in 2017 by USAA Real Estate as a Build-to-Suit, the state-of-the-art warehouse is currently **100% leased to Amazon.com** and offers **1.5% annual rent increases** throughout the remainder of the term. Amazon also put significant capital investment into the building, totaling **over \$49.0 million worth of tenant-funded improvements excluding MHE**. Located within the prestigious Pinto Business Park, the Property is **surrounded by several other elite corporate users** including Emser Tile, Sysco, HD Supply, Red Bull, Victory Packaging, Coca-Cola, The Reynolds Company, and Alfa Laval.

Transaction Summary

LOCATION	10550 Ella Blvd, Houston, TX 77038
SQUARE FEET	856,605
TENANT	Amazon.com Services
GUARANTOR	Amazon.com, LLC
LEASE TERM	11.0 Years
ANNUAL RENT ESCALATIONS	1.50%



Property Summary

SF	856,605 SF
MEZZANINE SF	689,311 SF (4 levels)
ACRES	68.87 acres
OCCUPANCY	100%
WTD. AVG. TERM	11.0 years
CLEAR HEIGHT	41'3"
OFFICE FINISH	69,385 SF/8.1%
PARKING	2,667 spaces (36 HC), plus 8 Motorcycle Spaces
TRAILER PARKING	189 spaces
TRUCK COURT	195'
YEAR BUILT	2017
DOCK CONFIGURATION	Rear-Load
DOCK-HIGH DOORS	57 doors
DRIVE-IN DOORS	2 doors
BUILDING DIMENSIONS	570' x 1500'
STAGING BAYS	60'
ROOF TYPE	60 mil mechanically attached TPO
ROOF WARRANTY	16 Years Remaining
WAREHOUSE LIGHTING	LED
FIRE PROTECTION SYSTEM	ESFR
CONSTRUCTION OVERVIEW	Tilt Wall

THE OFFERING

The North Houston AR Sort Center serves as a mission-critical facility for Amazon, as the building features an optimal layout for the tenant's logistical needs and is **strategically located in a 971-acre, master-planned, deed-restricted business park within minutes of George Bush Intercontinental Airport in Houston, TX.** Situated on 68.87 acres, the Property provides superior access with four points of ingress/egress as well as a highly visible location along Beltway 8 where nearly 200,000 cars pass by every day.

Developed in 2017 as a Build-to-Suit, Amazon.com Services signed a **15-year lease commencing in July 2017 featuring 1.50% annual rent escalations, (4) 5-year renewal options, a full restoration clause, and rare 100% of fair market value renewal option language.** Amazon uses the facility as an AR sortation center within its robust operational footprint, which is a critical element of the overall supply chain for Amazon. Fully packaged products are shipped to the sortation centers and then sorted by zip code / region and shipped to an AMZL (Amazon Last Mile Facility) or other provider (USPS, UPS, FedEx) for final delivery to the customer. Given the use, the interior of these facilities looks very different than that of a fulfillment center, as there is no packing done on site, but there is heavy automation in the conveyor systems, which requires a significant investment from the tenant. In addition, automated robots do most of the sorting within the three mezzanine levels.

The highly functional, Class A facility includes a 41'3" clear height, ESFR sprinklers, and LED lighting, characteristics sought after by a wide range of modern industrial users. Given Amazon's high flow-through distribution model, the facility offers excellent circulation and additional logistics requirements, including 189 trailer parking stalls and nearly 2,700 auto parking stalls. **The North Houston AR Sort Center represents a unique opportunity to acquire a generational asset located within a core industrial business park that is long-term net leased to one of the most desirable tenants in the world.**

INVESTMENT HIGHLIGHTS



Secure Cash Flow with Back-End Upside Potential

The North Houston AR Sort Center offers investors a stable cash flow stream through mid-2032 and the potential for significant value creation at expiration via the 100% of fair market value renewal options. The offering allows a new owner the opportunity to capitalize on a significantly below market rent upon Amazon's lease expiration as **the current rate for the facility is approximately 11% below market** and is expected to be approximately 27% below market at expiration. This is attributable to the fact that Amazon today requires developers to fund nearly \$200 per square foot on similar facilities plus the tremendous increase in construction costs since this facility was delivered.

With the rare full restoration clause and 100% of fair market value renewal option language in the lease, this asset is perfectly positioned to capture a significant rent increase once the in-place lease expires. **The in-place rent structure creates an opportunity to acquire a state-of-the-art industrial asset at an excellent basis that is well below replacement cost.**





Newly Constructed, State-of-the-Art Facility

Developed in 2017, The North Houston AR Sort Center is a state-of-the-art sort center providing all amenities and building characteristics sophisticated tenants have come to expect in modern industrial warehouses. The 68.9-acre site allows for ample parking for its 2,000 employees with 2,667 parking spaces and 189 trailer spaces. The 856,605-square foot building has 41'3" clear heights, LED lighting, ESFR fire system, and 2 drive-in doors. Additionally, the facility has four levels of mezzanine space, totaling 689,311 square feet, **that accommodates Amazon's extensive robotics and processing infrastructure within the building.**





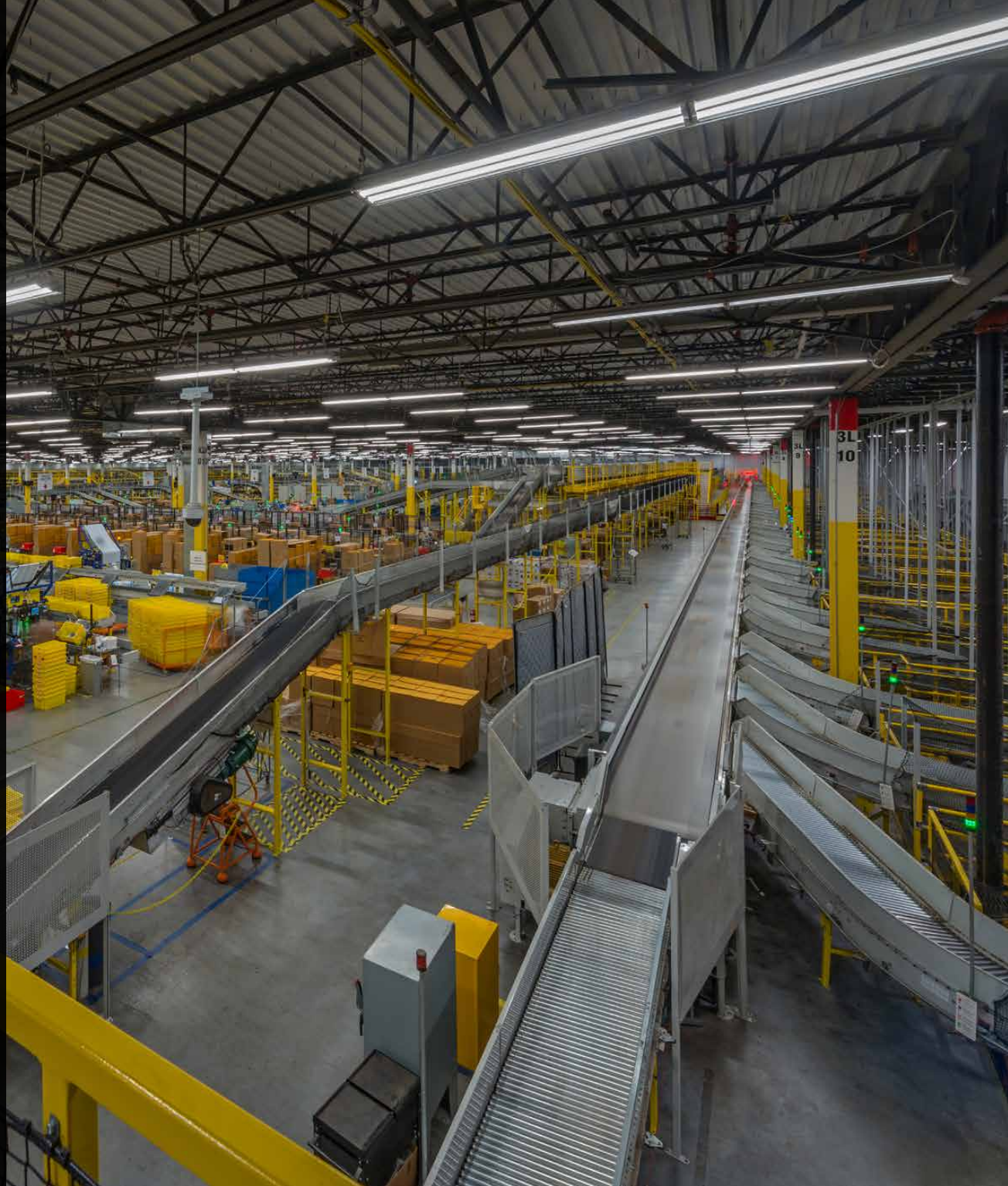
Significant Tenant Investment

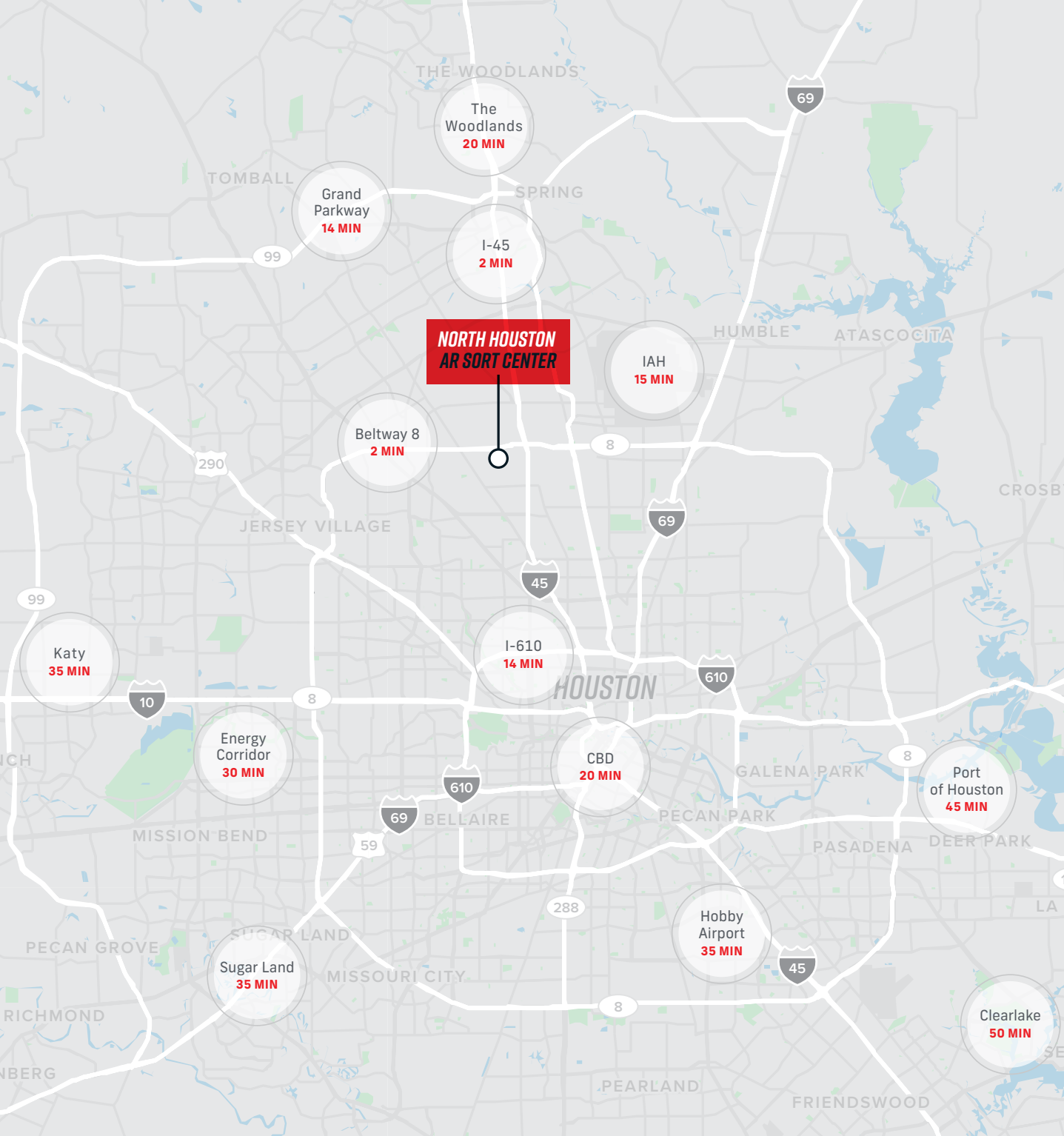
North Houston AR Sort Center provides investors with cash flow security from a committed single tenant in Amazon.com. **The tenant invested over \$49 million in the Property**, which includes **689,311 square feet of mezzanine space for robotics**. Amazon's significant financial investment into the Property paired with its mission-critical location provides investors with a high degree of certainty that they will occupy the facility well beyond their initial lease expiration in 2032.



Long-Term Credit Tenancy

The Property provides investors with the opportunity to acquire a property 100% leased to the undisputed worldwide leader in e-commerce with **11.0 years of remaining lease term** on a net lease featuring attractive 1.50% annual escalations. Amazon's current lease takes them to 2032, with twenty years of renewal options taking the potential term out to 2052. Rent for the option periods is favorably set at **100% of fair market value of comparable new leases in comparable new buildings, a rarity in Amazon leases**. **Amazon's investment grade credit is rated A2 by Moody's and A+ by Fitch**, demonstrating supreme financial strength and providing an opportunity for investors to acquire at an attractive spread over current bond pricing.





Mission Critical Location for an Amazon Fulfillment Center

The location of the Property along Beltway 8 and within close proximity of Interstate 45 provides excellent accessibility along one of Houston's major trade routes and rapidly growing population centers in all directions via Beltway 8 (frontage) and the Grand Parkway (14-minute drive). Located within 9.4 miles of the North Houston AR Sort Center, George Bush Intercontinental Airport (IAH), the city's primary airport, is the second largest hub for United Airlines and the 14th busiest airport in the United States for total passenger traffic of 42.3 million passengers in 2019.

The facility is strategically located to provide Amazon easy access to the company's large scale distribution network across the Houston MSA with eleven other Amazon distribution locations within a 10-mile radius of the Property.

LOCATION	DRIVE TIME
BELTWAY 8	2 MIN
I-610	14 MIN
GRAND PARKWAY	14 MIN
IAH	15 MIN
CBD	20 MIN
THE WOODLANDS	20 MIN
ENERGY CORRIDOR	30 MIN
HOBBY AIRPORT	30 MIN
KATY	35 MIN
SUGAR LAND	35 MIN
PORT OF HOUSTON	45 MIN
CLEARLAKE	50 MIN

GEORGE BUSH INTERCONTINENTAL AIRPORT (IAH)
15 MIN

GREENS CROSSING DISTRIBUTION CENTER
Owner: Prologis
Size: 1,073,102 SF
Tenants: Honeywell, Consolidated Electrical Distributors, XPO Logistics



PARK 505 AT HARDY
Owner: IDV
Size: 534,000 SF
Tenants: TBD

NORTH HOUSTON LOGISTICS CENTER
Owner: IDI Logistics
Size: 757,325 SF
Tenants: Preferred Meals, PFG, ADT, Telleworks Communications

PARK 8
Owner: Avera/AEW
Size: 242,760 SF
Tenants: Hellmann Logistics

LAYNE CROSSING
Owner: Crow Holdings Industrial
Size: 529,029 SF
Tenants: American Packing & Gasket, Door Scapes, Mainfreight

Sysco
Owner: Sysco Corporation
Size: 739,141 SF
Tenants: Sysco Houston Inc.

PLAZA VERDE 1/2 & FALLBROOK 2
Owner: Nuveen
Size: 433,136 SF
Tenants: BNSF Logistics, Sanhua, Builder's Choice, Cambria, Lone Star Overnight

MYGRANT GLASS | ELLA LOGISTICS
Owner: Mygrant Glass
Size: 146,028 SF
Tenants: Mygrant Glass

NORTH HOUSTON AR SORT CENTER

GREENS CROSSING I
Owner: Nuveen
Size: 600,750 SF
Tenants: HD Supply, GEA, Flexitalic

10484 GREENS CROSSING BLVD
Owner: Johnson Development Assoc.
Size: 238,020 SF
Tenants: BGI

10502 GREENS CROSSING BLVD
Owner: Light Investments, LP
Size: 130,000 SF
Tenants: The Reynolds Co.

Coca-Cola
COCA-COLA SOUTHWEST BEVERAGES
Owner: The Coca-Cola Company
Size: 1,000,000 SF
Tenants: Coca-Cola Southwest Beverages

ELLA LOGISTICS CENTER BLDG I
Owner: Hines
Size: 358,567 SF
Tenants: PSS Industrial Group, Thermaflex

FALLBROOK I
Owner: Nuveen
Size: 500,400 SF
Tenants: Kitchen Cabinet Distributors, TJ Maxx, VS America

Emser Tile
Owner: Clarion Partners
Size: 601,426 SF
Tenants: Emser Tile

BCI
Buckeye Corrugated, Inc.
Owner: STAG Industrial
Size: 239,814 SF
Tenants: Buckeye Corrugated



Proximity to Institutional Ownership

The North Industrial submarket is home to many of the largest institutional industrial owners including Prologis, EastGroup, Duke Realty, and Blackstone. Additionally, several of the largest institutional industrial owners are located within Pinto Business Park including: Hines, USAA Real Estate, Clarion Partners, Nuveen, Johnson Development Associates, and STAG Industrial.

INVESTMENT HIGHLIGHTS



Premier Business Park Location with Exceptional Access

The Property is located in Pinto Business Park, a 971-acre, master-planned industrial park. The park is located in the heart of Houston's North Industrial submarket at the intersection of Interstate 45 and Sam Houston Tollway (Beltway 8) and has 11 ingress/egress points for exceptional maneuverability and traffic flow throughout the park. The Park is the largest of its kind in Houston and is complete with drainage, detention, roads and utility infrastructure. These features have allowed the Park to capture tremendous tenant demand in recent years.

The Property is surrounded by several other elite corporate users including Emser Tile, Sysco, HD Supply, Red Bull, Victory Packaging, Coca-Cola, The Reynolds Company, and Alfa Laval.

The remaining land within Pinto Business Park consists of smaller tracts only, so new supply in the future within the park will not compete with the North Houston AR Sort Center and will only continue to enhance the value and infrastructure within the park.

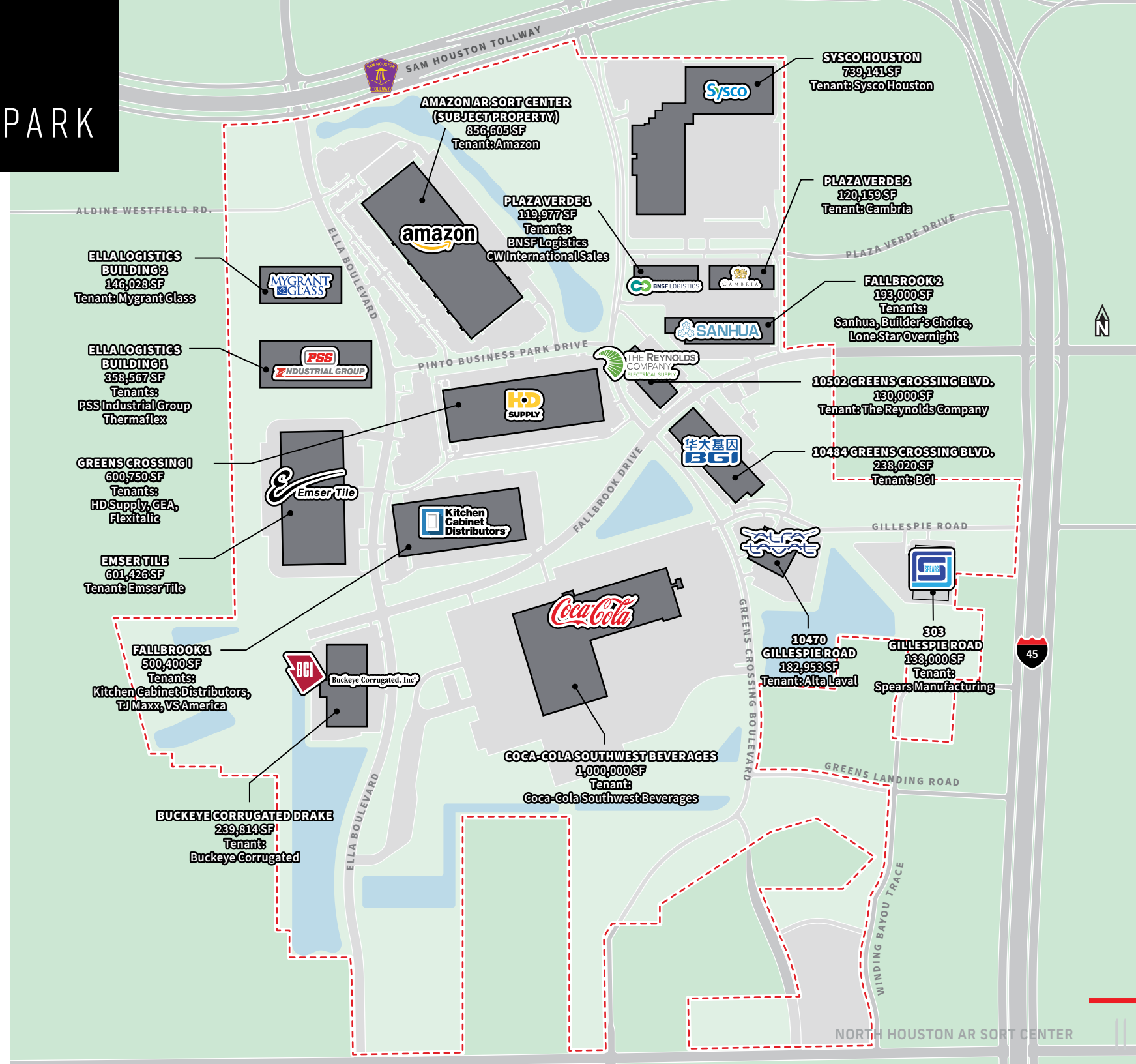


Pinto Business Park is a 971-acre industrial park located in the heart of Houston's North Industrial submarket at the intersection of Interstate 45 and Sam Houston Tollway (Beltway 8). The Park is the largest industrial park in Houston and is complete with drainage, detention, roads and utility infrastructure. Consisting of 4.56 million square feet, Pinto Business Park accommodates build-to-suits and user-owned distribution, light manufacturing, and corporate campus space. **The park is the largest, fully entitled, contiguous tract of land located inside Beltway 8 and outside the 500-year floodplain.**

NOTABLE CURRENT TENANTS AND/OR OWNERS IN
PINTO BUSINESS PARK INCLUDE:



PINTO BUSINESS PARK



INVESTMENT HIGHLIGHTS



Houston: Nation-Leading Growth

In 2020, Houston led the nation in single-unit housing permits. With 48,208 permits, Houston led Dallas by nearly 5,000 permits and Austin by more than 20,000 permits. Driven by Houston's nation-leading population growth, the Houston housing market shows no signs of slowing down. Single family home sales for the month of December jumped 25.5% compared to December 2019, leading to record low inventories across the MSA.

Over the past 10 years, Houston has gained 1,284,268 residents, ranking **second in the U.S.** over that time. For 2020 - 2029, Houston is expected to tack on another 1,242,781 residents, pushing the MSA's **population to over 8 million people.**



METROPOLITAN STATISTICAL AREA

SINGLE-FAMILY PERMITS:
DEC (UNITS #YTD, NSA)

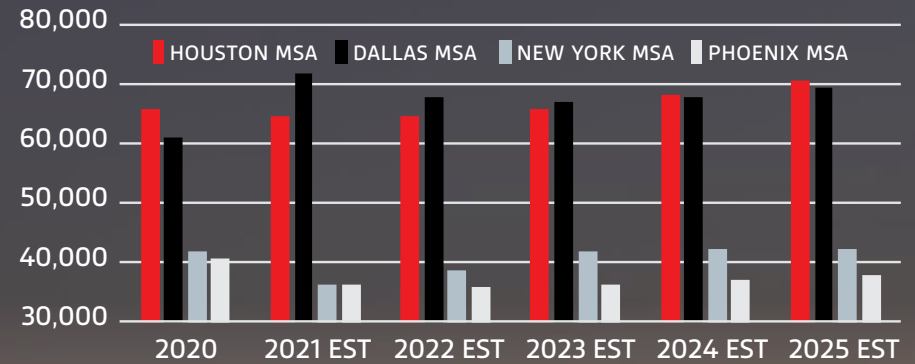
Houston-The Woodlands-Sugar Land, TX	48,208
Dallas-Fort Worth-Arlington, TX	43,884
Phoenix-Mesa-Scottsdale, AZ	31,724
Atlanta-Sandy Springs-Roswell, GA	28,057
Austin-Round Rock, TX	21,653
Charlotte-Concord-Gastonia, NC-SC	17,807
Tampa-St. Petersburg-Clearwater, FL	16,028
Orlando-Kissimmee-Sanford, FL	15,523
Nashville-Davidson-Murfreesboro-Franklin, TN	14,125
Washington-Arlington-Alexandria, DC-VA-MD-WV	13,594

Sources: National Association of Home Builders

Explosive Regional Population Growth

Houston led the nation in Housing Starts in 2020 and is expected to be a leading National MSA for new home starts for the next 5 years.

HOUSING STARTS
(Multi Family & Single Family)



Source: Oxford Economics



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