



BAY TERRACE I & II

A TWO BUILDING, 200,354 SQUARE FOOT, LIGHT INDUSTRIAL PARK
LOCATED IN HOUSTON'S SOUTHEAST SUBMARKET - 100% LEASED



STICKY TENANCY
WITH LONG TERM
DEDICATION TO THE
SITE & EXCELLENT
CREDIT



MISSION CRITICAL
LOCATION FOR
TENANTS



IRREPLACEABLE,
UNIQUE PRODUCT IN
AN UNDER SERVED
SUBMARKET



IMMACULATLY
MAINTAINED
FACILITIES HOUSING
STATE OF THE ART
TECHNOLOGY



STRATEGIC
SOUTHEAST HOUSTON
LOCATION PROXIMATE
TO THE PORT OF
HOUSTON & NASA



HOUSTON LEASING
VELOCITY



EXPLOSIVE REGIONAL
GROWTH

THE OFFERING

Jones Lang LaSalle (“JLL”) on behalf of ownership, is pleased to offer for sale Bay Terrace I & II (the “Property”), two Class A flex/light industrial assets totaling 200,354 square feet in the Southeast Houston industrial submarket. 100% leased to primarily aerospace & defense tenants, the Property is strategically located just 2 miles away from the NASA Johnson Space Center, providing mission critical space for its occupants. The property has been maintained to the highest institutional standards with significant CAPEX invested into the Property by both owner and tenants over the years. With very limited flex/light industrial availability and supply in the submarket, the Property provides investors the opportunity to acquire a fully leased asset with upside via mark-to-market rents upon rollover.



| | BAY TERRACE I | BAY TERRACE II | TOTAL / AVG |
|-----------------------|--------------------------|----------------------|-------------------|
| ADDRESS | 17511 Feather Craft Lane | 555 Forge River Road | Webster, TX 77598 |
| SIZE (SF) | 91,769 | 108,585 | 200,354 |
| OCCUPANCY | 100% | 100% | 100% |
| # OF TENANTS | 3 | 4 | 7 |
| WALT | 3.5 Years | 3.0 Years | 3.2 Years |
| LAND AREA | 6.16 Acres | 8.84 Acres | 14.99 Acres |
| YEAR BUILT | 1992 | 1993 | 1992/1993 |
| CLEAR HEIGHT | 18' | 14.5' | 14.5' - 18' |
| LOADING CONFIGURATION | Rear-Load | Rear-Load | Rear-Load |
| OFFICE FINISH | 55% | 89% | 73% |
| PARKING | 221 Spaces | 477 Spaces | 698 Spaces |
| PARKING RATIO | 2.41/1,000 SF | 4.39/1,000 SF | 3.48/1,000 SF |

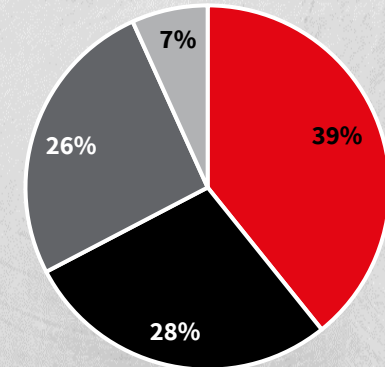
INVESTMENT HIGHLIGHT

STICKY TENANCY WITH LONG TERM DEDICATION TO THE SITE AND EXCELLENT CREDIT

As space exploration and aerospace has continued to migrate from the public to private sector, the tenants at Bay Terrace I & II have experienced great success at the Property over the years. With a weighted average tenure of 7.2 years and significant tenant investment put into the Property, it is clear that the Property has gained a sticky tenancy base with long-term dedication to the site. KBR Incorporated houses irreplaceable infrastructure coming into the building used for their space suit program. Leidos Holdings, Inc. just invested significant capital into upgrading their HVAC systems for their facilities clean room. Anything that goes into space for NASA or the International Space Station must go through this clean room. It would be very difficult for the tenants at the Property to replicate their space elsewhere.

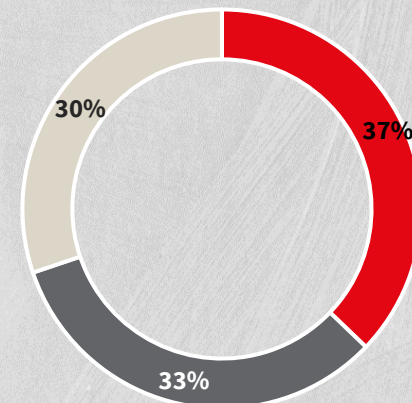


TENANT INDUSTRY



- Aerospace / Defense (KRB Incorporated, Lockheed Martin Corporation, Airbus)
- Defense / Aviation / Information Technology (Leidos Holdings, Inc.)
- Aerospace (Nanoracks, LLC, Axiom Space, Inc.)
- Automation (Maverick Technologies, LLC)

CREDIT PROFILE



- Investment Grade (Lockheed Martin Corporation, Airbus, Leidos Holdings, Inc.)
- Private (Nanoracks, LLC, Axiom Space, Inc., Mackerick Technologies, LLC)
- Non-Investment Grade (KBR Incorporated)

INVESTMENT HIGHLIGHT

MISSION CRITICAL LOCATION FOR TENANTS

Each tenant at the Property has a unique reason for their presence at Bay Terrace I & II:

- **KBR Incorporated's** headquarters are in Downtown Houston with Bay Terrace I being their primary industrial site in the area. Their space suite program works closely with the Johnson Space Center.
- **Nanoracks LLC** was founded in Houston and headquarters at the Property. It's proximity to NASA is critical for their work in commercial space utilization.
- **Lockheed Martin's** only industrial Houston location is at Bay Terrace I with two office locations in the Webster / Clear Lake submarket as well. The talent and labor pool for the work done at the Property can only be found in proximity to NASA.
- **Axiom Space, Inc.** office headquarters are a 3-minute drive down the road and their only industrial presence is at Bay Terrace II. As the builder, owner, and operator of the commercial space station modules connected to the International Space Station, it is critical for them to be able to work closely with the Johnson Space Center
- **Maverick Technologies, LLC's** only location is at Bay Terrace II. It's automation work with petrochemical projects, life science companies, manufacturing, and energy make it important for them to be located in proximity to the Port of Houston and the petrochemical plants in Southeast Houston.
- **Airbus** has its only Houston location at Bay Terrace II. Their work in aerospace & defense make Webster / Clear lake the logical location for one of a few Texas locations.
- **Ledios Holdings, Inc.** has their sole industrial Houston location at Bay Terrace II with a small office presence in West Houston. Their product and technology is frequently utilized by the International Space Station and NASA making the Property an ideal location to house supply.



INVESTMENT HIGHLIGHTS

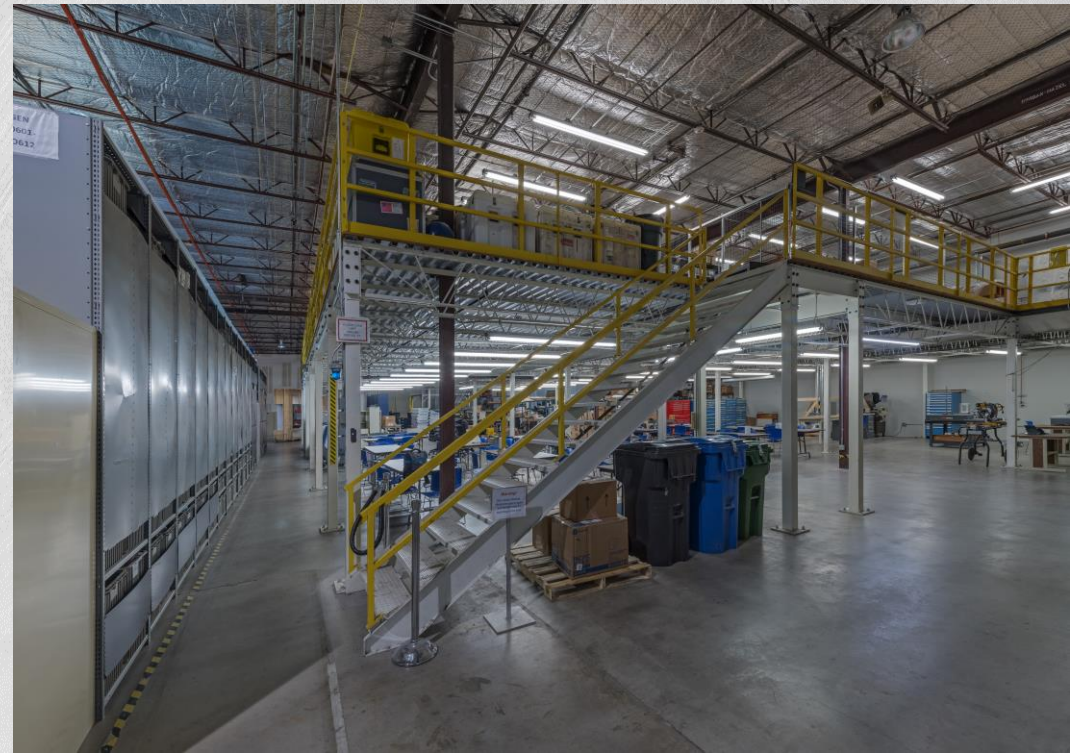


IRREPLACEABLE, UNIQUE PRODUCT IN AN UNDER SERVED SUBMARKET

There are only six other 50,000+ SF flex/light industrial buildings within a 10-mile radius of NASA/Johnson Space Center. The competitive set is currently sitting at 95% occupancy and does not meet the same quality standard as Bay Terrace I & II. Given the rise in construction and land pricing, Bay Terrace I & II are poised to continue to benefit from a lack of comparable supply thus allowing new ownership to continue pushing rental rates at rollover.

IMMACULATELY MAINTAINED FACILITIES HOUSING STATE OF THE ART TECHNOLOGY

Ownership has been diligent to keep the roof, tilt-wall, HVAC, landscaping, and overall general conditions of the facility in immaculate condition. The owner has invested over \$1.97MM of CAPEX into the property over the past six years including replacement of both roofs, significant exterior work, & replacement of HVAC roof-top units. Tenancy is largely focused on the aerospace & defense industries with extremely valuable infrastructure individual tenant spaces. As such, ownership has maintained these facilities to provide a quality, safe environment to house these state-of-the-art technologies and operations.



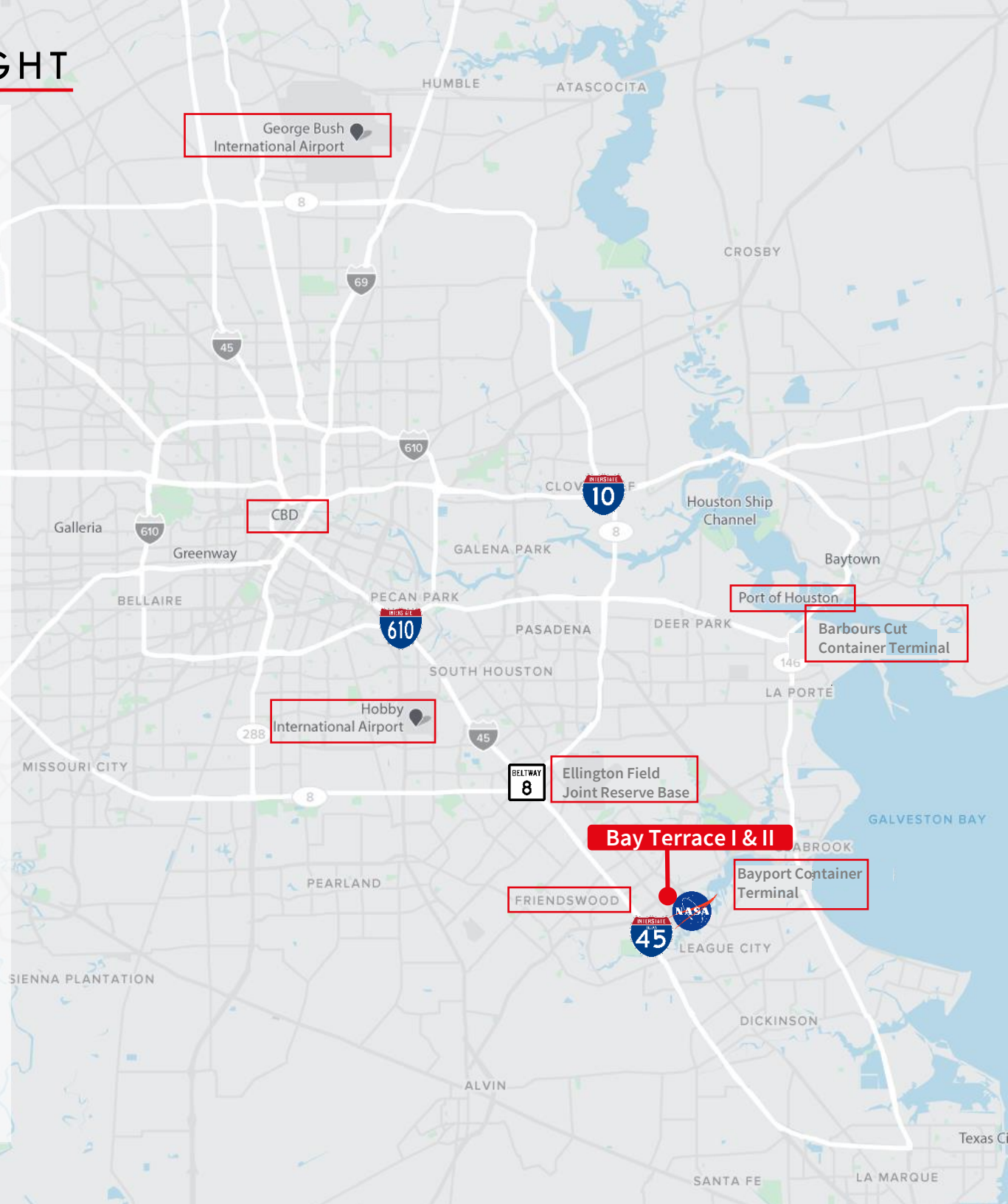
INVESTMENT HIGHLIGHT

STRATEGIC SOUTHEAST HOUSTON LOCATION PROXIMATE TO THE PORT OF HOUSTON & NASA

Bay Terrace I & II are strategically located in Houston's Southeast industrial submarket with extremely close proximity to the Bayport and Barbour's Cut Container Terminals, the Houston Ship Channel and NASA. The 25-mile-long Houston Ship Channel currently services 8,200 vessels and 215,000 barges each year and is currently experiencing double-digit annual growth in container volume year over year. The Port of Houston continues to make strategic capital investments that will enhance the Port's waterway, terminal, road, rail and industrial property infrastructure to create the most efficient, productive, and cost-effective system possible. NASA is an economic catalyst for the city of Webster with many of the tenants in Bay Terrace working closely with the Johnson Space Center. Bay Terrace's proximity to Interstate 45 and Beltway 8 offers accessibility to the rest of Houston and beyond.

Drive Times to Major Markets

| | | |
|----------------------------|-----------|------------|
| Interstate 45 | 1.7 Miles | 5 Minutes |
| Johnson Space Center | 2 Miles | 5 Minutes |
| Clear Lake | 4 Miles | 9 Minutes |
| Ellington Field | 7 Miles | 12 Minutes |
| Friendswood | 7 Miles | 15 Minutes |
| Beltway 8 | 8 Miles | 14 Minutes |
| Bayport Container Terminal | 10 Miles | 18 Minutes |
| Barbours Cut Terminal | 14 Miles | 24 Minutes |
| Hobby Airport | 14 Miles | 18 Minutes |
| Port of Houston | 15 Miles | 20 Minutes |
| Interstate 610 | 16 Miles | 16 Minutes |
| Interstate 10 | 21 Miles | 22 Minutes |
| Houston CBD | 23 Miles | 28 Minutes |
| Energy Corridor | 44 Miles | 45 Minutes |
| IAH | 44 Miles | 45 Minutes |



INVESTMENT HIGHLIGHT

HOUSTON: HUMAN SPACEFLIGHT CAPITAL OF THE WORLD

NASA'S JOHNSON SPACE CENTER

NASA's Johnson Space Center (JSC), located 2 miles from the Property, has served as mission control for U.S. space exploration and astronaut training since 1961. JSC currently serves as mission control for America's human space program aboard the International Space Station (ISS). JSC personnel develop, build, and upgrade piloted spacecraft and oversee many of the medical and scientific experiments conducted in space. JSC, a \$1.5 billion complex established in 1961, occupies 1,620 acres and is one of NASA's largest R&D facilities. JSC managed an annual budget of \$5.56 billion in 2020 and generated more than \$8.7 billion in economic output in Texas. JSC's largest contractors in 2020 included Boeing, Lockheed Martin, and Northrop Grumman. NASA supported 2,950 civil workers (110 of which are astronauts) and 8,942 contractors at JSC in 2020.

ELLINGTON FIELD SPACEPORT EXPANSION

Ellington Field, located less than 7 miles from the Property, became a Federal Aviation Administration (FAA) designated spaceport in 2015. In 2020, Phase 1 construction of the spaceport development was underway, an \$18.8 million project designed to provide infrastructure and utilities. One of only 10 spaceports in the U.S., the project is intended to help attract the relocation of aerospace companies and further solidifies the Webster/Clear Lake market as a hub for aerospace and space exploration.

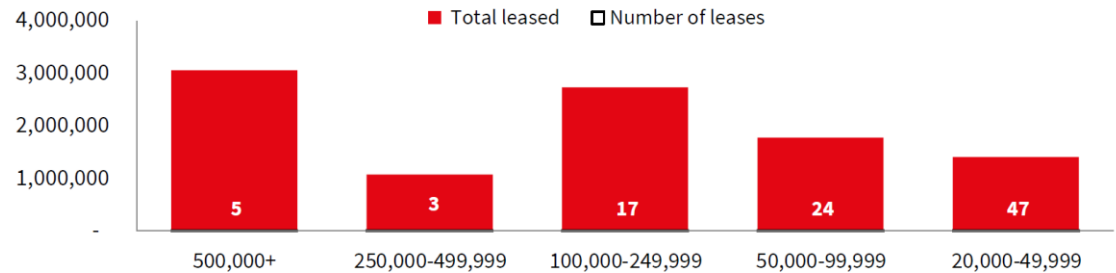


INVESTMENT HIGHLIGHT

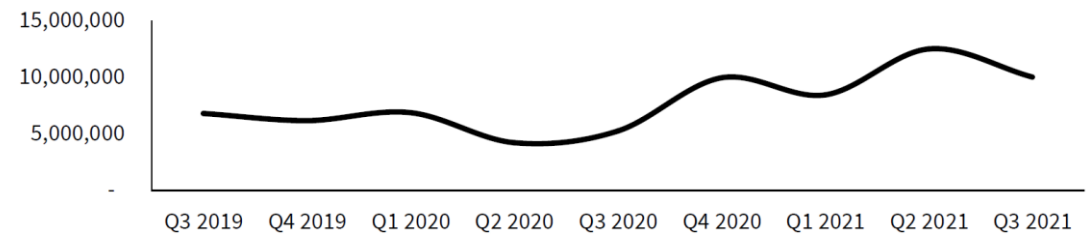
HOUSTON LEASING VELOCITY

- Leasing volume reached **10 million square feet** in Q3 2021 bringing year-to-date total to **31 million square feet**
- Q2 2021 was a Houston record for leasing volume with over **12 million square feet** of activity
- Consistently high demand resulted in **9.5 million square feet** of quarterly net absorption, a figure which matches the **10-year annual average**
- 96 total transactions in the quarter and **322 leases YTD**
- Total vacancy **declined a third consecutive quarter** and fell to 8.6%
- Tenants in the market activity indicates that occupier demand will likely remain at **above-average levels**, helping set a new high watermark for annual occupancy gains in 2021
- Construction activity **decreased 15.5%** to 11.9 million square feet
- Demand is ahead of supply** year to date, a trend which will most likely carry through the close of 2021.

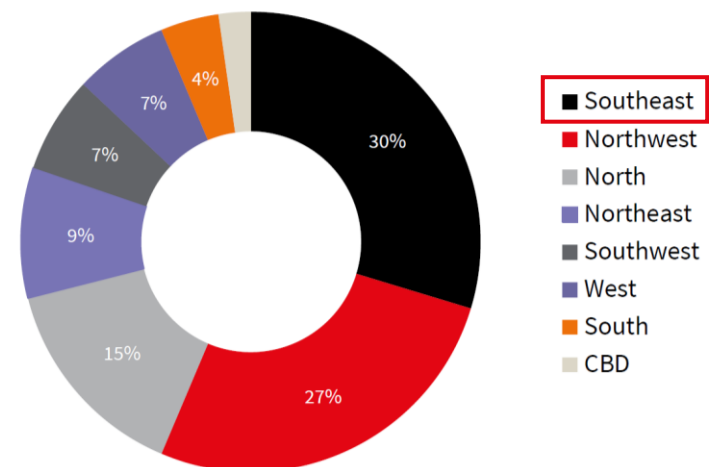
LEASING ACTIVITY BY SIZE QTD



HISTORICAL LEASING ACTIVITY



LEASING ACTIVITY BY SUBMARKET QTD



INVESTMENT HIGHLIGHT



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.

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

HOUSING STARTS

(Multi Family & Single Family)



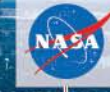
Source: Oxford Economics

NE FACING AERIAL

Bayport South Business Park

Bayport Container Terminal

NASA Johnson
Space Center



Clear Lake



East NASA Parkway

Axiom Space
Headquarters
AXIOM

Hercules Business Park
93,167 SF

Gemini Business Park
180,762 SF

Bay Terrace I & II

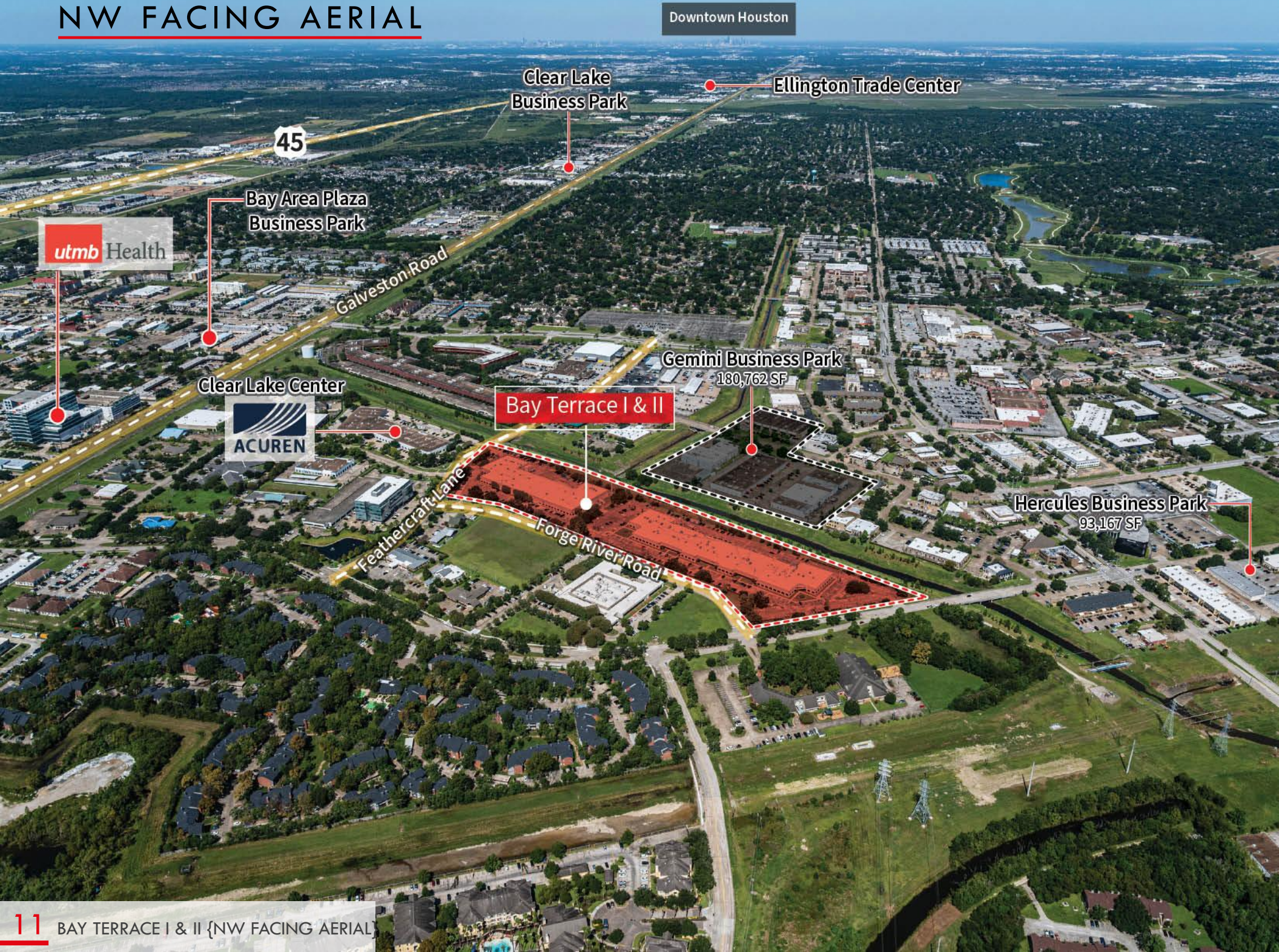
Forge River Road

Feathercraft Lane

Clear Lake Center



NW FACING AERIAL



Downtown Houston

Clear Lake Business Park

Ellington Trade Center

45

Bay Area Plaza Business Park

utmb Health

Galveston Road

Clear Lake Center

ACUREN

Bay Terrace I & II

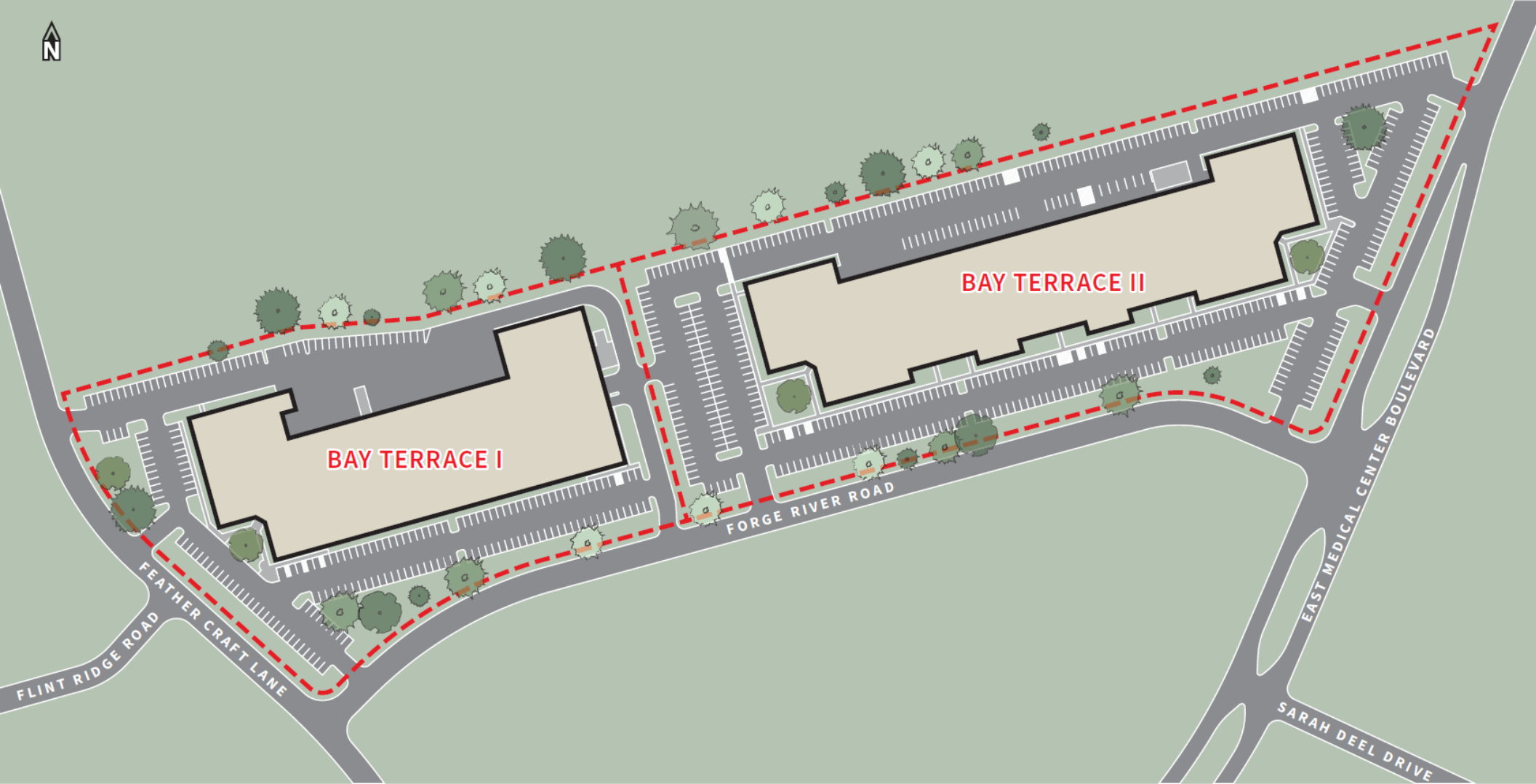
Gemini Business Park
180,762 SF

Feathercraft Lane

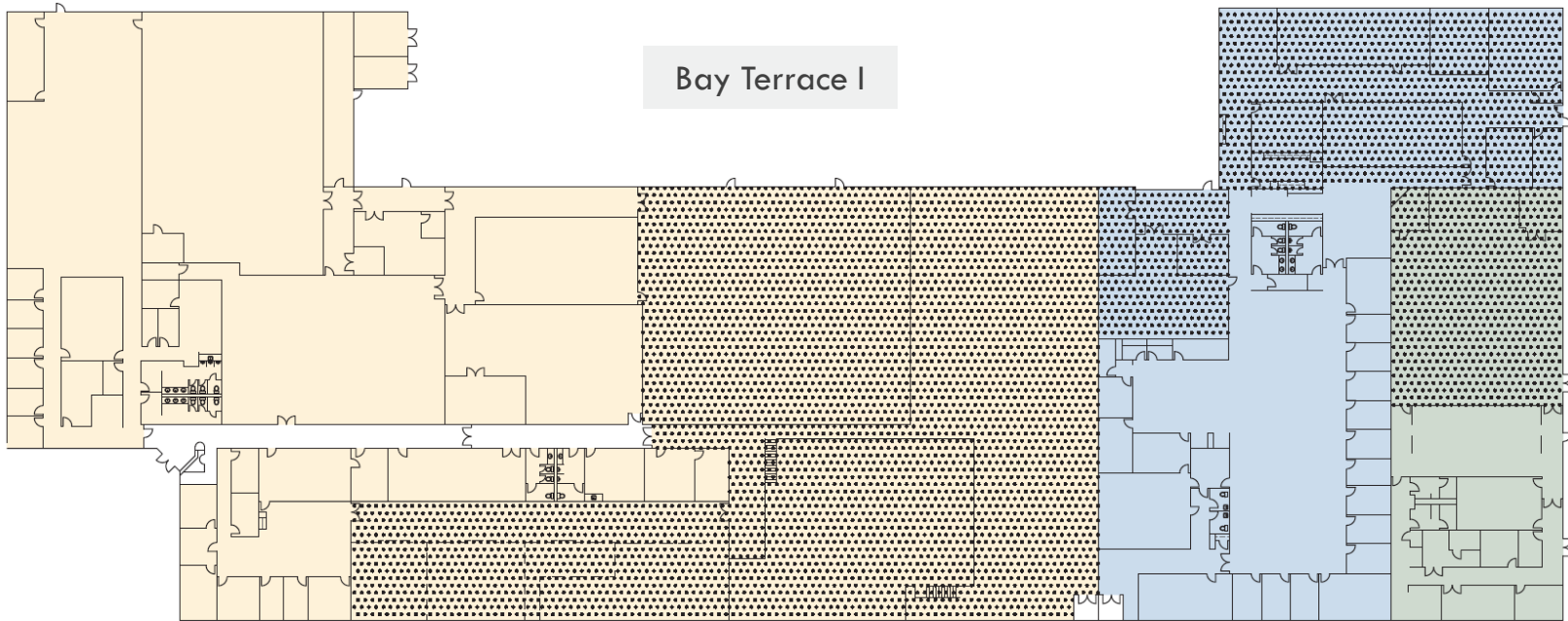
Forge River Road

Hercules Business Park
93,167 SF

SITE PLAN



FLOOR PLANS

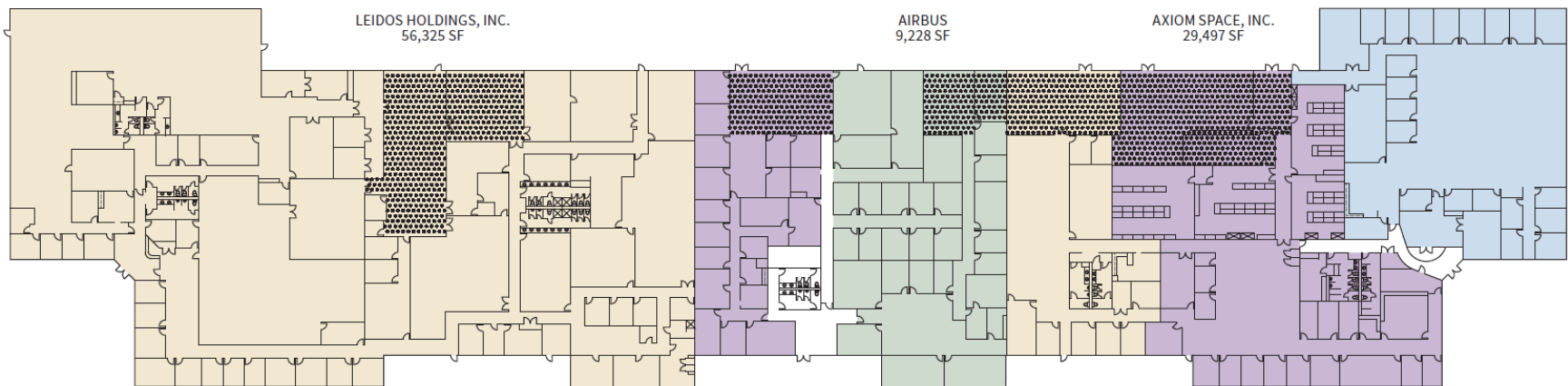


KBR
60,448 SF

NANORACKS
22,400 SF

LOCKHEED
MARTIN
8,921 SF

Bay Terrace II




LEIDOS HOLDINGS, INC.
56,325 SF

AIRBUS
9,228 SF

AXIOM SPACE, INC.
29,497 SF

MAVERICK TECHNOLOGIES, LLC
13,335 SF

 WAREHOUSE SPACE

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