BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, November 7, 2024 at 12:30 PM
City Hall Conference Room 3C

AGENDA

1. **CALL TO ORDER**

2. **PUBLIC COMMENT**

3. **INVESTMENT AND FINANCIAL MATTERS**

   H.I.G. Realty Partners

4. **INFORMATION**

   a. Next regular BOT meeting scheduled for Thursday, November 21 at 2 PM
   b. Loomis Sayles economic discussion scheduled for Thursday, December 5, 2024 at 12:30 PM

5. **PRIVILEDGE OF THE FLOOR**

6. **ADJOURNMENT**

City of Jacksonville Employees' Retirement System
Alternative Investment Real Estate Fund Performance Listing

As of March 31, 2024

Fund Name	Vintage	Asset Class	Commitment ($)	Paid In Capital ($)	Distributions ($)	Valuation ($)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
H.I.G. Realty Partners IV (Onshore) LP	2021	Real Estate - Opportunistic	25,000,000	22,486,052	4,477,033	22,787,186	20.43	1st	-9.64	1.21
Abacus Multi-Family Partners VI LP	2022	Real Estate - Value Added	20,000,000	4,451,479	0	2,198,433	-58.77	N/A	-11.28	0.49
Bell Value-Add VIII LP	2022	Real Estate - Value Added	20,000,000	2,402,299	38,220	1,968,452	-32.33	N/A	-10.94	0.84
Hammes Partners IV LP	2022	Real Estate - Value Added	15,000,000	618,757	60,505	231,743	N/M	N/A	N/M	0.47
IPI Partners III-A, LP	2023	Real Estate - Value Added	15,000,000	5,188,528	0	5,533,019	N/M	N/A	N/M	1.07
			95,000,000	**35,147,115**	**4,575,758**	**32,718,833**	**7.72**		**-9.97**	**1.06**

Certain valuations (marked with a '*') are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the NCREIF ODCE Index (AWA) (Net) (Monthly)+2% assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin. These accounts all fall under Non-Core Real Estate.

RVK

H.I.G. CAPITAL

H.I.G. REALTY PARTNERS PLATFORM OVERVIEW

NOVEMBER 2024

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Past performance is not necessarily indicative of future results. There can be no assurance that the Fund will achieve comparable results. Due to various risks and uncertainties, including certain of those described in this Presentation, the actual performance of the Fund and any specified transaction may differ materially from past performance, targeted performance, or underwritten case study. No representation or warranty is made as to future performance.

See Endnotes for important information.

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Executive Summary – H.I.G. Realty Partners U.S.

H.I.G. Realty Partners invests in U.S. lower to middle market assets, with gross asset values ("GAV") typically less than $200mm, specializing in the acquisition, rehabilitation, and repositioning of capital starved and/or poorly managed assets

INVESTMENT STRATEGY

- Apply H.I.G. Realty's value-add strategy to deliver superior returns by leveraging favorable opportunities in stressed, mismanaged, and capital-starved lower to middle market assets
- Capitalize on favorable market environment by employing a hands-on, value-enhancing, operation-centric strategy aimed at substantial asset appreciation
- Invest in U.S. lower to middle market real estate assets
- Target equity investments of $20mm – $70mm[1]
- GAV of $50mm – $200mm
- Seasoned and deep team of 21 dedicated U.S. real estate investment professionals with a world class back-office infrastructure

FUND IV HIGHLIGHTS[2]

- ~$690mm of capital deployed in 27 investments
- Total realized proceeds of ~$150mm[3] with realized and partially realized investments delivering a projected realized Net MOIC of 3.2x[3,4,5]
- Closed 27 transactions at an average entry price of 26% below replacement cost[6]
- Evaluated ~1,000 deals, only closing on ~2.2%* of them by employing rigorous underwriting standards to achieve target returns
- Realized Net IRR of 64% and Net MOIC of 2.8x[3,4]
- Conservatively projected Net IRR of 21% and Net MOIC of 1.8x[4,5]

SYNERGISTIC PLATFORM

- One of largest, most active, and successful investors globally in the lower to middle market
- Large and integrated platform that H.I.G. Realty believes is difficult to replicate in the lower to middle market
- Deep industry expertise and cross-fund collaboration provide a differentiated set of resources, insight, and deal flow
- Leverage H.I.G. Realty's strategic and operational expertise to create value through organic growth, efficiency optimization initiatives, strategic repositioning, and synergistic add-on acquisitions
- ~90 global real asset professionals and ~545 total investment professionals
- 30 years of experience, with a proven track record of success in the lower to middle market segment

80	**$7.3bn**	**$1.5bn**	**$1.3bn**
Investments	GAV	Invested Capital	Realized Proceeds[3]

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. H.I.G. Capital firm level and headcount information are the most recent available.
Net returns presented herein reflect the use of leverage. Please see Endnote 4 for information related to net returns and the use of leverage.
** The 2.2% closed deals is based on the equity amount of $30bn of deals evaluated from January 2019 to January 2024.*

H.I.G. Realty Partners U.S. Overview

STRATEGY HIGHLIGHTS

80
Investments

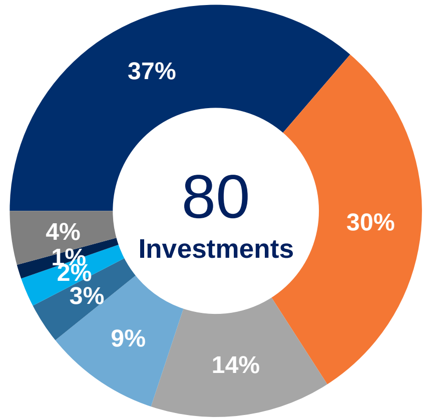
46
Realizations[3]

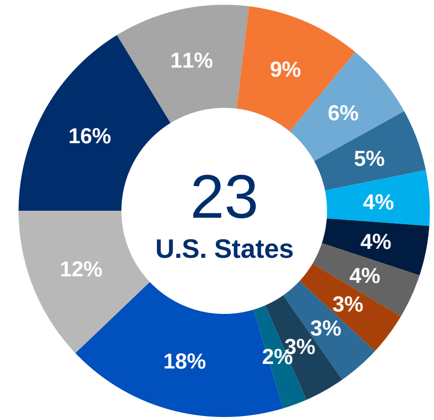
16% / 1.5x
Realized Net IRR / MOIC[3,4]

$20mm - $70mm
Target Equity Investments[1]

$50mm - $200mm
Target GAV[1]

Portfolio Diversification Snapshot by Asset Class & Geography





Multifamily | Industrial | Hospitality
Office | Data Center | Retail
Life Science | Various

TX | CA | NY | FL
NJ | IL | GA | MA
VA | CT | PA | AL
Various | Other

Southern California Logistics Center
Victorville, CA

Paseo Residence at Eilan
San Antonio, TX

Princeton R&D Portfolio
Princeton, NJ

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results.

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H.I.G. Capital – A Global Leader in the Middle Market

A leading global alternative asset firm, with a 30-year history focused on generating value in the middle market

~$65bn
Total AUM[7]

Real Assets
- Real Estate Equity
- Real Estate Credit
- Infrastructure

$6bn+ AUM

Private Equity
- Buyouts
- Growth Equity

$35bn+ AUM

Credit
- Direct Lending
- Special Situations
- BDC

$23bn+ AUM

~1,025 Employees Globally

545 Investment Professionals

18 Core Global Offices

17 Strategies

3,300+ Total Transactions

2,700+ Credit Transactions

400+ Private Equity Transactions

200+ Real Asset Transactions

As of June 30, 2024, unless otherwise noted. H.I.G. Capital firm level and headcount information are the most recent available.

H.I.G. Capital – Global Scale, Local Presence

H.I.G.'s local presence and global reach spans three continents across 18 core offices, creating a comprehensive coverage universe

545
Investment Professionals

18
Core Offices

As of June 30, 2024, unless otherwise noted. H.I.G. Capital firm level and headcount information are the most recent available.

H.I.G. Capital – Power of the Platform

H.I.G. REALTY PARTNERS

SYNERGISTIC PLATFORM

28

dedicated Business Development professionals dedicated to sourcing

Global insights from 90 dedicated Real Assets professionals

Information sharing from 545 global investment professionals

Optimizing H.I.G.'s cross-platform investment sourcing and execution in the middle market

H.I.G. CAPITAL

UNIQUE GLOBAL NETWORK

Time-tested global capabilities in private equity, credit, and real assets generating strong risk-adjusted returns

20,000+

Middle market deal flow contacts

Strong relationships with sponsors, intermediaries, and management teams

Cross-Selling Activities with

17	18	3
Distinct fund strategies	Core global offices	Continents

H.I.G.'s extensive sourcing capabilities consistently generate attractive opportunities for H.I.G.'s Real Estate platform

As of June 30, 2024, unless otherwise noted. H.I.G. Capital firm level and headcount information are the most recent available.

H.I.G. Real Assets Platform Capabilities Overview

$6bn+ Real Assets AUM[7]	**$16bn+** GAV*	**15%** Projected Net IRR[4,5]**
~$3bn Realized Proceeds[3]	**200+** Investments	**1.4x** Projected Net MOIC[4,5]**

H.I.G. Real Assets Platform

H.I.G. Realty Partners	H.I.G. Realty Partners	H.I.G. Infrastructure
U.S.	**Europe**	**Global**
Realized Net Returns[3,4] **16% / 1.5x**	**Realized Net Returns[3,4]** **16% / 1.4x**	**Projected Net Returns[4,5]** **19% / 1.7x**

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. Includes co-investment amounts.
Net returns presented herein reflect the use of leverage. Please see Endnote 4 for information related to net returns and the use of leverage.
** Includes investments made by H.I.G. Realty Partners II, H.I.G. Realty Partners III, H.I.G. Realty Partners IV, H.I.G. Europe Realty Partners I, H.I.G. Europe Realty Partners II, and H.I.G. Europe Realty Partners III,.*
*** Includes all Real Assets equity strategies: H.I.G. Realty Partners II, H.I.G. Realty Partners III, H.I.G. Realty Partners IV, H.I.G. Europe Realty Partners I, H.I.G. Europe Realty Partners II, H.I.G. Europe Realty Partners III, and H.I.G. Infrastructure Partners.*

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H.I.G. Realty Partners – Investment Strategy

Overview	▪ **Investment Opportunity:** Significant opportunity in stressed and/or mismanaged and capital starved lower to middle market assets where H.I.G. Realty can apply its value-add strategy to deliver outsized returns ▪ **Strategy:** Invest in lower to middle market U.S. real estate assets, with target GAV between $50mm and $200mm
Investment Profile	▪ **Geography:** Focus on top 30 MSAs in the U.S.; areas with favorable demographic shifts, including positive employment fundamentals and drivers ▪ **Sector Focus:** Nimble, sector agnostic approach capturing the best relative value throughout the inefficient lower to middle market while applying moderate leverage ▪ **Primary Target Sectors / Asset Class:** Industrial / “IOS”, multifamily, data centers, hospitality, non-performing loans, and distressed opportunities ▪ **Target Equity[1]:** $20mm – $70mm per investment ▪ **Target LTV[1]:** 60% – 70% LTV
H.I.G Investment Approach	▪ **Competitive Angle:** Investing in the inefficient lower to middle market segment with more attractive asymmetric risk-return, driven by less competition ▪ **Diversification:** Diversified portfolio of 30 – 35 investments across geography, asset class, and risk profile ▪ **Target Attributes:** Focus on recession resilient assets that have positive tailwinds / demographics and underlying growth combined with strong credit tenancy and lease term
H.I.G. Competitive Advantages	▪ **Value-Add Expertise:** Ability to source, diligence, rehabilitate, redevelop, reposition, and rebrand stressed, capital starved and/or mismanaged assets ▪ **Differentiated, Highly Effective Sourcing Capabilities:** H.I.G. is one of the most active and experienced investors in the lower to middle market, with unique sourcing capabilities, resulting in robust proprietary and semi-proprietary deal flow ▪ **Large, Dedicated Team:** Dedicated team of 21 highly experienced and seasoned investment professionals with established track records and an average tenure at H.I.G. of 10 years ▪ **Strong Performance:** Experience navigating numerous investment cycles to capitalize on dynamic market conditions to generate compelling realized returns

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. See Endnotes for important information. H.I.G. Capital firm level and headcount information are the most recent available.

Realizations – A Powerhouse in Lower to Middle Market Real Estate[3,4]

PERFORMANCE SINCE 2020

~$547mm
Realized Proceeds

10
Deals Returned ~2.0x+ Gross MOIC

26
Exits

NOTABLE RECENT REALIZATIONS & PARTIAL REALIZATIONS[8]

H.I.G. Realty Partners U.S.

Princeton R&D Portfolio
December 2022

121% / 5.4x Net

Project Quad
March 2022

74% / 1.8x Net

Huntsville Industrial
April 2023

27% / 1.7x Net

Westchester Industrial
December 2021

29% / 2.0x Net

Murdock Circle
November 2023

22% / 2.8x Net

Northridge Westfields
January 2024

17% / 2.9x Net

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. Please see page 25 for Fund III and IV's current returns and Endnotes 2 and 11 for important information.
Net returns of one or more individual investments are estimated by applying the spread between gross and net returns of the principal fund that made such investment(s). No individual limited partners has received such estimated net returns. Please see Endnote 4 for information related to net returns and the use of leverage.

Acquisitions – A Consistently Disciplined Investor[4,5]

ACTIVITY SINCE 2020

27
Investments

~$690mm
Capital Deployed

14
Distinct MSAs

26%
Average Discount to Replacement Cost[6]

NOTABLE ACQUISITIONS[8]

H.I.G. Realty Partners U.S.

Saugus Station
October 2021

28% / 3.2x Proj. Net

Southern California Logistics Center
October 2021

30% / 2.7x Proj. Net

Muse Hotel NYC
September 2022

14% / 1.7x Proj. Net

B&D IOS Platform
October 2022

13% / 1.6x Proj. Net

725 N Croft
March 2023

19% / 2.1x Proj. Net

Richmond Grocery Anchored Portfolio
May 2023

16% / 1.2x Proj. Net

As of March 31, 2024, unless otherwise noted. There can be no guarantee that projected returns noted above will be achieved. Please see page 25 for Fund IV's current returns and Endnote 2 for important information.
Net returns of one or more individual investments are estimated by applying the spread between gross and net returns of the principal fund that made such investment(s). No individual limited partners has received such estimated net returns. Please see Endnote 4 for information related to net returns and the use of leverage.

Portfolio Update – H.I.G. Realty Partners IV[2]

H.I.G. REALTY PARTNERS

FUND IV HIGHLIGHTS

~$690mm
Capital Deployed

~$150mm
Realized Proceeds[3]

64%
Realized Net IRR[3,4]

2.8x
Realized Net MOIC[3,4]

20% / 1.2x
Current Net Returns[4]

EARLY PORTFOLIO WINS & MOMENTUM

- ~90% deployed across 27 investments
- Early exits with distributions totaling **~$150mm[3] returned to investors**
- **Robust recent realization activity[8]:**
  - **Project Quad:** Fully realized in Q1 2022, generating a 1.8x Net MOIC[3,4]
  - **Princeton R&D Portfolio:** Partially realized over 4.0x of original investment[3,4]
  - **Florida-Texas LIHTC Portfolio:** Returned over 64% of original investment via refinancing
  - **Huntsville Industrial:** Partially realized, with approximately 78% of investment returned to-date
- Fund IV portfolio comprised of **resilient assets** and **conservatively projected to generate a 21% Net IRR and 1.8x Net MOIC[4,5]**
  - Majority of investments are industrial properties, **with no office exposure**

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. Please see page 25 for Fund IV's current returns and Endnote 2 for important information.
Net returns of one or more individual investments are estimated by applying the spread between gross and net returns of the principal fund that made such investment(s). No individual limited partners has received such estimated net returns. Please see Endnote 4 for information related to net returns and the use of leverage.

Portfolio Construction – H.I.G. Realty Partners IV[2]

FUND IV HIGHLIGHTS

$837mm
Fund Size*

27
Investments

~$26mm
Average Equity Check

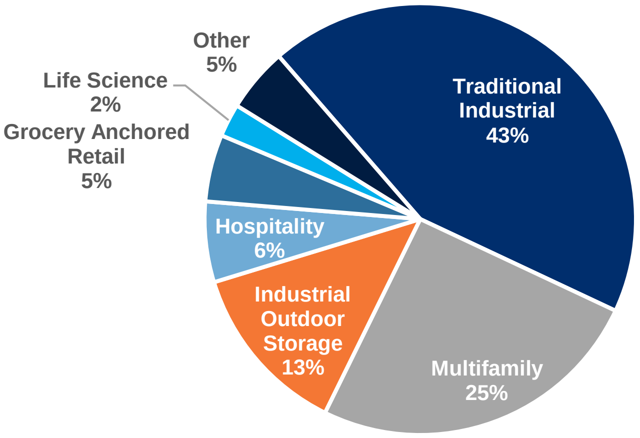
~$100mm
Average Transaction Size

28%
Average Discount to Replacement Cost[6]

61%
Average LTV

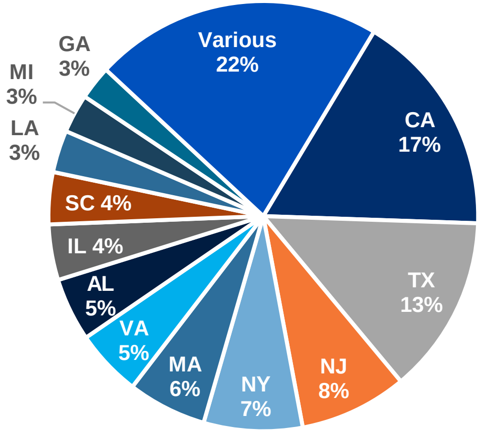
Portfolio Diversification Snapshot by Asset Class & Geography

Asset Class (as % of Invested Equity)



Fund IV 0% office exposure

Location (as % of Invested Equity)



As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results.
** Includes co-investment capital.*

H.I.G. Realty Partners Pipeline[9]

Robust pipeline across various asset classes to deploy ~$321 million of equity

Investment	Location	Investment Type	Units / SF / Rooms	H.I.G. Equity ($mm)	Projections[4,5] Net MOIC	Net IRR
B&D Add-Ons	National	IOS	1,000,000 SF	$50.0	1.6x	12.8%
Atlanta Industrial	GA	Industrial	606,950 SF	22.0	1.6x	13.0%
DSP High Flow-Through and Truck Service	National	IOS & Truck Service	150 Acres	50.0	1.3x	11.3%
Nestidd	National	Single-Family Housing	1,000 Units	50.0	1.6x	12.8%
Sunstone SFR	AZ, UT, NV	Single-Family Housing	900 Units	20.0	1.6x	12.8%
Austin Multifamily Pref Equity	Austin, TX	Multifamily	340 Units	16.6	1.4x	10.9%
Orange County SFR Development Campus	CA	Single-Family Housing	27 Acres	50.0	1.8x	22.8%
Minnesota Senior Housing Portfolio	MN	Senior Housing	372 Beds	18.2	1.6x	28.8%
Hartford Industrial Portfolio	CT	Industrial	836,679 SF	19.9	1.8x	15.6%
Soho54	New York, NY	Hospitality	160 Rooms	23.9	2.3x	16.3%
Total Pipeline Investments				**$320.6**	**1.6x**	**15.4%**

Note: Selected list of opportunities from the current investment pipeline as of October 2024. There can be no assurance that pipeline transactions will close.
Net returns of one or more individual investments are estimated by applying the spread between gross and net returns of the principal fund that made such investment(s). No individual limited partners has received such estimated net returns. Please see Endnote 4 for information related to net returns and the use of leverage.

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Significant NOI Creation in Realized Investments Across H.I.G. Realty Partners[10]

H.I.G. REALTY PARTNERS

$3.0bn in sale proceeds generated across 30 investments[3]*

PERFORMANCE

29%+
Increase over in-place NOI

NOI Growth 2x
greater than increase in cost basis

Sold for 24%
premium over all-in basis

30%
Aggregate discount to replacement cost at acquisition[6]

Multifamily

12
Investments

$46mm
Avg. Purchase Price

$62mm
Avg. Sale Price

29%
NOI Growth

Industrial

5
Investments

$134mm
Avg. Purchase Price

$202mm
Avg. Sale Price

36%
NOI Growth

Hospitality

6
Investments

$42mm
Avg. Purchase Price

$55mm
Avg. Sale Price

21%
NOI Growth

Data Center / Medical Office / Office

7
Investments

$42mm
Avg. Purchase Price

$59mm
Avg. Sale Price

22%
NOI Growth

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information. Such funds' current returns are available on page 25.
** Excludes 9 development investments and all partially realized investments.*

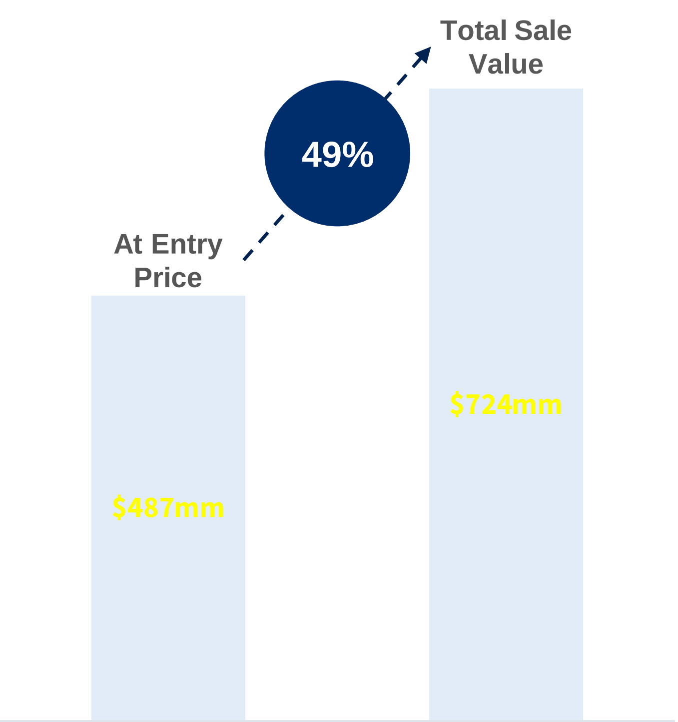
Value Creation Expertise – Westchester Industrial Portfolio[8]

56-property, ~3.2mm SF industrial portfolio located in Westchester County, NY

H.I.G. REALTY VALUE CREATION HIGHLIGHTS

29%	2.0x	20%	$237mm
Realized Net IRR[3,4]	Realized Net MOIC[3,4]	Average Rent Increase	Value Creation

ASSET VALUE GROWTH



H.I.G. REALTY ANGLE

Off-market, strategic sourcing from a 20-year relationship

Gained **targeted insight** into several actionable value-add initiatives

Leveraged H.I.G. WhiteHorse's strong credit insight into a large tenant in the portfolio

H.I.G. REALTY VALUE CREATION INITIATIVES

Mobilized H.I.G.'s resources to aggressively asset manage a 240-tenant portfolio

Created $2mm+ of incremental net operating income via green initiatives[10]

Realized $134mm of value through the strategic sale of non-core assets[3]

Executed 11 separate sale processes

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. Please see Endnotes for important information. Please see page 25 for Fund III's current returns and Endnote 11 for important information.

Net returns of one or more individual investments are estimated by applying the spread between gross and net returns of the principal fund that made such investment(s). No individual limited partners has received such estimated net returns. Please see Endnote 4 for information related to net returns and the use of leverage.

Leveraging H.I.G.'s Synergistic Platform[8]

H. I. G. REALTY PARTNERS

PROJECT QUAD
Industrial

Sale leaseback of 650K SF industrial portfolio located in "last mile," infill locations within NC, UT, MI, and PA

H.I.G. Platform Leveraged	**H.I.G. WhiteHorse U.S.**
Equity Size	**$13.8mm**
Realized Net IRR[3,4]	**74%**
Realized Net MOIC[3,4]	**1.8x**

PRINCETON R&D
Life Science

Life sciences campus with ~1.1mm SF of lab / office space and 100 acres of land purchased from a publicly-traded pharmaceutical company

H.I.G. Platform Leveraged	**H.I.G. BioHealth Partners**
Equity Size	**$17.1mm**
Realized Net IRR[3,4]	**121%**
Realized Net MOIC[3,4]	**5.4x**

WESTCHESTER
Industrial

56-property, ~3.2mm SF industrial portfolio located in Westchester County, NY

H.I.G. Platform Leveraged	**H.I.G. WhiteHorse U.S.**
Equity Size*	**$112.4mm**
Realized Net IRR[3,4]	**29%**
Realized Net MOIC[3,4]	**2.0x**

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results. Please see page 25 for Fund III and IV's current returns and Endnotes 2 and 11 for important information.
Net returns of one or more individual investments are estimated by applying the spread between gross and net returns of the principal fund that made such investment(s). No individual limited partners has received such estimated net returns. Please see Endnote 4 for information related to net returns and the use of leverage.
** Includes co-Investment amount.*

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H.I.G. Realty Partners U.S. – Senior Leadership

H.I.G. REALTY PARTNERS

Investment Committee

Average H.I.G. Tenure: 24 years

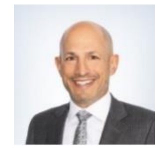
Sami Mnaymneh
Co-Founder, Co-Executive Chairman, CEO

Tony Tamer
Co-Founder, Co-Executive Chairman

Brian Schwartz
Co-President

John Bolduc
Head of Credit

David Hirschberg
Co-Head of Realty Partners U.S.



Ira Weidhorn
Co-Head of Realty Partners U.S.

Investment Team

Average H.I.G. Tenure: 10 years

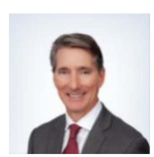
David Hirschberg Managing Director	**Ira Weidhorn** Managing Director	**Adam Belfer** Managing Director	**Michael Mestel** Managing Director	**Ken Senior** Managing Director
Naveen Vennam Managing Director	**Sam Eisner** Principal	**Max Mancuso** Principal	**Matthew Weyback** Principal	**Travis Conley** Vice President
James Gallo Vice President	**Alex Lichtenfeld** Vice President	**Jennie Malina** Vice President	**Brian Murray** Vice President	
Burke Sims Vice President	**William Feeser** Director of Development & Construction			

5 ASSOCIATES

Corporate Team

Jordan Peer Griffin
Executive Managing Director

Chad Buresh
Chief Financial Officer



Jay Maher
Chief Operating Officer

Richard Siegel
General Counsel & CCO

Kim Leinwand Erle
Head of ESG

H.I.G. Realty Partners U.S. – Investment Team

Dedicated H.I.G. Realty team of highly experienced and successful senior H.I.G. investment professionals with an average tenure at H.I.G. of 20 years

Name / Title	Years of Experience	Prior Professional Experience	Education
Sami Mnaymneh* Co-Founder, Co-Executive Chairman, and CEO	35 years	The Blackstone Group Morgan Stanley & Co.	M.B.A. Harvard Business School J.D. Harvard Law School B.A. Columbia University
Tony Tamer* Co-Founder and Co-Executive Chairman	38 years	Bain & Company Hewlett-Packard Sprint	M.B.A. Harvard Business School M.S. Stanford University B.S. Rutgers University
Brian Schwartz* Co-President	31 years	PepsiCo., Inc. Dillon, Read & Co.	M.B.A. Harvard Business School B.A. Stanford University
John Bolduc* Executive Managing Director and Head of Credit	33 years	Bain & Company Chemed Corporation	M.B.A. University of Virginia B.S. Lehigh University
David Hirschberg* Managing Director Co-Head of H.I.G. Realty Partners U.S.	30 years	Coventry Real Estate Advisors Citigroup Goldman Sachs	M.B.A. New York University B.S. Lehigh University
Ira Weidhorn* Managing Director Co-Head of H.I.G. Realty Partners U.S.	26 years	Lubert Adler Lehman Brothers Goldman Sachs	M.B.A. Wharton Business School B.A., B.S. University of Pennsylvania
Adam Belfer Managing Director	19 years	Wells Fargo	B.A. Goizueta Business School of Emory University
Ken Senior Managing Director	18 years	Sterling American Property Insignia/ESG	M.B.A. Columbia Business School B.A. Princeton University
Michael Mestel Managing Director	20 years	USAA / Square Mile Capital Management Citigroup	B.A. Cornell University
Naveen Vennam Managing Director	22 years	Holualoa Companies	B.S. Wharton Business School

** Member of the Investment Committee.*

H.I.G. REALTY PARTNERS

Target Geography

Top 30 MSAs in the U.S.

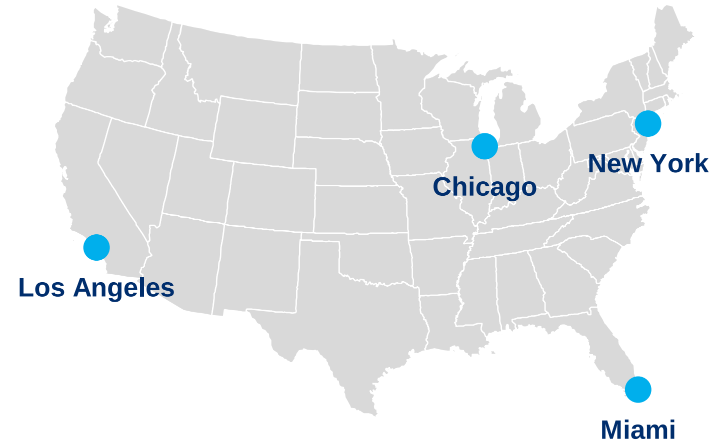
Lower to Middle Market Focus

Target GAV
$50mm - $200mm[1]

Strong Track Record

80 Investments
46 Realizations[3]

Experienced Team of 21 Investment Professionals Across 4 U.S. Cities



Investment Strategy

- **Focus on inefficient, less competitive** value-add real estate investment opportunities
- Capitalize on expertise in **stressed and/or mismanaged and capital starved** assets
- Specialize in the **acquisition, rehabilitation, and repositioning** of assets to generate attractive asymmetric risk-returns
- **Leverage the H.I.G. platform** to enhance deal flow, share insights, and accelerate value creation

Representative H.I.G. Realty Partners Returns[3,4]

Fund III[11]	11% / 1.3x Realized Net Returns	4% / 1.1x Current Net Returns
Fund IV[2]	64% / 2.8x Realized Net Returns	20% / 1.2x Current Net Returns

As of March 31, 2024, unless otherwise noted. Past performance is not indicative of future results.
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Realized Investment – Project Quad[8]

Key Information

Date of Investment	Asset Class	Source	H.I.G. Equity
Q4 2020	Industrial	Relationship Transaction / Off-Market	$13.8mm

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
81%	2.1x	74%	1.8x

Transaction Overview

- Acquired Project Quad, an approximately 650k SF industrial portfolio located in the "last mile", infill locations within Durham (NC), Salt Lake City (UT), Detroit (MI), and Lancaster (PA)
- Simultaneous with closing, H.I.G. Realty entered into a twelve-year "triple net" lease with the seller at a 10% cap rate, representing a 40%+ discount to replacement cost and effectively equivalent to "dark value"[6]
- Prototypical H.I.G. Realty investment: lower to middle market, complex / structured execution which leveraged the synergies and knowledge of H.I.G.'s private equity platform by conducting diligence on the tenant's credit profile and using strong lender relationships

H.I.G. Investment Thesis and Unique Approach

- Seller / tenant is a privately held company that has been liquidating holdings since the onset of COVID. H.I.G. Realty's relationship granted the investment team direct access to the seller to negotiate a highly-structured sale/leaseback transaction
- The properties represent "sticky", mission-critical uses, housing the majority of the tenant's production operations (including $10mm+ of equipment in operation within the facilities)
- H.I.G. Realty's strong lender relationships enabled the investment team to secure attractive debt financing in only three weeks. H.I.G. Realty had projected an annual cash-on-cash return of ~15% from the existing lease

Performance Highlights

- H.I.G. Realty completed the sale of the portfolio in March 2022, representing a Net IRR of 74% and Net MOIC of 1.8x[3,4]

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Partially Realized Investment – Princeton R&D Portfolio[8]

Key Information

Date of Investment	Asset Class	Source	H.I.G. Equity
Q2 2020	Life Science	Broken Sale Process	$17.1mm

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
128%	5.7x	121%	5.4x

Transaction Overview

- Large life sciences campus with ~1.1mm SF of lab / office space and 100 acres of land purchased from a publicly-traded pharmaceutical company for under $40 PSF or ~85%+ discount to replacement cost[6]
- 30+ building campus includes a data center and large development parcel
- COVID-related disruption resulted in a broken sale process, forcing seller to make significant concessions
- Lower to middle market, complex execution, leveraging H.I.G.'s BioHealth team's knowledge, helping with the assessment of the campus' quality and confirming the strong leasing demand for pharmaceutical-grade lab space in the area

H.I.G. Investment Thesis and Unique Approach

- Seller was facing pressure from shareholders to sell, and original buyer's financing source backed away
- Through local NJ relationships, H.I.G. Realty learned of the sale, quickly evaluated the opportunity, and negotiated seller financing for a timely execution
- Diverse campus positioned to be sold in multiple parts, mitigating downside scenarios

Performance Highlights

- H.I.G. Realty negotiated a $4.9mm reduction in real estate tax with the town of Hopewell and is currently negotiating a long-term PILOT
- In Q2 2021, refinanced the seller loan with Arrowmark Partners totaling $76mm in potential proceeds to fully capitalize the execution of H.I.G. Realty's business plan
- In Q4 2021, executed a sale of the property's development parcel for $75mm. The presence of a large user also improved the property's appeal to prospective tenants
- In Q4 2022, executed a separate sale of Building 17 for $67.5mm to a leading national research university
- As of Q1 2024, 100% of the lab space has been leased and the overall occupancy is 61%. Investment was marked to a ~5.0x Net MOIC as of Q1 2024[3,4]
- H.I.G. Realty and the Company engaged JLL to advise and run a sale process, which is expected to formally launch in the second half of 2024

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Partially Realized Investment – Florida - Texas LIHTC Portfolio[8]

Key Information

Date of Investment	Asset Class	Source	H.I.G. Equity
Q1 2020	Multifamily	Programmatic Partnership	$13.2mm

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
21%	1.9x	14%	1.6x

Transaction Overview

- Four property multifamily portfolio consisting of 688 units developed from 2001-2003 under Section 42 of the Low-Income Housing Tax Credit ("LIHTC") Program
- Portfolio consists of two properties in Florida (Tampa and Jacksonville markets) and two properties in Texas (Austin and Dallas markets)
- Acquired the portfolio for $72mm ($104k/unit), a 40% discount to replacement cost and a substantial discount to transactions of market rate properties in the portfolio's submarkets[6]

H.I.G. Investment Thesis and Unique Approach

- H.I.G. Realty's business plan, which has been executed successfully on four prior LIHTC investments, includes the following:
- Reduce Operating Expenses: Install water savings devices and LED lighting to reduce utility expenses
  - H.I.G. Realty has improved operating performance on prior LIHTC investments, including reducing water usage costs by approximately 25%
- Maintain Strong Occupancy: Portfolio was 95% at acquisition closing. H.I.G. Realty projected occupancy of 97.5% throughout the investment period
  - H.I.G. Realty has outperformed projections and achieved occupancy of 98-99% on prior LIHTC investments
- Actively Manage Leasing: Lease units at recently increased maximum allowable rents and limit turnover

Performance Highlights

- Increased occupancy from 95% at acquisition to 97% currently
- Implemented expense savings program which successfully reduced utilities, turnover, contract services, and maintenance costs
- In 2023, achieved a partial realization of the investment, selling its properties in Tampa and Jacksonville at a sale price that exceeded its initial underwriting, three years ahead of schedule. The sale proceeds were used to pay down debt, thereby de-levering and de-risking the investment. In 2023, H.I.G. Realty refinanced its debt with a fixed rate loan, which is projected to reduce interest expense by $400k in 2024
- To date, H.I.G. Realty has received $11.9mm in distributions (64% of equity invested)

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Partially Realized Investment – Huntsville Industrial[8]

Key Information

Date of Investment	Asset Class	Source	H.I.G. Equity
Q2 2021	Industrial	Relationship Transaction / Off-Market	$14.0mm

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
34%	2.0x	27%	1.7x

Transaction Overview

- Huntsville Industrial is a 1972 vintage, 600k SF (with additional 58k SF of mezzanine space) manufacturing & distribution facility located adjacent to both the Huntsville International Airport and the intermodal terminal in Huntsville, AL
- At close, the facility was 100% occupied by Kohler Co. with five years of remaining term. The property also contains eight acres of excess parking lots that were leased by FedEx
- The seller, a high-net-worth individual based in Tuscaloosa, AL, was motivated to transact off-market due to his impending retirement and limited broker relationships
- H.I.G. Realty's business plan was to capitalize on undermanagement by the previous landlord, coupled with the strategic location of the property, to either engage in early lease extension discussions or market the property to a new, long-term tenant as Kohler's lease expiration approached

H.I.G. Investment Thesis and Unique Approach

- The property is H.I.G. Realty's second industrial acquisition with the same experienced operating partner with a strong track record of success
- H.I.G. Realty acquired the property in an off-market transaction from a private seller, resulting in a 10% in-place yield on cost at close
- H.I.G. Realty's robust lender relationships enabled the investment team to secure attractive 70% loan-to-cost debt financing at a fixed rate of 3.8%
- The property is located within the highly sought-after Jetplex submarket with strong access to the airport and intermodal terminal, providing a competitive leasing advantage. It also benefits from its proximity to the Redstone Arsenal, a major military base and rocket testing facility, and the new $2.3bn Mazda-Toyota assembly plant

Performance Highlights

- In January 2023, H.I.G. Realty finalized an early termination agreement with Kohler in exchange for a $2.5mm lump sum payment. Simultaneously, H.I.G. Realty signed a 10-year lease with Blue Origin to take 100% of the property (including all parking upon termination of FedEx lease), generating an immediate 18% NOI increase[10]
- In July 2023, commensurate with the increased NOI, H.I.G. Realty upsized the existing loan by $5.5mm and used the proceeds to fund a dividend.[10] As of 1Q 2024, H.I.G. Realty has received $10.9mm in distributions from the property representing 78% of total equity

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Realized Investment – E*Trade Data Center[8]

Key Information

Date of Investment	Asset Class	Source	H.I.G. Equity
Q2 2018	Data Center	Relationship Transaction / Off-Market	$20.0mm

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
17%	1.7x	13%	1.5x

Transaction Overview

- In June of 2018, H.I.G. Realty acquired a 165k SF data center in Alpharetta, GA for $64mm ($388 PSF)
  - The data center was fully leased to the online brokerage company E*Trade Financial Corporation ("E*Trade")
- E*Trade leased the entire data center through October 2024 and had two, 5-year renewal options at the then-current market rent
- H.I.G. Realty's purchase price represented a 7.2% cap rate and H.I.G. Realty estimated that the purchase price was over 20% below replacement cost[6]
- While E*Trade leased the entire data center, it did not utilize a significant portion of the power available

H.I.G. Investment Thesis and Unique Approach

- H.I.G. Realty's business plan was to restructure E*Trade's existing lease in order to (i) extend E*Trade's lease term and (ii) lease E*Trade's unused power at the data center to new tenants
- Due to E*Trade's lease in-place at acquisition, H.I.G. Realty was able to source a longer-term fixed rate loan that enabled H.I.G. Realty to generate annual cash-on-cash returns of approximately 10% while concurrently executing H.I.G. Realty's business plan
- The data center was built by E*Trade for its own use in 1999
  - The facility was one of E*Trade's main data centers, and E*Trade processed all of its trades and its client-facing online infrastructure through this location, giving H.I.G. Realty leverage in lease restructuring negotiations
- In December 2020, H.I.G. Realty signed a 10-year extension with Georgia Technology Authority ("GTA"), a state organization that manages Georgia's central IT infrastructure
  - GTA had been a subtenant of E*Trade since 2005; H.I.G. Realty's extension kept GTA in the data center through 2032

Performance Highlights

- H.I.G. Realty completed the sale of the data center in January 2022, representing a Net IRR of 13% and Net MOIC of 1.5x[3,4]

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Realized Investment – Westchester Industrial Portfolio[8]

Key Information			
Date of Investment	**Asset Class**	**Source**	**H.I.G. Equity**
Q1 2019	**Industrial**	**Relationship Transaction / Off-Market**	**$25.0mm**
Realized Gross IRR[3,12]	**Realized Gross MOIC[3,12]**	**Realized Net IRR[3,4]**	**Realized Net MOIC[3,4]**
33%	**2.2x**	**29%**	**2.0x**

Transaction Overview

- The Westchester Industrial Portfolio is a 56-Property, 3.1mm SF light industrial portfolio in Westchester County, NY and Fairfield County, CT
  - Located 10-20 miles north of New York City, the portfolio is situated within some of the strongest demographic communities in the U.S.
- H.I.G. Realty acquired the portfolio by leveraging a 20+ year old Right of First Offer held by a close H.I.G. Realty relationship, after the prior owner (a large public REIT) decided to exit the industrial asset class
- The portfolio was 90% occupied with an average tenant tenure of 11 years and included many tenants that invested heavily in their space
- Purchase price of $153 PSF represented a 25%+ discount to replacement cost[6]

H.I.G. Investment Thesis and Unique Approach

- H.I.G. Realty's business plan was to (i) roll tenants to market rates upon lease expiration, (ii) approach tenants with below-market leases regarding early blend and extend options, and (iii) seek liquidity for individual properties from both local investors and end users

Performance Highlights

- Over its hold period, H.I.G. Realty negotiated over 1mm SF of leases at average rates 7% ahead of initial underwriting
- H.I.G. Realty leased virtually all of the 56 building rooftops to a solar panel operator, generating approximately $2mm of NOI that H.I.G. Realty did not underwrite at acquisition[10]
- H.I.G. Realty successfully executed the separate sales of 11 non-core properties, including investment-grade net leased office buildings, two data centers, and several user sales. By repositioning these assets to the right buyer universe, H.I.G. Realty both maximized the value of these sub-portfolios and enhanced the valuation of the primary portfolio by removing the non-core assets
- In December 2021, H.I.G. Realty completed the sale of the core portfolio, representing a Net IRR of 29% and Net MOIC of 2.0x[3,4]

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Realized Investment – Bainbridge Clearwater[8]

Key Information

Date of Investment	Asset Class	Source	H.I.G. Equity
Q4 2017	Multifamily	Relationship Transaction / Off-Market	$23.0mm

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
30%	2.0x	26%	1.9x

Transaction Overview

- Bainbridge Clearwater is a Class A, waterfront development consisting of 360 units, located in the Clearwater submarket of Tampa, Florida
- The site is located along the Tampa Bay coast of Clearwater, approximately 12 miles west of the Tampa CBD (15-20 minutes along Gulf to Bay Boulevard)
- The Tampa market has been one of the fastest growing in the country, as employees and retirees continue to choose the city for its low cost of living and high quality of life

H.I.G. Investment Thesis and Unique Approach

- The development's waterfront location provided a unique barrier to entry; the site was the only piece of developable waterfront land on the Tampa Bay coast of Clearwater, only becoming developable after a recent change in zoning permitted residential construction
  - H.I.G. Realty did not assume any zoning or entitlement risk
- H.I.G. Realty leveraged the bay-front location with a full suite of outdoor amenities including a beach area, an elevated clubhouse and deck with bay-views, and a pool and grill area
- The site plan was also designed to maximize the number of units with water views (30-35%), which earned premium rents

Performance Highlights

- In Q4 2019, H.I.G. Realty completed the construction of the property and subsequently marketed the property for sale after achieving higher than initially underwritten rental rates and receiving strong capital markets feedback
- H.I.G. Realty completed the sale of Bainbridge Clearwater in November 2020, representing a Net IRR of 26% and Net MOIC of 1.9x[3,4]

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Realized Investment – DA Portfolio[8]

Key Information			
Date of Investment	**Asset Class**	**Source**	**H.I.G. Equity**
Q2 2018	**Industrial**	**Relationship Transaction / Off-Market**	**$33.2mm**

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
29%	**2.0x**	**24%**	**1.8x**

Transaction Overview

- DA Portfolio is a 12-property, 1.7mm SF portfolio located in Dallas-Fort Worth, Texas and Atlanta, Georgia
- At acquisition, the portfolio was 87% occupied by 340 tenants (average size of 4,300 SF) with rents 7% below market
- H.I.G. Realty's purchase price represented a 6.7% cap rate on 2017 NOI, which was in line with comparable asset sales in the markets[10]
  - Due to positive leasing during diligence, by the time of closing, H.I.G. Realty had increased the going-in cap rate to 8.1%
- H.I.G. Realty's purchase price of $61 PSF is 50% of replacement cost[6]

H.I.G. Investment Thesis and Unique Approach

- H.I.G. Realty hired third-party leasing brokers and third-party property management firms to improve cash flow at each asset
- As of December 2020, H.I.G. Realty had executed nearly 1.5mm SF of leases at rates 3.4% higher than H.I.G. Realty's projected rents

Performance Highlights

- In July 2021, H.I.G. Realty completed the sale of the portfolio for $146mm, representing a Net IRR of 24% and Net MOIC of 1.8x[3,4]

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Realized Investment – Newnan Distribution Center[8]

Key Information

Date of Investment	Asset Class	Source	H.I.G. Equity
Q3 2016	Industrial	Relationship Transaction / Off-Market	$7.1mm

Realized Gross IRR[3,12]	Realized Gross MOIC[3,12]	Realized Net IRR[3,4]	Realized Net MOIC[3,4]
40%	2.1x	36%	1.9x

Transaction Overview

- On July 26, 2016, H.I.G. Realty acquired the Newnan Distribution Center, a well-maintained, vacant, 1.9mm SF distribution facility located in Newnan, GA, an Atlanta suburb south of the airport
- The facility was owned and occupied by Kmart (acquired by Sears in 2005) until Sears-Kmart consolidated operations into another facility in April 2015
  - Following the consolidation, Sears-Kmart vacated the facility while holding it on its balance sheet
  - H.I.G. Realty's entry valuation of $13 PSF represented an 80% discount to the estimated replacement cost of $60+ PSF[6]
- H.I.G. Realty sourced this off-market investment through a local liquidator who was in the process of acquiring the excess inventory and equipment in the facility, and advised that Sears-Kmart may be open to selling the real estate
- The facility, built in 1978 and renovated in 2001, is one of the largest distribution centers in Georgia

H.I.G. Investment Thesis and Unique Approach

- H.I.G. Realty meaningfully de-risked the investment prior to closing by signing a 1.4mm SF lease with Variety Wholesalers, Inc., a privately-held discount retailer with a strong credit profile and 380+ stores in the southeast
  - Variety would utilize this space as its primary distribution hub in the region
- H.I.G. Realty subsequently leased an additional 257k SF of space during the hold period, increasing occupancy to 87% at the time of sale

Performance Highlights

- In September 2018, after leasing the facility to 87%, H.I.G. Realty sold the Newman Distribution Center, representing a Net IRR of 36% and Net MOIC of 1.9x[3,4]

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Sami Mnaymneh CEO, Co-Founder, and Co-Executive Chairman	Mr. Mnaymneh is the CEO, Co-Founder, and Co-Executive Chairman of H.I.G. Capital. He has directed the firm's development since its founding in 1993 and approves all capital commitments made by H.I.G. Prior to founding H.I.G., Mr. Mnaymneh was a Managing Director with The Blackstone Group. Prior to that, he was in the mergers and acquisitions department at Morgan Stanley. Mr. Mnaymneh has at various times served on a number of academic boards, including the Board of Columbia College and the Dean's Council of the Harvard Law School. Mr. Mnaymneh earned a B.A., Summa Cum Laude, from Columbia University where he graduated first in his class, and subsequently received a J.D. and an M.B.A., with honors, from Harvard Law School and Harvard Business School, respectively.
Tony Tamer Co-Founder and Co-Executive Chairman	Mr. Tamer is a Co-Founder and Co-Executive Chairman of H.I.G. Capital. He has directed H.I.G.'s development since its founding in 1993 and approves all capital commitments made by H.I.G. Prior to H.I.G., Mr. Tamer was partner at Bain & Company. Mr. Tamer has extensive experience working with and coaching early stage and middle-market companies. He currently also serves on the Dean's Council of the Harvard University Kennedy School of Government. Mr. Tamer holds a B.S. from Rutgers University, an M.B.A. degree from Harvard Business School, and an M.S. in Electrical Engineering from Stanford University.
Brian Schwartz Co-President	Mr. Schwartz is Co-President of H.I.G. Capital and member of the Investment Committee overseeing the Fund. He joined the firm in 1994. In his current position, along with Rick Rosen, he directs the day-to-day operations of the firm and sits on the investment committees for all H.I.G. funds. Since joining H.I.G. in 1994, Mr. Schwartz has held a number of leadership positions at the firm. Prior to joining H.I.G., Mr. Schwartz worked in PepsiCo's strategic planning group. His responsibilities included managing strategic acquisitions for PepsiCo and evaluating new business opportunities. He began his career with the investment banking firm of Dillon, Read & Co. where he split his time between the corporate finance group and the private equity funds. Mr. Schwartz earned his B.S., with honors, from the University of Pennsylvania and earned his M.B.A. from Harvard Business School.
John Bolduc Executive Managing Director and Head of H.I.G. Credit	Mr. Bolduc is an Executive Managing Director of H.I.G. and is responsible for leading H.I.G.'s Credit Platform, which manages $22 billion of capital across multiple investment funds. Mr. Bolduc has more than 30 years of experience focused on credit investments, including primary loans and distressed debt, as well as private equity investments. Prior to joining H.I.G. in 1993, he was at the leading management consulting firm, Bain & Company, where he directed domestic and international assignments for Fortune 500 clients. Prior to joining Bain, he worked as the Assistant to the President of Chemed Corporation (NYSE: CHE), a specialty chemical company. Mr. Bolduc currently serves on the board of WhiteHorse Finance (NASDAQ: WHF), and University of Virginia's Darden Business School. Mr. Bolduc is a graduate of Lehigh University with a B.S. in Computer Science and earned his M.B.A. from the University of Virginia's Darden School of Business.
David Hirschberg Managing Director H.I.G. Realty U.S.	Mr. Hirschberg is a Managing Director and Co-Head of H.I.G. Realty Partners U.S. Mr. Hirschberg serves on the investment Committee for all H.I.G. U.S. Realty Funds and is responsible for investment origination, transaction structuring, and oversight of the Fund's portfolio. Mr. Hirschberg has over 30 years of experience in real estate and investment banking. Before joining H.I.G., Mr. Hirschberg was a Managing Partner at Coventry Real Estate Advisors, an investment fund manager that acquired over $2.5 billion of real estate assets across the United States. Prior to Coventry, Mr. Hirschberg was a Managing Director in Citigroup's Real Estate Investment Banking Group where he advised real estate and lodging companies on REIT IPOs and mergers and acquisitions. Previously, Mr. Hirschberg worked at Goldman Sachs. Mr. Hirschberg earned a B.S. from Lehigh University in 1989 and an M.B.A. from New York University in 1994. Mr. Hirschberg is a Council Member of the Urban Land Institute.
Ira Weidhorn Managing Director H.I.G. Realty U.S.	Mr. Weidhorn is a Managing Director and Co-Head of H.I.G. Realty Partners U.S. Mr. Weidhorn serves on the Investment Committee for all H.I.G. U.S. Realty Funds. Mr. Weidhorn is responsible for investment origination, transaction structuring and the oversight of the Fund's portfolio. Mr. Weidhorn brings over 26 years of experience in the real estate industry. Prior to joining H.I.G., Mr. Weidhorn was a Managing Principal at Lubert-Adler. Prior to Lubert-Adler, Mr. Weidhorn was a Principal at Lehman Brothers Real Estate Partners and prior was at Goldman Sachs. Mr. Weidhorn earned a B.A. in History and a B.S. in Economics from the University of Pennsylvania and an M.B.A. from the Wharton School at the University of Pennsylvania.

H.I.G. Realty Partners U.S. – Senior Professionals

Adam Belfer Managing Director	Mr. Belfer is a Managing Director of H.I.G. Realty Partners. Mr. Belfer is involved in all aspects of the investment process, including sourcing, transaction structuring, financing, and post-closing execution. Prior to H.I.G., Mr. Belfer was in the real estate leveraged finance group of Wachovia Securities (now Wells Fargo Securities) in Charlotte, NC. While at Wachovia, Mr. Belfer focused on the origination and execution of private and publicly-traded homebuilder and syndicated development financing. Mr. Belfer graduated with a B.B.A. in finance from the Goizueta Business School at Emory University.
Michael Mestel Managing Director	Mr. Mestel is a Managing Director and Co-Head of H.I.G. Realty Credit Partners. Mr. Mestel is responsible for all aspects of the investment process, including origination, negotiation, structuring and closing of deals throughout the U.S. Mr. Mestel brings over 20 years of commercial real estate experience to H.I.G. having completed $25 billion of originations in the industry. Before joining H.I.G., Mr. Mestel was a Principal at USAA / Square Mile Capital Management where he was Head of West Coast Origination. Prior to USAA / Square Mile Capital Management, Mr. Mestel served as a Director in the Real Estate Finance group at Citigroup where he was responsible for originating, negotiating and structuring fixed and floating rate loans in the Northeast and West Coast of the U.S. Prior to that, Mr. Mestel was a Vice President at Rialto Capital Management where he was responsible for the acquisition and asset management of distressed real estate and distressed loans. Mr. Mestel holds a B.A. in Government from Cornell University.
Ken Senior Managing Director	Mr. Senior is a Managing Director of H.I.G. Realty Partners. Mr. Senior has 17 years of experience in real estate investing across all property types. Mr. Senior is responsible for all aspects of the investment process, including sourcing, structuring, financing, and post-closing execution. Before joining H.I.G., Mr. Senior worked in the acquisitions group with Sterling American Property, a New York-based, value-add, real estate fund focused on opportunistic and value-add real estate investments throughout the United States. Prior to Sterling, he worked at Insignia/ESG (now CBRE) where he focused on large-scale commercial leasing assignments in New York City, representing both tenants and landlords. Mr. Senior holds a B.A. from Princeton University and an M.B.A. from Columbia University.
Naveen Vennam Managing Director	Mr. Vennam is a Managing Director of H.I.G. Realty Partners. Since joining H.I.G. in 2007, Mr. Vennam has been involved in all aspects of the investment process, including sourcing, transaction structuring, financing, and post-closing execution. He has 18 years of experience in real estate private equity investing. Prior to joining H.I.G., Mr. Vennam was with Holualoa Companies, a private investment firm focused on opportunistic and distressed real estate. While at Holualoa, he led numerous investments and was involved in the acquisition and asset management of various real estate assets throughout the United States. Mr. Vennam earned a B.S. in Economics from the Wharton School at the University of Pennsylvania.

H.I.G. Realty Partners U.S. – Senior Professionals

Jordan Peer Griffin Executive Managing Director and Global Head of Capital Formation	Ms. Griffin serves as an Executive Managing Director of H.I.G. Capital. Based in New York, she has over 20 years of experience in alternative assets and leads H.I.G.'s Capital Formation Group globally across the firm's private equity, growth equity, credit, infrastructure, real estate, and co-investment strategies. She serves on the Investment Committee for the H.I.G. Strategic Partners Funds. She also co-chairs the firm's ESG & Diversity and Inclusion Committee and Operational Risk Committee. Prior to joining H.I.G., Ms. Griffin was at Blackstone's credit business, GSO Capital Partners, focused on institutional business development. Before joining GSO, Ms. Griffin worked in the leveraged finance and investment banking groups at Lehman Brothers and Barclays Capital. She began her career in asset management at Goldman, Sachs & Co. Ms. Griffin received her B.A. in Public Policy from The University of North Carolina at Chapel Hill (UNC) and her MBA from UNC's Kenan-Flagler Business School where she was a Kenan-Flagler Fellow.
Chad Buresh Chief Financial Officer	Mr. Buresh is the Chief Financial Officer of H.I.G. Capital and is responsible for the firm's finance, tax, and information technology. Prior to joining H.I.G., he was at PIMCO, where he was most recently a Senior Vice President in the Alternative Funds Finance Team responsible for the financial control, accounting, reporting and treasury of the private equity style multi-strategy funds. Prior to joining PIMCO, he was with PricewaterhouseCoopers. He was previously a Vice President of financial accounting and reporting for JER Partners, a real estate private equity firm in London. Mr. Buresh has more than 20 years of relevant experience and holds a bachelor's degree in business administration in accounting and finance from the University of Iowa.
Jay Maher Chief Operating Officer	Mr. Maher is H.I.G.'s Global Chief Operating Officer and is based in Miami where he focuses on managing the operational priorities of the firm. Prior to joining H.I.G., Mr. Maher spent his career in the fund administration industry focusing on private equity. Most recently he was the CEO of Mainstream U.S. until it was acquired by Apex. Prior to that, Mr. Maher was the Global Head of Private Equity Services at SS&C and a founding partner of Northport Partnership Services. Mr. Maher received his B.S. in Accounting from Rowan University.
Richard Siegel General Counsel and Chief Compliance Officer	Mr. Siegel has been General Counsel and Chief Compliance Officer of H.I.G. since 2005.Mr. Siegel is responsible for all of the Firm's legal, regulatory and compliance matters worldwide. Prior to joining H.I.G., Mr. Siegel was Vice President and Deputy General Counsel of Ryder System, a Fortune 350 global transportation and logistics company, and General Counsel of a private investment firm headquartered in Denver, Colorado. Mr. Siegel began his legal career in the New York and Melbourne, Australia offices of Sullivan & Cromwell and served as a Judicial Clerk for Andrew G.T. Moore, II, of the Delaware Supreme Court. Mr. Siegel received his J.D. from Georgetown University Law Center and earned a B.S. in Finance from the University of Maryland.

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Endnotes

1. Any reference to a targeted return, value, date, or metric contained in this document is merely an estimated “target” and, therefore, inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those targeted. Target returns are based on H.I.G.’s belief about returns that may be achievable on investments that H.I.G. intends to pursue in light of its experience with similar investments historically, the view on current market conditions, and certain assumptions about investing conditions, hold periods, availability of financing, and exit opportunities. While the targeted performance is based on assumptions that H.I.G. believes are reasonable, there are many risk factors that could cause H.I.G.’s assumptions to prove to be incorrect. These risks therefore could cause the actual performance to be materially different from the current targeted performance. Such risks may include, without limitation: (i) availability of suitable investments and financing; (ii) interest rates; and (iii) economic and market conditions. Targeted returns are not projections, predictions or guarantees of future performance, and none of H.I.G., or any of its respective directors, officers, employees, partners, shareholders, advisers and agents makes any assurance, representation or warranty as to the accuracy or achievability of any targeted returns and no recipient of this document should rely on such targets. Additional details regarding methodologies and assumptions used to calculate targeted returns are available upon request.

2. H.I.G. U.S. Realty Fund IV is comprised of investments made by H.I.G. Realty Partners IV (Onshore), L.P., H.I.G. Realty Partners IV (Offshore), L.P., H.I.G. Realty Partners IV (QFPF), L.P. and H.I.G. Realty Partners IV-A (Offshore), L.P. and returns are representative of such entities comprising U.S. Realty Fund IV on a blended basis. H.I.G. Realty Partners IV (Offshore), L.P., which is subject to additional tax, generated a net IRR of 18.6% and net MOIC of 1.2x, as of March 31, 2024, while H.I.G. Realty Partners IV (Onshore), L.P. has generated a net IRR of 20.2% and net MOIC of 1.2x, respectively, for all investments, as of March 31, 2024.

3. “Realized Investments” and “Realized/Partially Realized Investments” (and variations thereof) reflect investments that have been sold or written off as well as partially realized investments that have generated realized proceeds in excess of 1.0x of the equity invested. The actual realized return of the unrealized portion of such investments may differ materially from the returns indicated herein. Contact H.I.G. for detailed information on each investment.

4. Net returns reflect returns after allocation of management fees, expenses and any carried interest to the general partner and also reflect the impact of fund-level subscription facilities and related expenses, where applicable. Net returns are based on the date(s) capital contributions were due by limited partners rather than the date an applicable investment was made, which generally results in a higher net return than if the return was based on the date the investment was made by the fund when fund-level subscription facilities are utilized. If net returns had been based on using the dates of each investment, net returns would generally be lower since return calculations are affected by the timing of cash flows and the longer periods of time during which capital is deployed. Calculations incorporating estimations of the “unrealized value” of remaining investments represent valuation estimates using assumptions that H.I.G. believes to be reasonable under the circumstances. Actual realized returns of unrealized investments may vary materially in the future and will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Where shown for one or more individual investments, net returns are estimated by applying the spread between gross fund returns and net limited partner returns of the principal fund that made such investment(s). Because such net returns are estimated based on the spread between gross and net performance as of any given time, although applicable gross performance may not change quarter-to-quarter (e.g., after an investment is fully realized), corresponding net returns will likely change quarter-to-quarter for active funds, including as a result of fund-level fees, costs and expenses and overall fund performance. Combined returns reflect investments that were made across multiple funds and are calculated based on a weighted average of the invested capital of applicable component funds. As presented on page 10, net returns for H.I.G. Europe Realty are estimated by applying the ratio between gross returns and net returns of component funds on a combined, weighted average of invested capital basis. No individual limited partner experienced estimated and/or composite returns. The term “NM” or “Not Meaningful” is used to refer to performance calculations that return a result that H.I.G. believes is not representative.

5. Projected returns are estimates made by H.I.G. using assumptions that H.I.G. believes are reasonable under the circumstances as of March 31, 2024. Such estimates are subject to numerous variables, which change over time and, therefore, amounts actually realized in the future will vary (in some cases materially) from the estimated projected returns. In particular, any projected returns are calculated using a model and are based upon assumptions determined by H.I.G. Projected net returns reflect returns after allocation of management fees, general fund expenses, carried interest and other expenses borne by limited partners. The projected returns are subject to inherent limitations including the projection of market and economic risks and multiple other factors and considerations which are not predictable and can have a material adverse impact on the accuracy of projections. Projected returns should not be regarded as, and are expressly not, a representation or guarantee that the specific transaction will or reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investments. As presented on page 10, projected net returns for H.I.G. Infrastructure reflect the midpoint of the applicable fund's projected net return ranges. The midpoint of the projected net MOIC range of 1.6x-2.0x+ is 1.8x and the midpoint of the projected net IRR range of 12-17%+ is 14.5%.

6. Replacement cost is the estimated cost to construct, at current prices, a property with equal utility. Replacement cost is based on deal team estimates using industry data.

7. Based on total capital raised by H.I.G. Capital and affiliates. Strategy or geographic specific figures reflect total capital raised, as allocated to the relevant investment strategy or geography.

8. Case studies and pipeline transactions presented herein are for illustrative purposes only, have been selected in order to provide examples of the types of investments considered and made by H.I.G. Realty Partners and do not purport to be a complete list thereof. These case studies were selected based on illustrative investment strategies that were implemented by H.I.G. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein.

Endnotes

9. Pipeline transactions presented herein are for illustrative purposes only, have been selected in order to provide examples of the types of investments evaluated by H.I.G. and do not purport to be a complete list thereof. There are no assurances that any such pipeline transactions will ultimately be made, and it should not be assumed that investments made in the future will be comparable in quality, performance or otherwise to the pipeline transactions described herein. Projected returns for a pipeline transaction are calculated using a preliminary model and are based on third party information provided to H.I.G. as well as upon estimates and assumptions that H.I.G. believes are reasonable as of the applicable date. If any pipeline transaction is consummated, it is expected that there will be differences between actual and projected results, and actual results may be materially less than those currently projected.

10. Net Operating Income ("NOI") means, for any property, the sum of the following: (a) cash rents and other revenues received in the ordinary course from such Property minus (b) all cash expenses paid (excluding interest expense) related to the ownership, operation or maintenance of such Property, including but not limited to, property taxes, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses, marketing expenses, and general and administrative expenses minus (c) the capex reserves for such property.

11. H.I.G. U.S. Realty Fund III is comprised of investments made by H.I.G. Realty Partners III (Onshore), L.P. and H.I.G. Realty Partners III (Offshore), L.P. U.S. Realty Fund III returns shown are representative of H.I.G. Realty Partners III (Onshore), L.P. only. H.I.G. Realty Partners III (Offshore), L.P., which is subject to additional tax, generated a net IRR of 2.5% and net MOIC of 1.1x, as of March 31, 2024, while H.I.G. Realty Partners III (Onshore), L.P. has generated a net IRR of 3.7% and net MOIC of 1.1x, respectively, for all investments, as of March 31, 2024.

12. Gross returns reflect returns before the allocation of management fees, general fund expenses, income earned on cash and cash equivalents, and any carried interest to the General Partners, but after any expenses directly related to such investments. Gross returns are based on proceeds and estimated valuations and there can be no assurance that unrealized investments will be realized at the valuations used to calculate the returns contained herein. Calculations used herein which incorporate estimations of the "unrealized value" of remaining investments represent valuation estimates made by H.I.G using assumptions that H.I.G. believes are reasonable under the circumstances. Such estimates are subject to numerous variables which change over time and therefore amounts actually realized in the future will vary (in some cases materially) from the estimated "unrealized values" used in connection with calculations referenced herein. Past performance is not a guarantee of future results, and there can be no assurance that H.I.G. will achieve comparable future results.

Important Notice

Risk of Loss. Prospective investors must be aware that an investment in private equity funds managed by H.I.G. (the "Funds") is speculative and involves substantial risk of loss. Investment in the Funds is suitable only for sophisticated investors for whom an investment in the Funds does not constitute a complete investment program and who fully understand, and are willing to assume, the risks involved in investing in the Funds. The possibility of partial or total loss of the Funds' capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of such loss. There can be no assurance that the Funds will achieve their investment objective or target return, or that there will be any return on capital. In particular, potential investors should take into account the fact that the actual return achieved may be more or less in any particular year, and that different returns may be achieved by different investments. Any losses in the Funds will be borne solely by investors in the Funds and not by H.I.G.; therefore, H.I.G.'s losses in the Funds will be limited to losses attributable to the ownership interests in the Funds, if any, held by H.I.G. in its capacity as an investor in the Funds.

Past Performance is Not a Guarantee. Information about investments made by the Funds, including past performance, is provided solely to illustrate H.I.G.'s investment experience and processes and strategies used by H.I.G. in the past. The performance information relating to H.I.G.'s previous investments is not intended to be indicative of future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that H.I.G. will achieve comparable results as those presented or that investors in will not lose any of their invested capital. References to aggregate or composite returns reflect cash flows and performance across multiple funds, and may not reflect the experience of any limited partner; such returns are provided for illustrative purposes only. Forward-looking Information. This Presentation may contain forward-looking statements that are based upon certain assumptions. Other events which were not taken into account, including general economic factors which are not predictable, may occur and may significantly affect the actual returns or performance of the Funds. Any assumptions should not be construed to be indicative of the actual events that will occur. Actual events are difficult to project and depend upon factors that are beyond the control of the Funds, H.I.G. or their respective affiliates, members, partners, stockholders, managers, directors, officers, employees and agents. Certain assumptions have been made to simplify the Presentation and, accordingly, actual results may differ, perhaps materially, from those presented herein. All information with respect to portfolio companies and industry data has been obtained from sources believed to be reliable and current, but accuracy cannot be guaranteed.

Unrealized Investments. There can be no assurance that partially realized and unrealized investments will be sold for values equal to or in excess of the total values used in calculating the returns portrayed herein. Actual returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations reported herein are based. Accordingly, the actual realized returns on investments that are partially realized or unrealized may differ materially from the values indicated herein.

Lack of Diversification. The Funds' investment programs may involve investing in a particular asset type or sector, and as such, the Funds' portfolios may experience more volatility and be exposed to greater risk than a more diversified investment portfolio. The Funds may make a limited number of investments, in which case aggregate returns realized by the limited partners may be substantially adversely affected by the unfavorable performance of a small number of these investments.

Use of Leverage. The Funds may engage in leverage and other investment practices that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount that is invested.

H.I.G. CAPITAL

H.I.G. REALTY PARTNERS

INDUSTRIAL OUTDOOR STORAGE (“IOS”) AGGREGATION STRATEGY

PREPARED FOR

CITY OF JACKSONVILLE

NOVEMBER 2024

Notice

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Past performance is not necessarily indicative of future results. There can be no assurance that the Fund will achieve comparable results. Due to various risks and uncertainties, including certain of those described in this Presentation, the actual performance of the Fund and any specified transaction may differ materially from past performance, targeted performance, or underwritten case study. No representation or warranty is made as to future performance.

See Endnotes for important information.

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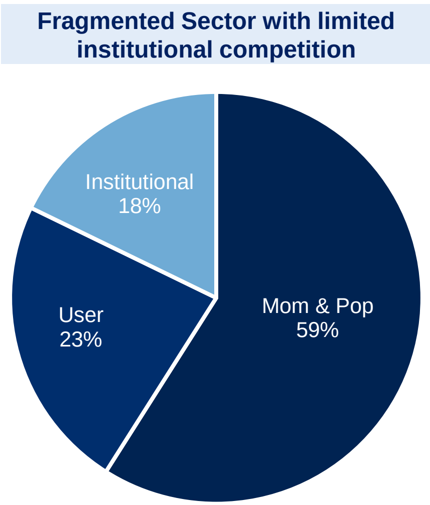
Industrial Outdoor Storage ("IOS") Market Overview

H. I. G. REALTY PARTNERS

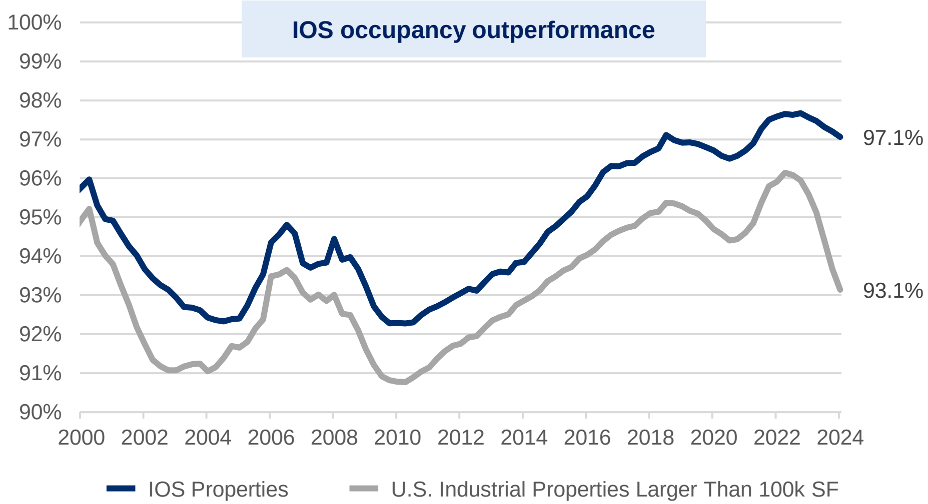
IOS is a growing sub-sector within the overall industrial market, with an estimated total market value of $115bn to $130bn

- IOS ownership is highly fragmented with limited institutional ownership
  - Transaction size ranging from $5mm to $15mm
  - 80%+ of acquisition activity by owner-users and mom-and-pop groups
- IOS properties are characterized by:
  - Lower building coverages (typically less than 25% Floor Area Ratio "FAR"), and;
  - Occupants who use both the building and the land for storage of vehicles, construction equipment, building materials, and/or containers
- National IOS tenants include third-party logistics and e-commerce companies that need truck parking and container storage, and construction and infrastructure companies that store bulk materials on-site
- IOS is supply constrained and insulated from over-development, representing one of the few real estate sectors experiencing a decrease in supply
- Significant barriers to supply include:
  - Limited available land near population centers
  - Municipalities' reluctance to grant approvals for new IOS construction due to higher public demand for alternative uses (multifamily / housing / mixed-use), which generate higher tax revenue
  - Existing IOS supply is often taken off-line and re-developed
  - NIMBYism to IOS sites which are unattractive and create truck traffic
- Scarcity of IOS sites has generated occupancy outperformance vs. traditional industrial
  - IOS properties have maintained an average occupancy of 95.5% since 2010, 170bps higher than traditional industrial

IOS Acquisitions – Buyer Type (1990-2024)*



Historical Occupancy Rate (IOS vs. Traditional Industrial)*



** IOS properties classified as industrial properties that have a total building SF of less than 100,000 SF and a Floor Area Ratio (FAR) between 5% and 25%.*

H.I.G. REALTY CURRENT IOS PORTFOLIO

66
Properties

3,071,897
Square Feet

319
Acres

20
States

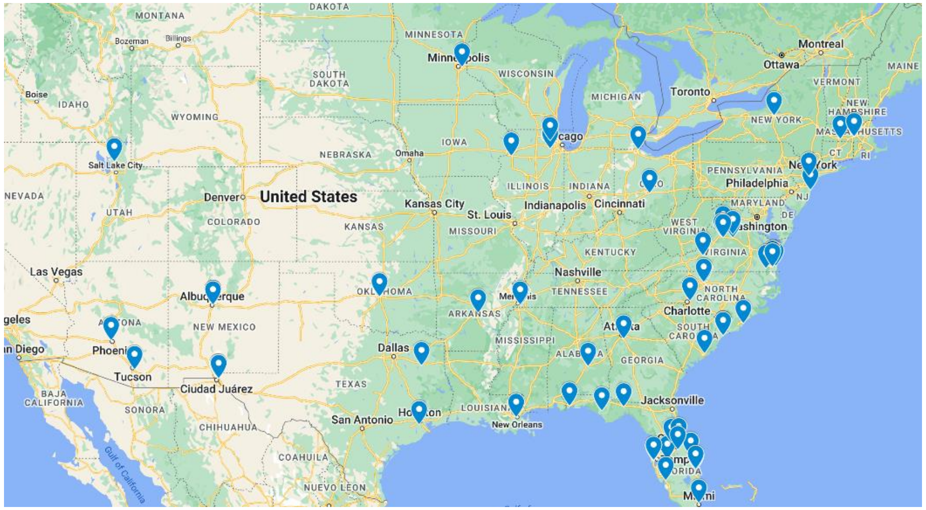
$330mm
Gross Asset Value

$87
Acquisition Value Per SF

$99.5
H.I.G. Realty Equity

H.I.G. Realty IOS Strategy Overview

- In October 2022, H.I.G. Realty formed a joint venture to (i) recapitalize a 100% leased, 2.2mm SF, $190mm, 50-property national IOS portfolio, and (ii) to build a vehicle to aggregate additional IOS properties throughout the U.S
- H.I.G. Realty has **completed twelve add-on investments** since initial investment in high-growth, supply-constrained markets
- H.I.G. Realty's existing portfolio consists of **66 properties, and 3.1mm SF across 319 acres**
- Typical H.I.G. Realty property is a 40k SF warehouse with 3-4 acres of adjacent land
- Fund IV has invested $99.5mm of equity to-date and it's anticipated that H.I.G. Realty Fund V ("Fund V") will invest an additional $30mm+ of equity per year
- H.I.G. Realty believes its growing IOS portfolio will be an attractive acquisition target for industrial REITs and real estate funds seeking to build critical mass in this attractive sub-sector
- H.I.G. Realty's IOS properties are primarily located in infill sub-markets, making them ideal for "last-mile" locations and/or redevelopment opportunities (this upside not underwritten in H.I.G. Realty's projections)



As of October 10, 2024, unless noted otherwise. Past performance is not indicative of future results

H.I.G. Realty IOS Portfolio Overview

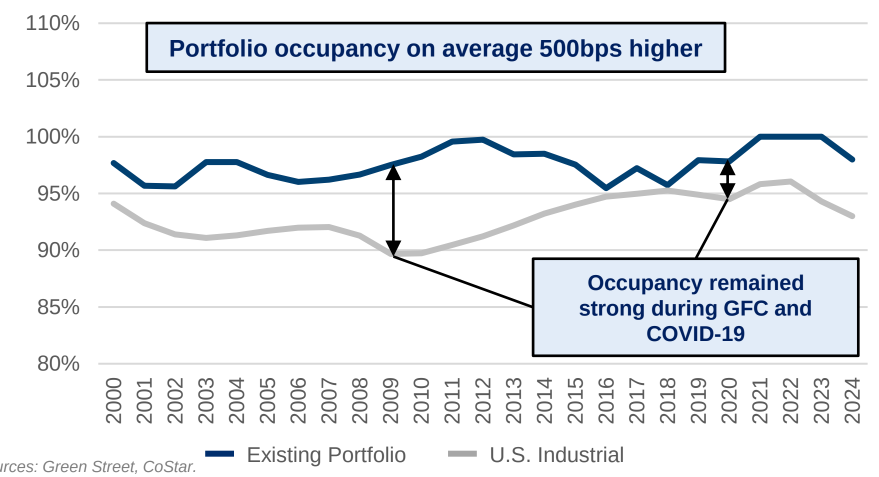
- 66 properties totaling 3.1mm SF across 20 states, with 61% of NOI generated from properties in Florida, Virginia, and New Jersey[5]
- Average in-place lease rate of $5.59/SF vs. market of $8.37/SF (50% higher than in-place), providing significant cash flow upside
- Portfolio outperformed the broader U.S. industrial market, maintaining an average occupancy rate of 98% since 2000, vs 93% overall. The minimum occupancy for the portfolio over the last 23 years was approximately 96%
- Weighted average tenant duration of 14 years and many of the existing tenants owned the properties and occupied them as owner-users before becoming tenants
- The portfolio is located in submarkets with an average industrial occupancy of 96%, 2024-2028 projected rent growth of 4%, and limited levels of competitive new supply

Portfolio Rental Upside – In-Place Rates vs. Market

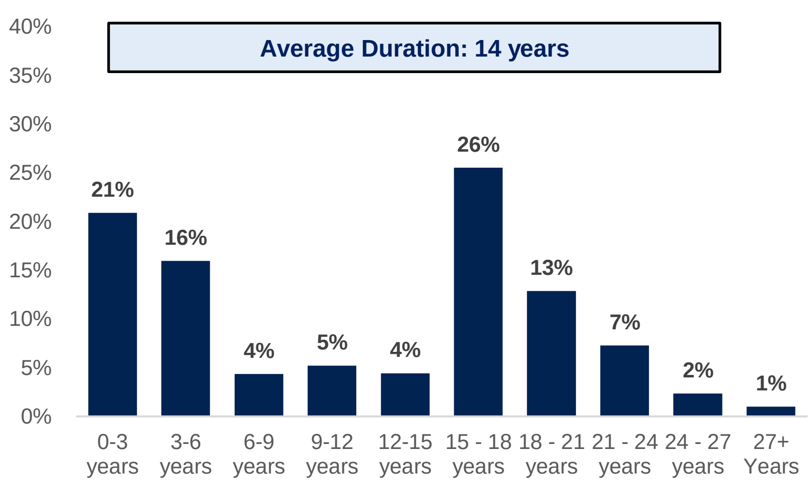
			In-Place Rent		Market Rent		
State	Properties	SF	Gross	Per SF	Gross	Per SF	% Upside
Virginia	15	958,052	$5,346,390	$5.58	$8,501,330	$8.87	59%
Florida	15	564,461	4,198,559	7.44	5,399,639	9.57	29%
North Carolina	4	156,563	878,249	5.61	1,177,197	7.52	34%
Texas	4	145,692	302,704	2.08	1,117,526	7.67	269%
New Jersey	2	142,187	942,018	6.63	2,123,525	14.93	125%
Illinois	3	135,380	581,917	4.30	805,485	5.95	38%
Ohio	2	121,615	481,970	3.96	663,598	5.46	38%
Massachusetts	3	108,867	400,288	3.68	669,136	6.15	67%
Tennessee	2	93,147	366,900	3.94	535,595	5.75	46%
Arkansas	1	90,000	157,861	1.75	405,000	4.50	157%
Minnesota	1	87,044	439,800	5.05	587,547	6.75	34%
Arizona	2	81,423	854,405	10.49	891,648	10.95	4%
South Carolina	4	77,420	646,647	8.35	845,040	10.92	31%
Georgia	1	76,500	367,200	4.80	367,200	4.80	-
New York	1	55,091	212,714	3.86	261,682	4.75	23%
Alabama	1	52,070	234,593	4.51	299,403	5.75	28%
New Mexico	2	37,000	246,681	6.67	315,500	8.53	28%
Louisiana	1	33,041	126,855	3.84	239,547	7.25	89%
Utah	1	28,500	228,969	8.03	306,375	10.75	34%
Oklahoma	1	27,844	143,397	5.15	194,908	7.00	36%
Total / Average	**66**	**3,071,897**	**17,158,116**	**$5.59**	**$25,706,880**	**$8.37**	**50%**

Rent Upside Potential 50%

Occupancy Outperformance – H.I.G. Realty Portfolio vs. U.S. Industrial



Portfolio Tenant Stability – Tenant Duration by NOI*,[5]



Sources: Green Street, CoStar.

** Including periods in which the tenants' occupied properties as owner-users would further increase the duration calculation.*

H.I.G. Realty IOS Portfolio Investment Strengths

Well-Occupied, Mission-Critical Real Estate	▪ 98% occupied portfolio with an average tenant tenure of 14 years ▪ Average occupancy of 98% and minimum of 96%, since 2000 ▪ Mission critical properties that serve as key link in tenant's distribution network ▪ Highly sticky tenants with long history of occupancy at properties
Best-in-Class Operator	▪ B&D Holdings ("B&D") founded and operated BradCo Supply, which merged with ABC Supply, H.I.G. Realty's largest tenant ▪ Unique competitive advantage as former business owner in sector, with long-standing tenant relationships and attractive deal pipeline
Well-Capitalized Tenant Base	▪ 56% of portfolio NOI from the three largest roofing distributors in the U.S., which collectively capture 70% of the industry's revenue[5] ▪ Roofing distribution is typically related to necessary maintenance and repairs and less likely to get postponed during a recession ▪ 94% of re-roofing demand driven by leaks, weather damage, age of existing roof, and general deterioration, providing cash flow stability to the tenants
Mark-to-Market Opportunity	▪ Demonstrated cash flow upside – H.I.G. Realty has rolled four leases to market and is negotiating another three, increasing rents by 56% on average, outperforming initial underwriting ▪ Market rents on total portfolio are 50% higher than in-place lease rates, providing future upside
Attractive Supply and Demand Fundamentals	▪ New supply limited due to current developer focus on large Class A industrial assets and municipalities that view IOS unfavorably ▪ Long-term demand supported by e-commerce and logistics growth, infrastructure and construction spending

H.I.G. Realty IOS Portfolio Continuation of Aggregation Strategy

H.I.G. REALTY PARTNERS

H.I.G. Realty expects to continue to aggregate IOS properties to enhance the scale and value of the overall strategy. The aggregation strategy provides H.I.G. Realty with a compelling investment opportunity for the following reasons:

Large Fragmented Market with Limited Institutional Competition	▪ $115bn to $130bn of IOS properties nationwide, primarily owned by unsophisticated groups ▪ Small transaction size of $5mm to $15mm, limits institutional competition for individual acquisitions ▪ Opportunity for H.I.G. Realty bulk sale exit to aggregators of industrial assets (REITs, Funds, etc.)
Attractive Supply and Demand Fundamentals	▪ National IOS occupancy estimated to be 96% to 98% ▪ New supply limited due to current developer focus on large Class A industrial assets, limited desire by municipalities to grant new entitlements for this asset class, and NIMBYism ▪ Long-term demand supported by e-commerce and logistics growth trends (which increases demand for truck parking and container storage) and infrastructure and construction spending
Best-in-Class Operator	▪ B&D founded and operated a roofing distribution company and developed significant relationships with the largest tenants in this sector, providing H.I.G. Realty with off-market, proprietary deal flow ▪ Best-in-class vertically integrated operator and management company with deep relationships in IOS sector ▪ Attractive acquisition pipeline including tenant-in-tow opportunities (i.e., a tenant has contacted B&D to acquire a property, which will be leased by the tenant at acquisition) and value-add investments in high-growth, supply constrained markets

H.I.G. Realty IOS Portfolio Update Value Add Initiatives

H.I.G. REALTY PARTNERS

Rent Increases	▪ Rolled four leases to market rents and under negotiation to roll another three in 2024 for a total of seven ▪ H.I.G. Realty will have increased rents by 56%, significantly outperforming underwriting
Improved Tenant Credit Profile	▪ ABC Supply (37% of portfolio's rental income) received Moody's ratings upgrade from Ba2 to Ba1 ▪ Beacon Roofing (13% of portfolio's rental income) received Moody's ratings upgrade from Ba3 to Ba2. Since H.I.G. Realty's initial B&D portfolio acquisition in October 2022, Beacon's market cap has increased 51% from $3.7 billion to $5.6 billion ▪ SRS (7% of portfolio's rental income) acquired by Home Depot (rated A) for $18 billion (16x EBITDA)
Add-On Activity	▪ Successfully executed twelve add-on investments in markets with attractive supply/demand fundamentals ▪ On these twelve investments, H.I.G. Realty is projecting a yield on cost of 10.2%, 530bps wider than the average implied cap rate of the Industrial REITs
Actual/Potential Liquidity Events	▪ Sold B&D add-on #6 at a valuation that is 53% higher than H.I.G. Realty's purchase basis, one month after acquisition (planned flip) ▪ Currently evaluating an exit of 29 properties at our 2028 valuation

Demonstrated Mark-to-Market*

			In-Place	Actual	Increase	
#	Market	SF	Per SF	Per SF	Per SF	%
1	Albuquerque, NM	17,435	$6.18	$9.50	$3.32	54%
2	Clearwater, FL	30,176	5.30	10.75	5.45	103%
3	Virginia Beach, VA	38,600	5.89	11.00	5.11	87%
4	El Paso, TX	11,462	11.91	11.92	0.02	0%
5	Pensacola, FL	17,330	5.89	9.50	3.61	61%
6	Glendale, AZ	56,467	6.69	11.41	4.72	71%
7	Atlanta, GA	76,500	4.18	4.80	0.62	15%
	Total / Avg.	**247,970**	**$5.77**	**$8.98**	**$3.21**	**56%**
	Underwriting	**247,970**	**$5.77**	**$8.50**	**$2.73**	**47%**

** Leases #1 through #4 represent executed leases, and #5 through #7 represent the latest stage of current negotiations.*

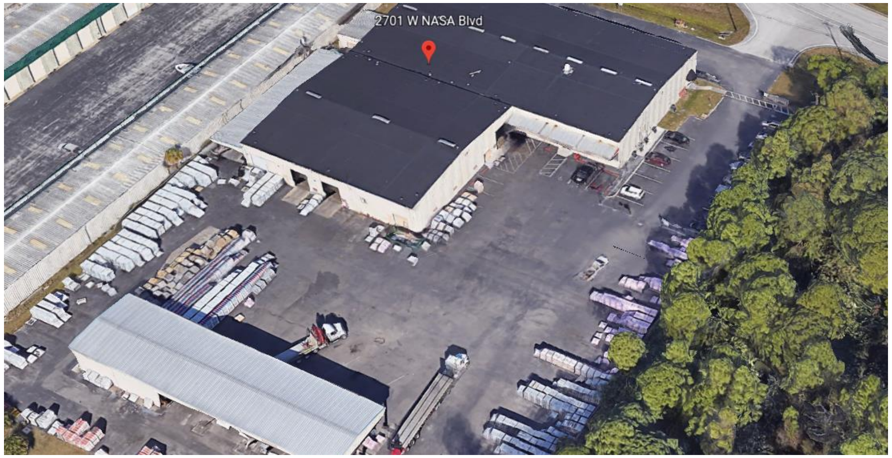
IOS Portfolio Tenancy

#	Tenant	Rent	% of Total	SF	% of Total
1	ABC Supply	$6,332,323	37%	1,357,607	44%
2	Beacon	2,305,692	13%	347,304	11%
3	SRS / Home Depot	1,124,806	7%	125,056	4%
4	Lansing BP	1,020,115	6%	141,894	5%
5	Seraphic	630,000	4%	61,000	2%
6	Tidewater Fleet Supply	475,516	3%	106,304	3%
7	InterChange Group, Inc.	460,038	3%	100,000	3%
8	BAE Systems	439,738	3%	66,300	2%
9	Carolina Container	439,491	3%	66,000	2%
10	Eimskip Steamship USA	424,600	2%	38,600	1%
	Other	3,505,798	20%	661,832	22%
	Total / Average	**$17,158,116**	**100%**	**3,071,897**	**100%**

Representative Photos

H. I. G. REALTY PARTNERS

Melbourne, FL – SRS Distribution (Home Depot)



Norfolk, VA – Carolina Container

Glendale, AZ – Beacon Roofing Supply

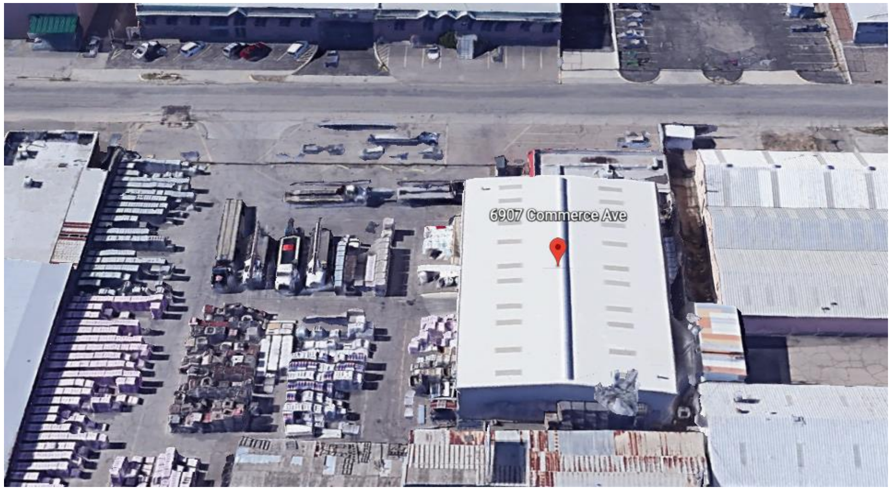
Harrisonburg, VA – Beacon Roofing Supply

Representative Photos

Norfolk, VA – Lansing Building Products

Clearwater, FL – ABC Supply

El Paso, TX – Beacon Roofing Supply



Miami, FL – ABC Supply

Appendix – Greenstreet Industrial Outdoor Storage Report

Industrial Outdoor Storage: A Beautiful Ugly Duckling

Industrial outdoor storage ("IOS") is a niche commercial property type that has grown in popularity among institutions in recent years amid the broader industrial boom. Investor demand for IOS has been buoyed by strong recent operating results, favorable long-term supply demand dynamics, and a de minimis cap-ex burden. Research and data on the sector remain scarce, which can create opportunities. This report provides a high-level overview of key fundamental and valuation drivers of the IOS business. **Green Street believes that IOS sites in infill submarkets are priced to deliver risk-adjusted expected returns that are superior to those available on most other commercial real estate property investments**, including "traditional" industrial. Lower-barrier IOS does not sport the same favorable supply and demand attributes and expected returns are more likely middle-of-the-pack relative to all commercial real estate.

Industrial Outdoor Storage 101

The simplest definition of IOS is a land site zoned for an industrial use where the tenant can store something outside, most commonly vehicles, construction equipment, building materials, or containers. Most IOS sites have a small building that is generally used as an office and to store tools / parts required for the tenants' operations. Typical IOS sites range from two to ten acres of land with a small building (~10k s.f.) in the front center of the parcel. The building to land ratio, or FAR, is generally less than 20%.

IOS also includes truck terminals, which are specialized, low-coverage industrial facilities designed for the maximum throughput of goods. Truck terminals are cross docked facilities where a long-skinny building resides near the center of the site. Goods are not stored in truck terminals but rather moved from one truck to another in the most efficient manner possible. Less-than-truckload (LTL) third-party logistics operators, which combine multiple customers' freight on a single truck for at least the long-haul portion of the journey, are large users of truck terminals.

Most players in the space do not consider consumer storage yards for boats and RVs as IOS given they have an entirely different tenant base and are more operationally intensive.

IOS is a fragmented industry with most of the total stock not owned by institutions or specialized operating platforms. Users and 'mom and pops' own more than half of IOS sites in the U.S. This creates opportunity as there is often rent and NOI upside when purchasing from less sophisticated owners, but also makes aggregating in scale a challenge.

Lease structures are generally comparable to traditional industrial with triple-net leases that often have five, seven, or ten years of term with three percent or higher annual rent escalators. However, many of the non-institutionally owned sites can have shorter lease terms and/or lower escalators.

Demand Profile & Quality Considerations

The transportation and logistics sectors are the biggest users of IOS space. Third-party logistics companies (3PLs) utilize truck terminals for (de)consolidating goods and less specialized IOS sites for vehicle, chassis, and container storage/repairs. Proximity to seaports, intermodal hubs, airports, and highways are the main attributes 3PLs weigh when assessing the desirability and feasibility of IOS sites. Ultimately, 3PLs' willingness to pay rent is determined by the transportation savings the site could provide versus not signing the lease or taking IOS space farther removed from critical supply chain infrastructure.

Prologis estimates transportation represents 45% to 55% of total supply chain costs for logistics tenants while warehouse/IOS rent represent ~5%. This dynamic suggests that a 1% reduction in transportation and labor costs equates to a ~15% increase in rent paying ability. Given approximately zero net new supply of IOS sites near logistics nodes, which is discussed in more detail in the subsequent section, demand and rent growth for well-located IOS should remain robust over time.

Building attributes for truck terminals are less important than traditional industrial, especially clear heights, given these are high throughput facilities where product is only stored on the floor for several hours at most. Complex racking systems and automated equipment are not required. The main building attributes for truck terminals are the number of dock doors (more is better) and the size of truck courts to avoid congestion and possibly offer trailer/container storage.

Other noteworthy use cases for IOS include construction equipment and building materials such as lumber, plumbing, and roofing. For these tenants, proximity to customers and job sites is more important than proximity to supply chain infrastructure.

Container storage was a key source of demand when numerous global supply chain disruptions, such as port congestion, truck driver shortages, China lockdowns, etc., created havoc in the transportation industry. IOS demand from container storage has begun to normalize from these peak Covid levels. Further, many class 'A' industrial facilities offer large truck courts with ample space to meet the container and trailer storage needs for most users during "normal" times.

A potential future source of demand could come in the form of charging lots for electric commercial vehicle fleets such as trucks and delivery vans. However, the power requirements are immense for this use and most locations do not have the power capacity to charge an EV fleet. Landlords and tenants would then need to work with the local utility provider to improve the electrical infrastructure, which adds cost, time, and complexity to any lease transaction.

Supply Picture & Zoning Constraints

The supply outlook for infill IOS appears to be one of the most attractive in all commercial real estate due to several factors: 1) vacant land is effectively non-existent near most logistics hubs; 2) entitlements are even harder to come by than traditional industrial; 3) a portion of the IOS stock is developed into traditional industrial or a different higher-and-better use each year.

Entitlements and right of use is the most nuanced area that is determined by the most local level of government and can vary dramatically by city and state. Local municipalities generally oppose IOS given it is aesthetically unappealing, often comes with heavy truck traffic, creates few jobs, and pays minimal taxes relative to the land footprint. Cities are likely to oppose any new IOS site and create hurdles that could impact the tenant pool and leasing economics of existing IOS, which is a potential risk to owners. For example, changing the exact use case of the tenant could require a conditional use permit from the city. If a tenant that has been storing building materials vacates upon lease expiration, the landlord may need the city's approval to lease to a new tenant that stores anything besides building materials. This could prevent the highest rent-paying tenant from signing the lease or in the worst-case scenario, make the site difficult to lease at all.

Properties in heavy industrial areas generally have fewer entitlement and zoning-related roadblocks. In certain instances, there is an opportunity to raze an older, traditional industrial building to create IOS. As IOS market rents have soared since Covid, this "play" pencils more frequently and is the primary source of new IOS in high-barrier submarkets. Most market participants believe net new IOS supply will be close to zero, or marginally positive, in infill submarkets in the coming years. The greatest barriers likely exist in Los Angeles, Orange County, and New Jersey, consistent with traditional industrial.

Supply barriers are much lower away from key logistics infrastructure where the likely use case shifts from transportation and logistics and more towards storage of construction equipment, building materials, non-logistics vehicles such as buses, to name a few. These tenants are less sensitive to the exact location of an IOS site, making it more feasible to identify potential new IOS locations and cities that may be more accommodating of this potential use.

Overall, the supply landscape seems more favorable for IOS than traditional industrial, but new supply does remain a risk in many markets.

Fundamentals

Historical and current data on IOS market rents is elusive given the fragmented and non-institutionalized nature of the business, which is both a blessing and a curse. It clearly makes underwriting more challenging but also potentially deters new entrants from the space that cannot obtain the level of precision and conviction necessary to get a deal through investment committee.

Numerous conversations with market participants have indicated that IOS rents have generally grown at an even faster clip than traditional industrial in most markets since the onset of the pandemic. Sites catering to logistics users located near seaports experienced the strongest rent growth, aided by the consumption boom and associated global supply chain disruptions that prompted greater outdoor storage needs, especially for containers. Sites best suited for vehicle and building material storage experienced rent growth more akin to traditional industrial in non-coastal markets.

Owners with longer operating histories revealed that IOS is more volatile than traditional industrial, with demand and rents accelerating faster in upcycles but also performing worse during economic downturns, partially due to an overall weaker tenant credit profile. Many 3PLs are local or regional businesses, possibly with a significant share of total revenue tied to several customers or specific industries. Combined with more limited access to credit and customer contracts that can be short-term in nature, 3PLs are susceptible to bankruptcy when consumption, seaport volumes, and overall movement of goods slow. Traditional industrial also houses 3PLs and weaker credit tenants but the overall creditworthiness of IOS tenants seems worse than traditional industrial.

Valuation & Risk-Adjusted Returned Returns

Green Street uses a DCF approach to estimate expected long-term unlevered returns across all commercial real estate property sectors, see page 14 of the latest Commercial Property Outlook for a detailed explanation of our methodology. Although historical data on IOS is scarce, key underwriting inputs can be estimated within a reasonable range to assess the attractiveness of an investment in IOS versus other property types. Differing supply-demand dynamics between infill and lower-barrier IOS create important characteristics driving different expected returns for each. For the purposes of this analysis, infill is defined as a blend of Los Angeles, Orange County, and New Jersey and lower barrier as a blend of Atlanta, Chicago, and Dallas.

The following section discusses how we arrived at underwriting variables, which are summarized in Exhibit 1 on page 6.

Nominal Cap Rates: Based on conversations with market participants, nominal cap rates are slightly higher than traditional industrial, but that spread has tightened in recent years as more institutional players have entered the space. IOS cap rates are similar or marginally higher than traditional industrial in infill submarkets and approximately 25 to 100 basis points higher in lower barrier submarkets. Transaction volumes are a fraction of traditional industrial and sizable IOS portfolios seldomly trade. Within Terreno's NAV model, we value its IOS holdings that are concentrated in Los Angeles and Northern Jersey at a 3.8% nominal cap rate, or ~$100 per land foot. Raw developable land in the same submarkets is likely worth 10% to 30% less, on average, but it is difficult to know with certainty given the current state of the land transactions market and the fact there is minimal available land for industrial development in these infill areas.

Cap-Ex: Annual capital spending is low given the majority, or all, of the value resides in the land and not a building that is depreciating each year. IOS cap-ex primarily consists of leasing commissions and modest maintenance of the surface lot and building. Conversations with market participants indicate a cap-ex reserve in the 5% to 8% of annual NOI range seems appropriate, versus a 14% cap-ex reserve for traditional industrial. For comparison, Green Street estimates the annual cap-ex reserve as a percentage of NOI for other land-heavy sectors such as manufactured housing, self-storage, and ground lease to be 10%, 7%, and 1%, respectively.

Near-Term NOI Growth: Market rents in IOS have grown at a similar or slightly faster pace than traditional industrial over the past five to seven years. Given lease terms are mostly comparable, the lease mark to market between an IOS and traditional industrial portfolio in the same geographies should be similar. Therefore, it seems reasonable to assume IOS has a comparable near-term NOI growth outlook to traditional industrial.

Long-Term NOI Growth: Long-term inflation expectations as implied by the TIPS market (low 2% currently) are used to set Green Street's long-term NOI growth rates. Traditional industrial has one of the highest LT NOI estimates at inflation plus 40 basis points, based on the REITs' market mix. Not all markets are created equal though with high-barrier markets such as infill Southern California and New Jersey sporting expected LT NOI growth of inflation plus ~120 basis points.

In addition, one of the main potential value drivers of IOS is the option to redevelop to a higher and better use of the land at a later date. Generating a 20% profit margin on IOS redevelopment is equivalent to ~100 basis points of incremental long-term NOI growth. However, redevelopment is not going to be feasible (not enough acreage or odd shaped land parcel) or pencil at every IOS site. For our risk-adjusted expected return calculation, we assume 30% of infill IOS sites and 10% of lower barrier IOS sites will be redeveloped over the next decade at 20% profit margins, which ultimately boosts LT NOI growth by ~30 bps and ~10 bps, respectively.

In summary, given the more favorable supply backdrop and redevelopment optionality, we assume LT NOI growth for IOS that is 20 to 50 basis points higher than traditional industrial in the same market.

Exhibit 1: Private-Market Risk-Adjusted Expected Returns

Pretty...Pretty…Pretty Good: Infill IOS offers attractive risk-adjusted expected returns that best most commercial real estate sectors, despite a low initial yield, thanks to a minimal cap-ex burden and strong intermediate- and long-term NOI prospects.

Metric	Commercial Real Estate Wtd. Avg.	"Traditional" Industrial	Infill IOS	Lower-Barrier IOS
Nominal Cap Rate	5.6%	4.3%	3.7%	5.0%
Cap-Ex % of NOI	15%	14%	5%	8%
Economic Cap Rate	4.8%	3.7%	3.5%	4.6%
'24-'27E SSNOI Growth	4.1%	10.7%	11.0%	6.5%
LT SSNOI Growth	1.9%	2.6%	3.8%	2.0%
Risk Adjustment	+0.0%	-0.2%	-0.3%	-0.3%
Risk-Adjusted Expected Returns	**6.9%**	**7.2%**	**8.0%**	**7.1%**

Note: "Traditional' Industrial is based on REIT portfolios; Infill IOS is based on a blend of Los Angeles, Orange County, and New Jersey; Lower-Barrier IOS is based on a blend of Atlanta, Chicago, and Dallas

Risk Adjustments: IOS demand and market rents are generally more volatile and sensitive to the economic outlook than traditional industrial while also housing tenants with a weaker credit profile, on average. An elevated risk adjustment for IOS seems warranted.

Conclusion

IOS is an intriguing business that offers attractive risk-adjusted returns at current pricing. While cap rates have compressed in recent years relative to traditional industrial, the private market still does not seem to fully appreciate the low cap-ex burden, de minimis supply outlook that should offer tremendous long-term rent growth prospects, and embedded optionality of the land for a higher and better use. Further, history suggests that institutions that are early to invest in niche property types are often rewarded with outsized returns (e.g., self-storage, manufactured housing). However, the fragmented, non-institutional ownership structure of the segment today makes it difficult to invest at scale. IOS portfolios do not come on the market often and the best returns are likely available through one-off deals where there could be operational upside left on the table from the prior owner. Those with the patience and wherewithal to aggregate infill IOS sites over time should be rewarded with robust total returns relative to other property types.

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Jessica Zheng, CFA

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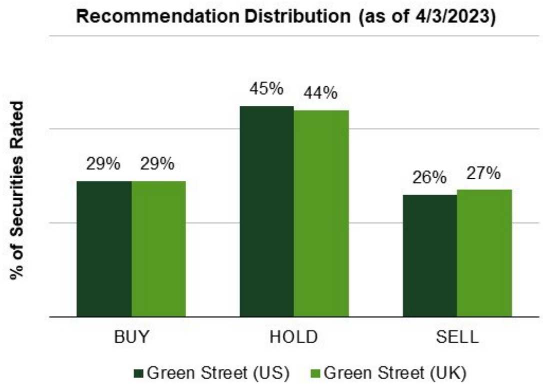
At any given time, Green Street publishes roughly the same number of "BUY" recommendations that it does "SELL" recommendations.



Green Street's "BUYs" have historically achieved far higher total returns than its "HOLDs", which, in turn, have outperformed its "SELLs".

Total Return of Green Street's Recommendations[1,2]

Year[3]	Buy	Hold	Sell	Universe
2023 YTD	-0.7%	-1.7%	-3.6%	-1.9%
2022	-18.1%	-22.8%	-29.8%	-23.2%
2021	39.3%	40.4%	32.8%	38.3%
2020	3.3%	-13.0%	-22.5%	-10.7%
2019	31.6%	22.4%	17.8%	24.0%
2018	-5.1%	-6.6%	-9.2%	-7.0%
2017	6.4%	0.2%	2.1%	2.6%
2016	14.9%	14.7%	13.1%	14.4%
2015	8.3%	0.9%	-1.7%	2.4%
2014	41.6%	31.5%	27.3%	33.3%
2013	4.1%	0.6%	1.7%	2.2%
2012	24.5%	24.7%	18.9%	23.0%
2011	18.9%	7.6%	-4.7%	7.6%
2010	43.3%	32.8%	26.6%	33.8%
2009	59.0%	47.7%	6.0%	37.9%
2008	-28.1%	-30.9%	-52.6%	-37.3%
2007	-6.9%	-22.4%	-27.8%	-19.7%
2006	45.8%	29.6%	19.5%	31.6%
2005	26.3%	18.5%	-1.8%	15.9%
2004	42.8%	28.7%	16.4%	29.4%
2003	43.3%	37.4%	21.8%	34.8%
2002	17.3%	2.8%	2.6%	5.4%
2001	34.9%	19.1%	13.0%	21.1%
2000	53.4%	28.9%	5.9%	29.6%
1999	12.3%	-9.0%	-20.5%	-6.9%
1998	-1.6%	-15.1%	-15.5%	-12.1%
1997	36.7%	14.8%	7.2%	18.3%
1996	47.6%	30.7%	18.9%	32.1%
1995	22.9%	13.9%	0.5%	13.5%
1994	20.8%	-0.8%	-8.7%	3.1%
1993	27.3%	4.7%	8.1%	12.1%
Cumulative Total Return	**24743.6%**	**1247.6%**	**-1.1%**	**1497.1%**
Annualized	**20.1%**	**9.0%**	**0.0%**	**9.6%**

The results shown above are hypothetical; they do not represent the actual trading of securities. Green Street does not provide research recommendations in its capacity as an investment adviser, does not act as a fiduciary to clients with respect to research recommendations, does not tailor recommendations to any investment objective or risk profile of any individual investor, and does not manage securities portfolios for any client. No investor should rely on research recommendations as investment advice. Actual performance of any investor's portfolio will vary from the hypothetical performance shown above due to, but not limited to 1) advisory fees and other expenses that one would pay to an investment adviser; 2) transaction costs; 3) the inability to execute trades at the last published price (the hypothetical returns assume execution at the last closing price); 4) the inability to maintain an equally-weighted portfolio in size (the returns above assume an equal weighting); and 5) the extent to which an investor incorporated other investments into a securities portfolio. Additionally, market and economic factors will almost certainly cause an investor to invest differently than projected by the model that simulated the above returns. All returns include the reinvestment of dividends. Past performance, particularly hypothetical performance, cannot be used to predict future performance. Investing involves risk and possible loss of principal capital.

(1) Hypothetical performance is based on research reports made by Green Street's North American Research Team only (includes securities in the US, Canada, and Australia). Since July 5, 2017, performance is calculated whenever a recommendation is changed using the share price at the most recent market close. Previously, performance was based on recommendations provided in Green Street's "Real Estate Securities Monthly" (RESM) and assumed no change in recommendation between RESM publications.

(2) Beginning July 5, 2017, all companies in Green Street's North American coverage universe are included in the performance calculation. Previously, inclusion in the calculation of total return had been based on whether the companies were listed in the primary exhibit of Green Street's "Real Estate Securities Monthly" and had a rating other than "Not Rated".

(3) From 1993 until July 3, 2017, the returns for each year cover the period following the first RESM issued in the respective year through the first RESM issued in the following year and are not based on a calendar year. Subsequent to July 5, 2017, returns are based on calendar months.

"Buy" = Most attractively valued stocks. "Hold" = Fairly valued stocks. "Sell" = Least attractively valued stocks. "Not Rated" companies are covered by the firm's research department, but are not rated due to fundamental attributes related to business prospects and balance sheets that are deemed to make the securities more option-like than equity-like.

Green Street will furnish upon request available information regarding the recommendation

Endnotes

1. Replacement cost is the estimated cost to construct, at current prices, a property with equal utility. Replacement cost is based on deal team estimates using industry data.
2. Projected returns are estimates made by H.I.G. using assumptions that H.I.G. believes are reasonable under the circumstances as of October 10, 2024. Such estimates are subject to numerous variables, which change over time and, therefore, amounts actually realized in the future will vary (in some cases materially) from the estimated projected returns. In particular, any projected returns are calculated using a model and are based upon assumptions determined by H.I.G. Projected gross returns are based on cash flows through October 10, 2024, as well as modeled estimated proceeds for unrealized investments and do not reflect the deduction of management fees, general fund expenses, carried interest and other expenses borne by investors. Projected net returns reflect returns after allocation of management fees, general fund expenses, carried interest and other expenses borne by limited partners. The projected returns are subject to inherent limitations including the projection of market and economic risks and multiple other factors and considerations which are not predictable and can have a material adverse impact on the accuracy of projections. Projected returns should not be regarded as, and are expressly not, a representation or guarantee that the specific transaction will or reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investments.
3. Gross returns reflect returns before the allocation of management fees, general fund expenses, income earned on cash and cash equivalents, and any carried interest to the General Partners, but after any expenses directly related to such investments. Gross returns are based on proceeds and estimated valuations and there can be no assurance that unrealized investments will be realized at the valuations used to calculate the returns contained herein. Calculations used herein which incorporate estimations of the “unrealized value” of remaining investments represent valuation estimates made by H.I.G using assumptions that H.I.G. believes are reasonable under the circumstances. Such estimates are subject to numerous variables which change over time and therefore amounts actually realized in the future will vary (in some cases materially) from the estimated “unrealized values” used in connection with calculations referenced herein. Past performance is not a guarantee of future results, and there can be no assurance that H.I.G. will achieve comparable future results.
4. Net returns reflect returns after allocation of management fees, expenses and any carried interest to the general partner. Net returns are based on the date(s) capital contributions were due by limited partners rather than the date an applicable investment was made. If net returns had been based on using the dates of each investment, net returns would generally be lower since return calculations are affected by the timing of cash flows and the longer periods of time during which capital is deployed. Calculations incorporating estimations of the “unrealized value” of remaining investments represent valuation estimates using assumptions that H.I.G. believes to be reasonable under the circumstances. Actual realized returns of unrealized investments may vary materially in the future and will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based.
5. Net Operating Income (“NOI”) means, for any property, the sum of the following: (a) cash rents and other revenues received in the ordinary course from such Property minus (b) all cash expenses paid (excluding interest expense) related to the ownership, operation or maintenance of such Property, including but not limited to, property taxes, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses, marketing expenses, and general and administrative expenses.

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Use of Leverage. The Funds may engage in leverage and other investment practices that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount that is invested.