

CAPITAL SQUARE 1031

Tax-Advantaged Real Estate Investments



Industrial Corporate Headquarters & Manufacturing Facility CS1031 Midwest Industrial, DST

1414 Commerce Park Drive | Tipp City (Dayton MSA), Ohio 45371

Acquisition Date: February 5, 2020

Offering Details:

All Cash (No Debt)

Equity Raise \$9,200,000

Distribution Rate See cover page of private placement memorandum

ALL-CASH OFFERING (NO DEBT)

Investment Opportunity

Long-Term Absolute Net Lease

New 20-year, absolute net lease with 2% average annual rent escalations. Tenant is responsible for all expenses, including taxes, insurance, maintenance, repairs and capital improvements.

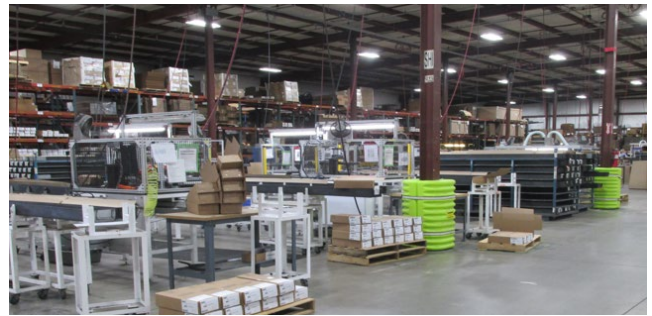
Desirable Tenant

Creative Extruded Products is an original equipment manufacturer and aftermarket manufacturer of vehicle parts for the auto industry with more than \$40 million in revenues and \$9 million EBITDA on average annually.¹ Founded in 1979, the company has a diversified client base and strong domestic market share.

Creative Extruded Products has grown to have approximately 300 employees with 14 production lines.² The company has a robust in-house engineering team that designs all of its manufactured parts, and designs and develops all of its production equipment needed to manufacture the final products. The company holds industrial certifications including ISO 9001 and IATF16949, the International Standard for Automotive Quality Management Systems. The certifications are a necessity in the industry and would be very difficult to re-attain if production lines were relocated.

Growing Revenue

In early 2019, Creative Extruded Products acquired an injection molding company, which allows it to manufacture new parts using different materials. The new lines of production and the expansion of existing lines allow the company to potentially grow revenues and diversify its client base by adding new products for a variety of new vehicles. Due to a new partnership with Volkswagen, the company will provide injection moldings for vehicles manufactured in America.



Excellent Location

The facility is strategically located in a dense industrial corridor within the North Dayton MSA, the metro's largest submarket of Dayton, Ohio.³



Property Details

- 146,278-square-foot corporate headquarters and manufacturing facility
- Proximate to the Interstate 70 and Interstate 75 interchange, and located within a 10-minute drive of the Dayton International Airport
- Built in 1985 with a combination of brick and metal structures
- 86% industrial use and 14% office use
- 6 loading-dock doors, 4 drive-in dock doors, and 21-foot clear heights in the main manufacturing facility

Tenant Lease Structure

- Lease Term: 20 years
- Lease Structure: Absolute net
- Rental Increases: 2.0% average annual increases
- Renewal Options: 2 x 10-year options

About Creative Extruded Products

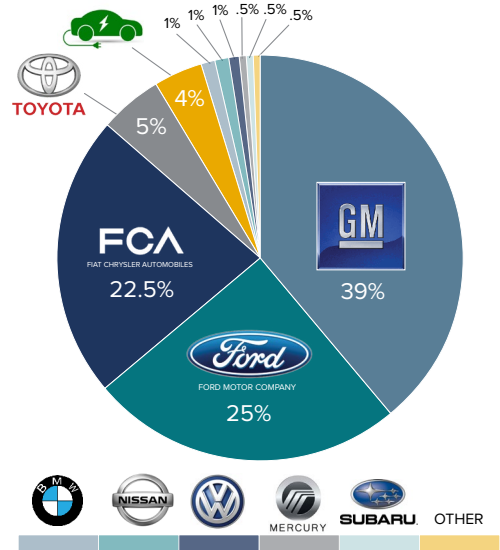
Creative Extruded Products is an original equipment manufacturer and aftermarket manufacturer of vehicle parts for the auto industry. Creative Extruded Products uses extrusion and injection molding to manufacture parts for vehicles, with a special concentration on windshield and back window moldings. The company's moldings are key to vehicle waterproofing and insulation. A Tier 2 supplier, Creative Extruded Products' direct clients are the manufacturers of the parts attached to the moldings, primarily the glass for windshields. Creative Extruded Products is in the process of expanding its services for additional vehicles for Toyota, Tesla, Nissan and Volkswagen. Historically, the company's main end users are General Motors (GM), Fiat Chrysler, and Ford.

Windshields and back windows account for the majority of Creative Extruded Products' revenues. Additional products include:

- Headlamp housing, brackets, closeouts and gaskets
- Under hood seals
- Windshield to cowl retainer molding
- Windshield moldings and close outs
- A-Pillar injection moldings
- Sunroof and pickup rear slider seals and moldings
- Roof ditch moldings and roof rail pads
- Back window moldings
- Quarter glass moldings and seals
- Appliques and cutline
- Rocker seals
- Wheel liner and body side closeouts

Source: Creative Extruded Products, LLC

End Users of Creative Extruded Products Include:



Location Overview



Dayton, Ohio

The Dayton economy is driven by defense, manufacturing and healthcare. Wright-Patterson Air Force Base is the area's largest employer with over 30,000 employees. The base continues to expand and drive growth and investment in the Dayton market. Honda of American Mfg., Inc. has filed a permit for a \$15 million expansion of its plant in North Dayton, which currently employs approximately 3,300 people.

North Dayton Submarket

The rise of e-commerce has fueled strong growth in the North Dayton submarket in recent years with demand for warehouse and distribution facilities driving substantial vacancy compression and leading to a surge in supply growth. Home to the Dayton International Airport and the Interstate 70 and 75 interchange, the North Dayton submarket has attracted major retailers including Spectrum Brands, Crocs and Chewy.

The North Dayton industrial submarket has seen great absorption of new deliveries in the last two years, with vacancy dropping from nearly 7.1% at the end of 2017 to approximately 5.5% in 2019. The current construction pipeline shows two properties totaling 65,000 square feet with an approximately 92% pre-leased rate.

Dayton Market Quick Facts

- Average asking flex rents of \$8.61 per square foot
- Average asking industrial rents of \$4.23 per square foot
- Vacancy rate of 5.5% as of Q1 2019
- Average 2018 sales cap rate of 7.5%

Source: CoStar

Location information is provided for educational purposes and is general in nature. It may not predict the performance of the property.



About Capital Square

Capital Square is a national investment sponsor specializing in tax-advantaged real estate offerings, including Delaware statutory trusts and qualified opportunity zone funds. The firm is a leading sponsor of Delaware statutory trust offerings for investors seeking replacement property as part of a Section 1031 exchange and cash investors. Capital Square sponsors turn-key real estate investment offerings with low investment minimums to provide investors access to larger and higher quality real estate than they would be able to acquire on their own.

For Sales & Other Information, Contact:

Capital Square 1031 | 10900 Nuckols Road, Suite 200 | Glen Allen, VA 23060
Toll Free: 877.626.1031 | Phone: 804.290.7900 | Fax: 804.290.0086 | www.CapitalSquare1031.com

National Contacts:

Louis J. Rogers
Chief Executive Officer
Cell: 804.833.1031
LRogers@CapitalSquare1031.com

James Brunger
Executive Vice President, National Sales
Cell: 202.615.0442
JBrunger@CapitalSquare1031.com

Margo Steahly
Senior Vice President, National Accounts
Cell: 202.763.6061
MSteahly@CapitalSquare1031.com

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Consider the Risks:

An investment in the Interests involves substantial investment and tax risks, including, without limitation, the following risks:

- Past performance is not a guarantee of future results.
- The economic success of the Interests will depend upon the results of operations of the Property. Fluctuations in vacancy rates, rent schedules, and operating expenses can adversely affect operating results or render the sale or refinancing of the Property difficult or unattractive.
- The Master Tenant's capitalization is supported solely by the cash flow from the underlying tenant lease. The Sponsor is not under any obligation to contribute capital to the Master Tenant.
- No assurance can be given that future cash flow will be sufficient to make the debt service payments on any borrowed funds and also cover capital expenditures or operating expenses.
- No assurance can be given that Beneficial Owners of Interests will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Trust.
- The Interests are not freely transferable by the Beneficial Owners.
- There are various risks associated with owning, financing, operating, and leasing commercial properties in Ohio.
- The Interests do not represent a diversified investment.
- Beneficial Owners must completely rely on the Master Tenant to collect the rent and operate, manage, lease, and maintain the Property.
- The Beneficial Owners have no voting rights with respect to the management or operations of the Trust or in connection with the sale of the property.
- There are various conflicts of interest among the Trust, the Sponsor, the Signatory Trustee, and their Affiliates.
- The Interests are illiquid.
- There are tax risks associated with an investment in the Interests.
- There are risks related to competition from properties similar to and near the property.
- There may be environmental risks related to the property.