

# IGRE

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## *Investment Grade R.E. Income Fund, LP*

### FREQUENTLY ASKED QUESTIONS

#### *What is the total anticipated amount of the IGRE Fund?*

\$100 million, consisting of \$40 million in Investor Equity Capital and \$60 million of 1st Trust Deed bank financing, fixed for 10 years at 4% interest.

#### *What is the preferred return?*

Our preferred return is targeted at 6% (non-compounded), paid monthly, backed by long-term (10 years or more) lease agreements. Distributions are not guaranteed.

#### *What types of properties does the Fund invest in? How many? Where?*

The Fund invests in existing properties that meet each of the following criteria:

- Single-tenant and multi-tenant net-lease properties in suburban neighborhoods located throughout the United States.
- Tenants are "Investment Grade" rated, or of comparable creditworthy quality. Leases will be for a minimum term of 10 years and contractually backed by the parent company.
- Tenants are classified as "Essential" businesses, selling "Necessity-Based" products that historically have been in demand regardless of the state of the economy. Examples include grocery stores, pharmacies, distribution & fulfillment centers, healthcare facilities, home improvement & cellular providers.
- Tenants who successfully withstood the 2008 financial crises and the current pandemic all while meeting their financial obligations timely, including dividend and rent payments.

#### *How many properties will the Fund own, and where will they be located?*

The Fund seeks to acquire 15-20 properties, geographically dispersed throughout the U.S.

#### *What is a Net-lease?*

A long-term lease agreement where the tenant is solely responsible for all operating costs related to the property. These include property taxes, insurance premiums, maintenance and repairs, utilities and all other costs.

#### *How is "Investment Grade" determined? And, what does it mean?*

"Investment Grade" is determined by credit rating agencies such as Standard & Poors and Moody's. Companies with ratings of BBB- or above from Standard & Poors, or Baa3 or above from Moody's, are considered "Investment Grade". These credit ratings represent a company's potential

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for repaying loans and the tenant's rent obligations are backed by the Full Faith and Credit of the parent company. The better the credit rating, the lower the risk of default. We intend for the tenants of the Fund to be primarily comprised of investment grade or of comparable creditworthy quality.

### *Who is eligible to invest in the IGRE Fund?*

The fund is a Regulation A, Tier Two offering that permits accredited and non-accredited investors the opportunity to participate in a program that has been historically limited to high net worth and institutional investors. Non-accredited investors are limited to invest no more than the greater of 10% of their annual income or net worth. Additional restrictions and conditions may apply.

### *What is the expected holding period and exit strategy?*

Our expected holding period is between 5-7 years. We will sell our properties individually, if a compelling opportunity arises, or in a packaged form, whereby we sell our entire portfolio to a high net worth individual or an institutional investor. Alternatively, we may list on a public exchange, though this is not guaranteed. Because this is a Regulation A, Tier Two offering, the transfer/resell of units is potentially readily available than a traditional Reg D offering. So long as the offering is not listed on an exchange, liquidity is still subject to the location of an appropriate buyer.

### *What are some of the key highlights of the Fund?*

We target at least 80% of our leases to consist of tenants with an investment grade rating, and all others will have credit of comparable quality.

- Tenants will primarily be in businesses that sell essential products or services, and/or who have weathered the 2008-09 financial crisis, as well as the COVID pandemic.
- It will target existing buildings already leased to investment grade tenants (no development)
- It is pursuing properties that have automatic rental increases included and an existing lease with 10 years or more or leases with an opportunity to extend.
- Diversification in geography, industry and tenant mix.
- Single and multi-tenant properties with Net-Leases which means the tenant pays most expenses of the building to include taxes, insurance and most maintenance.
- Tenant rent obligations are backed by the Full Faith and Credit of the parent company.

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Investors will own units of the fund which through the General Partner will purchase and manage the properties. There is no guarantee the General Partner will be successful in executing its strategy or that investment objectives will be met. Properties financed are subject to foreclosure by lenders and may lose value during the life of the investment. Costs associated with the transaction may impact investors' returns and may outweigh the tax benefits. Changes in tax law may impact the tax deferral of the preferred annual return. An investment in the fund is freely transferable however there is no current secondary market for the units as such the investment should be treated as an illiquid investment. Targeted 6% preferred annual return is paid from rents received accordingly property vacancies or damage can impact rents paid. There is no guarantee the preferred return will be made. Copyright © Investment Grade R.E. Income Fund, LP. All rights reserved. Disclosure: This information is provided for informational purpose only and should not be considered a substitute for the information contained in the offering circular. This is not an offer or solicitation to purchase a security. Investing in the fund contains risks to include the potential for loss of investment amount. Investors are advised to read the offering circular and consult with their tax, financial, legal or other adviser before investing.