



440-460 Swedesford Road, King of Prussia, PA

Equus Completes Over \$128 Million in Property Sales During the Quarter

During the quarter, Equus Capital Partners, Ltd. ("Equus"), completed the disposition of two office properties and one land parcel, totaling over \$128 million.

The first office property sold was 440-460 Swedesford Road, a 150,466 square-foot Class A office campus located in King of Prussia, PA. The property was sold to a private real estate company for an undisclosed amount and was 95% occupied at the time of sale. The sale was made on behalf of Equus Investment Partnership X, L.P. ("Fund X"), a \$361 million discretionary equity fund managed by Equus.

Acquired in 2018 by an affiliate of Equus, the office buildings subsequently underwent \$5 million in capital improvements, which included full interior common area and lobby renovations with upgraded floor tile and wall coverings, new restrooms throughout the building, and the

installation of dramatic two-story glass curtain wall atriums. In addition to the interior renovations, ownership replaced the roof.

"The successful repositioning of 440-460 Swedesford Road completes our investment objective of transforming a well located but tired asset into a modern, Class A offering that enabled us to secure 140,000 square-feet of leases since 2019," remarked Keith Hontz, Vice President for Equus, who alongside Christopher Locatelli, Senior Vice President, oversaw the transaction for the firm. "Our experience and knowledge of the Philadelphia and King of Prussia markets re-enforced our commitment to the investment thesis of the property, and as a result, we were able to secure long-term leases and complete the turnaround of the asset during an unprecedented time of uncertainty due to the COVID-19 pandemic. Despite current capital market volatility, we were able to sell the asset at favorable

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The Year Ahead



Daniel M. DiLella
President and CEO

As we "turn the page" from 2022 into 2023, real estate capital markets are facing more headwinds than they've been accustomed to for perhaps a decade.

We are entering a new cycle and as we do, we observe a combination of events which pose challenges for real estate investors.

On the one hand, we observe a significant slowing of transaction volume because of the impact of ongoing increases in interest rates on pricing. Combine this with more cautious and conservative lender underwriting, and transactions and development projects become difficult to pencil out. Additionally, sellers are reluctant to transact, and buyers are reluctant to bid as price discovery continues to be elusive. This void in transaction data impacts valuations as appraisers lack the comparable sales data necessary to support their conclusions.

On the other hand, we observe that fundamentals, particularly in industrial and multi-family, remain resilient in the face of a Federal Reserve intent on slowing the economy, perhaps even into a "painful" recession, in order to reduce inflation to a level consistent with its mandate. Demand for multi-family will continue to benefit from the slowdown in home purchases created by the increase in residential mortgage rates which has caused not only prospective homebuyers to rethink purchasing, but

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Dispositions

440-460 Swedesford Road,
King of Prussia, PA
Office | 150,466 SF

1400 Atwater Drive,
Malvern, PA
Office | 299,809 SF

Land Parcel,
Ft. Washington, PA
Land | 14 Acres

New Hires

Equus Capital Partners, Ltd.
Newtown Square, PA Office
Nicholas Matyszczak, *Property Accountant*

Equus Management Company AZ, LLC
Scottsdale/Tucson, AZ Office
Rebecca Rizzo, *Property Manager*

BPG Management Company, L.P.
South Florida Office
Damaris Soto, *Property Manager*

Equus Management Company AZ, LLC
Scottsdale/Tucson, AZ Office
Nicole Salaman, *Property Manager*

BPG Management Company - NC, LLC
Raleigh, NC Office
John Summerford, *Property Accountant*

Promotions

Madison Apartment Group, L.P.
Newtown Square, PA Office
Andrew Holloway, *Vice President*

Madison Apartment Group, L.P.
Newtown Square, PA Office
Gwen Diamond, *Accounting Manager*

Madison Apartment Group, L.P.
Newtown Square, PA Office
John Spaeder, *Senior Regional Manager*

BPG Management Company, L.P.
Newtown Square, PA Office
Michelle Brutschea, *Senior Property Manager*

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homeowners to hesitate giving up their low-rate mortgages. Likewise, industrial occupancies should continue to benefit from a reduction of new deliveries resulting from developers reluctant to start new projects in the current environment. Representative of this continued excess demand over supply (again primarily in industrial and multi-family product), rental rate growth in our portfolio, continues despite recent signs of slowing. Supply chains are in a recovery mode and employment, which drives personal consumption and represents two-thirds of economic activity is healthy, albeit exposed vis a vis Federal Reserve actions to slow the economy.

On the horizon for 2023, we will likely see slow if not outright negative GDP growth. Interest rates will certainly remain elevated above levels set post GFC, but actually in line with historical levels pre-GFC. Given the underlying fundamentals, industrial and multi-family asset NOI's should experience growth, however, values will remain difficult to establish. While return to work will result in increased physical occupancy in office assets, leasing activity will be impacted by any impending recession and resulting contraction in service businesses. Negative leverage will prevail until return expectations fall in line with the higher interest rate levels. Lender inactivity, particular in the construction sector will cause starts to be delayed and may require projects in process to be re-margined. Owners who over-borrowed at lower rates over the past few years, particularly those faced with near-term loan maturities will experience stress if not distress.

All this points toward the fact that opportunities will present themselves at some point and patient investors will be rewarded. Equus, under its tenured leadership, direct operator model, presence in multiple US markets and access to capital, is well positioned to capitalize on those in 2023.

As always, thank you for your support and best wishes for a happy and prosperous New Year. ■

A Year In Review



Arthur P.
Pasquarella, COO

We are pleased to report that our commercial asset management staff completed 708 leases totaling over 7.1 million square-feet in 2022. During the 4th quarter, our team completed 257 leases

totaling over 1.6 million square-feet. The 2022 leases represent an aggregate lease value of more than \$327 million (with new leasing representing 41% of the total volume). In addition, our industrial development team executed during the 4th quarter more than 772,000 square-feet of long-term pre-leases in 3 buildings now under construction. We thank the many leasing agents from around the country who work closely with us in achieving this sizable activity.

Activity was also robust among acquisitions with Equus organizing and leading more than \$1.5 billion in acquisitions, including \$189 million of Co-Investment equity during the year.

Our dispositions team sold 11 commercial properties, 1 multi-family property, and 2 land parcels during the year from our fund and development portfolios for a total consideration of more than \$715 million.

Our development teams remained very active this past year in commencing construction on seven industrial buildings totaling more than 2.8 million square-feet and 548 apartment units. In addition, they continue to advance land development approvals for future Equus projects across multiple states in the Southwest, Southeast and mid-Atlantic regions.

During 2022, in our most recent fund, Equus Investment Partnership XII, L.P. ("Fund XII"), which completed its capital raise in October 2022, we made investments in excess of 7.4 million square-feet of industrial properties and a 267-unit multi-family property. To date, Fund XII is approximately 60% invested and has holdings in 11 states across the country.

Our capital markets department was very busy again during 2022, closing and refinancing loans totaling more than \$1.3 billion.

Our acquisition focus in early 2023 is on value-add industrial and multi-family opportunities across the country.

Best wishes for a happy and healthy New Year. ■

Development Update



Madison Prickett Preserve Lower Makefield, PA

During the quarter, Equus continued construction of this 200-unit luxury apartment community located at the interchange of Route 332 and Interstate 295 in Bucks County, PA. The community is being built on 14.8 acres of land and will consist of nine 2 and 3-story garden style apartment buildings and an 8,000 square-foot clubhouse and leasing center. The first units will be ready for occupancy in the spring of 2023.

The exterior finishes will be a combination of Hardie-Plank siding and stone veneer. The unit interiors will consist of high-end finishes with open, spacious floorplans, 9-foot ceilings, luxury cabinets, natural stone countertops with ceramic backsplashes, GE stainless steel Energy Star appliances, 5-Burner gas ranges, modern pendant lighting, programmable thermostats, ceramic tile flooring in bathrooms, walk-through closets, and full-size washer/dryers.

Equus has already completed all of the site work including curbs, base asphalt in all of the drive and parking areas. Wood framing/sheathing and roofs have been completed on the first two buildings and interior mechanical and electrical rough-ins are ongoing. Footings, foundations, plumbing rough ins and concrete slabs of remaining buildings is 90% complete. The community amenities will include a two-story clubhouse with a leasing office, 24-hour fitness center, a private dining space with outdoor patio, Café, game and sports lounge, and a business center with meeting rooms and private work offices. The exterior courtyard provides access to a resort-style pool, outdoor kitchens with dining, TV lounges and a dog park. Storage lockers, as well as 32 private garages will also be available within some of the buildings and with direct electric car charging available in each. ■



400 West Elm Conshohocken, PA

400 West Elm, officially branded as "Madison West Elm", remains scheduled for resident occupancy by year-end 2023.

During 4Q'2022, construction continued of the building façade, window installation, interior wall framing, fireproofing, plumbing, mechanical and electrical system rough ins.

The exterior finishes of the 348-unit, 14-story building will be a combination of metal panel with brick veneer accent sections. The unit interiors will consist of high-end finishes with open, spacious floorplans, 9-foot ceilings, luxury cabinets, quartz countertops with ceramic backsplashes; GE stainless steel Energy Star appliances, 5-Burner Gas Ranges, with modern pendant lighting, programmable thermostats, ceramic tile flooring in bathrooms, walk-in/walk-through closets, and full-size washer/dryers.

The community amenities will consist of 24-hour doorman access, a two-story clubhouse with a 24-hour fitness center, bicycle lab and resident storage, resort-style pool with in-water seating and lap lane, outdoor kitchens with seating and TVs, outdoor lounge areas, and a robust business center with meeting rooms and work pods, a makers room, reading lounge and café. The penthouse level resident lounge features private dining, a speak easy, and wine tasting room all attached to the terrace overlooking the picturesque Schuylkill River below. The amenity space will include particularly unique features such as a roof top deck, featuring an outdoor lounge and 360° views as well as a Full Swing sports simulator which will enable fully interactive game play for over 13 sports. Assigned garage parking, car charging stations, and storage lockers will also be available.

Pre-leasing begins Summer 2023. ■



Mid-Atlantic 81 Logistics Park Martinsburg, WV

The speculative 324,000 square-foot warehouse building was substantially completed during the 4th quarter of 2022. Heavy duty asphalt and concrete paving was completed, the fire suppression system was commissioned and inspected, and the water, sewer, and dry utility connections and fixtures were installed inside the warehouse.

The building is located at 264 Development Drive and includes the following features: 32' clear height, 50' x 52' structural steel column spacing with a 60' speed bay, 33 dock doors with fully operational levelers, bumpers, seals, z-guards and LED swing arm lights, and the ability to expand to 48 dock door locations. The building also features an ESFR Sprinkler System and 58 trailer parking spaces. Energy efficient features that are incorporated into this development include a 60 Mil heat load reducing white TPO membrane roof, LED high bay lighting with motion sensors/ timers, clerestory windows which bring natural light into the high bay areas and the use of native landscape to minimize the need for irrigation and a stormwater management system.

This building joins an existing 356,700 square-foot warehouse at 261 Development Drive that was speculatively built by Equus in 2019 and, shortly thereafter, fully leased to Procter and Gamble. A 580,000 square-foot build-to-suit warehouse for Clorox Corporation at 139 Development Drive was also delivered in Q3 2022. Equus has secured municipal approvals for the 4th and final building in the Park, a 369,000 square-foot distribution building to be built on approximately 25 acres.

John Lesinski and Ben Luke of Colliers International are the leasing agents. ■

Development Update



Virginia Port Logistics Park Suffolk, VA

Recent completions at this 900-acre industrial park include 1080 Centerpoint Drive, which started construction in October 2021 as a 307,200 square-foot spec distribution building and is now 100% leased on a long-term basis to Dart Corporation; and 2150 Enterprise Drive a 278,670 square foot cross-dock building that is fully leased to a national retailer on a 15-year term.

Construction commenced in May 2022 on two long-term preleased distribution buildings in the park. The first building, 2300 Enterprise Drive, is a 1,519,000 square-foot distribution facility for Lowe's Home Centers, LLC that will utilize the nearby Port of Virginia's ocean terminals to receive product. The concrete floors are currently being poured and the concrete tilt-walls being erected. The building is so large that the total linear footage of tilt-walls at completion will be 1.2 miles long. Completion is scheduled for September 2023. The second preleased building is a 150,000 square-foot transload facility which will include over 900 trailer parking spaces for NFI/ Cal Cartage, one of North America's largest supply chain solutions providers. Sitework continued during the 4th quarter with earthwork/mass grading over the 74-acre site, the installation of the underground storm sewer, sanitary sewer and water utilities, and the import of structural fill material for the areas of the site that will be paved for over 900 trailer parking spaces. Completion is targeted for the fall of 2023.

The warehouse facilities at Virginia Port Logistics Park, both recently completed and recently commenced, all feature Class A clear heights ranging from 32' to 36', an average of 1 dock door per 4,000 square-feet and extensive on-site trailer parking. ■



Build-To-Suit Warehouse Waynesboro, VA

During the quarter, Equus entered into a long term build-to-suit lease agreement for 400,000 square-feet of Class A warehouse space. The tenant is a leading manufacturer and supplier of exterior materials for residential homes, including windows, patio doors and vinyl siding.

The warehouse will be located on a 44-acre parcel in Waynesboro, VA, within close proximity to Interstate 64. The user reports that it will realize significant savings and efficiencies with the storage and delivery of their products to their partner builder network.

Equus broke ground in October 2022 and the building is scheduled for completion in October 2023. The warehouse facility will feature 32' clear height, a single side loaded truck court with 30 fully loaded dock positions, 2 oversized drive-in ramps and doors, a 7' concrete slab, LED High Bay lights with energy saving motion sensors, and additional trailer parking spaces for up to 150 trailers. ■



Florida Gulf Coast 75 Logistics Center Punta Gorda, FL

During the quarter, Equus continued construction on the Florida Gulf Coast 75 Logistics Center, a 378,000 square-foot speculative warehouse facility in Punta Gorda, Florida along Interstate 75, 20 miles north of Fort Myers and approximately 100 miles south of Tampa Bay.

Structural fill import and building pad construction continued during the 4th quarter. Despite the direct impacts of Hurricane Ian in late September, we were able to import over 350,000 cubic yards of structural fill material to the site – that's nearly 30,000 truck loads in the last 3 months! Column footings and foundations as well as underground utilities are currently being installed.

The Florida Gulf Coast 75 Logistics Center is on schedule to be completed in August 2023 and will feature a 32' clear roof height, single side loading from 54 docks and 73 trailer storage spaces. Additionally, the project will include Class A industry standard LED lighting, a 7" concrete floor and an ESFR sprinkler system.

As previously reported, in October 2022, Dakota Premium Hardwoods, headquartered in Waco, TX, signed a multi-year lease for 72,000 square-feet of space within the Florida Gulf Coast Logistics Center. ■



I-40 Industrial Center Greensboro, NC

During the second half of 2022, Equus broke ground on the I-40 Industrial Center, a 340,000 square-foot speculative warehouse facility located at 104 Guilford College Road in Greensboro, North Carolina along Interstate 40 and Interstate 85. The site's proximity to the Piedmont Triad (Greensboro, Winston-Salem, Highpoint), Raleigh to the east and Charlotte to the west make for an ideal distribution location. The property sits just 2 miles from Fed-Ex's Mid-Atlantic hub located at the Piedmont Triad International Airport.

Footers, foundations and the concrete building slab commenced during the 4th quarter. With structural steel deliveries and pre-cast concrete panels arriving to the site in January and February, we will be vertical with the building very soon! The I-40 Industrial Center is on schedule to be completed in August 2023 and will feature a 32' clear roof height, single side loading from 46 docks and 49 trailer storage spaces. Additionally, the project will include Class A industry standard LED lighting, a 7" concrete floor and an ESFR sprinkler system.

The listing agents for the I-40 Industrial Center are Will Henderson and Sam Haus with CBRE Triad. ■



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returns for our investors."

The second office property sold was 1400 Atwater Drive, a 100% leased, 299,809 square-foot Class A office building in Malvern, Pennsylvania, to Vanguard.

1400 Atwater Drive was originally developed in 2013 as a build-to-suit for Endo Pharmaceuticals, which has sub-leased two floors to Vanguard since 2018. Comprised of two, five-story structures, connected by a two-story lobby, 1400 Atwater is situated on 24.84 acres. The LEED Silver trophy asset features a sleek granite and concrete façade, 10' finished ceiling heights, on-site structured parking at a ratio of 4 per 1,000 square-feet - approximately 90% of the parking spaces contained within the adjacent two-level parking garage and the balance being surface parking, expansive lakefront views, efficient 30,000 square-foot floor plates, and numerous on-site amenities including a full-service cafeteria, fitness center, coffee bar, training rooms, and a data center.

"Vanguard is excited to continue to invest in our infrastructure and the region, and importantly, ensure we're equipped to continue offering a best-in-class work experience for our crew to serve our investors and their financial goals," said Paul Begin, head of corporate real estate for Vanguard.

1400 Atwater benefits from being one of the most accessible office complexes in Philadelphia's western suburbs due to it being located literally at the interchange of Route 29 and the Pennsylvania Turnpike, providing quick access to King of Prussia to the east as well as the confluence of I-76, US Route 202, and US Route 422. In addition, US Routes 202 and 30 are located two miles south of the property. 1400 Atwater is located within the Malvern/Exton office market, which is 25 miles northwest of center city Philadelphia. This submarket also benefits from its convenient access to Philadelphia's prestigious "Main Line" which is considered as one of the most sought-after residential communities in the country. Additionally, 1400 Atwater is within a 15-minute drive of one of the nation's most notable retail destinations, the King of Prussia Mall (2nd largest mall in the U.S.).

The sale was made on behalf of Equus Investment Partnership XI, L.P. ("Fund XI"), a \$387 million discretionary equity fund managed by Equus.

Also during the quarter, Equus sold a 14-acre property that had been home to a 58,000 square-foot office building. Equus had the site rezoned to allow multi-family use on the site and sold it for \$12,640,000. ■

Equus would like to thank the following brokers and their firms for helping us lease 1,655,427 SF in the 4th Quarter 2022:

▶ Avison Young (IL)	Fred Ishler and Mark Montana
▶ Avison Young (MN)	Rob Youngquist
▶ Avison Young (TX)	Michael Bowles
▶ Avison Young North Carolina, LLC (NC)	Baxter Maye Walker III
▶ BLD Real Estate (AZ)	Stacy Fitzgerald
▶ Boss Capital Development, LLC (AZ)	John Buette
▶ Brumel Properties (IL)	Jack Dunholther
▶ Bull Realty (GA)	Frank O'Connor and Jesse Whalen
▶ Carson Commercial, LLC (AZ)	Aaron Carson
▶ CBRE, Inc. (AZ)	Diane Carlson, Jackson Kraft and Bruce Suppes
▶ CBRE, Inc. (DE)	John Kazowka and Dan Rattay
▶ CBRE, Inc. (IL)	John Springer
▶ CBRE, Inc. (MD)	Kevin O'Neil and Jared Ross
▶ CBRE, Inc. (PA)	Brian Smyth
▶ CBRE, Inc. (TX)	Fletcher Cordell, Michael Dudley and Jackie Marshall
▶ Citywide Commercial Real Estate (AZ)	Garette Golding, Todd Hamilton, Jack Scanlan and Adam Shteir
▶ Colliers International (IL)	Dave Florent
▶ Colliers International (PA)	Kyle Hilbert, Jay Kyle and Ina Sargen
▶ Colliers International (TX)	Baron Aldrine, Ryan Byrd and Blaine Shawaker
▶ Colliers International (VA)	Worth Remick, Lang Williams and Ashton Williamson
▶ Commercial Prop Connect (AZ)	Susan McCall
▶ Commercial Properties, Inc. (AZ)	David Bean, Cory Breinholt, Langdon Bridges, Keith Clark, Darin Edwards, Kelli Jelinek and Cory Sposi
▶ Compass Real Estate (TX)	Jessica Jones
▶ Cresa Global, Inc. (AZ)	Rod Beach
▶ Cresa Global, Inc. (NC)	Robert S. Dumlar
▶ Cushman & Wakefield (DC)	Michael Katcher and John Skolnik
▶ Cushman & Wakefield (IL)	Niki Thomas
▶ Cushman & Wakefield (PA)	Gina Brennan and John Shelly
▶ Cushman & Wakefield (VA)	Michael Altman, Paige Barger, Todd Brinkman and Tom Walsh
▶ Diversified Partners (AZ)	Connor McGinley
▶ Fischer (TX)	Michael Petrick
▶ Hutch Companies (AZ)	Eric Hutchens
▶ Jackson & Cooksey, Inc. (TX)	Paula Diane Osborn
▶ Jones Lang LaSalle (FL)	Peter Johnston, Peter D. Sheridan and Yuri J. Quispe
▶ Jones Lang LaSalle (MN)	Jon Dahl, Jessica Maidl, Brent Robinson and Eddie Rymer
▶ Jones Lang LaSalle (TX)	Joe Berwick, David Holland, Eliza Klein, Richard Quarles and Jarret Venghaus
▶ Jones Lang LaSalle (VA)	Gregg Christoffersen, Justin Gruending and Deborah Stearns
▶ Jones Lang LaSalle Brokerage, Inc. (NC)	Austin Percival Jackson
▶ Keller Williams Realty Cary (NC)	Brian Patrick Donnelly
▶ King Industrial (GA)	Andrew Johnson
▶ MAP Commercial Realty, LLC (NC)	Maryann M. Peterson
▶ Mikels & Jones Properties, Inc. (NC)	William Trent Ragland IV
▶ NAI Brannen Goddard (GA)	Mike Berens and Logan Haner
▶ NAI Robert Lynn (TX)	James Davis
▶ Newmark Knight Frank (AZ)	Dan Dobric
▶ Newmark Real Estate (PA)	Jim Dugan and Patrick Nowlan
▶ NorthMarq Advisors (PA)	Tim Whitworth
▶ PICOR Commercial Real Estate Services (AZ)	Jesse Blum, Alex Demeroutis, Molly Mary Gilbert, Rob Glaser, Paul Hooker, Andrew Keim, Tara Kernen, and Rob Tomlinson
▶ Proventure (TN)	Mike Brandon
▶ Savills (GA)	Steven Bates
▶ Savills (TX)	Greg Taubin
▶ Stream Realty (TX)	William Carpenter, Woody Hillyer and Boone Smith
▶ T. Dallas Smith (GA)	Leonte Benton
▶ TaTonka Real Estate Advisors (MN)	Corey Whitbeck
▶ TP Triangle LLC (NC)	Salvatore William DiFranco
▶ Trucore Commercial, LLC (TX)	Donald Fincher and Max Robbins
▶ Tucson Realty & Trust (AZ)	Frank Arrotta
▶ Volk Company (AZ)	Andreas Castillo

Equus Capital Partners, Ltd.[®] is one of the nation's leading private real estate investment managers. Equus' diversified portfolio consists of office, multi-family, R&D, and industrial properties located throughout the United States.

Philadelphia | Washington, D.C. | Marina Del Rey | Raleigh | Atlanta | Scottsdale | Delray Beach

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