



The ElmTree Edge

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2024 Preview

Gearing Up for Growth



James G. Koman
CEO & Founder

As the calendar turns from 2023 to 2024, ElmTree's ongoing dedication to deep research and thoughtful deliberation about our company, our industry, and the opportunities ahead takes on a little extra urgency. Even in challenging years—perhaps especially in challenging years—there is so much that investors and investment professionals can learn. We can dig deeper into how macroeconomic forces and market volatility affected performance, how those changes impacted the industry landscape, and how the outlook shifted throughout the year.

Understanding the wide range of factors that impact industrial markets, thinking critically about what investors can (and cannot) control, and appreciating how that understanding should inform our perspective about what comes next is SOP at ElmTree.

With that in mind, here is a summary of the year behind us and key opportunities we've identified as we set our sights on 2024.

The road behind and the road ahead

Throughout the turmoil and turbulence of a chaotic and often complex market environment, ElmTree strives to remain patient and conscientious. We are always listening to what the market is telling us and considering what's top-of-mind for our investors. We want to be sure that we can alleviate any concerns and clearly explain why we believe our investment opportunities are on

target and in-line with our pro forma, and that we will continue investing in a cadence that we believe optimizes returns, even in a heightened-rate environment. It's never easy for a firm to reach its ambitious expectations, but we remain focused and constructive on setting and achieving our investment objectives.

A vision for success in the New Year

We're feeling confident that 2024 is going to be a big year with several exciting opportunities unfolding at ElmTree. We continue to have promising and productive conversations with potential new partners around the globe. We believe, and think most savvy investors would agree, that once interest rates start to turn and markets level out, we will see more market competition that drives higher pricing. We're also optimistic that interest rates may come down a bit in 2024, with further modest decreases likely in 2025. Our job is to get the right investment opportunities lined up and have the capital in place to deliver results when that happens.

Plans and priorities

In a business where so much is out of your hands, ElmTree is always vigilant about making sure we are proactive about managing the factors that are in our control. With that in mind, our asset management department is paying close attention and keeping us fully engaged with the needs of our existing users, and staying in touch as to what their potential future expansion plans might look like. We're also talking directly to large corporations to make sure that we remain top-of-mind as a long-term landlord if their expansion plans pick up in 2024. When they have those important conversations about growth and relocation, we want to make sure we are the asset manager of choice.

Given the amount of new industrial product delivered in recent years, some degree of slowdown in supply was inevitable. That is indeed what we've seen unfold. But as projects fall off, new opportunities will emerge. And we have to be cognizant of and sensitive to how that ongoing balancing act impacts the scope and scale of those opportunities moving forward.

ElmTree capitalizes on attractive opportunities by making diligent assessments and calibrating our approach accordingly. We execute by sticking to our proven formula: identifying and prioritizing our top target markets and then determining, through our relationships both locally on the ground and nationally, who is looking to onshore or re-shore, and where those opportunities are going to arise. Due diligence isn't something we do sporadically; it's an ongoing exercise in making sure the asset we are underwriting is available at a reasonable price point and at an attractive rental rate.

ElmTree is also going to need to be sensitive to how the pricing game unfolds going forward: no one wants to pay premium prices if the market resets at the end of 2024. Research plays a role, as always, and we'll be staying on top of comps in different markets and understanding where construction costs might be taking us in the year ahead. It all comes back to making sure we are paying the right dollar amount for the right property and avoiding the slippery slope that plagues some investment firms that are not as tactful in their underwriting.

New spaces, new people, new energy

In 2023, we expanded our ElmTree headquarters into a state-of-the-art facility in St. Louis—twice the size of our previous space, complete with cutting-edge technology and features. Growth necessitates not only a robust team, but also a polished presentation, amenities, and technology that foster collaboration and efficiency. This relocation has not only had a positive impact on our team,

but has also created a welcoming environment tailored to enhancing connections with our valued partners and investors.

Additionally, ElmTree opened a new office in 2023, and we have continued to add top talent to our team, with plans to continue growing our team in 2024. Notably, our West Coast presence has been enhanced by the new Newport Beach, CA, office, and the addition of a recent new hire based in San Francisco. Additionally, we are actively exploring different markets in the Southeast for future expansion opportunities. Along with our team here in St. Louis, it's part of a continued pattern and a conscious strategy of national growth. ElmTree's increasing geographic diversity gives us valuable flexibility in terms of hiring, expansion, and market coverage, positioning us to move forward in promising new directions.

We believe that ElmTree's positive trajectory will continue and that there is more growth ahead. With the right team behind us, more doors open and more opportunities will present themselves that will allow this positive growth to continue. Our commitment to providing our employees with high-end amenities and the latest technology is an important piece of the recruiting and retention puzzle, but ultimately, what makes ElmTree a place that appeals to some of the most talented professionals in the business is that we are an engaged, connected, and supportive team. That family mentality isn't just an abstract ideal; it leads to confidence, dedication, performance, and positivity. A strong professional culture generates its own positive momentum and a self-reinforcing cycle of success. That is the biggest reason why ElmTree has continued to grow and deliver for our investors, and why we continue to be optimistic about the exciting opportunities ahead of us in 2024—and beyond.

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