



Feasibility Study

Industrial Flex Warehouse Louise

Purchase Price Assumption: **\$8,500,000**

1. Asset Overview

Warehouse 1

Location: 2908 West Deer Valley Road,
Phoenix, AZ 85027

- 43,672 SF free-standing facility
- Built in 2024
- Lot Size: 2.18 acres
- 2 truck wells + 6 grade-level doors
- Located in Deer Valley Technology Park
- Estimated Lease Rate: \$1.40 PSF (NNN)

Warehouse 2

Location: 2837 West Louise Drive, Phoenix, AZ 85027

- 41,852 SF free-standing facility
- Originally built in 1986, renovated in 2024
- Located in Deer Valley Technology Park

2. Business Strategy (Warehouse 1)

MP Distro plans to utilize Warehouse 1 as a **wholly-owned manufacturing facility**.

Primary Use Case:

- Diesel Exhaust Fluid (DEF) Production Facility

Estimated Setup Cost:

- **\$2.5M – \$3M** (Includes equipment, installation, engineering, and training)

Setup Timeline:

- **~6 Months**

3. Product Overview (DEF)

DEF (Diesel Exhaust Fluid) is composed of:

32.5%

high-purity urea

67.5%

deionized water

Consumption Metrics:

**DEF usage = ~2% of diesel
consumption**

**Ratio: 1 gallon DEF per 50
gallons diesel**

4. Market Opportunity

- U.S. DEF Market projected to reach \$50 Billion by 2027
- Expected CAGR: ~8%

Key Growth Drivers:

- **Increasing diesel SCR vehicle adoption**

- **Stricter emissions regulations**

- **Expansion of DEF infrastructure**

- **Growth in construction industry demand**

- **Rising vehicle usage and aging fleets**

5. Production & Revenue Potential

Initial Production Capacity:

- 2,400 GPH (expandable to 4,800 GPH)

Operating Assumptions:

- 20 working days/month
- 8-hour shifts
- 70% efficiency
- Wholesale pricing (market average)

Revenue Scenarios:

2.5 Gallon Packaging:

≈ \$2.52M

Annual Revenue

55 Gallon Drums:

≈ \$4.66M

Annual Revenue

6. Alternative Strategy (Lease Scenario)

If leased instead of operated:

Warehouse 1 Lease Income:

- **≈ \$733,000 annually** (based on \$1.40 PSF)
-

7. Leasing Strategy (Warehouse 2)

Option 1 (Full Lease):

- Single tenant
- 15-year lease
- \$1.30 PSF (NNN)
 - 3% annual escalations

Option 2 (Partial Lease):

- Multi-tenant structure
- \$1.40 PSF (NNN)

8. Value Creation Opportunity

Warehouse 1:

- Convert from passive asset → high-margin manufacturing
- Significant revenue upside vs leasing

Warehouse 1:

- Stable long-term income
 - Built-in rent growth (3% annually)
-

9. Strategic Positioning

This portfolio offers a hybrid investment model:

- **Active Income:** DEF production (high growth, scalable)
- **Passive Income:** Long-term NNN leasing
- **Flexibility:** Ability to switch between strategies based on market conditions

10. Risk Considerations

Operational Risk:

- Manufacturing setup & execution

Market Risk:

- DEF pricing fluctuations

Tenant Risk:

- Vacancy or lease-up timing (Warehouse 2)

Capital Risk:

- Initial \$2.5M–\$3M deployment
-

11. Investment Summary

This opportunity combines:

- Industrial real estate stability
- High-growth manufacturing upside
- Strong macro demand tailwinds
- Flexible exit strategies