FSX Inventory Financing Fund
Capital in Action: Industrial 34, DST

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The FSX Inventory Financing Fund provides flexible capital solutions for DST property acquisitions while offering investors attractive returns and structured security. This use case transaction illustrates the Fund's capacity to participate as a key lender in a larger, more complex capital stack, providing crucial junior financing to secure institutional-quality assets.

The Opportunity

The Fund provided capital to facilitate the acquisition of a two-property portfolio of single-tenant, net-leased industrial facilities. The properties, located in Duncan, SC, and Hanson, KY, are leased to investment-grade tenants Eaton Corp. and Carhartt, Inc., respectively. These mission-critical distribution centers feature long-term NNN leases with built-in rental escalations, representing a stable, high-quality DST offering.

The Bridge Loan

On December 9, 2025, the Fund acted as the lead lender on a junior acquisition bridge loan of approximately $13.3 million. The Fund's direct participation was $725,000. This loan was part of a larger, aggregate financing of approximately $40.75 million, which included a $27.45 million senior loan from a traditional bank. The Fund's participation was essential to bridge the gap and complete the acquisition.

Key Loan Terms:

- **Interest Rate:** 15% fixed
- **Term:** 12-month initial term, with two 6-month extension options
- **Collateral:** The loan is secured by a pledge of the borrower's beneficial interests in the DST and an all-asset lien.
- **Structure:** The junior loan is subordinate to the senior bank loan, as defined in an intercreditor agreement, providing a clear repayment structure.

The Result: A Strategic Acquisition

This transaction highlights the Fund’s strategic role in enabling FSX to secure premier industrial assets for its DST platform. The successful syndication of the FSX Industrial 34, DST will provide the proceeds to repay the loan, following the Fund’s investment thesis.

Potential Advantages for FSX Inventory Financing Fund Investors

Participation in the Fund’s bridge financing activities offers opportunities for accredited investors seeking income-focused, alternative investments.

- **Attractive Yields:** The Fund targets a 10% preferred return for its members.
- **Short-Term Liquidity:** Bridge loan participants often receive principal back on a deal-by-deal basis, typically within 6-12 months.
- **Security:** Investments are secured by a pledge of the depositor's beneficial interests in the DST.
- **No Management Fees:** The Fund is structured so that 100% of returns go to investors first, up to the preferred return.