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DESERT HOT SPRINGS INDUSTRIAL PARK: CANNABIS CULTIVATION OPPORTUNITY

122,000 SF | Little Morongo Rd | MEP & Cannabis Entitlements Included

Buy it. Build It. Exit.

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Introduction

The **Desert Hot Springs Cannabis Cultivation Campus** presents a unique, shovel-ready investment opportunity for cannabis industry operators and investors. Priced at **\$950,000** for **raw land with entitlements**, this 8+ acre property offers over **122,000 square feet** of customizable space dedicated to cannabis operations. Although not turnkey, the facility is shovel-ready (ready for construction, not fully built) and designed with **MEP systems** (Mechanical, Electrical, Plumbing) for maximum operational efficiency and to meet compliance standards.

Located within a **cannabis-friendly zone**, the property includes **Cannabis Entitlements**, streamlining the process to begin cultivation operations and significantly reducing startup time. Strategically positioned for high-yield productivity, the campus supports **bi-weekly harvest cycles**, enabling operators to optimize scale and maximize returns on investment.

This cultivation campus provides a scalable solution for cannabis entrepreneurs and investors, combining advanced infrastructure with regulatory benefits in a prime Desert Hot Springs location.

Property Overview

Location & Size

- **Total Land Area:** ~ 8.48 Acres
- **Rentable Area:** 122,000 SF
- **Prime Location:** Little Morongo Rd, Desert Hot Springs, CA
- **Parcel APNs:** 665-080-006 & 665-080-008

Building Design Specifications

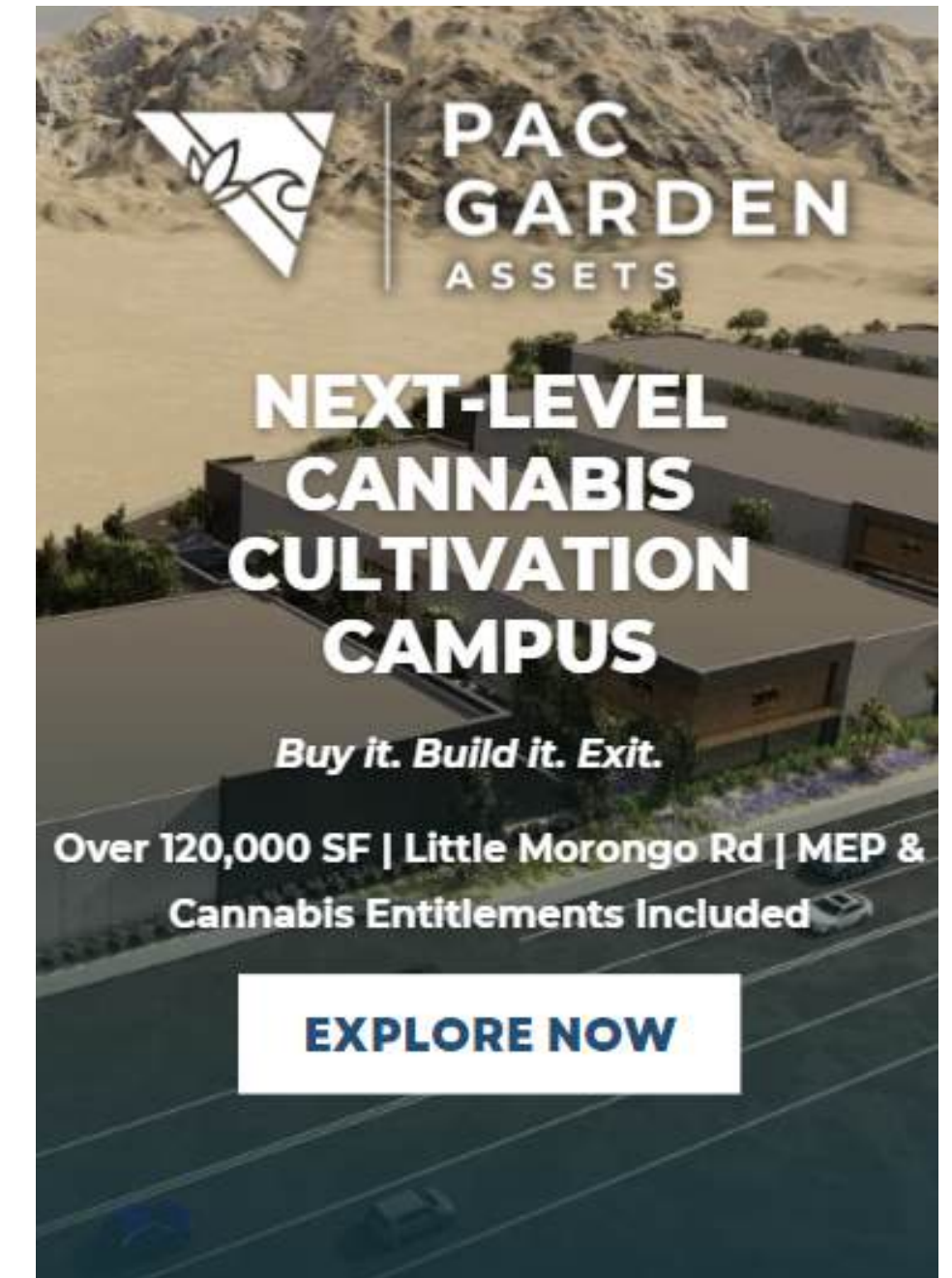
- Each of the five (5) buildings are designed for functionality & efficiency, featuring: dedicated dry rooms, trim rooms, and four (4) flower rooms, with bi-weekly harvesting cycles.
- **Building #1:** 28,100 SF
- **Building #2:** 30,600 SF
- **Building #3:** 24,718 SF
- **Building #4:** 22,440 SF
- **Building #5:** 16,954 SF

Zoning & Entitlements

- **Cannabis-Compatible Zoning:** Cultivation, manufacturing, & distribution.
- **Significant Tax Incentives:** Competitive tax rates and **Opportunity Zone** status
- **Designed for Cultivation:** MEP specifically designed to support efficient, large-scale cannabis production.

Utilities & Site Conditions

- **Utilities Ready:** Electricity & water connections are already established; a sewer plant is under construction nearby.
- **Land Topography:** Flat, cleared land.
- **Easy Accessibility:** Situated near the I-10 highway, making logistics straightforward.



Target Market

This project has major market appeal as the designs are modern and the regulations are beginning to soften. Investors are getting ready for a friendlier (*possibly even legal*) federal cannabis environment.



1

Cannabis Entrepreneurs & Startups

- Small to mid-sized cannabis businesses looking to establish a footprint in California.
- High-interest in low to medium cost cultivation solutions with supportive local regulations.



2

Institutional Investors & REITs

- Investment groups interested in high-growth potential properties within the cannabis industry.
- Appeal to those seeking shovel-ready facilities with cannabis entitlements and tax benefits.



3

Experienced Cultivators and MSOs

- Medium to large cannabis businesses looking to expand or establish a footprint in California.
- High-interest in large scale, highly efficient cultivation spaces for commercial production.

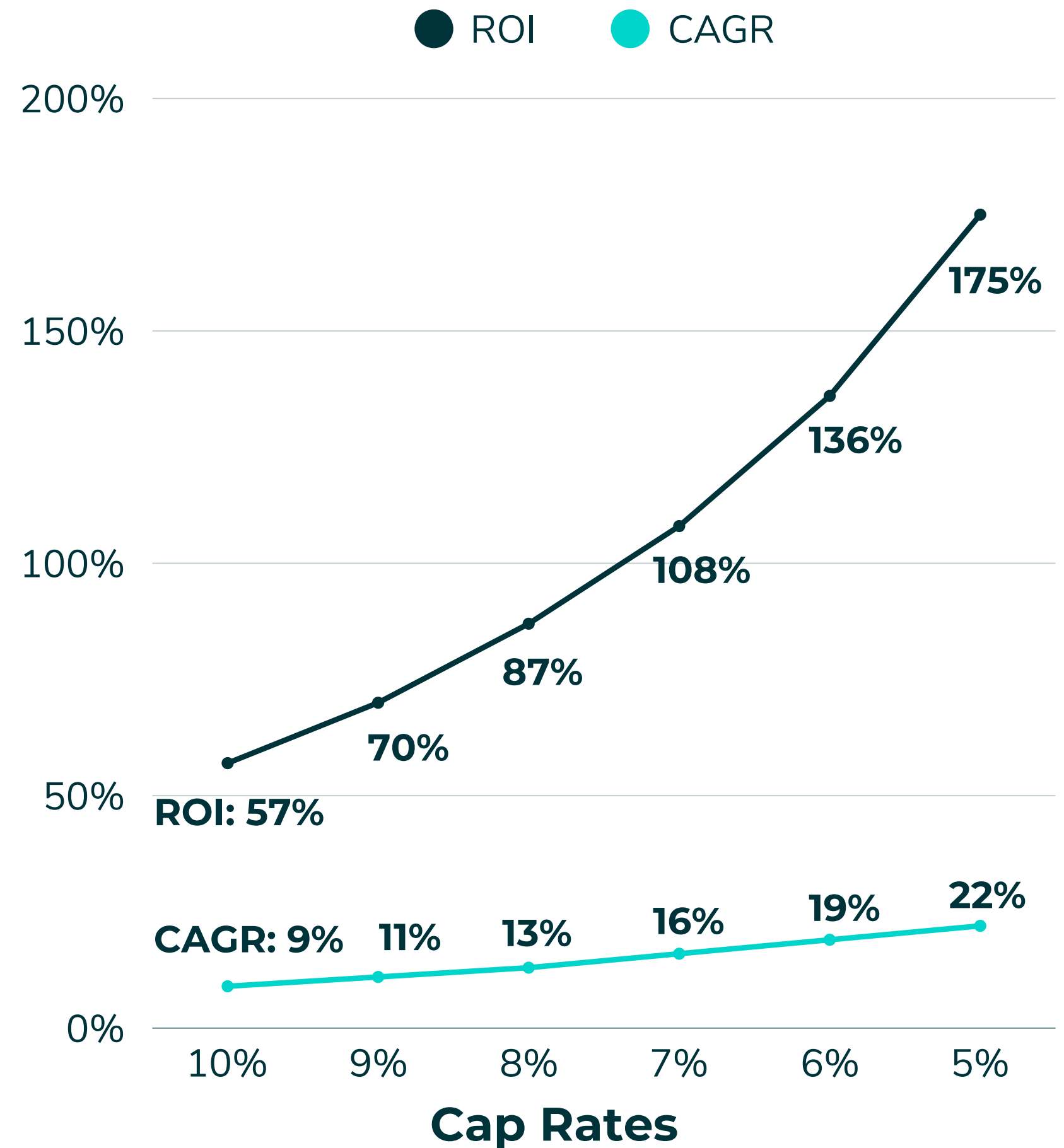


Cap Rate Analysis (10% - 5%)

Lower cap rates enhance both ROI and CAGR, highlighting the value of a favorable exit in the cannabis industry.

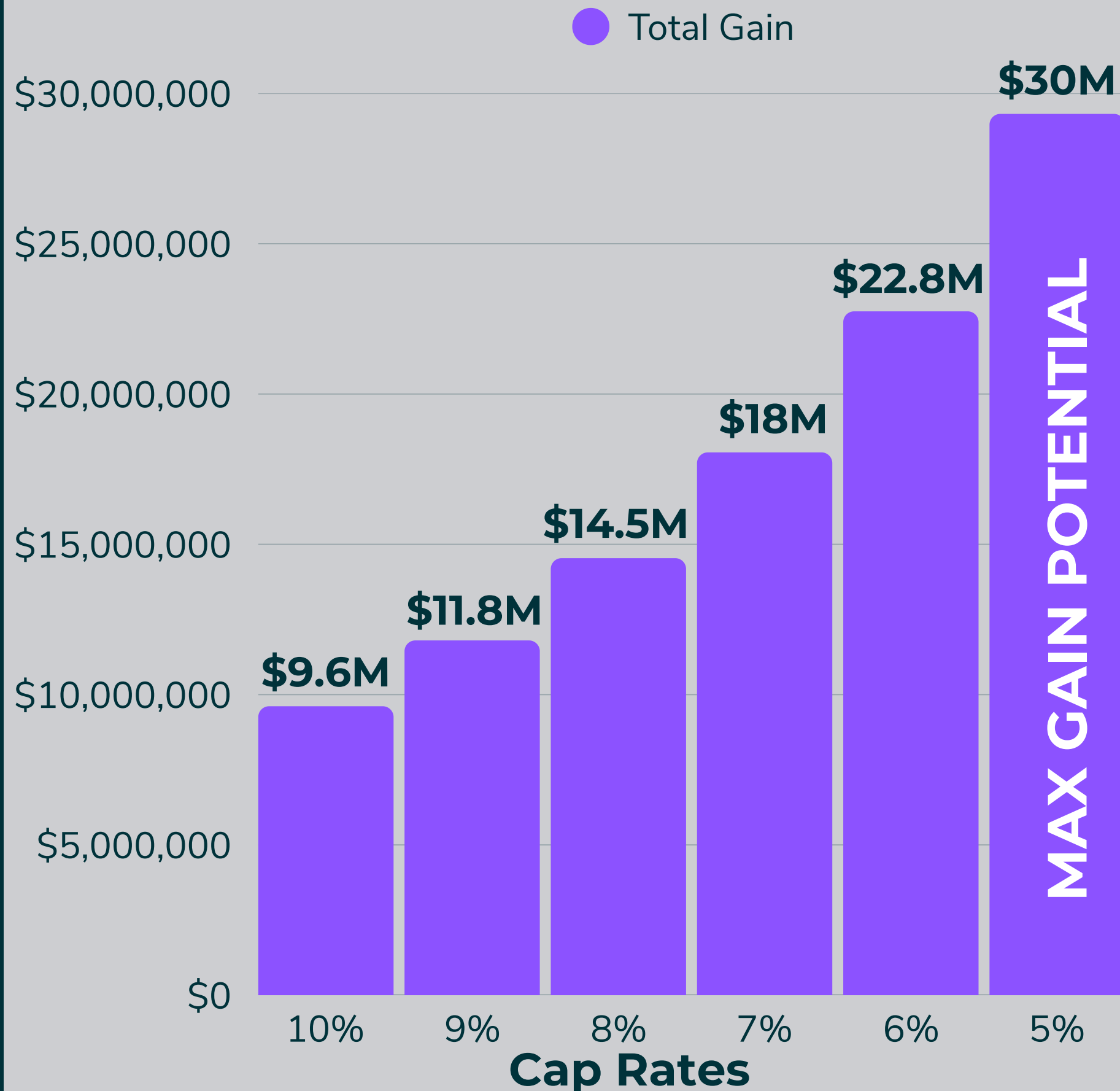
- **Exit Valuation Impact:** A lower cap rate results in a higher exit valuation, enhancing overall returns.
- **Projected Year 5 Exit:** Assuming a 7% cap rate, this investment achieves a **projected ROI of 108%** and a **Compounded Annual Growth Rate (CAGR) of 16%** over five years.
- **Market Positioning:** As cannabis assets become more mainstream and perceived as less risky, they are likely to be valued at lower cap rates, offering a substantial premium over traditional, risk-free investments.

ROI and CAGR Across Cap Rates





Projected Total Gain by Cap Rates



Targeting a 7% Cap Rate for Strong ROI and High Returns



7% Cap Rate Projected Gain: At a 7% cap rate, this investment yields a **total gain of \$18M**, reflecting a balanced approach to risk and return.



Significant Profit Potential: Achieving a **7% cap rate exit** provides a substantial premium over higher cap rates, making it an attractive target for market conditions.



Enhanced Investor Appeal: As cannabis assets mature and gain credibility, a 7% cap rate becomes increasingly achievable, positioning this investment for robust growth and profitability.



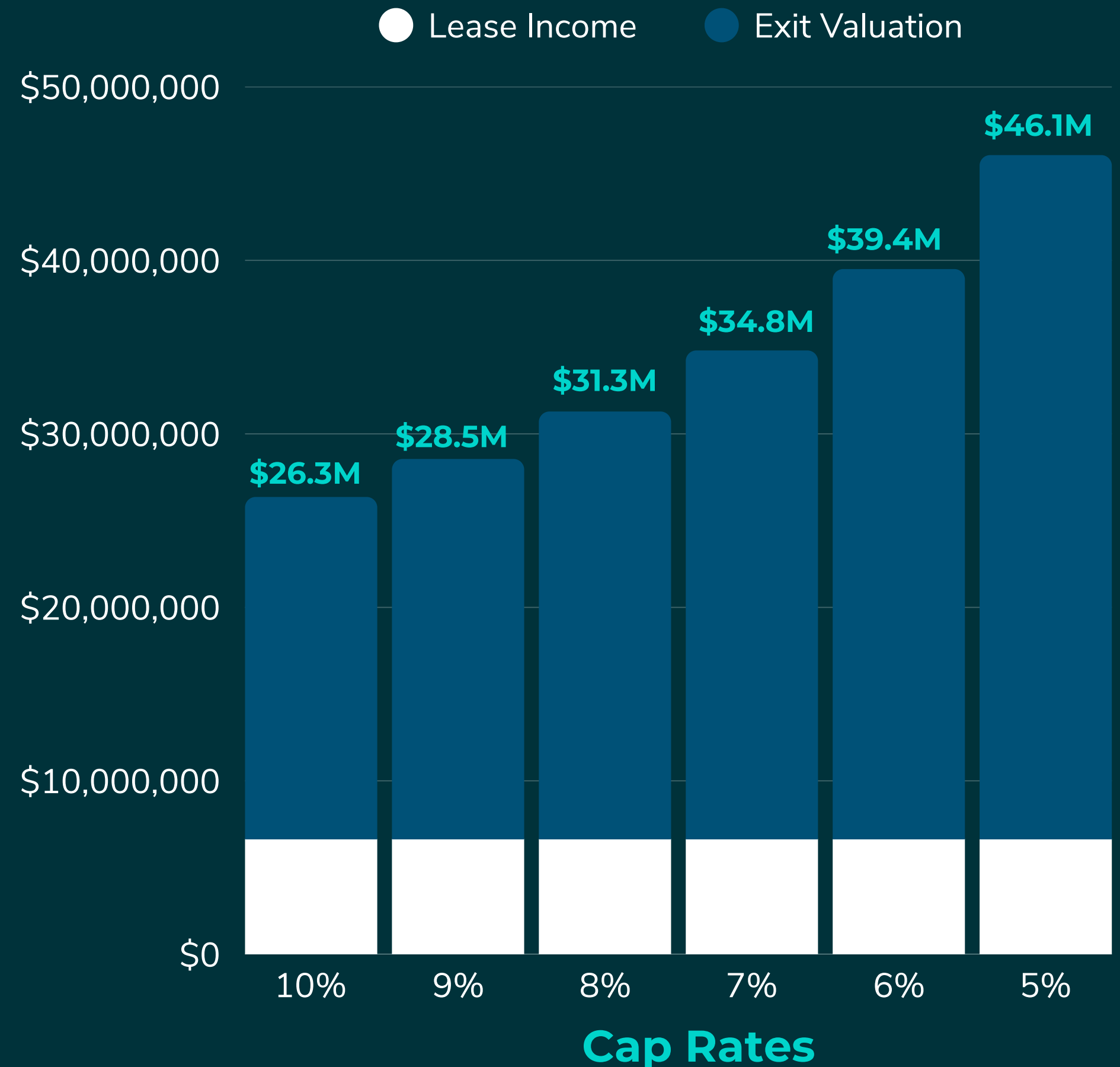
Strategic Market Positioning: A 7% exit offers strong ROI while accounting for the potential risks associated with the cannabis market, aligning with industry trends toward reduced risk perception.

Projected Lease Income & Exit Valuations

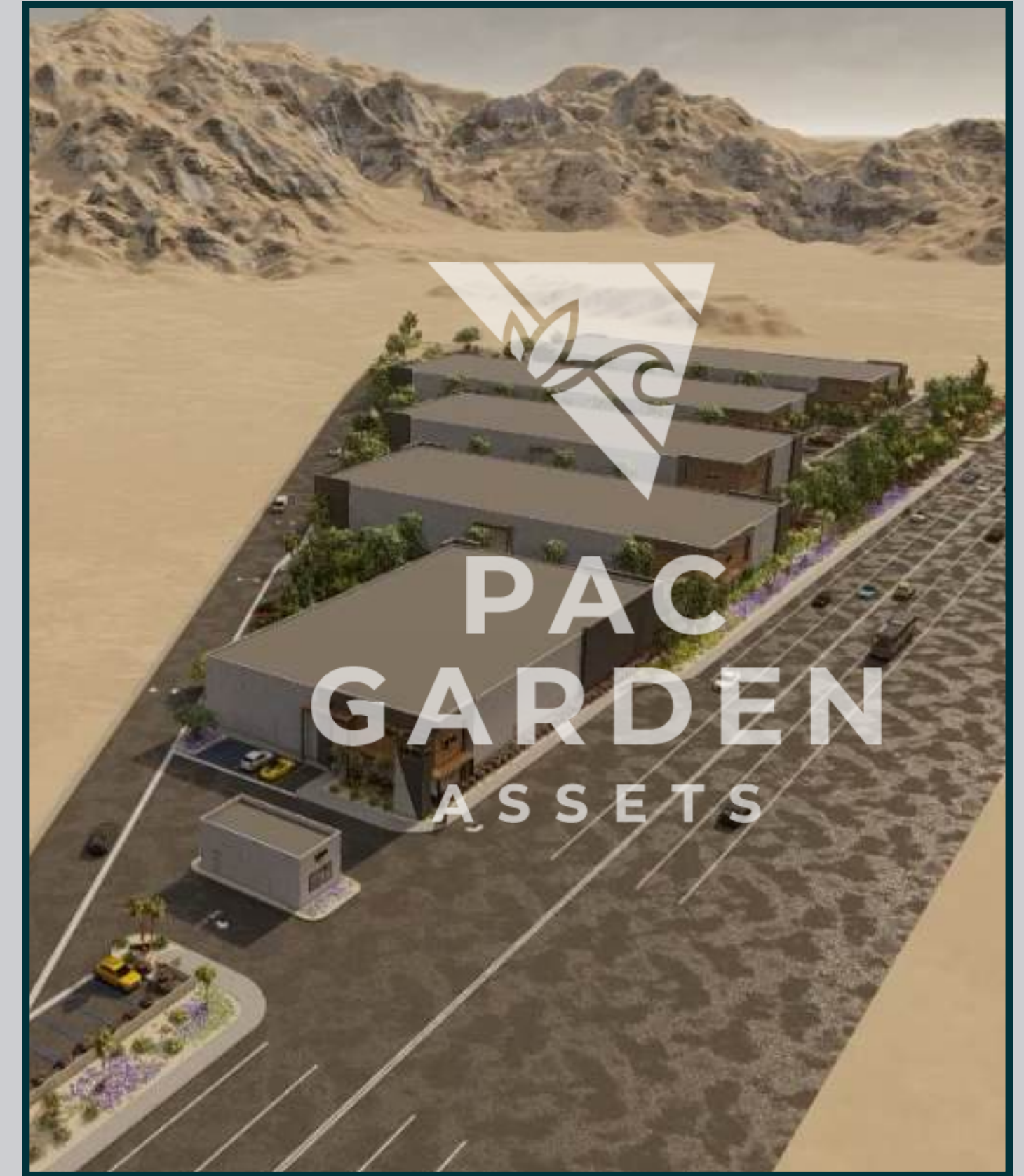
- **Projected Lease Income Commencement:** Lease income is anticipated to begin in **month 18**, allowing for completion of the building construction and establishing leases with prospective tenants.
- **Projected Lease Rate Growth:** Starting at an **expected \$1.25 per SF** with a **3% projected annual increase**, lease income is forecasted to grow steadily, driving stable cash flow.
- **Expected Exit Valuation at Favorable Cap Rate:** By targeting a projected **cap rate of 7%**, we maximize exit valuation, benefiting from anticipated market conditions and asset appreciation.

This combined income approach balances ongoing cash flow with capital appreciation, maximizing returns under favorable cap rates.

Total Proceeds Breakdown Across Cap Rates



Desert Hot Springs Location



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THANK YOU!

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APPENDIX - Links

Will Serve Letter

MEP Plans

Video #1

Video #2

Video #3

Recorded CUP