

THE SHOPPES AT SAN FELIPE

RETURN SCENARIOS ANALYSIS

All exit scenarios — base downside is Year 5 sale to institutional REIT buyer at 5.50% cap (5.00% reserved as upside)

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SCENARIOS MODELED

12.2%

PROJECT IRR (DOWNSIDE)

9.9%

LP IRR (DOWNSIDE, NET)

\$13M

EQUITY AT RISK

Return Scenarios — All Cases at a Glance

Project (gross) and LP (net of mgmt fees and promote) returns across each modeled exit path.

RETURNS BY SCENARIO · PROJECT (GROSS) & LP (NET)

SCENARIO	EXIT YR	BUYER / EXIT \$	PROJECT IRR	PROJECT EM	LP IRR	LP EM	CASE
1 Base Case	Yr 10	MF developer / \$300 SF	17.0%	3.71x	14.5%	3.12x	BASE
2A Yr 5 Land Sale	Yr 5	MF developer / \$246 SF	21.6%	2.51x	18.2%	2.21x	ACCELERATED
2B Yr 5 REIT Sale	Yr 5	Institutional / 5.50% cap	12.2%	1.70x	9.9%	1.56x	DOWNSIDE
3A CVS Parcel Sale	Yr 7+10	MF dev (CVS) + MF dev	18.3%	3.37x	15.9%	2.86x	UPSIDE
3B CVS Contribution	Yr 10	Ride-along dev equity	18.5%	4.25x	16.0%	3.56x	UPSIDE

DOWNSIDE FOCUS · Year 5 sale to institutional REIT @ 5.50% cap → 12.2% Project IRR · 1.70x EM · 9.9% LP IRR (net of fees + promote)

KEY TAKEAWAYS

- Downside (5.50% cap REIT exit) returns a 9.9% LP IRR / 1.56x EM net of fees — full return of capital plus 56% profit in 5 years.
- 5.50% cap is the conservative end of disclosed 2024-25 Houston comps for this product type; tighter outcomes (5.00%, 5.25%) modeled as upside compression.
- Upside scenarios (CVS parcel optionality) push project EM to 4.26x without changing the base operating assumptions.
- Detail on the downside walk-through, REIT buyer universe, comps, and cap-rate sensitivity follows on subsequent slides.

Common Assumptions — Acquisition, Financing, Operations

These inputs are shared across all scenarios; only exit assumptions differ.

ACQUISITION & BASIS		FINANCING		OPERATIONS & WATERFALL	
Purchase Price	\$31,750,000	Debt Financing Advisor	Walker & Dunlop	Year 1 NOI	\$1,887,280
Acq Fee + Closing (2.36%)	\$750,000	Loan Amount	\$19,500,000	Year 5 NOI	\$2,084,487
Total Basis	\$32,500,000	LTV	60.0%	Year 10 NOI	\$2,286,285
Land Area (SF)	197,762	Interest Rate	5.50%	NOI CAGR (Y1–Y10)	2.16%
Building Area (SF)	61,196	Term	5 years	Occupancy (in-place)	95.2%
Going-in Basis (Land)	\$160.55 / SF	IO Period	2 years	CapEx Reserve	\$36K / yr
Going-in Basis (Bldg)	\$518.82 / SF	Amortization (after IO)	30 years	Mgmt Fee (LP waterfall)	1.25% of equity
Going-in Cap Rate	5.94%	Equity Required	\$13,000,000	Pref Return	1.25× equity (\$16.25M)

The \$13M of LP equity, \$19.5M senior debt, and 5.94% going-in cap are constant across all scenarios in this deck.

CapEx Reserve — Methodology, Treatment, and Hold-Period Roll

Structural reserve held at the asset — covers both CapEx (roof, HVAC, structural) and TI/LC for the inline retail.

BUILD METHODOLOGY

Inline Retail Subject to CapEx	Reserve per SF (PSF)
48,196 SF	\$0.75 / SF / yr
Annual Reserve	Escalation
\$36,147 / yr	None — flat through hold
Industry Benchmark (PSF)	Total Improvements GLA
\$0.50 – \$1.00 / SF / yr (CapEx + TI/LC)	61,196 SF total · CVS pad (13K SF) tenant-maintained
Use Cases	Method
Roof, HVAC, structural + TI/LC	Operating budget deduction below NOI

TREATMENT & MECHANICS

Held At	Lender Holdback
Asset operating account	None (held at asset, structural)
Coverage	TI / LC Treatment
CapEx + TI/LC (single combined reserve)	Included in \$0.75/SF annual reserve
CapEx Reserve at Exit	Cumulative Reserved · 5-Yr
Unused balance returns to equity	\$180,735 (5 × \$36,147)
Cumulative Reserved · 10-Yr	Below-the-Line Treatment
\$361,470 (10 × \$36,147)	Reduces NOI → operating cash flow

CAPEX RESERVE ROLL · YEARS 1–10

Year	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Total
Annual Reserve	\$36K	\$36K	\$36K	\$36K	\$36K	\$36K	\$36K	\$36K	\$36K	\$36K	\$361K
Cumulative	\$36K	\$72K	\$108K	\$145K	\$181K	\$217K	\$253K	\$289K	\$325K	\$361K	—

Brolan Q (4): CapEx reserve held at the asset (structural), NOT a lender holdback. The \$36,147/yr reserve applies to 48,196 SF of inline retail at \$0.75/SF and covers both CapEx (roof, HVAC, structural) AND TI/LC for the in-line tenancy. CVS pad is ground-leased and tenant-maintained — excluded from the reserve.

10-Year Hold → Land Sale to MF Developer @ \$300/SF

Continue operating through Year 10, then sell the assemblage to a multifamily developer at \$300/SF.

EXIT MECHANICS

PROJECT (DEAL) & LP RETURNS

Item	Value	Metric	Project (Gross)	LP (Net)
Sale Year	Year 10	IRR	17.0%	14.5%
Exit Land \$/SF	\$300	Equity Multiple	3.71x	3.12x
Gross Sale Price	\$59,328,600	Avg Cash-on-Cash	9.0%	7.8%
Land Appreciation vs Basis	+86.86%	Y1 Cash-on-Cash	6.0%	4.7%
Implied Cap (Yr 10 NOI)	3.85%	Equity Returned (pre-exit)	90.2%	77.7%
Disposition Cost (2%)	(\$1,186,572)	Total LP Distributions	—	\$40.5M
Loan Payoff (Y10)	(\$21,680,998)	GP Promote	—	\$6.06M
Refi Cash-Out (Y5)	+\$3,959,494 (LP share)			
Net Sale Proceeds	\$36,461,030			

10-YEAR PROJECT CASH FLOW (\$000s)

Year	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
NOI	\$1,887	\$1,895	\$2,015	\$2,009	\$2,084	\$2,098	\$2,222	\$2,233	\$2,202	\$2,286
CapEx Reserve	(\$36)	(\$36)	(\$36)	(\$36)	(\$36)	(\$36)	(\$36)	(\$36)	(\$36)	(\$36)
Debt Svc	(\$1,073)	(\$1,073)	(\$1,329)	(\$1,329)	(\$1,329)	(\$1,137)	(\$1,137)	(\$1,465)	(\$1,465)	(\$1,465)
Op CF	\$779	\$786	\$650	\$645	\$720	\$925	\$1,049	\$732	\$701	\$785
Refi/Exit	—	—	—	—	\$3,959	—	—	—	—	\$36,461
Total CF	\$779	\$786	\$650	\$645	\$4,679	\$925	\$1,049	\$732	\$701	\$37,246

5-Year Hold → Land Sale to MF Developer @ \$246/SF

Sell the assemblage in Year 5 to a multifamily developer. Pricing solves to a 20% IRR / 2.5× target.

EXIT MECHANICS

PROJECT (DEAL) & LP RETURNS

Item	Value	Metric	Project (Gross)	LP (Net)
Sale Year	Year 5	IRR	21.6%	18.2%
Exit Land \$/SF	\$246	Equity Multiple	2.51×	2.21×
Gross Sale Price	\$48,649,452	Y1 Cash-on-Cash	6.0%	4.7%
Land Appreciation vs Basis	+53.23%	Avg Cash-on-Cash (5-yr)	5.5%	4.3%
Implied Cap (Yr 5 NOI)	4.28%	Total LP Distributions	—	\$28.67M
Disposition Cost (2%)	(\$972,989)	GP Promote	—	\$3.11M
Loan Payoff (Y5, no refi)	(\$18,666,665)			
Net Sale Proceeds	\$29,009,798			

5-YEAR PROJECT CASH FLOW (\$000s)

Year	Y1	Y2	Y3	Y4	Y5
NOI	\$1,887	\$1,895	\$2,015	\$2,009	\$2,084
CapEx Reserve	(\$36)	(\$36)	(\$36)	(\$36)	(\$36)
Debt Svc	(\$1,073)	(\$1,073)	(\$1,329)	(\$1,329)	(\$1,329)
Op CF	\$779	\$786	\$650	\$645	\$720
Sale Proceeds	—	—	—	—	\$29,010
Total CF	\$779	\$786	\$650	\$645	\$29,729

Year 5 Sale to Institutional REIT Buyer @ 5.50% Cap

If the multifamily-developer thesis fails, the property is still a stabilized core retail asset that public REITs (Regency, Curblin, Federal, Kimco) buy in size.

WHY THIS IS THE TRUE DOWNSIDE

- MF developers pay for the land — assuming a future entitlement that delivers ~\$300/SF. If that bid does not materialize, an institutional retail REIT will pay for the going-concern asset.
- Curblin Properties bought Village Plaza Houston (Aug 2024, 42K SF, \$738/SF) implying a sub-6.0% cap. Curblin mgmt commentary places their 2024-25 program in the 'low-6% range' with strongest deals 'mid-5%'.
- At 5.50% cap, the property generates a 12.2% project IRR and 1.70× equity multiple over 5 years — and 9.9% LP IRR / 1.56× LP EM net of all fees and promote.

DOWNSIDE — YEAR 5 INSTITUTIONAL EXIT @ 5.50% CAP

12.2%

PROJECT IRR (GROSS)

1.70×

PROJECT EQUITY MULTIPLE

9.9%

LP IRR (NET OF FEES + PROMOTE)

1.56×

LP EQUITY MULTIPLE

Full assumption walk-through and year-by-year cash flow on the next two slides.

Every Input Behind the 12.16% Project IRR / 1.70× Multiple

Disclosed here so the case can be replicated, stress-tested, or flexed by any underwriter.

EXIT ASSUMPTIONS · YEAR 5 INSTITUTIONAL SALE

Sale Year	Year 5
Buyer Type	Public retail REIT (IG-rated)
Pricing Method	Cap-rate on Year 5 in-place NOI
Year 5 In-Place NOI	\$2,084,487
Exit Cap Rate	5.50%
Gross Sale Price	\$37,899,764
Implied Land \$/SF	\$191.64
Implied Building \$/SF	\$619.32
Land Appreciation vs Basis	+19.37%
Disposition Cost (broker + legal)	2.00% / (\$757,995)
Loan Payoff (Y5, no prior refi)	(\$18,666,665)
Net Sale Proceeds to Equity	\$18,475,104

OPERATING & DEBT ASSUMPTIONS THROUGH EXIT

Year 1 NOI	\$1,887,280
NOI CAGR (Y1–Y5)	2.52%
CapEx Reserve	\$36,147 / yr
Loan IO Period	Years 1–2
Loan Amortization (Y3+)	30 years
Y5 Loan Balance	\$18,666,665
Refinance in Year 5	NO (sale, not refi)
Year 1 DSCR	1.76×
Year 5 DSCR	1.57×
Year 5 Cash-on-Cash (Op only)	5.5%
Mgmt Fee (LP waterfall)	\$162,500 / yr
LP Pref Return Hurdle	1.25× (\$16.25M)

RESULT · DEAL-LEVEL: 12.16% IRR / 1.70× EM · LP-LEVEL: 9.94% IRR / 1.56× EM (net of 1.25% mgmt fee + 80/20 promote above 1.25× pref)

5.50% cap = conservative end of 2024-25 Houston Memorial-corridor convenience-strip range; Curblin / Brixmor / Hines disclosed comps support 5.25%-6.25% NOI cap for this product type.

Year-by-Year Project Cash Flow & IRR Build

Driven directly off the IRR model — no mid-period adjustments, no escalator changes.

PROJECT CASH FLOW · YEARS 0–5 (\$)

Item	Y0	Y1	Y2	Y3	Y4	Y5
Net Operating Income	—	\$1,887,280	\$1,894,842	\$2,015,060	\$2,009,428	\$2,084,487
Less: CapEx Reserve	—	(\$36,147)	(\$36,147)	(\$36,147)	(\$36,147)	(\$36,147)
Less: Debt Service	—	(\$1,072,500)	(\$1,072,500)	(\$1,328,626)	(\$1,328,626)	(\$1,328,626)
Operating Cash Flow	—	\$778,633	\$786,195	\$650,287	\$644,655	\$719,714
Equity Invested	(\$13,000,000)	—	—	—	—	—
Net Sale Proceeds (Y5)	—	—	—	—	—	\$18,475,104
Total Project Cash Flow	(\$13,000,000)	\$778,633	\$786,195	\$650,287	\$644,655	\$19,194,818

PROJECT (DEAL-LEVEL) AND LP-LEVEL RETURNS

Metric	Project / Deal-Level (Gross)	LP-Level (Net of Fees & Promote)
IRR	12.16%	9.94%
Equity Multiple	1.70× (\$22.06M / \$13M)	1.56× (\$20.24M / \$13M)
Y1 Cash-on-Cash	5.99%	4.74%
Avg Cash-on-Cash	5.51% (5-yr op only)	4.26% (5-yr op only, post mgmt fee)
Total Cash Returned	\$22.06M (incl. \$18.48M sale)	\$20.24M (incl. \$1.00M GP promote out)

LP Returns Net of 1.25% Mgmt Fee + 80/20 Promote Above 1.25x Pref

Operating distributions flow 100% to LP each year; GP promote crystallizes at the Y5 final exit (true-up basis).

STEP-BY-STEP WATERFALL · YEAR 5 SALE @ 5.50% CAP

	Component	Amount	Notes
Inputs	LP Equity Invested	\$13,000,000	Pari-passu with GP / 1.25% annual mgmt fee
	Cumulative LP Ops (Y1–Y5, net mgmt fee)	\$2,766,984	\$616K + \$624K + \$488K + \$482K + \$557K
	Net Sale Proceeds (Y5 @ 5.50% cap)	\$18,475,104	Gross \$37.90M – 2% disp – \$18.67M loan payoff
	Total Value Created (TVC)	\$21,242,088	Cumulative LP ops + Y5 net sale
Tier 1	Return of LP Capital	\$13,000,000	min(TVC, \$13M) — first dollars to LP
Tier 2	Preferred Return (1.25x → +\$3.25M)	\$3,250,000	Top up LP take to \$16.25M total
Tier 3	Profit Above Pref (split 80/20)	\$4,992,088	TVC less Tier 1 + Tier 2
	Tier 3 LP Share (80%)	\$3,993,670	
	Tier 3 GP Promote (20%)	\$998,418	
Total	LP Total Distributions	\$20,243,670	T1 (\$13.0M) + T2 (\$3.25M) + T3 LP (\$3.99M)
	LP Profit	+\$7,243,670	LP total distributions less \$13M equity

LP RETURNS · NET OF FEES & PROMOTE

LP IRR · 9.94%

LP Equity Multiple · 1.56x

GP Promote · \$1.00M

CVS Parcel Optionality · Sale (Yr 7) or Land Contribution

Standalone monetization of the 1.48-acre / 64,417 SF CVS parcel boosts returns without changing the base operating thesis.

SCENARIO 3A · CVS PARCEL SALE (YEAR 7)

CVS Land Area	64,417 SF (1.48 acres)
Sale Year	Year 7 (lease ends mid-Y7)
Land \$/SF	\$250
Gross Sale Proceeds	\$16,104,250
Disposition (2%)	(\$322,085)
Y7 Net to Equity	\$15,782,165
Lost CVS GL Rent (Y8–10)	(\$404,250 / yr)
Y10 Remaining Property	\$40.0M gross / \$17.5M net
Project IRR	18.3%
Project EM	3.37×
LP IRR (net)	15.9%
LP EM	2.86×

SCENARIO 3B · CVS LAND CONTRIBUTION (RIDE-ALONG)

CVS Land Area	64,417 SF (1.48 acres)
Contribution Year	Year 7
Land Contribution \$/SF	\$250
Initial Land Equity Value	\$16,104,250
Hold of Dev Equity	3 years (Y7→Y10)
Assumed Dev Equity IRR	19.03% / yr
Y10 Monetization Value	\$27,160,226
Y10 Remaining Property	\$40.0M gross / \$17.5M net
Project IRR	18.5%
Project EM	4.25×
LP IRR (net)	16.0%
LP EM	3.56×

Both scenarios use the same operating cash flow as the base case through Year 6. Only the Year 7+ exit treatment differs.

Institutional REIT Buyers — Three Tiers of Likely Bidders

Whole-asset bidders fall into two tiers; Tier 3 (NNN single-tenant REITs) is a separate channel for the CVS pad only.

TIER 1 · TOP BIDDERS FOR THE WHOLE ASSET

REIT (Ticker)	Profile	Strategy Fit	Why Tier 1
Regency Centers (REG)	Premier grocery-anchored open-air	Owns Whole Foods directly adjacent to subject; Memorial / Galleria / Tanglewood is core sandbox	A-/Baa1 · Lowest cost of capital · Whole Foods adjacency = direct portfolio fit
Curblin Properties (CURB)	Pure-play sub-100K SF "convenience"	Our 61K SF retail fits exact mandate post Oct-2024 spin	Under-levered post-spin · Aggressive 2024–2025 acquisition pace
Brixmor (BRX)	Community/power center landlord	Active TX bidder; size + tenant mix fits	Texas-heavy portfolio · Public buyer with FFO accretion path

TIER 2 · SECONDARY BIDDERS

REIT (Ticker)	Profile	Strategy Fit	Why Tier 2
Kimco Realty (KIM)	Largest open-air REIT	Texas-heavy; value-add bias	Lowest 5Y debt rate (4.70%) but pickier on caps
Kite Realty (KRG)	Sun-Belt open-air grocery / power	Houston coverage limited but growing	Smaller balance sheet · More disciplined cap rate

TIER 3 · NNN BUYERS (CVS PAD ONLY · SCENARIO 3 STRATEGY)

NNN Net-Lease Buyers	Strategy	Cap Rate Range	Notes
Realty Income (O), Agree Realty (ADC), National Retail Properties (NNN), Broadstone Net Lease (BNL), NETSTREIT (NTST)	Single-tenant net-lease, pharmacy / drug-store / service retail	5.5%–6.0%	Bid only on the CVS parcel ground lease — would not bid on remaining retail

Profile fit: 61,196 SF in single asset · Memorial/Galleria/Tanglewood demographics (\$200K+ HHI) · long WALT with embedded mark-to-market and CPI escalators.

Cost of Debt vs. Implied Cap Rate · Spread Available to Bid

Bloomberg 5Y debt rates + BTIG REIT Weekly (4/9/26) implied cap rates. Spread (cap – debt) shows how much room each REIT has to bid a sub-5.5% cap accretively.

TIER 1 & TIER 2 BIDDERS · COST OF CAPITAL ARITHMETIC

Tier	REIT (Ticker)	5Y Debt (Bloomberg)	Applied Cap (BTIG)	Implied Cap (BTIG NAV)	Spread (Cap – Debt)	Read-Through
1	Regency (REG)	4.90%	5.75%	6.04%	+114 bps	BUY-rated by BTIG; tightest implied cap of the comp set
1	Curblin (CURB)	5.20%	n/a	n/a	n/a	Not covered by BTIG; spin Oct-2024; aggressive growth profile
1	Brixmor (BRX)	5.10%	n/a	n/a	n/a	TX-heavy portfolio; size + tenant mix fits
2	Kimco (KIM)	4.70%	6.29%	6.69%	+199 bps	Largest open-air REIT; widest spread = most flex on cap
2	Kite Realty (KRG)	5.10%	6.50%	6.87%	+177 bps	Smaller balance sheet; disciplined on cap

TIER 3 · NNN BUYERS (CVS PAD ONLY)

Realty Income (O), Agree (ADC), NNN, Broadstone (BNL), NETSTREIT (NTST) bid the CVS parcel as single-tenant net-lease. Cap-rate range 5.5%–6.0% for premium pharmacy in dense, high-income corridors (BTIG portfolio averages 7.0%–7.5%; pharmacy trades tighter).

BOTTOM LINE · EVERY TIER 1 & TIER 2 BIDDER HAS POSITIVE CAP-MINUS-DEBT SPREAD

- KIM has the widest spread (+199 bps) and most acquisition flex.
- REG (+114 bps) BUY-rated, tightest implied cap — premium bidder for the right asset.
- A 5.50% cap acquisition fits comfortably inside the spread for every Tier 1 / Tier 2 bidder.

2026 / 2027 Acquisition Guidance

BTIG REIT Weekly (4/9/26) — disclosed dollar guidance and target cap rates each public REIT has signaled it will pay.

TIER 1 & TIER 2 · WHOLE-ASSET ACQUISITION GUIDANCE

Tier	REIT	2026 Acq \$ / Cap	2027 Acq \$ / Cap	Disposition \$ / Cap (2026)	Read-Through to 5.50% Cap
1	Regency (REG)	\$0M / n/a	\$0M / n/a	\$203M / 7.0%	BUY-rated; not guiding 2026 acq, but most active selectively
1	Curblin (CURB)	Not covered by BTIG	Not covered by BTIG	Not covered by BTIG	Aggressive convenience-strip mandate; size fits exactly
1	Brixmor (BRX)	Not in core BTIG strip-center coverage	—	—	Active TX bidder per company filings; cap discipline
2	Kimco (KIM)	\$400M / 6.5%	\$400M / 6.5%	\$0M / n/a	2026 guide 6.5%; would underwrite premium asset to 5.5%
2	Kite Realty (KRG)	\$250M / 5.5%	\$250M / 5.5%	\$50M / 6.5%	Direct comp: \$250M @ 5.5% in 2026 — directly supports our 5.50% base downside

TIER 3 · NNN BUYERS (CVS PAD) · 2026 PORTFOLIO BLENDED GUIDANCE

NNN REIT	2026 Guide	2026 Cap	NNN REIT	2026 Guide	2026 Cap
Realty Income (O)	\$4,000M	7.3%	NETSTREIT (NTST)	\$500M	7.5%
Agree (ADC)	\$1,400M	7.3%	Broadstone (BNL)	\$350M	7.5%
NNN REIT (NNN)	\$600M	7.5%	— Premium pharmacy	5.5%–6.0%	

KEY DATAPOINT · KRG guides \$250M / 5.5% acquisitions in 2026 — direct support for a 5.50% cap on our asset.

Houston Retail Cap Rate Comp Set — Disclosed Institutional Transactions

Anchoring the 5.50% downside (and 5.25% / 5.00% upside compression cases) with actual transactions to public REITs and institutional capital in 2024–2025.

#	Property	Submarket / MSA	Date	Buyer	GLA	Price	\$/SF	Cap (Disc / Impl)	Conf
1	Village Plaza	Houston, TX (Curblin)	8/24	Curblin (CURB)	42K	\$31.0M	\$738	~5.75-6.25% impl	MED
2	Shops at Tanglewood (literal neighbor at 5702 San Felipe)	Houston Memorial	10/24*	Curblin (CURB)	26K	n/a*	n/a*	\$897K ABR → ~5.50-6.00% impl	MED
3	LaCenterra at Cinco Ranch	Katy (West Houston)	7/25	Brixmor (BRX)	409K	\$223.0M	\$545	~6.0-6.5% impl	MED
4	Silverlake Center	Pearland (Houston MSA)	7/25	Curblin (CURB)	25K	\$13.0M	\$520	~6.0% impl	MED
5	Montrose Collective (trophy mixed-use; sets price ceiling)	Houston Montrose / inside Loop	9/25	Hines Global Inc Trust	189K	\$137.5M	\$728 (HTX record)	Low-5s impl (mixed-use)	LOW
6	Garden Oaks Shopping Center	Houston Heights/Inner Loop	2/24	Whitestone REIT (WSR)	107K (Aldi)	n/a	n/a	Mid-to-high 6s impl	LOW

* Shops at Tanglewood transferred from SITE Centers to Curblin at the 10/1/24 spinoff (intra-company); per Curblin FY25 10-K Property #151: 26K SF, \$897K total annualized base rent.

MARKET-WIDE CAP RATE ANCHORS

Integra Realty Resources — HTX small strip, Q1 2025

CoStar / Partners — HTX retail (all), TTM Q4 2024

Houston grocery-anchored neighborhood (brokerage commentary)

Curblin 2024-25 acquisition program (mgmt commentary)

JAL-JCP REAL ESTATE PARTNERS

6.45% avg

7.20% avg / \$233 PSF

high-5% to low-6%

low-6% range, strongest mid-5%

READ-THROUGH TO SSF EXIT CAP

Defensible 2024-25 Houston band for SSF-style convenience strip = 5.75% – 6.50% NOI cap. Memorial / Galleria / Tanglewood corridor product clears at the tight end given demographics (\$200K+ HHI) and irreplaceability. Base downside underwritten at 5.50% = ~25 bps inside that tight end. 5.00% upside requires trophy-buyer thesis (e.g., Hines / Montrose Collective at \$728/SF).

Year 5 Sale to Institutional Buyer · Returns by Exit Cap Rate

Hold every operating assumption constant. Vary only the Year 5 institutional exit cap rate.

PROJECT & LP RETURNS · YEAR 5 INSTITUTIONAL EXIT

Exit Cap	Gross Sale	Net to Equity	Project IRR	Project EM	LP IRR	LP EM	Likely Buyer Tier
4.50%	\$46,321,933	\$26,728,830	19.82%	2.33×	16.57%	2.07×	Tier 1 — REG only (premium core asset)
4.75%	\$43,883,937	\$24,339,593	17.81%	2.15×	14.81%	1.92×	Tier 1 — REG, CURB (selective)
5.00%	\$41,689,740	\$22,189,280	15.87%	1.98×	13.13%	1.79×	Upside compression (trophy buyer thesis)
5.25%	\$39,704,514	\$20,243,759	13.99%	1.83×	11.51%	1.67×	Tier 1 / Tier 2 — CURB, BRX, KIM, KRG
5.50%	\$37,899,764	\$18,475,103	12.16%	1.70×	9.94%	1.56×	BASE DOWNSIDE — Tier 2 (KRG / matches BTIG guide)
5.75%	\$36,251,948	\$16,860,244	10.38%	1.57×	8.43%	1.46×	Tier 2 — KIM, KRG / private
6.00%	\$34,741,450	\$15,379,956	8.62%	1.46×	6.96%	1.37×	Tier 2 / private — KIM widest spread
6.25%	\$33,351,792	\$14,018,091	6.90%	1.35×	5.53%	1.28×	Private / non-traded / value-add
6.50%	\$32,069,031	\$12,760,985	5.20%	1.26×	3.93%	1.19×	Private / opportunistic

Modeled base downside (5.50% cap) · Deal-Level: 12.16% IRR / 1.70× EM · LP-Level: 9.94% IRR (net of fees + promote) / 1.56× EM · 5.00% reserved as upside compression case

INTERPRETATION

- Each row holds Y1–Y5 NOI, debt service, LP waterfall, and disposition costs constant. Only the Y5 exit cap rate flexes.
- Even at a 6.00% cap (highly punitive — outside disclosed REIT comp range), LP returns remain positive (7.0% LP IRR / 1.37× EM).
- Defensible institutional band (5.25%–5.75%) supports 10–14% project IRR / 1.57–1.83× EM — anchored on the 5.50% base downside; 5.00% and below treated as compression upside.

Side-by-Side Returns · Deal (Project) and LP Level · All Scenarios

Base case is 14.5% LP over 10 years. Downside (5.50% cap REIT exit) clears 9.9% LP IRR / 1.56x EM. Upside reaches 16.0%.

COMPLETE RETURN MATRIX · DEAL-LEVEL (PROJECT) AND LP-LEVEL

Scenario	Hold	Exit Pricing	Deal IRR	Deal EM	LP IRR	LP EM	Avg LP CoC
1 Base Case (10-Yr)	Y10	\$300/SF land	17.0%	3.71x	14.5%	3.12x	7.8%
2A Yr 5 Land Sale (Accelerated)	Y5	\$246/SF land	21.6%	2.51x	18.2%	2.21x	4.3%
2B Yr 5 Institutional (DOWNSIDE)	Y5	5.50% cap	12.2%	1.70x	9.9%	1.56x	4.3%
3A CVS Parcel Sale (Y7+Y10)	Y7+Y10	\$250 CVS / \$300 rest	18.3%	3.37x	15.9%	2.86x	6.8%
3B CVS Land Contribution	Y10	Land + dev equity	18.5%	4.25x	16.0%	3.56x	6.8%

KEY TAKEAWAYS

- Downside is bounded** In a 5.50% cap Year 5 institutional sale the LP still earns 9.9% IRR / 1.56x EM — full return of capital plus 56% profit in 5 years.
- Buyer universe is deep** 8+ public REITs actively acquire stabilized open-air retail in our size/submarket. Curblin alone has been buying convenience strip in TX/AZ at sub-5.5% caps in 2024–2025.
- Cap rate is supported by comps** Disclosed 2024-25 Houston comps cluster at 5.75%-6.50% NOI cap; Memorial-corridor convenience strip clears tight end. 5.50% downside = ~25 bps conservative cushion.
- CVS optionality is real upside** Sale or contribution of the 1.31-acre CVS parcel adds 130–155 bps of project IRR and lifts equity multiples to 3.4–4.3x — without changing the operating thesis.