

Investment Memorandum
Minimum Investment: \$50,000
Estimated LP Returns: 24.32% IRR | 1.83x



North Houston IOS

Cleveland, TX



This presentation (the “Presentation”) has been prepared by **Reserve Capital Management, LLC** (the “Sponsor”) solely for informational purposes and does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation to invest in any securities or investment interests. Any such offer or solicitation will be made only through definitive offering documents, including a private placement memorandum, operating agreement, and subscription documents (collectively, the “Offering Documents”), which will contain additional and more complete information regarding the terms, risks, and potential conflicts associated with any investment opportunity. Any decision to invest should be made solely upon a careful review of the Offering Documents and independent due diligence by the prospective investor.

The information contained herein is based on estimates, projections, and assumptions that are subject to change and should not be relied upon as guarantees of future results. While the Sponsor has made reasonable efforts to ensure the accuracy of the information presented as of the date of this Presentation, it makes no representations or warranties, expressed or implied, as to the completeness, reliability, or accuracy of the information contained herein. The Sponsor expressly disclaims any and all liability that may arise from the use of this Presentation, any errors or omissions herein, or any reliance placed on this information by the recipient. The Sponsor is under no obligation to update or correct any information provided in this Presentation.

Investing in real estate and related securities involves significant risks, including, but not limited to, illiquidity, market fluctuations, economic downturns, interest rate changes, changes in governmental regulations, property-specific risks, financing risks, tenant default, construction risks, environmental liabilities, and other factors that may negatively impact investment performance. There can be no assurance that the investment objectives of any offering will be met or that investors will receive any return on their investment, including the return of invested capital. Past performance is not indicative of future results, and any forward-looking statements or projections included in this Presentation are speculative in nature and subject to numerous risks and uncertainties. Actual results may differ materially from those expressed or implied due to factors beyond the control of the Sponsor.

This Presentation may include forward-looking statements, including but not limited to expected returns, anticipated market conditions, and future financial performance. These statements reflect current expectations but are inherently uncertain and subject to risks that could cause actual results to differ materially from those anticipated. The Sponsor assumes no obligation to update or revise any forward-looking statements contained herein, whether as a result of new information, future events, or otherwise. The Sponsor is not acting as an investment adviser or fiduciary to any investor or potential investor, and nothing in this Presentation should be construed as investment, legal, tax, or financial advice. The Sponsor and its affiliates, officers, managers, employees, and agents do not assume any responsibility for the investment decisions of any recipient of this Presentation. Investors should consult their own professional advisors regarding any investment decision, including potential risks, tax implications, and legal considerations.

This Presentation is provided for discussion purposes only and should not be construed as creating any legal obligations or binding commitments by the Sponsor or any of its affiliates. The Sponsor reserves the right, in its sole discretion and without prior notice, to modify, withdraw, or amend any aspect of this Presentation, including the investment opportunity described herein. The Sponsor further reserves the right to reject any investor subscription, in whole or in part, for any reason or for no reason at all, at its sole discretion.

This Presentation is confidential and proprietary to **Reserve Capital Management, LLC**, and is intended solely for the recipient’s review. It may not be copied, reproduced, distributed, or disclosed to any third party without the express prior written consent of the Sponsor. By accepting and reviewing this Presentation, the recipient agrees to maintain its confidentiality and not use it for any purpose other than evaluating a potential investment with the Sponsor. By reviewing this Presentation, the recipient acknowledges and agrees that any investment decision is made solely at the recipient’s own risk. Furthermore, the recipient understands and accepts that **Reserve Capital Management, LLC**, its affiliates, officers, managers, employees, and agents shall not be liable for any direct or indirect losses, damages, costs, or expenses arising from the use of this Presentation, reliance on any information contained herein, or any investment made in connection with the subject matter of this Presentation.

Tariffs on construction materials, equipment, and other imported goods can significantly impact the overall costs and pricing of a commercial real estate development. Changes in trade policies, supply chain disruptions, and fluctuations in material costs due to tariffs may lead to increased expenses for developers, which could, in turn, affect project budgets, pro forma assumptions, and overall investment returns. Additionally, tariffs may contribute to longer lead times for critical materials, potentially delaying construction schedules and increasing carrying costs. Given the evolving nature of trade regulations and their potential impact on market conditions, developers, investors, and other stakeholders should closely monitor tariff-related developments and consider incorporating appropriate contingencies in financial models and contracts to mitigate risk.

Executive Summary

This North Houston IOS opportunity presents a rare chance to acquire a stabilized industrial outside storage (IOS) asset at a purchase price closely aligned with the underlying land value. The Houston industrial market continues to demonstrate strong absorption and sustained demand, driven by ongoing expansion in logistics, infrastructure, and population growth. North Houston remains one of the region's most active industrial submarkets.

The property comprises a 5,000-square-foot industrial facility situated on approximately nine acres with linear frontage along I-69 in Cleveland, Texas - a submarket that has recorded average annual growth of 6.5% since 2020. The current tenant, Aspen Utility Company, has invested its own capital to upgrade the warehouse and improve ~5.25 acres of stabilized yard space, reflecting a strong operational commitment to the location.

The value-add strategy leverages positive in-place cash flow while positioning the asset for increased income through a lease renewal or re-tenanting at market rates upon lease expiration in May 2028.

Project Return Highlights

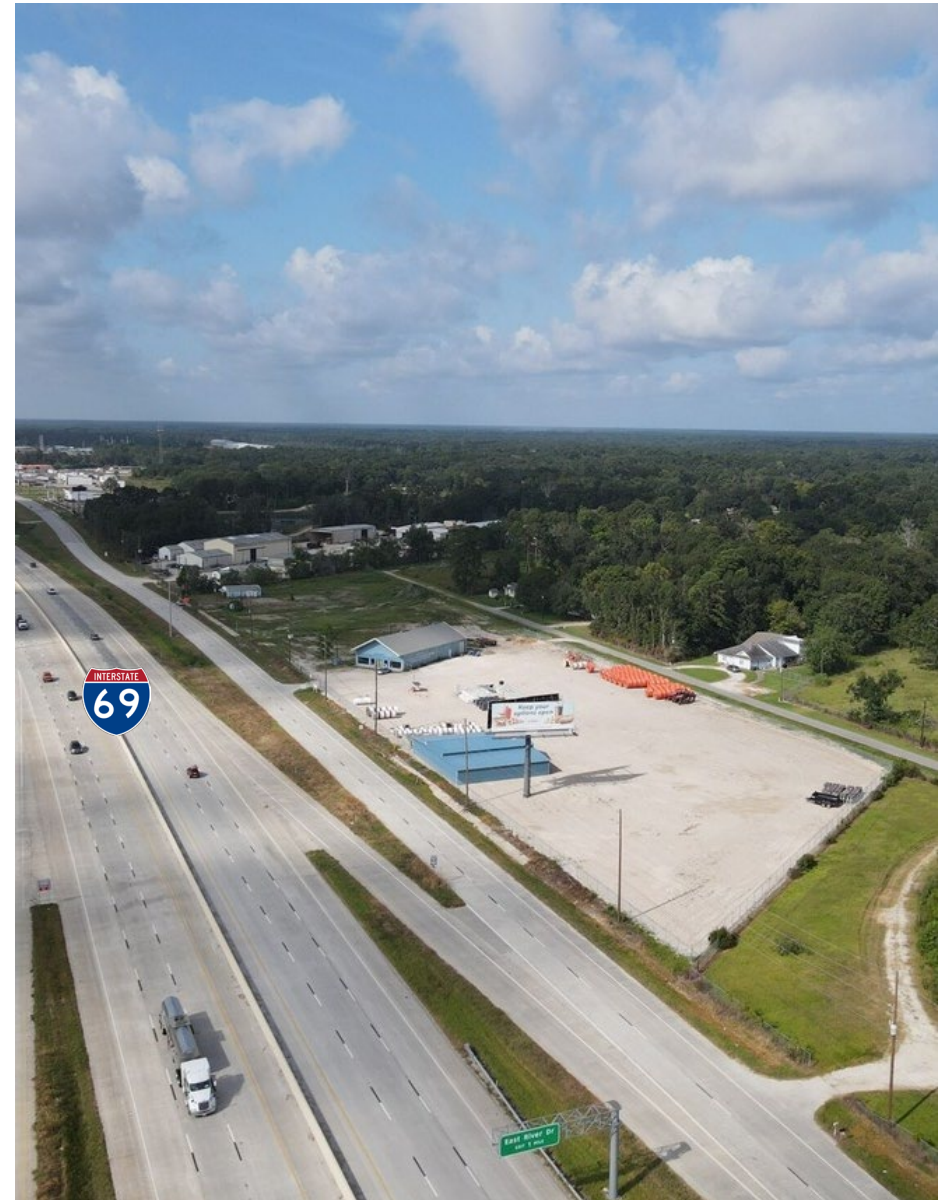
IRR:	31.11%
Equity Multiple:	2.15x
Going in Cap:	9.70%
Exit Cap:	7.50%

*Returns represent a blended average

Exit Cap Sensitivity to LP Returns

Cap Rate	LP IRR	LP Emx
7.50%*	24.32%	1.83x
7.75%	22.28%	1.75x
8.00%	20.28%	1.66x
8.25%	18.33%	1.59x

*Indicates underwritten exit cap rate



Property Overview

Investment Highlights

Name	North Houston IOS	Purchase Price	\$4,000,000
Address	4742 US Hwy 59, Cleveland, TX 77328	Land Price / SF	\$10.2
Square Feet	+/- 5,000 SF	LTC	75%
Acres	9.00ac	Loan Amount	\$3,000,000
Tenancy	Single	LP Equity	\$1,261,291
Annual Increases	4.00%	Interest Rate	WSJP – 25bps
Year Built	1996	Interest Only Period	12 Months
Occupancy	100%	Maturity	48 Months
WALT	2.46 Years		

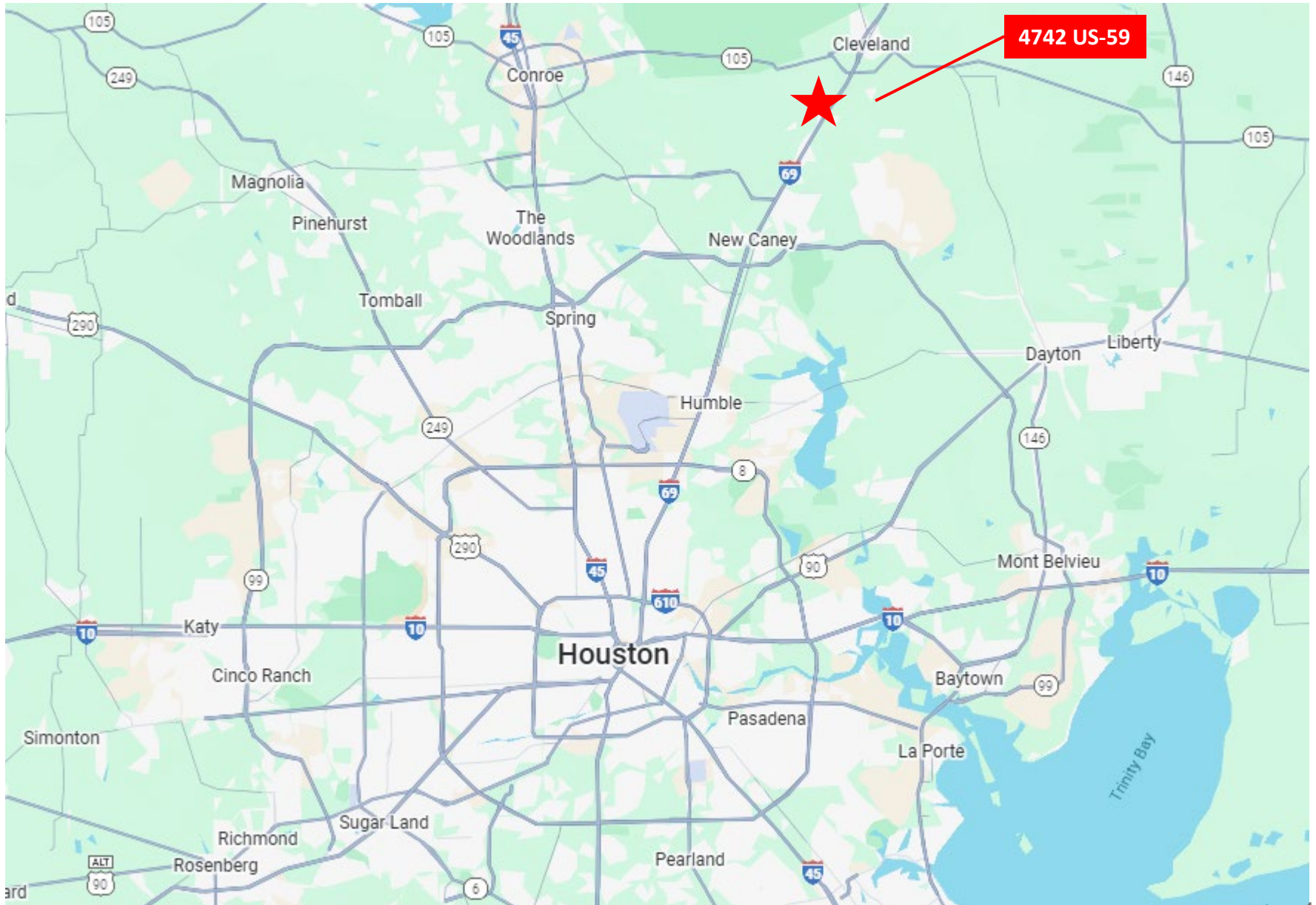
*Debt terms reflect values provided by a potential lending partner

Tenant Profile

Tenant	The Aspen Utility Company, LLC
Company Type	Privately Owned
Headquarters	Hockley, TX
Locations	4+
Founded	2012
Parent Company	Quanta Services (NYSE: PWR)



Asset Geography





Capitalization Summary

Debt/Equity Capitalization @ Closing			
Loan at Acq.	75.0% LTC	\$3,000,000	\$600.00 PSF
Financing Costs	1.00%	\$30,000	\$6.00 PSF
Hold Back (CapEx/TI/LC)	YES	\$454,602	\$90.92 PSF
Loan (All-In)	72.2% LTC	\$3,454,602	\$690.92 PSF
Total Equity @ Closing		\$1,210,000	\$242.00 PSF
Debt Yield - Closing/Stabilization		12.9%	12.8%
Interest Rate			6.75%
Amortization Period	25 Years		300 Months
Interest Only Period			0 Months
DSCR			1.56x

Returns Summary	
Going-In NOI	\$388,080
Going-In Cap	9.70%
FTM NOI @ Dispo	\$442,080
UYOC @ Dispo	9.24%
NOI CAGR	3.99%
Unlevered IRR	15.11%
Unlevered Equity Multiple	1.48x
Unlevered Net Cash Flow	\$2,225,045
Levered IRR	31.11%
Levered Equity Multiple	2.15x
Levered Net Cash Flow	\$1,528,723

Sale Assumptions			
Exit Cap Rate			7.50%
Sale Date	Year 3.3	Apr-29	Month 40
Sale Month FTM NOI			\$442,080
Sale Price	\$15.43 PLSF	\$5,894,400	\$1,178.88 PSF
Cost of Sale	3.00%	\$176,832	\$35.37 PSF
Net Sale Proceeds	\$14.58 PLSF	\$5,717,568	\$1,143.51 PSF

Sale Price Calculation Methods			
Method in Use			Exit Cap Rate
Exit Cap Rate	7.50%	\$5,894,400	\$1,178.88 PSF

Project Waterfall

Preferred Return	10%
Return of Capital	
After ROC	<u>LP/GP Split</u> 60% / 40%

LP Returns

Going in Cap Rate	9.70%
LP IRR	24.32%
LP Multiple	1.83x

Sources & Uses | Fee Summary

Sources @ Closing				Uses @ Closing		
Acquisition Loan	71.26%	\$3,000,000	\$600.00 PSF	Purchase Price	\$4,000,000	\$800.00 PSF
Equity Funded	28.74%	\$1,210,000	\$242.00 PSF	Closing Costs	\$20,000	\$4.00 PSF
				Financing Costs	\$30,000	\$6.00 PSF
				Acquisition Fee	\$80,000	\$16.00 PSF
				Equity Raise Fee	\$30,000	\$6.00 PSF
				Equity Reserve	\$50,000	\$10.00 PSF
Total Sources		\$4,210,000	\$842.00 PSF	Total Uses	\$4,210,000	\$842.00 PSF
Sources @ Stabilization				Uses @ Stabilization		
Initial Loan Funding		\$3,000,000		Basis @ Closing		\$4,210,000
Projected Loan Holdback		\$454,602		Tenant Improvements		\$2,500
Fully Funded Loan	72.2%	\$3,454,602		Leasing Commissions		\$152,102
Initial Equity Funding		\$1,210,000		Capital Expenditures		\$300,000
Additional Equity Funding		\$117,675		Shortfall		\$117,675
Fully Funded Equity	27.8%	\$1,327,675				
Total Sources		\$4,782,277		Total Uses		\$4,782,277

Fee Type*	Rate	Project Impact
Property Management	3.0%	Paid as a percent of property EGR; tenant pass through
Acquisition Fee	2.0%	Paid on the gross sales price; deal charge**
Asset Management	1.5%	Paid as a percent of Net Operating Income (NOI); deal charge**
Equity Fee	3.0%	Paid as a percent of total equity raised; deal charge**

*All sponsor fees are considered to be at or below the DFW market average

**Deal charge represents fees that are below the line

Annualized Cash Flow



Operations Summary										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue:										
Total Base Rent	\$388,080	\$403,603	\$244,282	\$144,000	-	-	-	-	-	-
Total Expense Reimbursement	\$19,000	\$19,570	\$13,438	\$6,921	-	-	-	-	-	-
Effective Gross Revenue	\$407,080	\$423,173	\$257,720	\$150,921	-	-	-	-	-	-
Operating Expenses:										
Recoverable Expenses	\$19,000	\$19,570	\$20,157	\$6,921	-	-	-	-	-	-
Nonrecoverable Expenses	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$19,000	\$19,570	\$20,157	\$6,921	-	-	-	-	-	-
Net Operating Income	\$388,080	\$403,603	\$237,563	\$144,000	-	-	-	-	-	-
PSF	\$77.62	\$80.72	\$47.51	\$28.80	-	-	-	-	-	-
PSF/Mo.	\$6.47	\$6.73	\$3.96	\$2.40	-	-	-	-	-	-
CapEx & Leasing Costs:										
Tenant Improvements	\$2,500	-	\$2,500	-	-	-	-	-	-	-
Leasing Commissions	\$152,102	-	\$152,102	-	-	-	-	-	-	-
Capital Expenditures	\$300,000	-	\$300,000	-	-	-	-	-	-	-
CapEx Reserve	\$1,167	\$350	\$350	\$117	-	-	-	-	-	-
Total CapEx & Leasing Costs	\$455,768	\$350	\$350	\$454,952	\$117	-	-	-	-	-
Unlevered Cash Flow	\$387,730	\$403,253	(\$217,389)	\$143,883	-	-	-	-	-	-
Unlevered Yield on Cost	9.40%	9.77%	5.18%							
Investment Cash Flows Summary										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Effective Gross Income	\$407,080	\$423,173	\$257,720	\$150,921	-	-	-	-	-	-
Expenses	\$19,000	\$19,570	\$20,157	\$6,921	-	-	-	-	-	-
Net Operating Income	\$388,080	\$403,603	\$237,563	\$144,000	-	-	-	-	-	-
Basis at Closing (Inc. Fin. Costs)	(\$4,210,000)									
Cash Flow From Operations	\$387,730	\$403,253	(\$217,389)	\$143,883	-	-	-	-	-	-
Cost of Sale	-	-	-	\$5,894,400	-	-	-	-	-	-
Unlevered Cash Flow	\$2,225,045	\$387,730	\$403,253	(\$217,389)	\$5,861,451	-	-	-	-	-
Unlevered IRR	15.11%									
Unlevered Equity Multiple	1.53x									
Loan Proceeds	\$3,000,000	-	\$454,602	-	-	-	-	-	-	-
Unlevered Cash Flow	(\$4,210,000)	\$387,730	\$403,253	(\$217,389)	\$5,861,451	-	-	-	-	-
Debt Service	(\$248,728)	(\$248,728)	(\$265,299)	(\$95,473)	-	-	-	-	-	-
Loan Payoff	-	-	-	(\$3,274,113)	-	-	-	-	-	-
Levered Cash Flow	\$2,757,306	\$139,002	\$154,525	(\$28,086)	\$2,491,866	-	-	-	-	-
Levered IRR	31.11%									
Levered Equity Multiple	2.15x									
Debt Coverage	1.56x	1.62x	0.90x	1.51x						
Levered Yield on Equity (Cash-on-Cash)	11.49%	14.35%	(3.02%)							



Brant Landry

Partner

brant@reservecappartners.com

CELL 972.839.1529

Experience

Reserve Capital Partners

Partner • 2017 – Present

SRS Industrial

Managing Principal • 2022 – 2025

Landry Commercial

Founder • 2015 – 2022

E. Smith Realty Partners

Co-Founder, COO • 2013 – 2015

Transwestern

Principal • 2008 – 2013

The Staubach Company

VP, Shareholder • 2001 -2008

Brant is a partner at Reserve Capital Partners and has over 25 years of commercial real estate experience on both the brokerage and principal sides. He has been responsible for RCP's growth to roughly \$400MM in AUM. Brant's experience includes over 700 office, industrial, and retail lease and sale transactions, and he manages a national tenant representation account. After leaving the Staubach Company to join Transwestern, Brant led all principal activities for the Dallas industrial team and later joined ESRP as a co-founder, COO, and President. At RCP, Brant is responsible for capital formation, acquisitions, and portfolio management, as well as overseeing company operations. In his free time, Brant enjoys spending time with his wife, Jenny, and their three sons.

For more information:

Contact your relationship manager

or

Peyton Dougherty

Fundraising & Investor Relations
peyton@reservecappartners.com
c 502.931.5553

RCP Office

12404 Park Central Drive, Suite 250-S
Dallas, TX 75205

214.983.1360
reservecappartners.com