

TWO-SCENARIO UNDERWRITE · SUITE C

Wexford Crossing

NEIGHBORHOOD CENTER · TULSA, OKLAHOMA

Tenant allowance or landlord work: which structure to sign for the vacant bay, ahead of a January 2027 close.

15.75%

SCENARIO 1, TENANT ALLOWANCE

16.18%

SCENARIO 2, LANDLORD WORK

+43 bps

LANDLORD WORK LEAD

\$19.14

BREAK-EVEN RENT, SCENARIO 2

SUITE C

3,800 SF · vacant



HARROW POINT
CAPITAL

01 THE VERDICT

Landlord work wins by 43 basis points, and only if the \$150,000 bid holds.

A fitness operator wants Suite C, the 3,800 SF vacant bay. It will pay \$18.00 NNN with a \$30/SF allowance and build the space itself, or \$20.00 if ownership delivers it built for \$150,000. At the \$1,725,000 price both structures clear 15% unlevered over five years.

SCENARIO 1 · TENANT ALLOWANCE

15.75%

1.93x · \$136K of landlord capital

SCENARIO 2 · LANDLORD WORK

16.18%

1.99x · \$174K of landlord capital

BREAK-EVEN RENT

\$19.14

\$0.86 a foot of cushion at \$20.00

WHAT TAKES THE LEAD AWAY

−21 bps

BUILD RUNS 10% OVER

\$165,000 instead of \$150,000. Lead falls to 22 bps.

−26 bps

OPENS TWO MONTHS LATE

August instead of June. Lead falls to 17 bps.

−47 bps

BOTH AT ONCE

Lead turns to −4 bps and Scenario 1 wins. The allowance caps our check at \$114,000.

RECOMMENDATION

Sign landlord work on a fixed price. Otherwise sign the allowance.

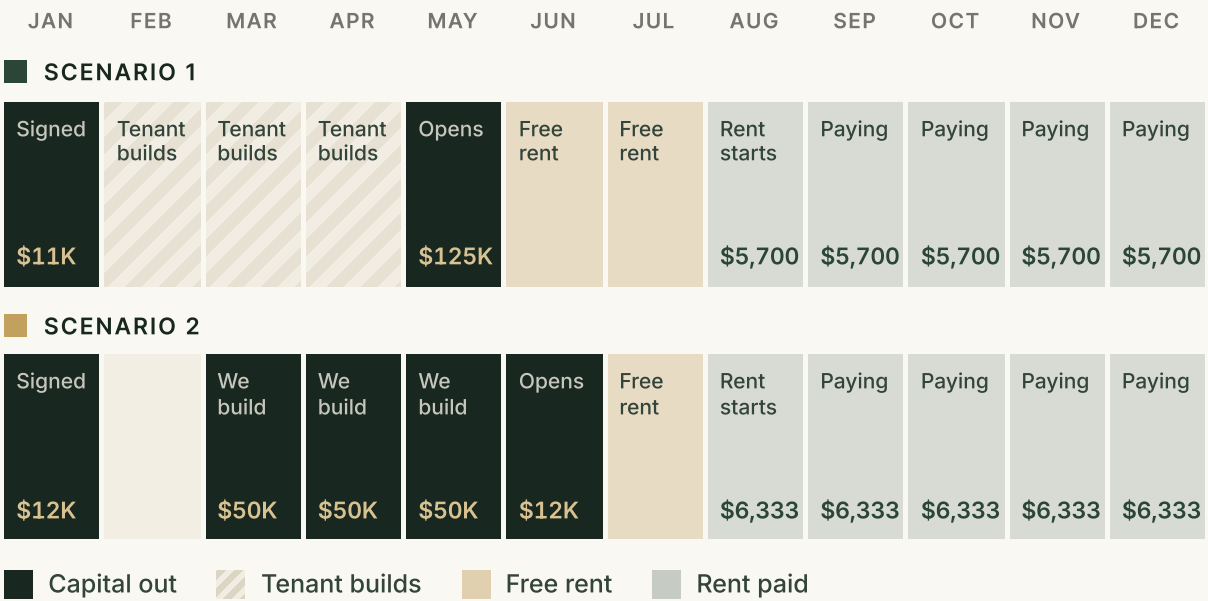
- 01 Ask the contractor for a guaranteed maximum price at or under \$150,000 with June 2027 delivery.
- 02 If it comes back as an estimate, sign Scenario 1 at \$18.00 with the \$30/SF allowance.
- 03 Either way, hold free rent where it is. Conceding a third month in Scenario 2 costs 8 bps.

02 THE TWO STRUCTURES

Same tenant and term. The difference is who builds, and who carries the overrun.

	■ SCENARIO 1 · TENANT ALLOWANCE	■ SCENARIO 2 · LANDLORD WORK
SUITE C RENT	\$18.00 / SF NNN, 3% annual	\$20.00 / SF NNN, 3% annual
LEASE TERM	Seven years	Seven years
WHO BUILDS	Tenant, to plans ownership approves	Ownership, \$150,000 bid, paid March to May
FREE RENT	Three months	Two months
RENT COMMENCEMENT	May 2027, paying from August	June 2027, paying from August
LANDLORD CAPITAL	\$135,789 \$114,000 allowance + \$21,789 commissions	\$174,210 \$150,000 work + \$24,210 commissions
COST OVERRUN RISK	Tenant's. Our check is capped at \$114,000	Ours. Every dollar over \$150,000
EXIT VALUE, END OF 2031	\$2,691,920 \$222,083 forward NOI at 8.25%	\$2,790,958 \$230,254 forward NOI at 8.25%
IRR · MULTIPLE	15.75% · 1.93x	16.18% · 1.99x

SUITE C IN 2027, MONTH BY MONTH



Hover a month for the cash. Both scenarios start paying in August. Scenario 2 spends \$38K more and spends it two months sooner, in exchange for \$2.00 a foot of rent for seven years.

\$38K

MORE CAPITAL IN SCENARIO 2

\$7,600

MORE RENT IN YEAR ONE OF THE LEASE

\$30K

HIGHER PEAK CASH OUT

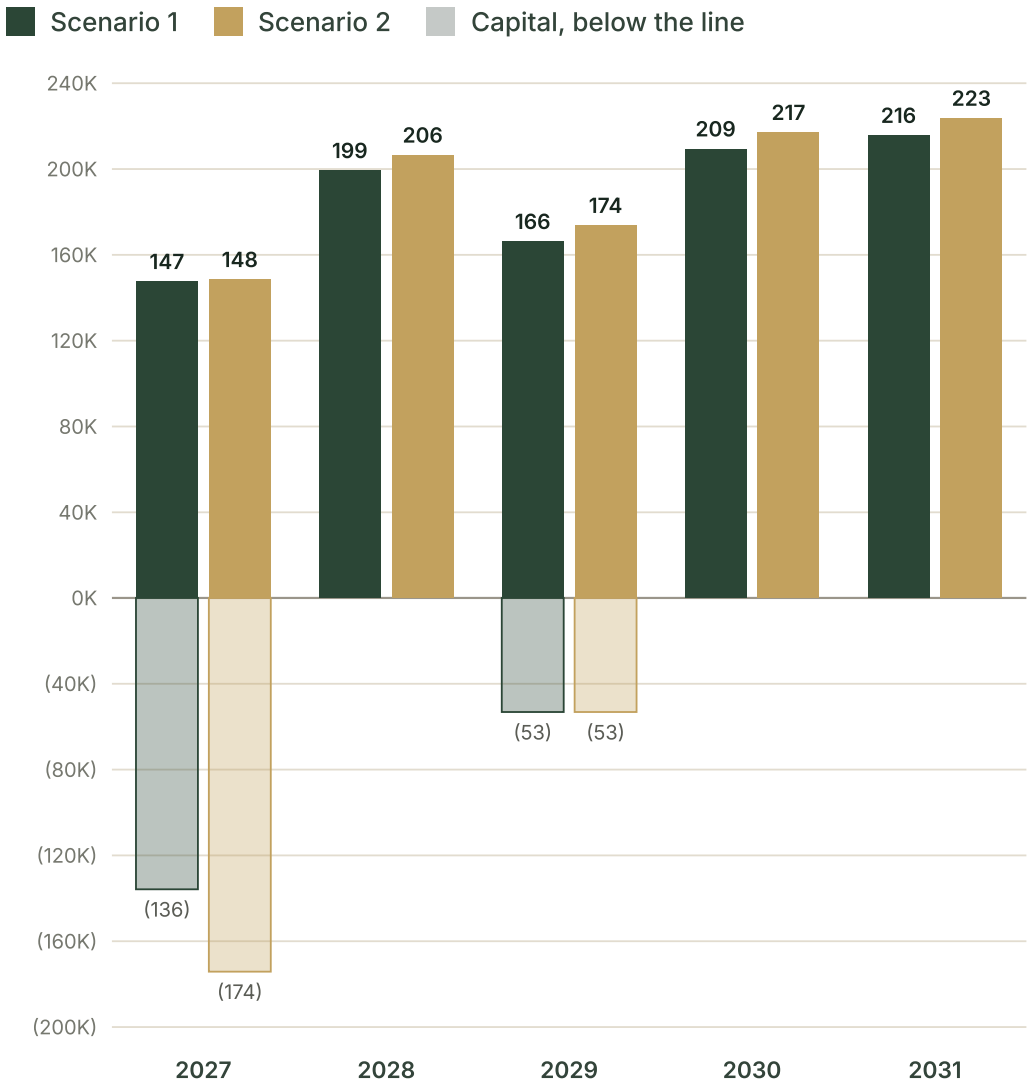
03ANNUAL CASH FLOW

Scenario 2 earns about \$7,000 to \$8,000 more NOI a year once both are open.

SCENARIO 1	SCENARIO 2	COMPARE				
	2027	2028	2029	2030	2031	5-YEAR
NOI, Scenario 1	147,371	199,128	166,138	209,222	215,558	937,418
NOI, Scenario 2	148,353	206,388	173,615	216,924	223,490	968,771
SCENARIO 2 MINUS 1	+982	+7,260	+7,477	+7,702	+7,933	+31,353
Leasing and build-out, Scenario 1	(135,789)	–	(53,202)	–	–	(188,990)
Leasing and build-out, Scenario 2	(174,210)	–	(53,202)	–	–	(227,411)
SCENARIO 2 MINUS 1	(38,421)	–	–	–	–	(38,421)
Cash flow before sale, Scenario 1	11,583	199,128	112,936	209,222	215,558	748,428
Cash flow before sale, Scenario 2	(25,857)	206,388	120,414	216,924	223,490	741,359
SCENARIO 2 MINUS 1	(37,439)	+7,260	+7,477	+7,702	+7,933	(7,068)

Scenario 2 collects \$31,353 more NOI over five years and spends \$38,421 more capital, so it ends the hold \$7,068 behind on cash before the sale.

NOI AND CAPITAL BY YEAR, \$ THOUSANDS

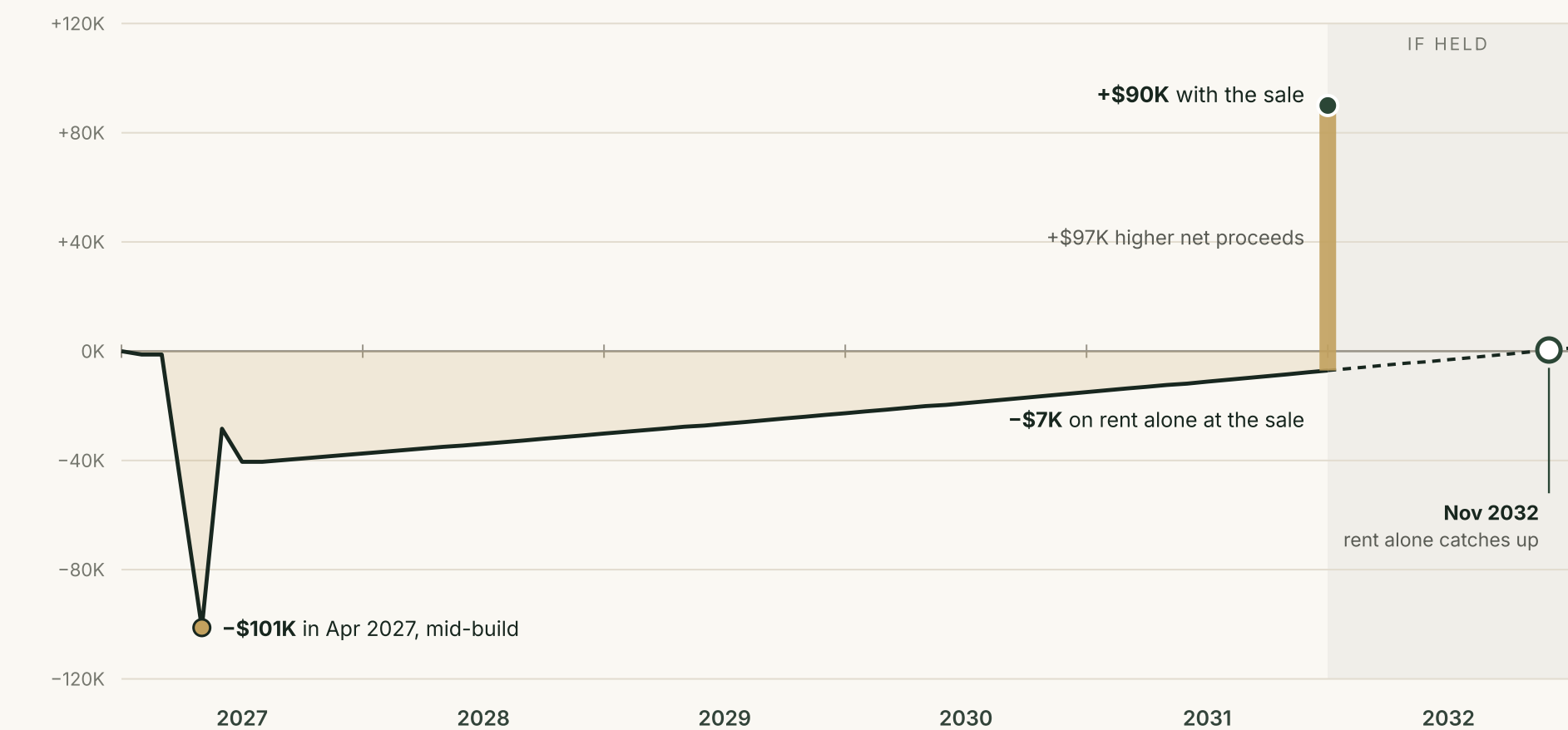


The 2029 dip is Suite A rolling. It is the same in both scenarios.

04 CUMULATIVE CASH AND PAYBACK

The extra rent never repays the extra capital inside the hold. The sale does.

Scenario 2 minus Scenario 1, cumulative cash after capital. The lead depends on a buyer paying 8.25% on the higher rent.



PAYBACK

-\$101K

WIDEST GAP, APR 2027

-\$7K

GAP ON RENT AT THE SALE

+\$97K

HIGHER NET SALE PROCEEDS

Nov 2032

RENT-ONLY PAYBACK, 11 MONTHS AFTER THE SALE

IRR BY EXIT CAP RATE

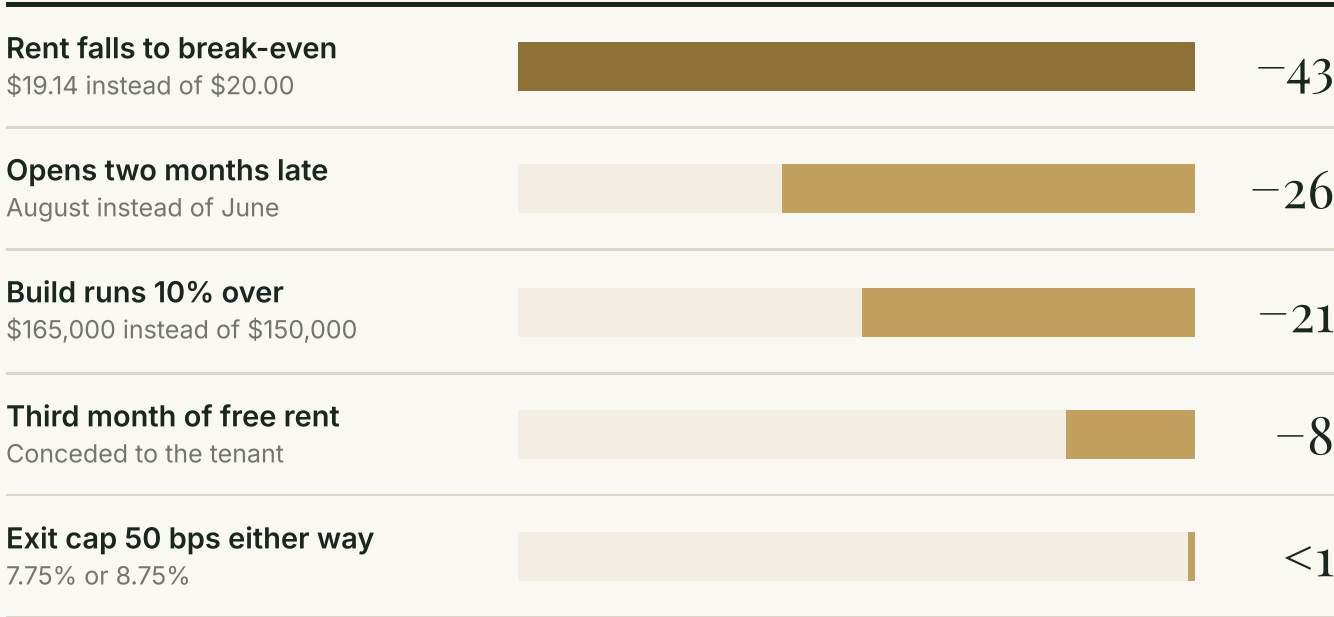
EXIT CAP	SCEN. 1	SCEN. 2	LEAD, BPS
7.50%	17.58%	18.01%	+43
7.75%	16.95%	17.38%	+43
8.00%	16.34%	16.77%	+43
8.25%	15.75%	16.18%	+43
8.50%	15.19%	15.61%	+42
8.75%	14.65%	15.07%	+42
9.00%	14.12%	14.55%	+42

Exit pricing moves both scenarios together. Across a 150 bps range the lead stays at 42 to 43 bps.

05WHAT DRIVES THE ANSWER

Cost and timing decide it. Exit pricing does not.

Change in Scenario 2's 43 bps lead, one assumption at a time.



-\$33K

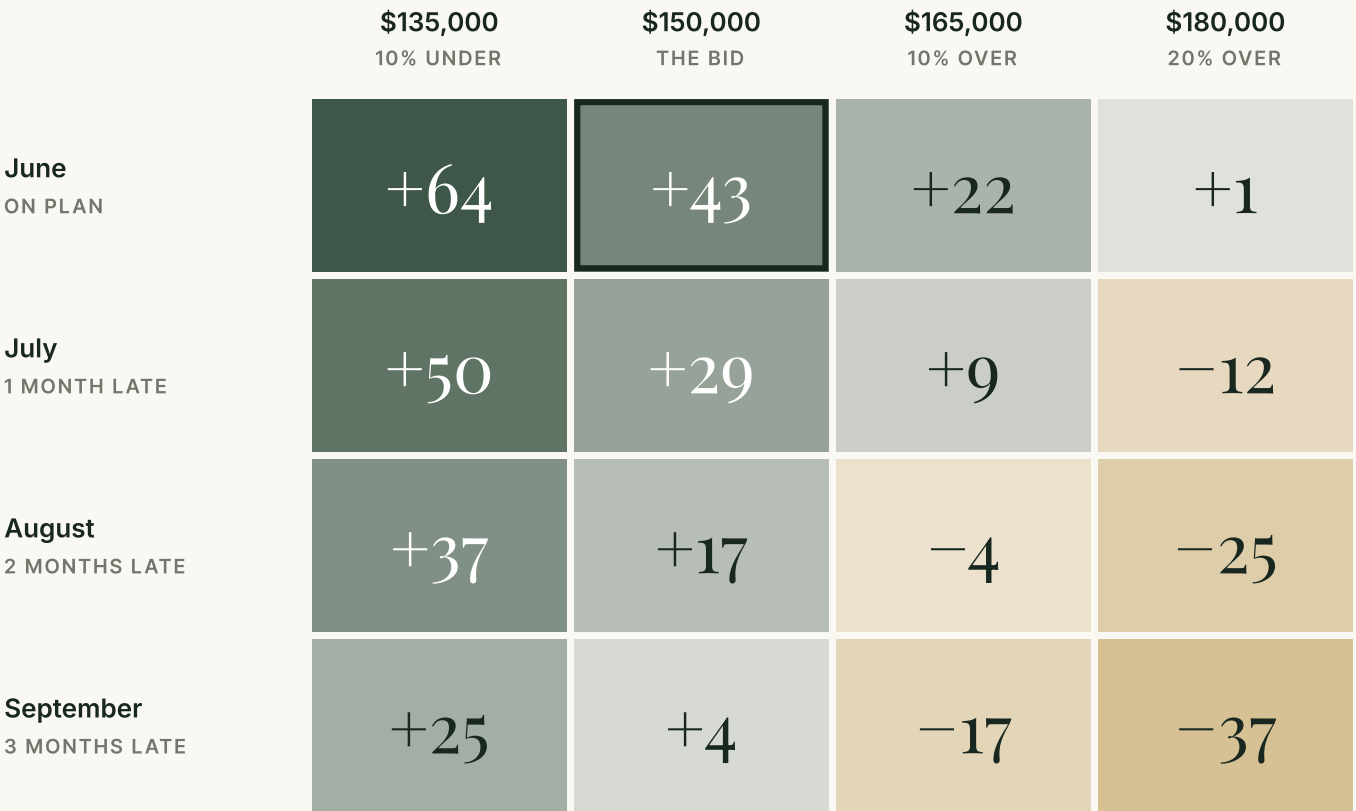
THE BIGGER EXPOSURE IS SUITE A

The dental lease rolls in June 2029. NOI falls from \$199,128 to \$166,138 in both scenarios, the largest single swing in the hold. If the tenant leaves rather than renews, downtime runs closer to nine months plus a full improvement package.

SCENARIO 2 LEAD OVER SCENARIO 1, BPS

Build cost against opening date

Green cells favor landlord work; brass cells favor the allowance. Hover a cell for both IRRs.



Scenario 2 holds its lead through a one-month slip at 10% over (+9). It loses once the build runs 10% over and opens two months late (-4).

Landlord work wins Allowance wins The bid as proposed

06RENT ROLL AND INPUTS

9,800 SF in three suites, 61% leased at close.

SUITE	USE	SF	RENT / SF	EXPIRES	ASSUMPTION
A	Dental office	3,600	\$21.00	Jun 2029	Re-leased at \$22.50 after three months dark and two free; \$10/SF TI and 4% commission
B	Coffee	2,400	\$24.00	Mar 2033	No event in the hold; 3% each April
C	Vacant	3,800	\$18 / \$20	2034	Seven-year fitness lease on either structure; 6% commission on years 1 to 5, half at signing

PRICE AND CLOSE

\$1,725,000, January 2027, 1.5% closing costs, all cash

NON-RECOVERABLE

Management at 4% of base rent, reserves at \$0.20 / SF

OPERATING EXPENSES

\$6.50 / SF NNN, recovered from occupied suites; ownership carries vacant space

EXIT

End of 2031 at 8.25% on the next twelve months of NOI, 2% cost of sale

Unlevered five-year hold from a January 2027 close. Monthly model; IRR checked against an independent root solve.

RECOMMENDED NEXT STEPS

BEFORE LOI

Get a guaranteed maximum price on the build.

A 10% contingency alone takes 21 of the 43 bps. No fixed price, sign Scenario 1.

BEFORE LOI

Confirm Suite A's renewal terms.

Modeled at \$22.50 against \$21.00 today. Check the lease for a renewal option.

IN THE LOI

Hold free rent at two months in Scenario 2.

The tenant asked for three on both. A third month costs 8 bps.

BEFORE CLOSE

Test a tax reassessment.

Expenses are held at \$6.50. A reset passes through to occupied suites, not vacant ones.

BEFORE CLOSE

Read Suite B's lease on management fees.

Modeled as non-recoverable. If recoverable, 2027 NOI rises \$2,356.



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