

UNDERWRITING MEMO · INVESTMENT COMMITTEE

Arroyo Bend Commons

ALAMO RANCH · SAN ANTONIO, TEXAS

Prepared for Elena Park and Graham Oduya · August 24, 2026

$11.26M
RECOMMENDED OPENING OFFER

$12.18M
TARGET BASIS, APPROVAL SOUGHT

11.1%
UNLEVERED IRR AT BASIS, 5-YEAR

84,835
SQUARE FEET ON 12.82 ACRES

CALDER RIDGE
PARTNERS

01 RECOMMENDATION

TO	Elena Park, Graham Oduya	DATE	August 24, 2026
FROM	Calder Ridge Partners, capital markets	BASIS	10-year model, 5-year hold

Open at $11.26M. Approve to $12.18M. Walk above $12.76M.

The deal underwrites at a $12,180,000 basis for the center and all five pad lots, but the marketed 8.18% cap does not survive our assumptions. Our Year 1 NOI is $703,437, a 5.78% going-in, or 7.24% on the center alone with the land held at its $2,465,000 ask.

The value-add case carries the return. Leasing 22,248 SF of vacancy and converting gross leases to NNN at rollover takes NOI to $1,221,348 by Year 3. On a 5-year hold at a 7.50% exit that is an 11.1% unlevered IRR and 1.64x. We would open at $11,258,000, which pays the full ask on the pads and an 8.00% on the operating center.

5.78%
GOING-IN ON OUR YEAR 1 NOI, NOT THE MARKETED 8.18%

$211,131
YEAR 1 NOI BELOW THE SELLER'S $914,568

10.0%
YEAR 3 YIELD ON THE $12.18M BASIS

PRICE LADDER · UNLEVERED, 5-YEAR HOLD, 7.50% EXIT



Hover a price for going-in, Year 3 yield, IRR and multiple. The center alone is marketed at $11,185,000, an 8.18% cap on the seller's $914,568 NOI.

Sample deliverable: property, tenants, parties and figures are illustrative.

02 THE PROPERTY

A 2009 center outside Loop 1604.

84,835 SF in 15 suites on 12.82 acres in Alamo Ranch, a master-planned area on San Antonio's Far West Side. A national discount retailer next door anchors the center but is not part of the sale. Five pad lots on 3.89 acres front the main road and carry no income today.

LOCATION	Alamo Ranch, Far West Side, San Antonio, TX 78253
SITE	12.82 acres, including five pads on 169,270 SF of land
OCCUPANCY	73.8%, 12 leases, 22,248 SF vacant in three suites
SELLER'S ASK	$13,650,000: center $11,185,000 plus pads $2,465,000

STRAIGHT-LINE DISTANCE FROM THE SITE

1	**Loop 1604 and SH 151**	Interchange	0.4 MI
2	**Methodist Hospital Westover Hills**	Hospital campus	0.7 MI
3	**Culebra Road at Loop 1604**	Retail and services node	1.1 MI
4	**SeaWorld San Antonio**	Regional attraction	1.8 MI
5	**JBSA-Lackland**	Military installation	8.6 MI
6	**Downtown San Antonio**	Central business district	13.9 MI

The site, area level Area context

Sample deliverable: property, tenants, parties and figures are illustrative.

03 RENT ROLL AT CLOSE

Twelve leases, three vacancies, eight rolls by 2028.

SUITE	TENANT	TYPE	SF	RENT/SF	ANNUAL BASE	EXPIRES	LEASE
425	Water filtration retailer	In-line	6,300	$12.00	$75,600	Dec 2027	Gross
435	*Vacant, seasonal temporary tenant*	*Junior anchor*	*10,282*				
445	*Vacant*	*Junior anchor*	*7,737*				
455	Children's entertainment	Junior anchor	14,358	$15.00	$215,370	Nov 2035	NNN
465	Pet supply, national	Junior anchor	12,600	$12.00	$151,200	Feb 2028	NNN
475	Bookstore, regional chain	Junior anchor	8,400	$13.75	$115,500	Jul 2029	NNN
635	Nail spa	In-line	2,736	$26.62	$72,832	Nov 2037	NNN
639	Dental office	In-line	2,192	$25.30	$55,458	Aug 2030	NNN
643	Boutique fitness	In-line	3,650	$22.95	$83,768	Dec 2028	NNN
645	Tanning salon, national	In-line	2,228	$20.00	$44,560	Feb 2028	NNN
651-653	*Vacant*	*In-line*	*4,229*				
661	Equipment retailer	In-line	2,481	$23.10	$57,311	Mar 2027	NNN
663	Body care retailer, national	In-line	3,946	$25.00	$98,650	Jun 2027	Gross
670	Body care retailer, storage	In-line	2,112	$15.00	$31,680	Jun 2027	Gross
677	Cookie franchise	In-line	1,584	$25.98	$41,152	Jul 2027	NNN
	Total		**84,835**	**$12.30**	**$1,043,081**	**WALT 3.8 yrs**	

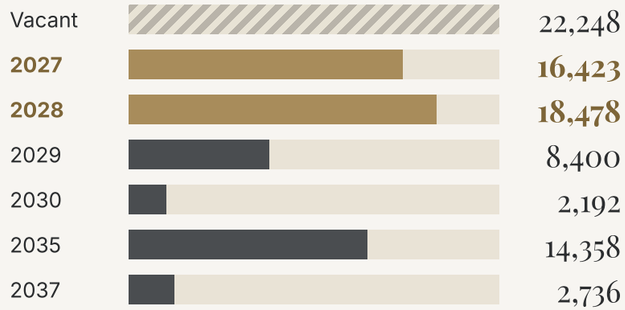
73.8%
LEASED, 62,587 SF

$12.30
IN-PLACE BASE RENT PER SF OF GLA

3.8 yrs
WEIGHTED AVERAGE LEASE TERM

34,901
SF EXPIRING IN 2027 AND 2028

SQUARE FEET BY EXPIRATION YEAR



We apply a 75% renewal probability at market terms and convert the three gross leases to NNN at rollover.

SUITE STRIP, PROPORTIONAL TO AREA



Hover a suite or a row for lease detail

Sample deliverable: property, tenants, parties and figures are illustrative.

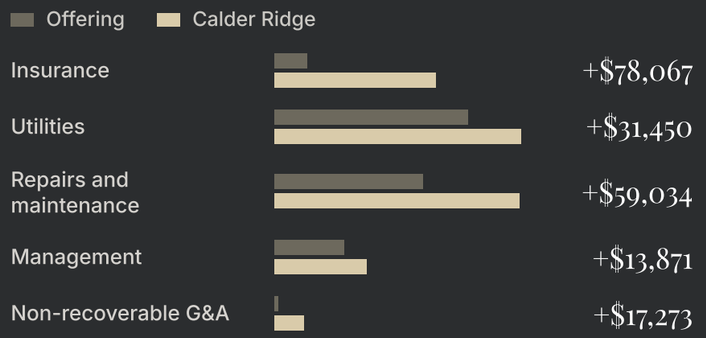
04 WHAT WE CHANGED AGAINST THE SELLER'S PRO FORMA

Our Year 1 NOI is $211,131 below the marketed $914,568.

LINE	OFFERING	OUR UNDERWRITING
Vacancy and credit	None on the junior anchors	5% vacancy plus 1% credit loss on every tenant
Rent	Contractual bumps projected	Held flat; bumps are upside
Management fee	About $42,138	4% of effective gross revenue, $56,009 in Year 1
Insurance	$19,493, $0.23/SF	$97,560, $1.15/SF. Trailing actuals run near $0.50/SF, so this is deliberately conservative
Utilities and R&M	$117,359 and $89,275	$148,809 and $148,309, annualized January to July 2026 actuals
Non-recoverable G&A	Omitted	$17,273, from the operating statement
Seasonal suite	Temporary rent counted as income	Treated as vacant lease-up
Gross leases	Recover nothing in place	Convert to NNN at 2027 rollover

Closing costs 1%, acquisition fee 1.5%, expense growth 3%, a 10-year analysis with a 5-year hold and a 7.50% terminal cap.

EXPENSE LINES, OFFERING AGAINST OURS



ADDED OPERATING EXPENSE BEFORE RECOVERIES **+$199,695**

About three quarters of the added expense is recovered from NNN tenants, so these lines explain only part of the $211,131 gap. The rest comes from vacancy and credit loss on every tenant, rents held flat and the excluded $35,700 of seasonal rent.

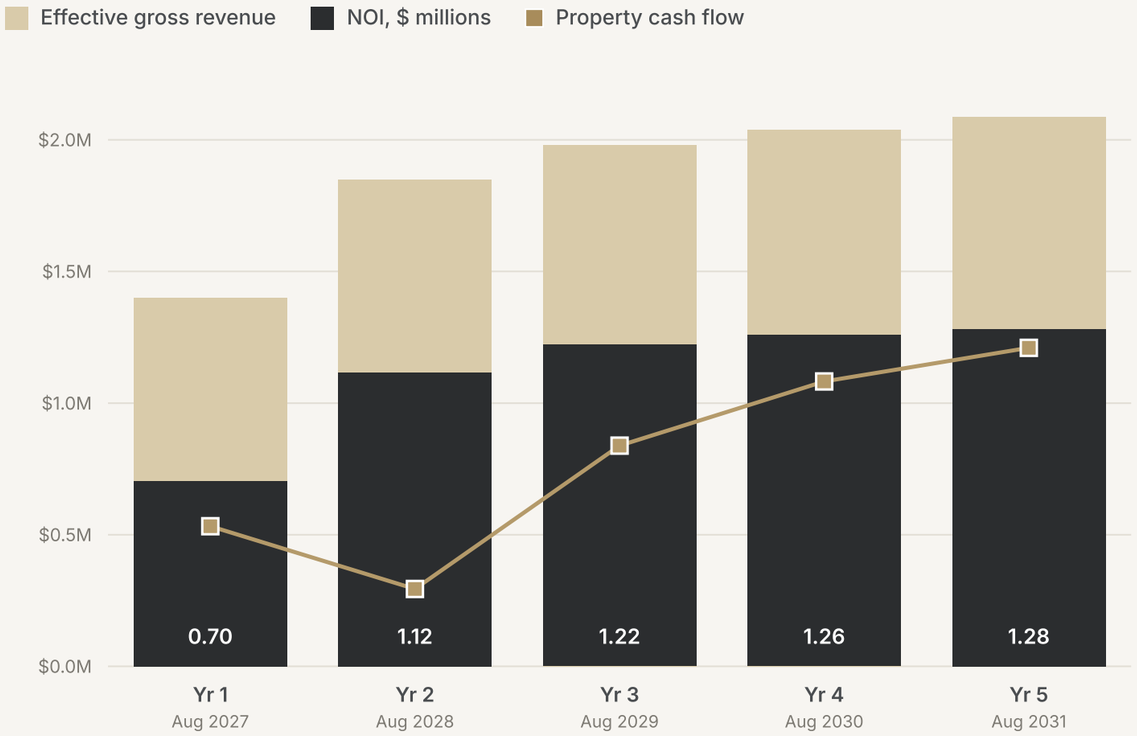
LEASE-UP AND ROLLOVER

JUNIOR ANCHOR BOXES	$14/SF NNN, 12 months down, $30/SF TI
IN-LINE SUITES	$18/SF NNN, 9 months down
ROLLOVER	75% renewal probability at market
COMP SET	$18 to $29/SF in-line asking rents

Sample deliverable: property, tenants, parties and figures are illustrative.

05 NOI BUILD

NOI reaches $1,221,348 by Year 3 as the vacancy leases.



YEAR ENDING AUGUST	2027	2028	2029	2030	2031
Scheduled base rent	1,027,392	1,282,248	1,357,920	1,387,288	1,399,405
Expense recoveries	406,650	627,671	690,276	724,173	760,713
Other income	50,706	50,706	50,706	50,706	50,706
Vacancy and credit loss	(84,511)	(110,854)	(118,524)	(121,981)	(124,535)
Effective gross revenue	**1,400,237**	**1,849,771**	**1,980,378**	**2,040,186**	**2,086,289**
Operating expenses	(696,800)	(734,005)	(759,030)	(781,817)	(804,667)
Net operating income	**703,437**	**1,115,766**	**1,221,348**	**1,258,369**	**1,281,622**
Tenant improvements and commissions	(128,574)	(777,913)	(338,157)	(129,780)	(23,678)
Capital reserves	(42,417)	(43,690)	(45,001)	(46,351)	(47,741)
Property cash flow	**532,446**	**294,163**	**838,190**	**1,082,238**	**1,210,203**

Unlevered cash flow from the model. Purchase plus closing of $12,301,800 at time zero; sale at the end of Year 5 for $16.17M net.

5.78%

going-in on Year 1 NOI of $703,437

10.0%

Year 3 yield on the $12.18M basis

9.4%

yield on cost: Year 4 NOI of $1,258,369 on about $13.39M all-in, including $0.91M of lease-up TI and commissions on the vacant suites

$16.17M

net reversion: Year 6 NOI of $1,276,314 at 7.50%, less 5% cost of sale

Sample deliverable: property, tenants, parties and figures are illustrative.

06 SENSITIVITY · PURCHASE PRICE AGAINST EXIT CAP

At the opening offer the deal holds 11.8% even at an 8.00% exit.

IRR | MULTIPLE

PRICE	7.00% EXIT CAP	7.25% EXIT CAP	7.50% MODELED	7.75% EXIT CAP	8.00% EXIT CAP
$13.65M $161/SF · ask	9.7%	9.0%	8.4%	7.8%	7.2%
$13.02M $153/SF	10.8%	10.1%	9.5%	8.9%	8.3%
$12.60M $149/SF	11.6%	10.9%	10.3%	9.7%	9.1%
$12.18M $144/SF · target basis	12.4%	11.7%	11.1%	10.5%	9.9%
$11.76M $139/SF	13.3%	12.6%	12.0%	11.3%	10.8%
$11.34M $134/SF	14.2%	13.5%	12.8%	12.2%	11.6%
$11.26M $133/SF · opening offer	14.3%	13.7%	13.0%	12.4%	11.8%
$10.92M $129/SF	15.1%	14.4%	13.8%	13.1%	12.6%

Opening offer · Target basis · Below a 10% IRR

Hover any cell for the full case

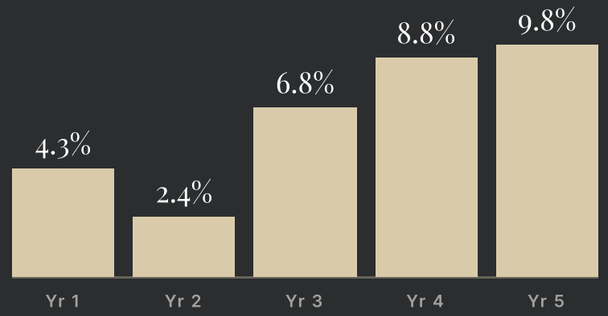
Unlevered, 5-year hold. IRRs count price plus 1% closing; carrying the 1.5% acquisition fee lowers each by about 36 bps.

RETURNS AT THE $12.18M BASIS

11.1% UNLEVERED IRR, 5-YEAR

1.64x EQUITY MULTIPLE

CASH-ON-CASH, UNLEVERED



Property cash flow after TI, commissions and reserves, over the $12,301,800 basis. Year 2 carries the lease-up capital.

3-YEAR HOLD	5-YEAR HOLD	7-YEAR HOLD
13.1%	11.1%	9.7%

Sample deliverable: property, tenants, parties and figures are illustrative.



07 RISKS AND MITIGANTS

Six swing items, and where each one sits in the model.

Anchor co-tenancy

LARGEST STRUCTURAL RISK

Four tenants, about 28,000 SF, hold co-tenancy rights tied to the shadow anchor, which we would not own. Its closure triggers percentage rent, abatement or termination.

MITIGANT

Confirm each clause in the lease abstracts and require estoppels. The exposure supports the opening price.

Operating expenses

MODELED CONSERVATIVELY

Utilities and repairs run at annualized 2026 actuals, well above the offering. Seven months of repairs may include pre-sale catch-up spend.

MITIGANT

About three quarters of the load is recovered from NNN tenants. Confirm actuals or a normalized figure.

Property taxes

NOT MODELED

Held at the offering's $228,840, $2.70/SF. A Bexar County reassessment toward the purchase price is a downside the base case does not carry.

MITIGANT

Pull the current assessment and protest history before the price is final.

Lease-up

CARRIES THE VALUE-ADD CASE

22,248 SF, 26.2% of the center, is vacant. Boxes at $14/SF NNN with 12 months down and $30/SF TI; in-line at $18/SF with 9 months.

MITIGANT

Underwritten at the bottom of the $18 to $29 comp set. Firm rents, TI and downtime with leasing brokers.

Rollover

MODELED AT 75% RENEWAL

Eight leases, about 35,000 SF, roll by year-end 2028, including the pet supply store at $12/SF.

MITIGANT

Children's entertainment (2035) and the nail spa (2037) give the term ballast. Gross leases convert to NNN at rollover.

Upside not modeled

EXCLUDED FROM RETURNS

Outparcel income is held flat at $50,706 despite a contractual 25% step in 2029. The seasonal tenant's $35,700 is excluded.

MITIGANT

The five pads carry zero income and zero residual value in the model.

Sample deliverable: property, tenants, parties and figures are illustrative.

08 OFFER TERMS

Proposed first-round terms.

PRICE	$11,258,000 · $133/SF
ALLOCATION	Center $8,793,000, an 8.00% on Year 1 NOI; five pads $2,465,000, the seller's ask
INTEREST	Fee simple in the center and all five pad lots, 12.82 acres
DUE DILIGENCE	Proposed: 45 days from the effective date
CLOSING	Proposed: 30 days after the end of due diligence
CONDITIONS	Proposed: tenant estoppels confirming co-tenancy status; current Bexar County assessment; 2026 operating statements
AUTHORITY	Up to $12,180,000 without returning to committee; no bid above $12,758,000

Proposed for committee approval. Timing and conditions are our recommended first-round position and remain subject to negotiation with the seller.

BEFORE THE PRICE IS FINAL

1 **Utilities and repairs**
Confirm annualized actuals or a normalized figure.

2 **The three vacancies**
Confirm market rents, TI and downtime.

3 **Taxes**
Size the reassessment step-up from county data.

4 **Co-tenancy**
Review the four anchor clauses and the remaining abstracts.

WHY $11.26M

Two ways to build an 8.00% going-in.

CONSTRUCTION	PRICE	GOING-IN	IRR	MULTIPLE
8.00% blended, center and all five pads	$8.79M	8.00%	19.3%	2.27x
8.00% on the center, pads at their ask	**$11.26M**	**6.25% · 8.00% center**	**13.0%**	**1.77x**
Target basis, for reference	$12.18M	5.78% · 7.24% center	11.1%	1.64x

$11,258,000 pays the full ask on the pad land and an 8.00% on the operating center. It reads as a 7.6% discount to our basis rather than a 28% one. The blended $8,793,000 is an anchor, not an offer: it sits 36% below the $13,650,000 ask and rests on the $211,131 NOI gap and the co-tenancy exposure.

Caps are NOI over purchase price. Measured on total basis including the 1% closing cost, an 8.00% blended requires $8,706,000.

RETURNS AT THE OPENING OFFER

13.0%	1.77x	6.25%	10.8%
UNLEVERED IRR	MULTIPLE	GOING-IN, YEAR 1	YIELD, YEAR 3

CALDER RIDGE PARTNERS

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