



OFFERING MEMORANDUM

PRESERVE
WEST
CAPITAL



Frontier Tubular Solutions
Houston, TX

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

www.preservewestcapital.com



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Disclaimer

Preserve West Capital (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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- Long Term Absolute NNN Lease to Frontier Tubular Solutions with Approximately 10 Years Remaining
 - Rare Annual Rental Escalations
 - Sustainable Rent Per Acre of \$14,991
- Strategic Location for Frontier Tubular Neighboring Numerous Oil and Gas Related Users
 - Ideally Situated within Texas Energy Corridor
- Central Location in Close proximity to Major Arterials
 - Sam Houston Tollway – 91,813 AADT
 - Crosby Freeway – 59,201 AADT
- Robust Demographics in Surrounding Area
 - Total Daytime Population of 1.35 Million within 15 Mile Radius
 - Average Household Income of \$80,788 within 3 Miles of Site
- Houston is Consistently one of the Fastest-Growing Cities in the U.S.
 - 4th Largest City in the U.S. by Population
 - Houston MSA GDP Exceeds \$512 Billion
- No State Income Tax in Texas



PRICE

\$19,670,000

6.00% Return

Location

The property is located at 15730 Beaumont Highway in Houston, Texas.

Lot Size

Approximately 78.74 acres or 3,429,914 square feet.

Improvements

83,017 square feet of industrial buildings.

Lease

Leased to **Frontier Tubular Solutions, LLC** and guaranteed by **Frontier Tubular Solutions Holdings, LLC** for 12 years from April 26, 2019 through April 30, 2031 at a current annual rent of \$1,196,376. There are three (3) five-year options to renew the lease. Rent is to increase annually by the change in CPI, or by 2% at minimum and 4% maximum. The lease is absolute net with tenant responsible for all taxes, insurance, and maintenance.

Financing

The property will be delivered free and clear of permanent financing.

Annual Rent

Year	Annual Rent*	Return
May 2021-April 2022	\$1,180,388	6.00%
May 2022-April 2023	\$1,227,604	6.24%
May 2023-April 2024	\$1,276,708	6.49%
May 2024-April 2025	\$1,327,776	6.75%
May 2025-April 2026	\$1,380,887	7.02%
May 2026-April 2027	\$1,436,122	7.30%
May 2027-April 2028	\$1,493,567	7.59%
May 2028-April 2029	\$1,553,310	7.90%
May 2029-April 2030	\$1,615,442	8.21%
May 2030-April 2031	\$1,680,060	8.54%

*Rent is to increase annually by the change in CPI, or by 2% at minimum and 4% at maximum. For the sake of this analysis, we have estimated the annual change in rent to be 4%.



Frontier Tubular Solutions, LLC has been a leading provider of oil country tubular goods (OCTG) services, storage, and transportation to North America's energy sector. The company primarily serves steel mills, OCTG distributors, and exploration companies. The company's facilities provide customers a one-source solution to store, service, and transport oil country tubular goods, offering services including inspection, threading, maintenance, and reclamation. In 2018, private equity company SCF Equity invested in Frontier Tubular to support its ongoing growth.

Frontier Tubular Solutions has three locations in Midland and Houston, Texas and Oklahoma City, Oklahoma.

AERIAL

SOUTHWEST VIEW



Crosby Fwy (59,201 AADT)



Downtown Houston (~16 miles)

Sam Houston Tollway (91,813 AADT)



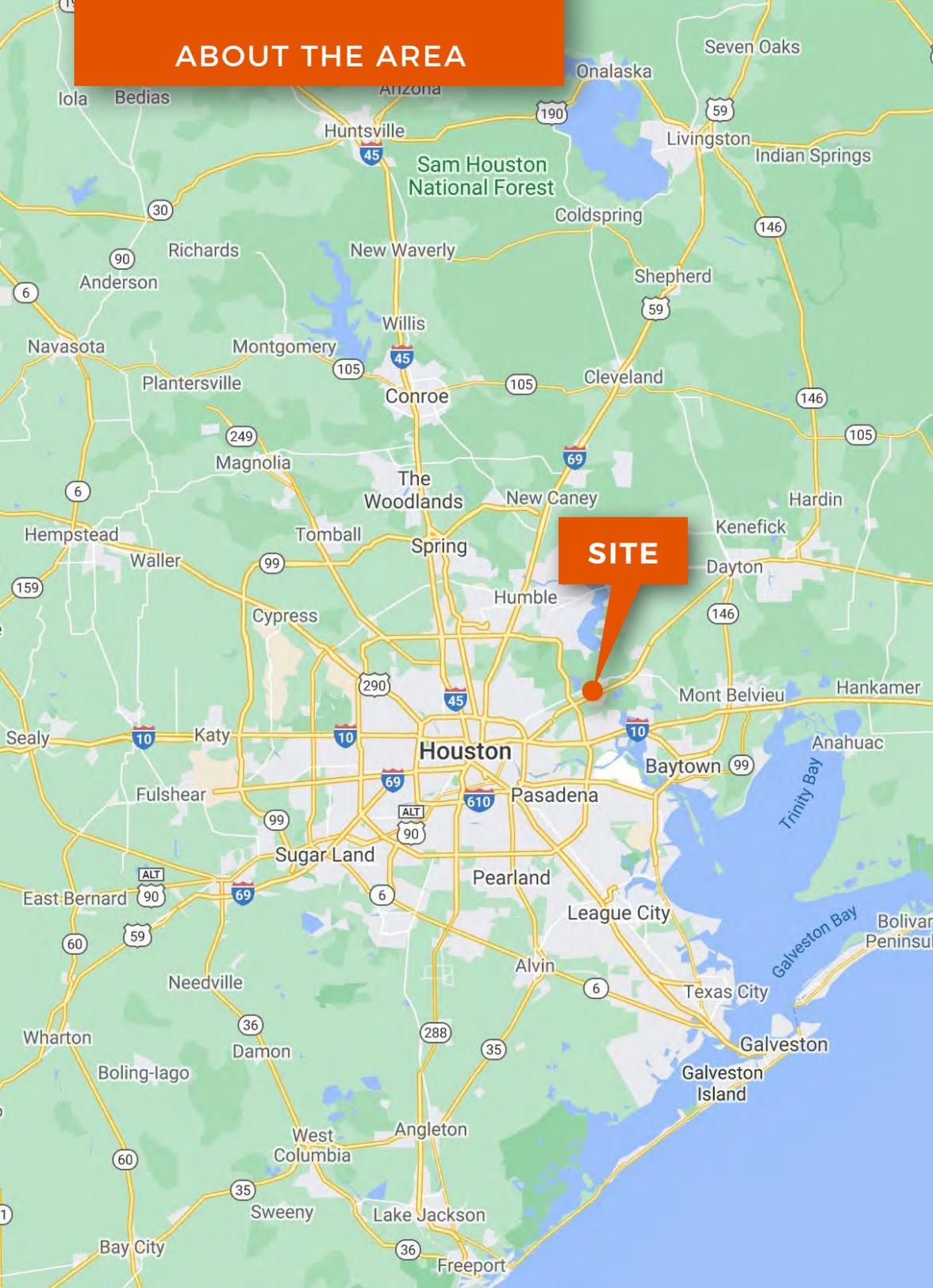
Sheldon Lake



Beaumont Hwy (7,610 AADT)



ABOUT THE AREA



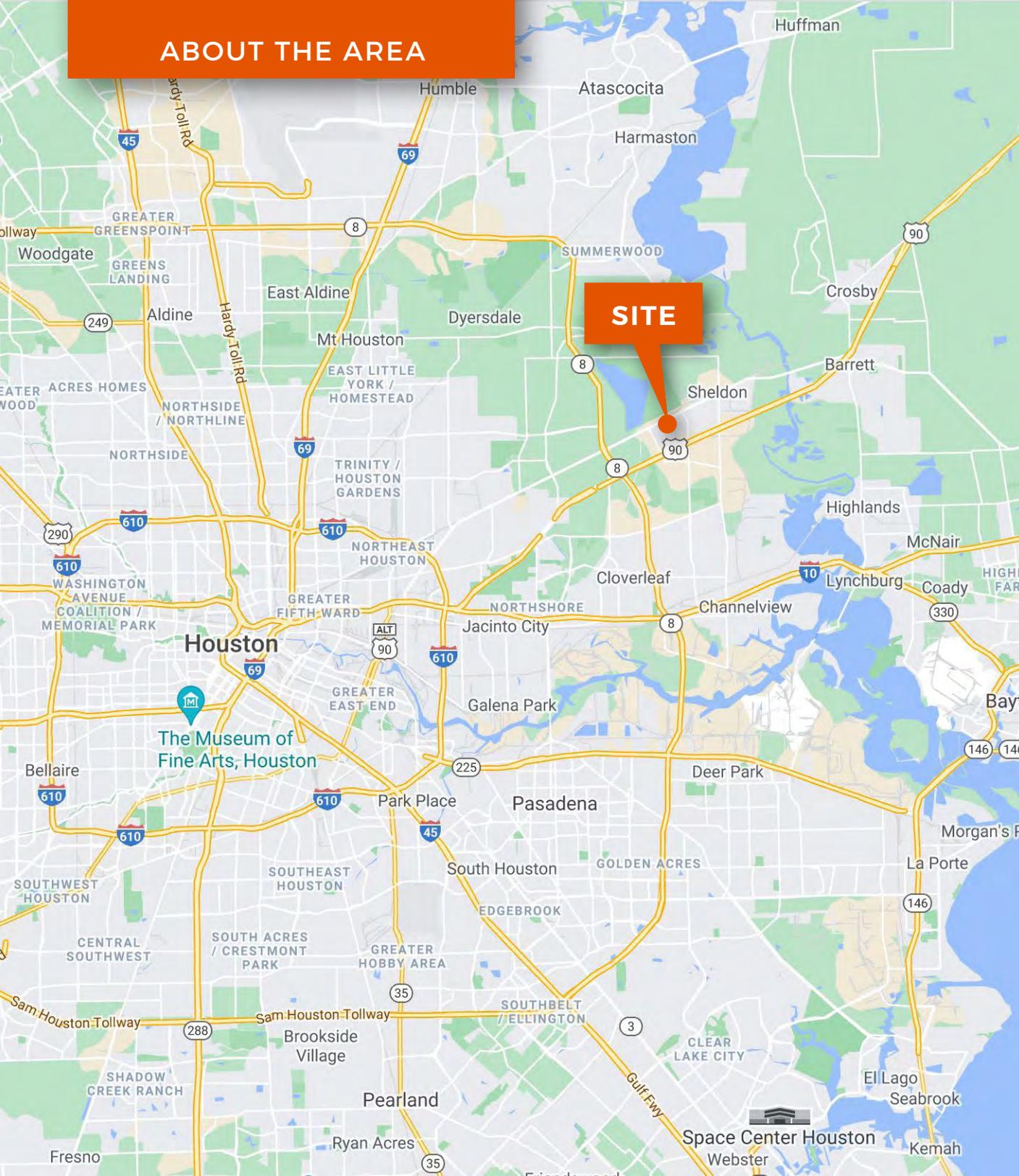
General Overview

Houston (population 2,325,501) is the largest city in the southern United States, the most populous city in the state of Texas, and the fourth-largest city in the U.S. by population. The city is the seat of Harris County, the most diverse city in the state of Texas, and has the fourth-tallest skyline in North America. The Port of Houston, a 25-mile long complex of more than 150 private and public industrial terminals along the 52-mile long Houston Ship Channel, is ranked first in the U.S. in imports and foreign waterborne tonnage, and export tonnage and second in total tonnage.

The city benefits from a broad economic base in energy, manufacturing, aeronautics, transportation, healthcare, and more. The city has more Fortune 500 companies headquartered within its city limits than any city except New York City, including Phillips 66, Sysco, ConocoPhillips, Enterprise Products Partners, Plains All American Pipeline, Halliburton, Waste Management, Inc., Kinder Morgan, Occidental Petroleum, EOG Resources, Group 1 Automotive, CenterPoint Energy, Quanta Services, Targa Resources, Calpine, Westlake Chemical, National Oilwell Varco, and Cheniere Energy. Other major companies in the region include Exxon Mobil, Academy Sports + Outdoors, AEI Energy, BMC Software, the U.S. headquarters of BP, Citgo, Dynegy, Consolidated Graphics, Minute Maid, Chevron, Cooper Industries, Diamond Offshore Drilling, Amegy Bank, HostGator, Insperty, Frontier Oil, Geokinetics, McDermott International, Powell Industries, Shell Oil Company, Southwest Energy, Service Corporation International, Spec's Wine, Spirits, & Finer Foods, and more.

Houston benefits from an educated workforce and is home to numerous colleges and universities, including the University of Houston, the University of Houston - Clear Lake, Texas Southern University, Rice University, Houston Baptist University, Baylor College of Medicine, and the University of Saint Thomas, with a collective enrollment of more than 85,000 students. In addition, the Houston Community College and Lone Star College systems are among some of the largest in the country, with enrollments of 93,625 and 98,313 respectively. Houston is also the home of the internationally renowned Texas Medical Center, which contains the world's largest concentration of research and healthcare institutions with more than 73,600 staff, 13 hospitals, and two medical schools.

ABOUT THE AREA



Site Information

The subject property is prominently situated with excellent access along Beaumont Highway (7,610 AADT) in close proximity to the Sam Houston Tollway (91,813 AADT) and Crosby Freeway/US-90 (59,201 AADT) Arterials. The site benefits from robust demographics with a total daytime population of 1.35 million within a 15 mile radius. Average household income within 3 miles of the site is \$80,788.

The site benefits from a strategic location within the greater Houston energy corridor in close proximity to energy companies and other oil and gas related industrial tenants. Nearby industrial users include National Oil Varco, Patterson UTI Drilling, Edgen Murray, OFS International, Bayou Electrical Services, Kelly Pipe, Uni-Form Components, US Steel Tubular, Nov Tuboscope, Seah Steel USA, LyondellBasell, and more.



15730 Beaumont Hwy | Houston, TX 77049



2021 POPULATION (15 MI.)

1,344,571



AVG. HOME VALUE

\$241,861



AVG. HOUSEHOLD INCOME

\$80,788

Population Summary	3 Miles	5 Miles	15 Miles
2010 Total Population	20,396	99,019	1,202,444
2021 Total Population	31,352	123,699	1,344,571
2026 Total Population	35,535	134,572	1,425,481
2021-2026 Annual Rate	2.54%	1.70%	1.18%

Average Household Income	3 Miles	5 Miles	15 Miles
2021	\$80,788	\$76,399	\$74,575
2026	\$91,129	\$85,656	\$83,694

Average Home Value	3 Miles	5 Miles	15 Miles
2021	\$241,861	\$226,949	\$233,263
2026	\$356,392	\$332,977	\$310,210

Top Employers in Houston

of Employees

Houston Methodist	25,543
H-E-B	25,337
Walmart	22,854
Memorial Hermann Health System	21,925
The University of Texas MD Anderson Cancer Center	21,576
HCA Houston Healthcare	15,000
United Airlines	13,500
Kroger	13,490
ExxonMobil	13,000
Shell Oil Company	11,500

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you,

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.





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