

# watsco (NYSE: WSO) INVESTMENT PORTFOLIO

Marcus & Millichap  
DUONG INVESTMENT GROUP



17-PROPERTY INDUSTRIAL PORTFOLIO - LOCATED IN LOUISIANA & MISSISSIPPI  
PLEASE SEE PAGE 5-7 FOR LOCATION DETAILS & PHOTOS

OFFERING MEMORANDUM

# Watsco (NYSE:WSO) INVESTMENT PORTFOLIO

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# INVESTMENT OVERVIEW

## Investment Highlights



**17-Property Portfolio Anchored by Watsco (NYSE: WSO) – A Leading Publicly Traded Tenant with Over \$7 Billion in Annual Revenue and Over 600 Locations**



**Compelling 7% Cap Rate on Current Income | Current Rents are 50% Below Market, Offering Exceptional Upside Potential and a 14.81% Pro Forma Cap Rate**

## High Credit Tenant

- ▶ **Corporate Strength:** Acme Refrigeration is a Wholly-Owned Subsidiary of Watsco, a High-Credit Tenant with \$7 Billion in Annual Revenue
- ▶ **Market Dominance:** The Largest HVAC/R Distributor in the Americas, Solidifying its Industry Leadership
- ▶ **Publicly Traded Stability:** Listed on the NYSE (WSO) with a Market Capitalization of \$23+ Billion
- ▶ **Economic Resilience:** Watsco's Diversified and Recession-Resilient Business Model Positions it for Sustained Performance in all Market Conditions

## Strong Real Estate Fundamentals

- ▶ **Established Market Presence:** Each Location is Deeply Integrated into its Respective Market, Ensuring Strong Tenant Operations, Even in Rural Areas, Contributing to the Attractive Cap Rate
- ▶ **Proactive Management:** The Current Landlord has Maintained and Improved These Properties Meticulously, Including Expansions and Upgrades to Enhance Value and Operational Longevity
- ▶ **Favorable Cost Basis:** Current Rents are Significantly Below Market Levels—Often Half or Less of Market, Offering Substantial Upside Potential Through Rental Adjustments
- ▶ **Tenant Commitment:** The Tenant's Operations are Deeply Rooted in These Communities, with Locations Ideally Suited to Their Business, Minimizing the Likelihood of Relocation
- ▶ **Value-Add Potential:** Strategy Includes Raising rents to Market Levels and Securing New Leases with Market-Rate Renewal Options, Driving Long-Term Income Growth and Portfolio Value

Baton Rouge, LA (KR 1-3)



Lafayette, LA (VE 1)



Jackson, MS (VE 5)



# INVESTMENT OVERVIEW

## Tenant Spotlight

### Watsco

Watsco, Inc. is the largest distributor of heating, air conditioning, and refrigeration (HVAC/R) products in the Americas, operating over 600 locations across the United States, Canada, Mexico, and the Caribbean. With a history dating back to 1945, Watsco has established itself as a leader in the HVAC/R industry, providing essential products and services that support residential and commercial climate control systems. As a publicly traded company (NYSE: WSO) with a market capitalization exceeding \$23 billion, Watsco is backed by a strong balance sheet and a history of stable financial performance, making it a highly dependable tenant.



The HVAC/R industry is recognized as essential, with consistent demand driven by the need for climate control across all seasons and economic cycles. Watsco's business model thrives in this stable environment, further enhanced by its commitment to innovation. The company invests heavily in energy-efficient technologies, digital platforms, and sustainability initiatives to maintain its competitive edge and meet the evolving needs of its customers.

With its strong financial position, operational expertise, and forward-thinking approach, Watsco is well-positioned to benefit from long-term industry trends, such as the rising demand for energy-efficient HVAC systems. For investors, a property anchored by Watsco offers not only a secure and steady income stream but also the assurance of a tenant with decades of proven reliability and leadership in a critical sector. This makes the investment an attractive opportunity for those seeking stability and growth potential in their portfolio.

Symbol	NYSE: WSO
Market Cap	±\$23.61 Billion (as of December 2024)
Revenue (TTM)	±\$7.467 Billion
# of Locations/Employees	±700 Locations / ±6,900 Employees

## Watsco Reports Record Sales, Enhanced Operating Efficiency, Strong Cash Flow and Improving Business Trends

**OCTOBER 23, 2024** - ...Watsco has further strengthened its financial position in 2024 and is well-positioned to invest in growth. Operating cash flow increased 50% to a record \$394 million for the nine-months ended September 30, 2024. At September 30, 2024, the Company had \$550 million in cash and short-term investments, no borrowings under its \$600 million revolving credit facility and \$400 million of equity capacity under its ATM program...

[Click here to read the full report on Watsco's website.](#)

## “Watsco - The Coolest Green Company”

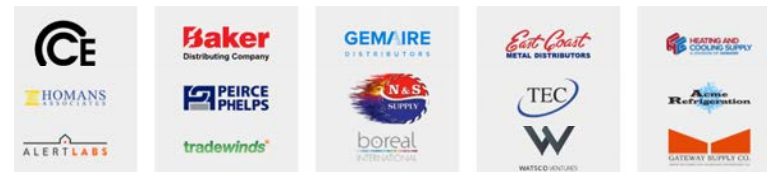
Our employees' commitment and passion are what drives Watsco's success. Our entrepreneurial and decentralized culture empowers our team to develop a growth mind-set and focus on continuous improvement so they can reach their highest potential.

-From Watsco's Website - [www.watsco.com](http://www.watsco.com)

### Watsco Center @ The University of Miami



### Watsco Business Units



Watsco Headquarters  
Coconut Grove, FL

# FINANCIAL ANALYSIS

## Portfolio Pricing Summary - Kaiser Rentals LLC & Venture Entities LLC

Marcus & Millichap is pleased to offer the fee simple interest in 17 properties in LA & MS.

### Key Features:

- Acme Refrigeration is a wholly-owned subsidiary of Watsco, a market leader in HVAC/R systems.
- Current rent is well below market, allowing investors to add value by renewing at market rates.
- Low Price/SF of just \$47.53 - Please contact Agents for a comparable sales analysis.
- The offering contains two entities: Kaiser Rentals, LLC and Venture Entities, LLC.
- For a summary of locations and photos, please review pages 8-12.

## Offering Summary

Property Name	Watsco Investment Portfolio
Locations	17 Locations - Please see pages 8-9.
Total Gross Leasable Area (GLA)	±285,167 Square Feet
Total Land Area	±22.19 Acres (±966,566 Square Feet)

## Portfolio Pricing

Price	\$13,553,851
Cap Rate (Current   Pro Forma)	7.07%   14.81%
Price/SF	\$47.53



## Annualized Operating Data

	Current	Pro Forma
Gross Potential Rent	\$958,550	\$2,007,041
Less Expenses	NNN	NNN
<b>Net Operating Income</b>	<b>\$958,550</b>	<b>\$2,007,041</b>

## Pro Forma Overview

Current rents are more than 50% below market, offering investors the ability to raise rents to market rates over time. Staggered lease expirations allow for a slow adjustment to pro forma over the course of 5+ years.

Please contact Agents for more information and to request a comparable rent survey.

## Lease Overview

- ▶ **Tenant Responsibilities:** The tenant will maintain the interior of the premises in good condition (ordinary wear and tear and casualty excepted) and will handle repairs and maintenance for:
  - HVAC systems
  - Interior plumbing (excluding septic and sewer systems)
  - Electrical systems, windows, and doors
- ▶ **Landlord Responsibilities:** The landlord will be responsible for the maintenance, repair, and replacement of exterior and structural elements, including:
  - Floor slabs, foundations, and exterior walls (including painting and caulking)
  - Roof and all roof components, gutters, and downspouts
  - Water and sewer systems, utilities, life-safety and sprinkler systems
  - Generators, above ground/underground storage tanks, detention ponds
  - Parking areas, landscaping, and irrigation systems

# FINANCIAL ANALYSIS

## Pricing Summary - Kaiser Rentals LLC

#	Property Address	GLA Land Area	Net Operating Income (NOI)	Price	Cap Rate	Price/SF	Increases Options	Lease Expiration	Current Annual Rent/SF	Pro Forma Annual Rent/SF
KR 1, 2, 3	11844/11864/11826 S. Choctaw Baton Rouge, LA 70815	±35,900 SF ±1.47 AC	\$127,651	\$1,822,000	7.01%	\$50.75	2.5% Annual 1, 5-Year (@ 3% Increase)	05/31/2026	\$3.56	\$8.00
KR 4	13327 S Choctaw Drive Baton Rouge, LA 70815	±19,600 SF ±1.33 AC	\$80,688	\$1,152,000	7.00%	\$58.78	2.5% Annual 1, 5-Year @ 3% Annual Increase	05/31/2026	\$4.12	\$8.00
KR 5	11805 Darryl Drive Baton Rouge, LA 70815	±45,000 SF ±1.83 AC	\$99,284	\$1,417,000	7.01%	\$31.49	2.5% Annual 1, 5-Year @ 3% Annual Increase	05/31/2026	\$2.21	\$8.00
KR 6	1921 S Philippe Avenue Gonzales, LA 70737	±11,000 SF ±3.00 AC	\$27,737	\$395,000	7.02%	\$35.91	2.5% Annual 1, 5-Year @ 3% Annual Increase	05/31/2026	\$2.52	\$8.00
KR 7	2099 Gause Boulevard W. Slidell, LA 70460	±12,400 SF ±1.03 AC	\$31,191	\$429,000	7.27%	\$34.60	2% Annual None	05/31/2028	\$2.52	\$6.00
KR 8	312 N Cate Street Hammond, LA 70401	±14,020 SF ±1.00 AC	\$35,010	\$482,763	7.25%	\$34.43	2.5% Annual None	05/31/2028	\$2.50	\$6.00
KR 9	3601 Common Street Lake Charles, LA 70607	±14,625 SF ±0.98 AC	\$75,015	\$1,034,000	7.25%	\$70.70	2.5% Annual 1, 5-Year @ 3% Annual Increase	05/31/2026	\$5.13	\$7.00
KR 10	5867 Highway 1 Bypass Natchitoches, LA 71457	±9,561 SF ±1.00 AC	\$33,100	\$435,000	7.61%	\$45.50	3% Annual None	05/31/2028	\$3.46	\$6.00
KR 11	107 Passbach Street Natchez, MS 39120	±15,000 SF ±0.00 AC	\$24,000	\$328,000	7.32%	\$21.87	\$4k /month 1st year \$5k/month 2nd year / 2, 1-Year	12/31/2025	\$1.60	\$2.00
<b>TOTAL/AVERAGE:</b>			<b>\$533,676</b>	<b>\$7,494,763</b>	<b>7.12%</b>	<b>\$42.67</b>			<b>\$3.01</b>	<b>\$7.00</b>

### Additional Details:

KR 1-3 & 5 - 11844/11864/11826 S. Choctaw & 11805 Darryl Drive, Baton Rouge, LA:

- ▶ **90-Day Early Termination Clause:** The tenant retains the right to terminate the lease with 90 days' notice during both the original term and any renewal terms.

# FINANCIAL ANALYSIS

## Pricing Summary - Venture Entities LLC

#	Property Address	GLA Land Area	Net Operating Income (NOI)	Price	Cap Rate	Price/SF	Increases Options	Lease Expiration	Current Annual Rent/SF	Pro Forma Annual Rent/SF
VE 1	406 Wall Street Lafayette, LA 70506	±13,195 SF ±0.67 AC	\$84,468	\$1,126,000	7.50%	\$85.34	2.5% Annual 1, 5-Year @ 3% Annual Increases	05/31/2026	\$6.40	\$8.50
VE 2	1924 E Main Street New Iberia, LA 70560	±14,280 SF ±0.89 AC	\$38,192	\$526,000	7.26%	\$36.83	3% Annual None	05/31/2028	\$2.67	\$5.00
VE 3	11345 Pennywood Avenue Baton Rouge, LA 70809	±18,000 SF ±1.21 AC	\$100,860	\$1,344,000	7.50%	\$74.67	2.5% Annual 1, 5-Year @ 3% Annual Increases	05/31/2026	\$5.60	\$8.00
VE 4	1950 South Lane Mandeville, LA 70471	±12,500 SF ±1.21 AC	\$45,954	\$633,000	7.26%	\$50.64	2.5% Annual 1, 5-Year @ 3% Annual Increases	05/31/2026	\$3.68	\$8.50
VE 5	160 Industrial Drive Jackson, MS 39209	±24,000 SF ±1.28 AC	\$54,106	\$746,000	7.25%	\$31.08	3% Annual None	05/31/2028	\$2.25	\$6.00
VE 6	1833 Industrial Boulevard Harvey, LA 70058	±12,740 SF ±0.69 AC	\$56,736	\$887,656	6.39%	\$69.67	2.5% Annual 1, 5-Year @ 3% Annual Increases	05/31/2026	\$4.45	\$7.50
VE 7	7850 Townsend Place New Orleans, LA 70126	±13,346 SF ±0.66 AC	\$44,558	\$636,432	7.00%	\$47.69	3% Annual None	05/31/2028	\$3.34	\$7.00
VE LND	(Land) 20229 Machost Road Zachary, LA 70719	±0 SF ±0.86 AC	N/A	\$160,000	N/A	\$4.27 (Land)	N/A	N/A	N/A	\$0.00
<b>TOTAL/AVERAGE:</b>			<b>\$424,872</b>	<b>\$6,059,088</b>	<b>7.01%</b>	<b>\$56.56*</b>			<b>\$3.93</b>	<b>\$7.09</b>

\*Price/SF excludes the land price of \$160,000.

### Additional Details:

#### VE 6 - 1833 Industrial Boulevard, Harvey, LA:

- ▶ Adjacent to this property is a vacant lot partially utilized by Watsco, as a portion of their driveway encroaches on it. While Watsco currently pays no additional rent for this usage, the lot is valued at \$125,000, which has been factored into the overall pricing for the site. This adjustment contributes to the lower cap rate. The new buyer will have the opportunity to negotiate rental terms with the tenant or determine how to handle this situation moving forward.

#### VE 7 -7850 Townsend Place, New Orleans, LA:

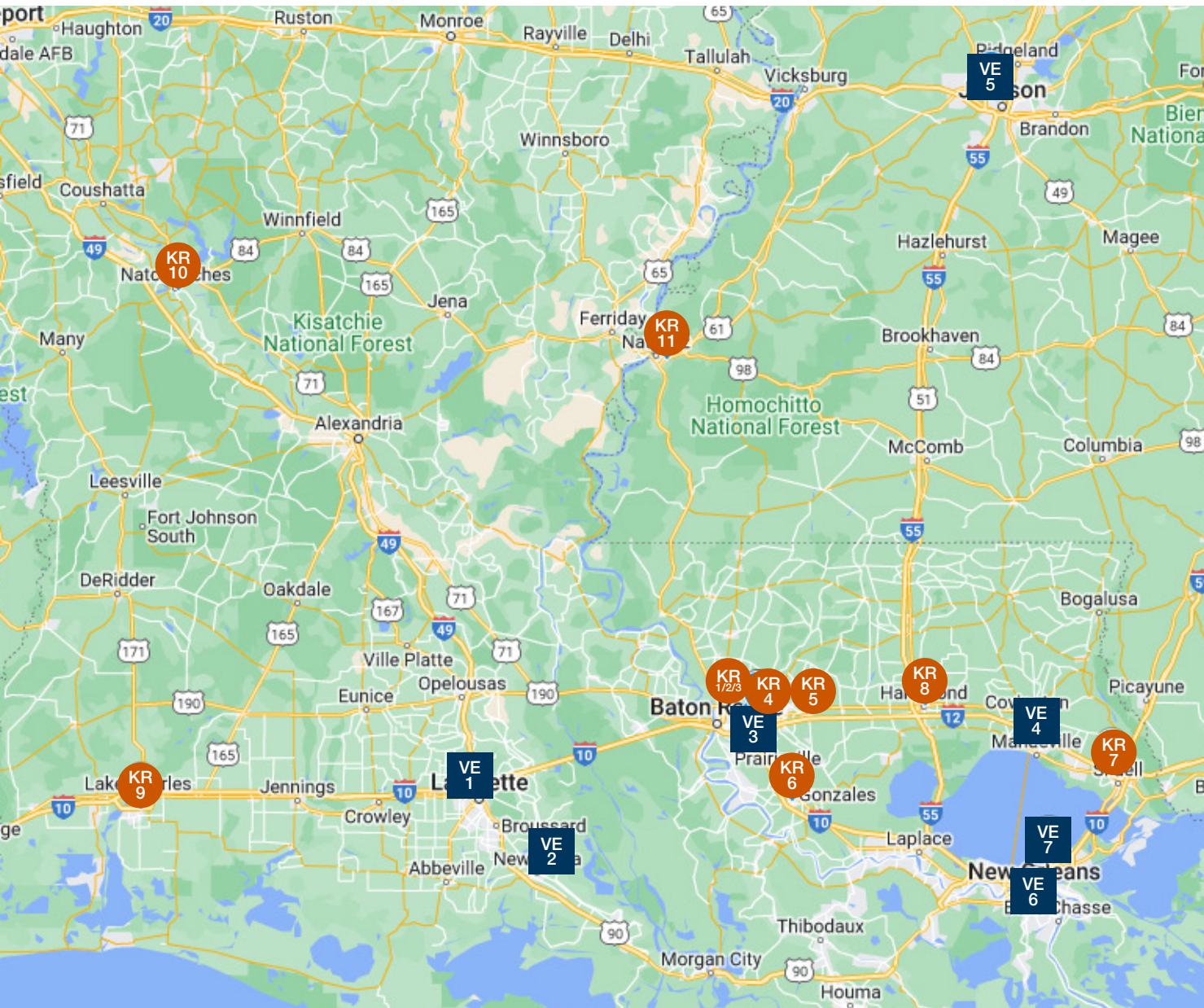
- ▶ Watsco has vacated the site but continues to pay rent under the lease. Subleasing is an option but will be at the discretion of the new buyer.
- ▶ Watsco vacated this site primarily due to challenges in replacing a departing manager. To address this, they opted to merge operations from this location with their Harvey site. According to the landlord, the Townsend location handled significant cash transactions, making it particularly important to find a highly trustworthy replacement—an effort that proved difficult. Ultimately, Watsco decided it was more prudent to consolidate operations at the Harvey location.

#### VE LND -20229 Machost Road, Zachary, LA:

- ▶ This vacant lot was purchased by the Seller with plans to develop a build-to-suit site for their business. However, just as negotiations with Watsco began, the project was paused. Watsco ultimately decided to continue operating from their existing store in Zachary, which is located on property not owned by the seller. The lot is priced at \$160,000 and includes the original building plans, which are available for any interested buyer.

# MARKET OVERVIEW

## Location Map



Subject Property Locations	
#	Property Address
KR 1, 2, 3	11844/11864/11826 S. Choctaw Baton Rouge, LA
KR 4	13327 S Choctaw Drive Baton Rouge, LA
KR 5	11805 Darryl Drive Baton Rouge, LA
KR 6	1921 S Philippe Avenue Gonzales, LA
KR 7	2099 Gause Boulevard W. Slidell, LA
KR 8	312 N Cate Street Hammond, LA
KR 9	3601 Common Street Lake Charles, LA
KR 10	5867 Highway 1 Bypass Natchitoches, LA
KR 11	107 Passbach Street Natchez, MS
VE 1	406 Wall Street Lafayette, LA
VE 2	1924 E Main Street New Iberia, LA
VE 3	11345 Pennywood Avenue Baton Rouge, LA
VE 4	1950 South Lane Mandeville, LA
VE 5	160 Industrial Drive Jackson, MS
VE 6	1833 Industrial Boulevard Harvey, LA
VE 7	7850 Townsend Place New Orleans, LA



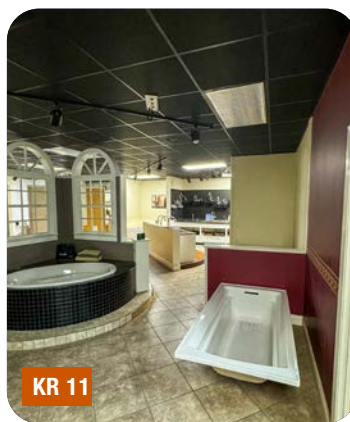
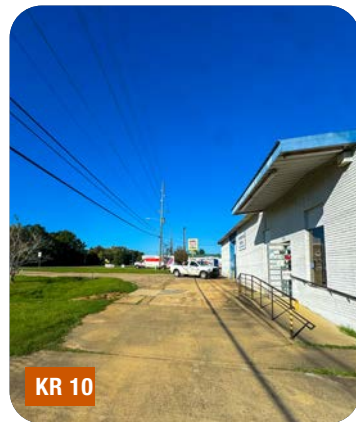
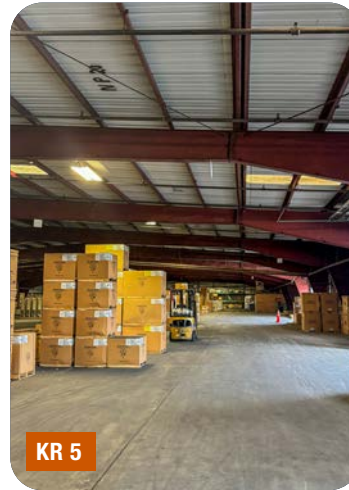
# MARKET OVERVIEW

Location Map with Photos



# MARKET OVERVIEW

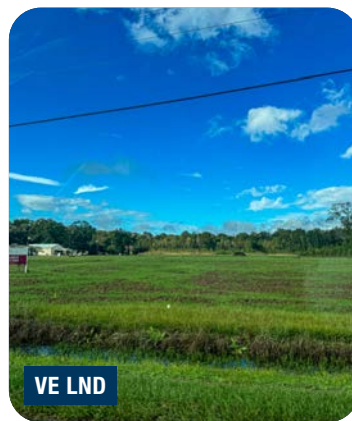
## Property Photos - Kaiser Rentals LLC (KR)



Legend - Kaiser Rentals, LLC	
#	Property Address
KR 1-3	11844/11864/11826 S. Choctaw Baton Rouge, LA 70815
KR 4	13327 S Choctaw Drive Baton Rouge, LA 70815
KR 5	11805 Darryl Drive Baton Rouge, LA 70815
KR 6	1921 S Philippe Avenue Gonzales, LA 70737
KR 7	2099 Gause Boulevard W. Slidell, LA 70460
KR 8	312 N Cate Street Hammond, LA 70401
KR 9	3601 Common Street Lake Charles, LA 70607
KR 10	5867 Highway 1 Bypass Natchitoches, LA 71457
KR 11	107 Passbach Street Natchez, MS 39120

# MARKET OVERVIEW

## Property Photos - Venture Entities, LLC (VE)



### Legend - Venture Entities, LLC

#	Property Address
VE 1	406 Wall Street Lafayette, LA 70506
VE 2	1924 E Main Street New Iberia, LA 70560
VE 3	11345 Pennywood Avenue Baton Rouge, LA 70809
VE 4	1950 South Lane Mandeville, LA 70471
VE 5	160 Industrial Drive Jackson, MS 39209
VE 6	1833 Industrial Boulevard Harvey, LA 70058
VE 7	7850 Townsend Place New Orleans, LA 70126
VE LND	Vacant Lot (±0.86 AC) 20230 Machost Road Zachary, LA 70791

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