

FOR SALE

A PREMIER CENTRAL NORFOLK
FULLY-OCCUPIED
INVESTMENT OPPORTUNITY



OFFERING MEMORANDUM
APRIL 2019

Colliers
INTERNATIONAL

824 MIDTOWN

824 N. MILITARY HIGHWAY, NORFOLK, VA

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Confidentiality Agreement

Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or Colliers International, and (iv) you will not use any part of this Memorandum in any manner detrimental to the Colliers International.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to Colliers International.

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete, nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither Colliers International nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.



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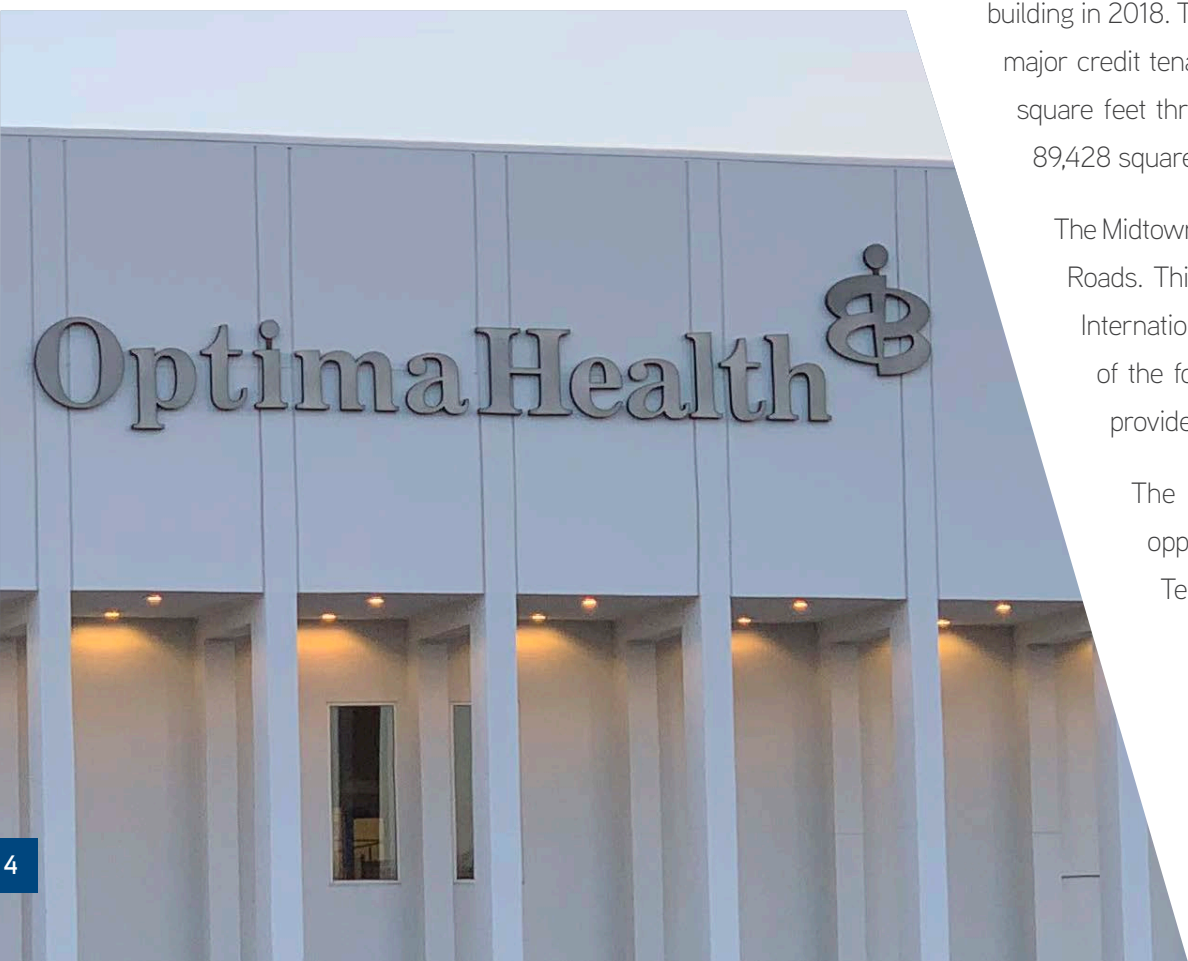
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THE OFFERING

Colliers International has been retained as the exclusive advisor for the sale of 824 Midtown, formerly the JCPenny Box at Military Circle Mall, located in Norfolk, Virginia. This two-story, Class A, Office Building is a stabilized investment opportunity situated in the rapidly emerging Central Norfolk business district.

824 Midtown is a rare chance for an investor to acquire a fully redeveloped 184,000 square foot multi-tenant office building. Renovations in excess of \$16M were made revamping the former retail space into an improved modern multi-tenant office building in 2018. The property includes high-end quality finishes and is leased to two major credit tenants with long-term leases. Movement Mortgage occupies 93,153 square feet through November 2030 while Sentara Health Plans Inc., occupies 89,428 square feet through August 2024.

The Midtown Norfolk submarket is the geographic center of Southside Hampton Roads. This location provides immediate access to I-264, I-64, and Norfolk International Airport. 824 Midtown is a significant start to the redevelopment of the former Military Circle Mall property. The Master Plan for the area provides for a variety of uses including retail, office and hospitality.

The purchase of the 824 Midtown is an outstanding investment opportunity to capitalize on a stable asset with two long-term credit Tenants, while being part of the future redevelopment plan.



OFFERING SUMMARY

OFFERING PRICE	\$22,000,000
SQUARE FEET	184,081 SF
PRICE PER SF	\$119.51
YEAR 1 PROJECTED NOI	\$1,704,785
CAP RATE	8.0%
FINANCING	Free and Clear of Existing Financing

INVESTMENT HIGHLIGHTS



Anchored by two Credit Tenants: Movement Mortgage and Sentara Health Plans, Inc.



Central Norfolk location with unmatched regional accessibility to I-264, I-64, Military Highway, and Norfolk International Airport. Subject site is located 1.5 miles from Sentara Leigh Hospital.



Retail to Office Conversion delivered in 2018.



Opportunity Zone



Located in the heart of the Midtown redevelopment master plan.



Purchase opportunity with the City of Norfolk Economic Development Authority. The EDA will lease the parking to the Buyer for \$1 for 99 years. Under certain negotiated conditions and timing, the Buyer will have the right to acquire the fee and land.



PROPERTY HIGHLIGHTS

BUILDING INFORMATION

ADDRESS	824 N. Military Hwy., Norfolk, VA
TOTAL SF	184,081 RSF
SITE SIZE	+/- 16 Acres
YEAR BUILT/ RENOVATED COMPLETELY	Built 1969 Renovated in 2018
ZONING	C-C / C-R
STORIES	2 stories
PARKING	1,436 surface parking spaces
TOTAL OCCUPANCY	99.2%
TOTAL VACANT SF	1,500 SF

BUILDING SYSTEMS

HVAC	16 roof top HVAC units (2015-2018)
GENERATOR	The building currently has 3 generators at 550 KWs and 1 at 500 KW providing full electrical service during potential power outages.
LIFE SAFETY	Equipped with a wet sprinkler system, and is code compliant with smoke detectors, fire activated doors, emergency lighting in public areas and fire extinguishers.
ELEVATOR	New passenger elevators at west and north entrances. Freight elevator remains original.
CABLE/DATA	Lumos and Cox. The lines enter from different directions to help with redundancy.
PLUMBING	4" water supply line with standard gravity feed sewer system.
ELECTRICAL	480-volt, 3-phase, 3000amp 60hz main service

CONSTRUCTION AND FINISHES

FLOOR LOAD	Concrete thickness is 4" over corrugated steel; steel columns are 12" beams with spacing 28x24
ROOF	New roof, 2018
CEILING HEIGHT	Interior ceiling heights 10'-0" with potential to go higher. First floor, blend of closed and open ceiling, while second floor primarily ACT.
LIGHTING	New exterior lighting and indoor LED lighting.
RESTROOMS	New core restrooms. 6 standard men's and 7 standard women's restrooms on site.
EXTERIOR PATIO	Accessed by first floor cafe'
FITNESS CENTER/ LOCKER ROOMS	New equipment and located on first floor of building
WINDOWS	New windows with potential for additional windows across back of the buildings on the second floor and above the roof line of the adjacent building for more natural lighting.



MILITARY CIRCLE AREA VISION PLAN



VISION PLAN WITH IMAGE EXAMPLES

- A** Curbside Light Rail with Urban Streetscape
- B** Transit Oriented Mixed Use/Office & Institutional Focus
- C** Transit Oriented Mixed Use/Residential Focus
- D** Corridor Mixed Use/Retail & Residential Focus
- E** High Density Residential & Mid Density Live/Work Focus





TENANT PROFILES



SQUARE FOOTAGE 93,153 WEBSITE WWW.MOVEMENT.COM
BETTER BUSINESS RATING: A+

MOVEMENT MORTGAGE

Movement Mortgage, LLC was created in 2008 by CEO Casey Crawford amidst one of the biggest financial meltdowns in American history. Movement is committed to becoming a movement of change in the mortgage industry, in corporate cultures and in communities. Through a unique process they have created a referable experience for both homebuyers and real estate agents. Movement has grown from a small team of 4 to over 4,000 employees with more than 650 locations across 47 states. The vision is to serve 1 out of every 10 homebuyers in the country by 2025 and over 75% of loans being processed in just 7 business days. Movement Mortgage has an annual loan volume of \$13 billion and is headquartered in Fort Mill, SC.



SQUARE FOOTAGE 89,428 WEBSITE WWW.SENTARA.COM
CREDIT RATING: MOODY'S Aa 2

SENTARA HEALTH PLAN

Sentara Health Plans is the health insurance division of Sentara Healthcare doing business as Optima Health. Based in Virginia Beach, VA, Sentara Health Plans provides health insurance coverage through a full suite of commercial products including consumer-driven, employee-owned and employer-sponsored plans, individual and family health plans, employee assistance plans and plans serving Medicare and Medicaid enrollees. Sentara Health Plans has had more than 30 years' experience in the insurance business and 20 years' experience servicing Medicaid populations. They offer programs to support members with chronic illnesses, customized wellness programs, and integrated clinical and behavioral health services.



WHY HAMPTON ROADS

Hampton Roads is located at the geographic center of the East Coast, approximately 75 miles southeast of Richmond, Virginia (the State capitol), 170 miles southeast of Washington, D.C. and 110 miles northeast of Raleigh, North Carolina.

The Hampton Roads area is well-known for its long rich history including the settler’s first landing on American soil at Jamestown in 1607. Jamestown is located in the northern portion of Hampton Roads and is a major tourist attraction along with nearby Yorktown and Williamsburg which have rich histories as well. The Hampton Roads area is the 36th largest Metropolitan Statistical Area (“MSA”) in the nation with a population of approximately 1.73 million. Hampton Roads is the eighth largest metro area in the Southeast United States.

Businesses are attracted to Hampton Roads for a number of factors including a low cost of living, high quality of life, and a well-educated and ample labor force. Major companies recently announcing expansions in Hampton Roads include ADP, Dollar Tree, Emser Tile, GEICO, and STIHL.

The economy of Hampton Roads continues to grow with the region’s three largest sectors being defense spending, the Port of Virginia, and hotels/tourism. The area has a civilian labor force of approximately 838,390 with an unemployment rate of 3.6% as of April 2019. 91% of the area’s population has a least a high school diploma, associate degree, or higher.

Hampton Roads is home to over 155 international businesses with 30 from Germany, 24 from Japan, and 12 from the United Kingdom. Hampton Roads is home to three corporations that are recognized as among the Fortune 500 for 2018. The three local corporations among the Fortune 500 are Huntington Ingalls Industries, Dollar Tree, and Norfolk Southern.



American Business was truly born in Hampton Roads, and our abundant resources make it a smart choice for companies.

The Hampton Roads Economic Development Alliance



1.7 MILLION
TOTAL POPULATION IN ALL
OF HAMPTON ROADS



SECOND LARGEST MARKET BETWEEN
WASHINGTON DC AND ATLANTA



Norfolk International Airport (ORF) and Newport News/Williamsburg Airports (PHF) support five major airlines, providing approximately 175 arrivals/departures per day to international gateway cities.



Hampton Roads is within a day’s drive from 130 million consumers. The State of Virginia has the third largest state-maintained transportation network, including interstate routes I-95, I-81, I-64, I-85, I-77, and I-66



Hampton Roads’ port, railways, and highways support efficient and convenient cargo distribution throughout the east coast and midwest.



37 percent of cargo arrives and departs the port by rail, the largest percentage of any U.S. East Coast port

#4

BEST STATE FOR
BUSINESS *Forbes.com*

155+

International Companies

37th

Largest Metropolitan Region
in the United States

130 M

Consumers within a day’s
drive of Hampton Roads

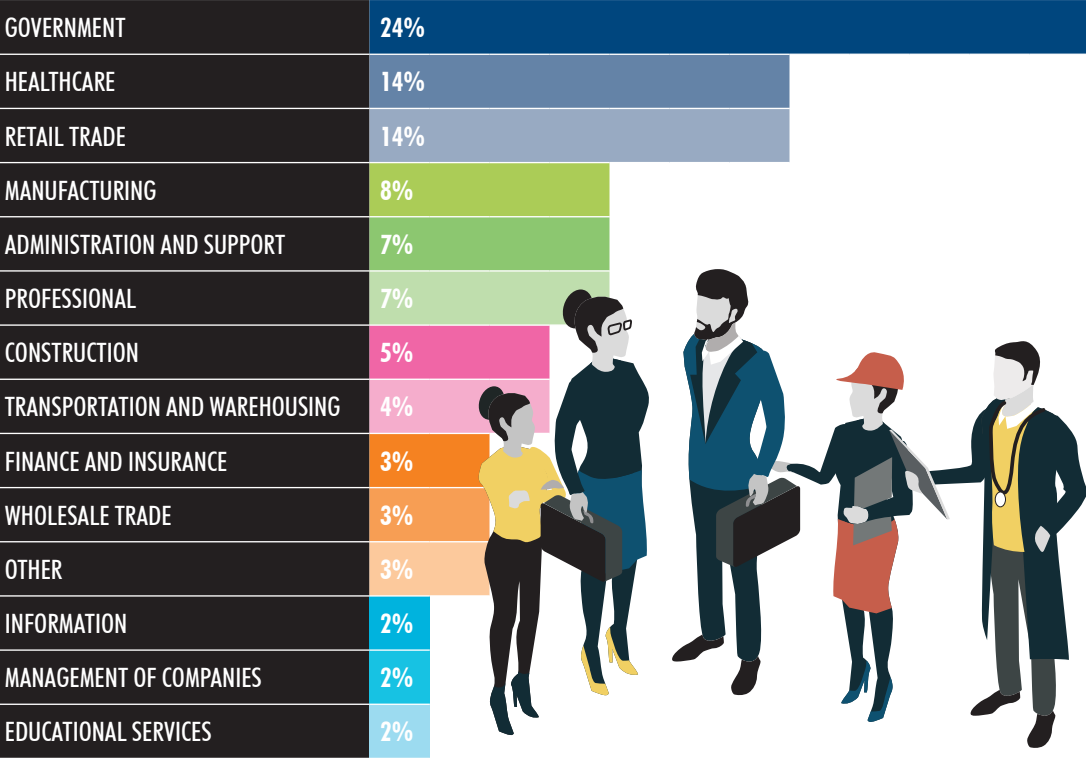
TOP 5

Best Places to Start a Business
U.S. News and World Report

#1

Region Where Millennials
Are Moving *Time Magazine*

HAMPTON ROADS ECONOMIC SNAPSHOT



TALENT PIPELINE

30% OF THE 25+ POPULATION HOLD BACHELOR'S DEGREES OR HIGHER

100 K STUDENTS ARE ENROLLED IN HIGHER ED

8 AREA COLLEGES

65.8% OF THE POPULATION HAVE SOME COLLEGE EDUCATION

Sources: Virginia Employment Commission, Economic Information & Analytics, Hampton Roads Economic Development Alliance

LARGEST PRIVATE SECTOR EMPLOYERS IN THE HAMPTON ROADS AREA

COMPANY	INDUSTRY
HUNTINGTON INGALLS INDUSTRIES	Shipbuilding and Repair
SENTARA HEALTHCARE	Full-Service Health Care
NORFOLK NAVAL SHIPYARD	Shipbuilding and Repair
RIVERSIDE HEALTH SYSTEM	Full-Service Health Care Network
OLD DOMINION UNIVERSITY	University
CHILDREN'S HEALTH SYSTEM (CHKD)	Children's Hospital
GEICO DIRECT	Insurance Sales
TIDEWATER COMMUNITY COLLEGE	Community College System
CHESAPEAKE REGIONAL MEDICAL CENTER	Hospital; Health Care Services

TOURISM

19 MILLION

TOURISTS VISITED VIRGINIA BEACH IN 2017, OF THAT 19 MILLION

10.1 MILLION STAYED OVERNIGHT & **8.9** MILLION WERE DAY VISITORS

Visitors are expected to generate at least **\$29,600,000** in occupancy tax revenues this year. (2017)



A medical school and seven nonprofit universities contribute to the youthful bend of the population with nearly **53,000 students** and **employing more than 11,500 people**.

CENTRAL NORFOLK OFFICE SUBMARKET

Overview - The Central Norfolk or Midtown submarket has rapidly emerged as a premier business location in Hampton Roads. Offering immediate access to Interstate 264, Interstate 64 and the Norfolk International Airport. Central Norfolk is the closest office submarket to the Norfolk Naval Base, the world's largest naval base and a significant driver of office space demand by defense contractors. Central Norfolk also offers convenient access to other major military installations and service areas including the Little Creek Amphibious Base and the Norfolk Naval Shipyard. Central Norfolk is also home to numerous medical demand drivers including the Lake Taylor Transitional Care Hospital and the Sentara Leigh Hospital.

Retail - The Central Norfolk submarket is adjacent to the Military Highway retail corridor. Retail centers in the adjacent corridor total over 2 million square feet and feature numerous power retail centers along both Military Highway and Virginia Beach Boulevard. The significant retail presence provides extensive tenant amenities including shopping, banking, dining, and day care. Major retailers in the Military Highway corridor include Office Depot, Costco, Wal-Mart, Lowes, TJ Maxx, and BJ's Wholesale. Restaurants in the area include Olive Garden, Applebee's, Logan's Roadhouse, and Max & Erma's. The area also received tremendous good news with the development by Simon Properties of the 332,000 square foot Norfolk Premium Outlets. Additionally, IKEA is opening a new location between the subject properties and the outlet center in the Spring of 2019.

Hotels - The submarket also benefits from numerous nearby hotels and conference facilities. Hotels in the immediate area include Residence Inn by Marriott, Holiday Inn Select, Hampton Inn Suites, Candlewood Suites, Hilton Airport, Ramada, Doubletree, and Quality Suites.

Office Product - The submarket boasts approximately 2 million square feet of office and office/flex product. The largest concentrations of office space in the submarket are Lake Wright Executive Center and Norfolk Commerce Park (the subject park), both of which are minutes from the subject property. Lake Wright Executive Center is a 70-acre mixed-use park adjacent to Interstate 64, Military Highway, and Northampton Boulevard. Major office users in that park include shipping firms (CMA CGM and Zim American), defense contractors (Booz Allen Hamilton), healthcare (Amerigroup), and municipal centers (GSA and the City of Norfolk).

The submarket also includes Norfolk Commerce Park which is further north on Military Highway. The 126-acre Norfolk Commerce Park has over 1 million square feet of product with major users including American Funds, U.S. Government, Federal Express, PRA Group, Raytheon, and Lockheed Martin. Owners of office product in Norfolk Commerce Park include American Funds, Levitt Properties, Real Estate Value Advisors, RMR Group, and Robinson Development Group.



EXECUTIVE SUMMARY

CONFIDENTIAL INTERNAL VALUATION ANALYSIS
EXECUTIVE SUMMARY

Assumed 7 year hold Ground Lease Opportunity with valuation commencement of May 2019

PROPERTY DESCRIPTION			
Property Type	Office	Total SF	184,081 SF
Property Owner	Economic Development Authority of the City of Norfolk	Currently Vacant SF	1,500 SF
Property Name	824 N Military Highway	Total Occupied SF	182,581 SF
Property Address	824 N Military Highway, Norfolk, VA	Total Occupied SF %	99.2%

ACQUISITION COST	
Purchase Price as of May 1, 2019	\$23,210,989
Up-Front Movement Mortgage Free Rent Year 1 Only	(\$1,210,989)
Total Acquisition Cost	\$22,000,000
Purchase Price Per Square Foot	\$119.51

RESIDUAL SALE SUMMARY	
Net Residual Value as of April 30, 2027	\$25,715,960
Residual Capitalization Rate	8.00%
Residual Cost of Sale	2.00%

LEVERAGE SUMMARY [1]	
Loan	
Interest Rate	5.00%
Loan-To-Cost Ratio	75.0%
Loan Origination Fee	0.50%
Amortization Term	25
Debt Coverage Ratio	1.17
Loan Constant	8.84%

EQUITY SUMMARY	
Total Acquisition Cost	\$22,000,000
Loan Principal	(\$16,500,000)
Loan Placement Fee	\$82,500
Equity Requirement	\$5,582,500

RETURN SUMMARY	
Capitalization Rate - Year 1 Pro-Forma	8.00%
NOI Per Total Acquisition Cost	
All Cash IRR	9.55%
Leveraged IRR	15.06%

UNDERWRITING ASSUMPTIONS

GLOBAL		SENTARA RENEWAL OPTION TERMS	
Analysis Period		Retention Ratio	
Commencement Date		100%	
End Date		Lease Term	
Term		0 Month(s)	
		Market Rent	
		\$16.14 PSF Initial Space \$15.74 PSF Additional Space	
Analysis Period		Rent Adjustment	
Building Square Footage (RSF)		2.50% Annually	
		Expense Recovery Type	
		Real Estate Tax Electricity	
		Base Stop Base Stop	
Vacancy and Credit Loss		Tenant Improvement	
A general vacancy loss of 5.0% is applied for total base rent and expense reimburse- ment income, if applicable, this amount is offset by Absorption and Turnover.		\$5.00 PSF Renewal	
		Leasing Commissions	
		3% Renewal	

REVENUES	
Market Rent Growth	
2.50%	
EXPENSES	
Growth Rates	
Operating Expenses	
2.50%	
Operating Expense Source	
Based upon 2018 provided Pro-Forma Budget	
1. Management Fee assumed to be 2.0% of Effective Gross Income and a Payroll Salary assumption of \$50,000/year	
2. As Norfolk EDA currently does not pay a real estate tax associated with the asset, we have assumed the RE Tax expense to be based off of the \$22M purchase price with a tax millage rate of \$1.25/\$100.	
3. Ground Lease expense at \$1 per year for 99 years.	
Capital Reserves	
\$0.15 PSF	

VACANT SPACE LEASING	
Total Vacant as of May 1, 2019	
1,500 SF	
Absorption Period	
6 Month(s)	
Initial Annual Market Rent	
\$19.00 PSF	
Expense Recovery Type	
Electric Base Stop	
Lease Term	
60 Month(s)	
Tenant Improvement	
\$10.00 PSF	
Leasing Commissions	
6%	

[1] For the purpose of this analysis, it has been assumed Tenant Sentara HealthPlans will pay increases over 2017 Base Stop Real Estate Taxes and 2019 Base Stop Real Estate Taxes for Additional Premises per Lease Agreement.
[2] For the purposes of this analysis, Tenant Sentara will renew for one (1) additional five (5) year renewal period at 2.5% annual increases from prior lease term with existing operating expense reimbursement structure.

CASH FLOW

Fiscal Year Ending Apr-30		2021	2022	2023	2024	2025	2026	2027	2028
Physical Average Occupancy		99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%
REVENUES	YR 1 \$/SF/YR								
Potential Base Rent	\$13.36	\$2,459,698	\$2,526,719	\$2,589,887	\$2,654,634	\$2,721,000	\$2,806,274	\$2,877,685	\$2,949,628
Absorption & Turnover Vacancy	\$0.00	\$0	\$0	\$0	\$0	\$0	(\$3,819)	\$0	\$0
Free Rent	\$0.00	\$0	\$0	\$0	(\$195,815)	\$0	\$0	\$0	\$0
Scheduled Base Rental Revenue	\$13.36	\$2,459,698	\$2,526,719	\$2,589,887	\$2,458,819	\$2,721,000	\$2,802,455	\$2,877,685	\$2,949,628
Expense Reimbursement Revenue	\$0.87	\$159,818	\$165,403	\$171,127	\$176,995	\$183,010	\$180,655	\$182,719	\$189,195
TOTAL GROSS REVENUE	\$14.23	\$2,619,516	\$2,692,122	\$2,761,014	\$2,635,814	\$2,904,010	\$2,983,110	\$3,060,404	\$3,138,823
General Vacancy Loss	(\$0.67)	(\$122,985)	(\$126,336)	(\$129,494)	(\$122,941)	(\$136,050)	(\$136,495)	(\$143,884)	(\$147,481)
EFFECTIVE GROSS REVENUE	\$13.56	\$2,496,531	\$2,565,786	\$2,631,520	\$2,512,873	\$2,767,960	\$2,846,615	\$2,916,520	\$2,991,342
EXPENSES									
Security	(\$0.25)	(\$45,933)	(\$47,081)	(\$48,258)	(\$49,464)	(\$50,701)	(\$51,969)	(\$53,268)	(\$54,599)
Janitorial	(\$0.03)	(\$6,297)	(\$6,454)	(\$6,616)	(\$6,781)	(\$6,951)	(\$7,125)	(\$7,303)	(\$7,485)
Waste Water	(\$0.08)	(\$15,198)	(\$15,578)	(\$15,967)	(\$16,366)	(\$16,775)	(\$17,195)	(\$17,625)	(\$18,065)
RM Generator	(\$0.03)	(\$5,705)	(\$5,848)	(\$5,994)	(\$6,144)	(\$6,297)	(\$6,455)	(\$6,616)	(\$6,782)
Payroll Salary	(\$0.27)	(\$50,417)	(\$51,677)	(\$52,969)	(\$54,293)	(\$55,651)	(\$57,042)	(\$58,468)	(\$59,930)
Cable/Internet	(\$0.03)	(\$5,527)	(\$5,665)	(\$5,806)	(\$5,952)	(\$6,100)	(\$6,253)	(\$6,409)	(\$6,569)
RM HVAC	(\$0.11)	(\$19,340)	(\$19,823)	(\$20,319)	(\$20,827)	(\$21,348)	(\$21,881)	(\$22,428)	(\$22,989)
Electricity	(\$1.25)	(\$229,379)	(\$235,113)	(\$240,991)	(\$247,016)	(\$253,191)	(\$259,521)	(\$266,009)	(\$272,659)
Fire Sprinkler	(\$0.01)	(\$1,475)	(\$1,512)	(\$1,550)	(\$1,589)	(\$1,628)	(\$1,669)	(\$1,711)	(\$1,754)
Trash Removal	(\$0.08)	(\$14,186)	(\$14,541)	(\$14,904)	(\$15,277)	(\$15,659)	(\$16,050)	(\$16,452)	(\$16,863)
CAM Charges	(\$0.25)	(\$45,127)	(\$46,255)	(\$47,412)	(\$48,597)	(\$49,812)	(\$51,057)	(\$52,333)	(\$53,642)
Insurance	(\$0.22)	(\$40,730)	(\$41,748)	(\$42,792)	(\$43,861)	(\$44,958)	(\$46,082)	(\$47,234)	(\$48,415)
Real Estate Tax	(\$1.43)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)
Ground Lease	(\$0.00)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
Management Fee	(\$0.27)	(\$49,931)	(\$51,316)	(\$52,630)	(\$50,257)	(\$55,359)	(\$56,932)	(\$58,330)	(\$59,827)
TOTAL OPERATING EXPENSES	(\$4.30)	(\$791,746)	(\$805,112)	(\$818,709)	(\$828,925)	(\$846,931)	(\$861,732)	(\$876,687)	(\$892,080)
NET OPERATING INCOME	\$9.26	\$1,704,785	\$1,760,674	\$1,812,811	\$1,683,948	\$1,921,029	\$1,984,883	\$2,039,833	\$2,099,262
CAPITAL EXPENSES									
Tenant Improvements	(\$0.08)	(\$15,000)	\$0	\$0	\$0	\$0	(\$516,505)	\$0	\$0
Leasing Commissions	(\$0.03)	(\$6,386)	\$0	\$0	\$0	\$0	(\$229,346)	\$0	\$0
Capital Reserve	(\$0.15)	(\$27,612)	(\$28,302)	(\$29,010)	(\$29,735)	(\$30,479)	(\$31,241)	(\$32,022)	(\$32,822)
TOTAL CAPITAL EXPENSES	(\$0.27)	(\$48,998)	(\$28,302)	(\$29,010)	(\$29,735)	(\$30,479)	(\$777,092)	(\$32,022)	(\$32,822)
OPERATING CASH FLOW	\$8.99	\$1,655,787	\$1,732,372	\$1,783,801	\$1,654,213	\$1,890,550	\$1,207,791	\$2,007,811	\$2,066,440
ACQUISITION/RESIDUAL									
Purchase Price	(\$22,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	All Cash IRR
Net Residual Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,715,960	
CASH FLOW BEFORE DEBT	\$22,000,000)	\$1,655,787	\$1,732,372	\$1,783,801	\$1,654,213	\$1,890,550	\$1,207,791	\$27,723,771	9.55%
FINANCING									
Principal First Lien	\$16,500,000	\$0	\$0	\$0	\$0	\$0	\$0	(\$13,525,602)	Leveraged IRR
Loan Fees	(\$82,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Principal & Interest	\$0	(\$1,458,620)	(\$1,458,620)	(\$1,458,620)	(\$1,458,620)	(\$1,458,620)	(\$1,458,620)	(\$1,458,620)	
CASH FLOW AFTER DEBT	(\$5,582,500)	\$197,167	\$273,752	\$325,181	\$195,593	\$431,930	(\$250,829)	\$12,739,549	15.06%

RENT ROLL

Suite	Tenant	Rentable Square Feet	Original Occupancy Date	Current Lease Expiration	Current Monthly Rent	Current Rent PSF	Lease Type	Annual Escalations	Lease Comments
824 Midtown									
880 N. Military Highway	Movement Mortgage, LLC	93,153	5/1/2017	11/30/2030	\$100,915.00	\$13.00	Net Electric	2.50%	1) Landlord shall abate fixed rent at the commencement date for the first three years during the Term 2) Tenant shall reimburse Landlord for the cost of electricity which shall be submetered. Tenant shall also contract with a service provider for janitorial services. 3) Tenant shall have the right to reduce premises upon completion of the 8th Lease Year and upon completion of each Lease Year thereafter to reduce the size of the Premises by 20% of the then existing usable square footage. 4) Tenant shall have the option to extend the Term of this Lease for two (2) additional period of five (5) years each at a fixed rent equal to the lessor of 95% of fair market value or the immediately preceding amount of fixed rent plus 2.5%.
824 N. Military Highway	Sentara Health Plans, Inc.	45,000	6/1/2017	8/31/2024	\$50,925.00	\$13.58	2017 RE Tax Base Stop/ 2017 Electric Base Stop	2.5%	1) Landlord shall abate fixed rent during the months of June and July 2022. 2) Landlord will engage a private security company with one additional security guard to provide Tenant from the hours 7AM-midnight Monday-Saturday. 3) Tenant shall have the right on a non-exclusive basis to use up to 6 parking spaces per 1,000 SF leased by Tenant to be located in the Building's parking field. 5) Tenant shall have the option to renew for two (2) additional five (5) year periods with fixed rent shall be equal to preceding Lease Year plus 2.5%.
824 N. Military Highway	Sentara Health Plans, Inc.	44,428	1/1/2019	8/31/2024	\$50,277.68	\$13.58	2018 RE Tax Base Stop/ 2018 Electric Base Stop	2.5%	1) Landlord shall abate 1.54 months of the additional premises fixed rent.
824 N. Military Highway	Available	1,500							



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824 MIDTOWN

824 N. MILITARY HIGHWAY, NORFOLK, VA