

OFFERING MEMORANDUM.



Veterans Affairs Building Port Orange, FL

The **Maffia** Team



\$1,572,000
7.85% CAP Rate

- ◆ New Net Lease to the United States of America on behalf of the Department of Veterans Affairs
- ◆ 2012 High-Quality Construction
- ◆ Near CVS Pharmacy, McDonald's, Dollar General and Other Retailers
- ◆ Five-Mile Population Over 120,000
- ◆ Florida has 3rd Highest Veteran Population
- ◆ Potential 3,000 SF Building Expansion

Newmark Knight Frank
Cornish & Carey Commercial
Leased Investment Group

This property is listed in conjunction with Florida-licensed Real Estate Broker Vanguard Property Services, LLC. www.maffiateam.com



Confidentiality & Disclosure

Cornish & Carey Commercial Newmark Knight Frank and Vanguard Property Services, LLC (“Brokers”), have been retained on an exclusive basis to market the property described herein (“Property”). Brokers have 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 Brokers 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, Brokers, 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 Brokers from any liability with respect thereto.

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

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Property Information

Location The property is located at 3731 South Clyde Morris Boulevard in Port Orange, Florida.

Lot Size Approximately 5.96 acres, or 259,617 square feet.

Improvements Construction was completed in June 2012 of an approximately 7,550 square foot built-to-suit commercial building to be used as a **Veterans Affairs Psychosocial Rehabilitation and Recovery Center**. The building is block construction with various architectural features and has a high-quality, 24-gauge metal roof. The building and site orientation were designed to accommodate a 3,000 square foot building expansion. The on-site storm water detention area has been engineered and constructed to accommodate this potential future expansion. The tenant has invested over \$356,000 in interior build-out and outdoor amenities, including a large pavilion.

Lease Leased to the **United States of America** ("Government") for five years from June 1, 2012, to June 30, 2017, at an annual rent of \$187,240. There are five one-year options to renew the lease, each with a 3% increase in the rent. The landlord is responsible for the payment of taxes, insurance, repairs, maintenance, janitorial, and management expenses. There is a negotiated fixed base for real estate taxes. The Government will reimburse the landlord for all taxes paid in excess of the base tax.

Net Income	<u>Years</u>	<u>Annual Rent</u>	<u>Expenses</u>	<u>Net Income</u>	<u>Return</u>
	1-5	\$187,240	<63,827>	\$123,413	7.85%
	6 (Option 1)	\$192,483	<65,368>	\$127,116	8.09%
	7 (Option 2)	\$197,884	<66,955>	\$130,929	8.33%
	8 (Option 3)	\$203,447	<68,590>	\$134,857	8.58%
	9 (Option 4)	\$209,177	<70,274>	\$138,903	8.84%
	10 (Option 5)	\$215,078	<72,008>	\$143,070	9.10%

Price **\$1,572,000 (7.85% Return)**

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



Financial Analysis

Lease Years	1-5 ¹ Initial Term	6 (Option 1)	7 (Option 2)	8 (Option 3)	9 (Option 4)	10 (Option 5)
Rental Income	\$187,240	\$192,483	\$197,884	\$203,447	\$209,177	\$215,078
Non-Reimbursable Expenses						
<i>Operating Expenses</i>						
Janitorial/Supplies	\$17,063	\$17,575	\$18,102	\$18,645	\$19,205	\$19,781
Electric	\$13,288	\$13,687	\$14,097	\$14,520	\$14,956	\$15,404
Water/Trash	\$4,304	\$4,433	\$4,566	\$4,703	\$4,844	\$4,989
Grounds	\$8,230	\$8,476	\$8,731	\$8,993	\$9,262	\$9,540
Total Operating Expenses	\$42,884	\$44,171	\$45,496	\$46,861	\$48,266	\$49,714
<i>Other Expenses</i>						
Real Estate Taxes ²	\$7,550	\$7,550	\$7,550	\$7,550	\$7,550	\$7,550
Insurance	\$4,908	\$4,908	\$4,908	\$4,908	\$4,908	\$4,908
Building Maintenance & Pest Control	\$3,549	\$3,655	\$3,765	\$3,878	\$3,994	\$4,114
Management Fee ³	\$4,937	\$5,085	\$5,237	\$5,394	\$5,556	\$5,723
Total Other Expenses	\$20,943	\$21,197	\$21,459	\$21,729	\$22,007	\$22,294
Total Non-Reimbursable Expenses	\$63,827	\$65,368	\$66,955	\$68,590	\$70,274	\$72,008
Net Operating Income	\$123,413	\$127,116	\$130,929	\$134,857	\$138,903	\$143,070

¹ Operating expenses for the five-year initial term are the average of the year one estimate + 3.0% per year.

² The lease provides for actual real estate taxes to be reimbursed after a fixed first-year base amount.

³ The management fee is based on 4.0% of net operating income.



Tenant Information

The **General Services Administration (GSA)** is an independent agency of the **United States government** which oversees the government's business. Its purpose is to help manage and support the basic functions of federal agencies for the American people. GSA provides workplaces for federal employees, and its policies covering travel, property, and management practices promote efficient government operations.

GSA Quick Facts (source: www.gsa.gov):

- ♦ 12,625: Number of full-time employees as of September 30, 2011
- ♦ \$26.3 Billion: Budget for fiscal year 2008
- ♦ \$500 Billion: Amount of federal assets managed by the GSA
- ♦ 9,600: Number of federally owned or leased buildings managed by the GSA
- ♦ 98.1: Percentage of budget paid for through services provided by the GSA

The **Department of Veterans Affairs (VA)** will occupy the building. The VA is the government's second-largest department after the Department of Defense and employs nearly 280,000 people at hundreds of Veterans Affairs medical facilities, clinics, and benefits offices across the country.

The subject property will be home to the Veteran Affairs' Psychosocial Rehabilitation and Recovery Center (PRRC) for the Deltona-Daytona Beach-Ormond Beach – New Smyrna Beach, Florida Metropolitan Statistical Area. The PRRC facility is aimed at helping veterans adjust to civilian life and their communities after active duty. By providing group activities and classes by staff who can share their own experiences of recovery from serious mental illness, PRRC helps Veterans:

- ♦ To develop effective coping strategies.
- ♦ To expand and enhance their social skills and reduce stigma.
- ♦ To make healthy choices that promote recovery and a healthy way of life.
- ♦ To reintegrate themselves into the community.
- ♦ To develop thinking, planning, attention, and memory skills.

As of fiscal year 2012, Florida's veteran population totaled 1,650,876, which is third in the nation behind Texas and California.



About the Area

Site Information

The subject property is located at the corner of South Clyde Morris Boulevard and Richel Drive just one block north of Madeline Avenue, a major east-west thoroughfare. The property has access from South Clyde Morris Boulevard, which has a traffic count of 25,290 vehicles per day. Within blocks of the property are McDonald's, CVS Pharmacy, Trustco Bank, and Subway. Atlantic High School and Covenant United Methodist Church are located within blocks of the property, providing additional traffic and visibility.

Immediately south of the property is a 9,100 square foot Dollar General that was built in 2010. The Dollar General and the subject property will share access from South Clyde Morris Boulevard.

General Overview

Port Orange is located in Volusia County, which is situated on the east central coast of Florida and is approximately 50 miles northeast of Orlando. The city is home to 60,000 residents as of the 2010 U.S. Census, up 31% since 2000. Port Orange is located in the Deltona-Daytona Beach-Ormond Beach-New Smyrna Beach, Florida Metropolitan Statistical Area, which has a 2010 population of 494,593. Port Orange is bordered by Daytona Beach to the north and New Smyrna Beach to the south. Conveniently located near Interstate 95 and Interstate 4, Port Orange is easily accessible to all portions of the state. Port Orange is also a principal city in the Fun Coast region of the state of Florida.

Port Orange is characterized by a stable and successful business climate that develops, nurtures, and embraces quality businesses and industries. Recent studies show the workforce to be educated, productive, and competitive. Seven highly ranked colleges and universities and the acclaimed Advanced Technology Center support business needs with career advancement, workforce development, and research. Education, health care, and government are the area's largest employers. Mostly small and successful manufacturing enterprises play an increasing role in the global marketplace. A new hub of medical and health care suppliers/manufacturers complements Port Orange's new Halifax Hospital and new Palmer College of Chiropractic.

Site Plan

RICHEL DRIVE



CLYDE MORRIS BOULEVARD

SOUTHWINDS BOULEVARD

Ground Photos



Aerial | Close-up View

CLYDE MORRIS BOULEVARD 25,290 VPD



VA Wellness Center

DOLLAR GENERAL®

SOUTHWINDS BOULEVARD

SOUTHAMPTON DRIVE

TRUSTCO
BANK®
Your Home Town Bank

SUBWAY

Aerial | North View

Atlantic High School
1,200 Students

REED CANAL ROAD

VA Wellness Center

DOLLAR GENERAL

TRUSTCO
BANK
Your Home Town Bank

SUBWAY

MADELINE AVENUE

Hair cutter



CVS
pharmacy

CLYDE MORRIS BOULEVARD 25,290 VPD

Aerial | South View

CVS
pharmacy



Hair cutters

MADELINE AVENUE

DOLLAR GENERAL

TRUSTCO
BANK
Your Home Town Bank

SUBWAY

VA Wellness Center

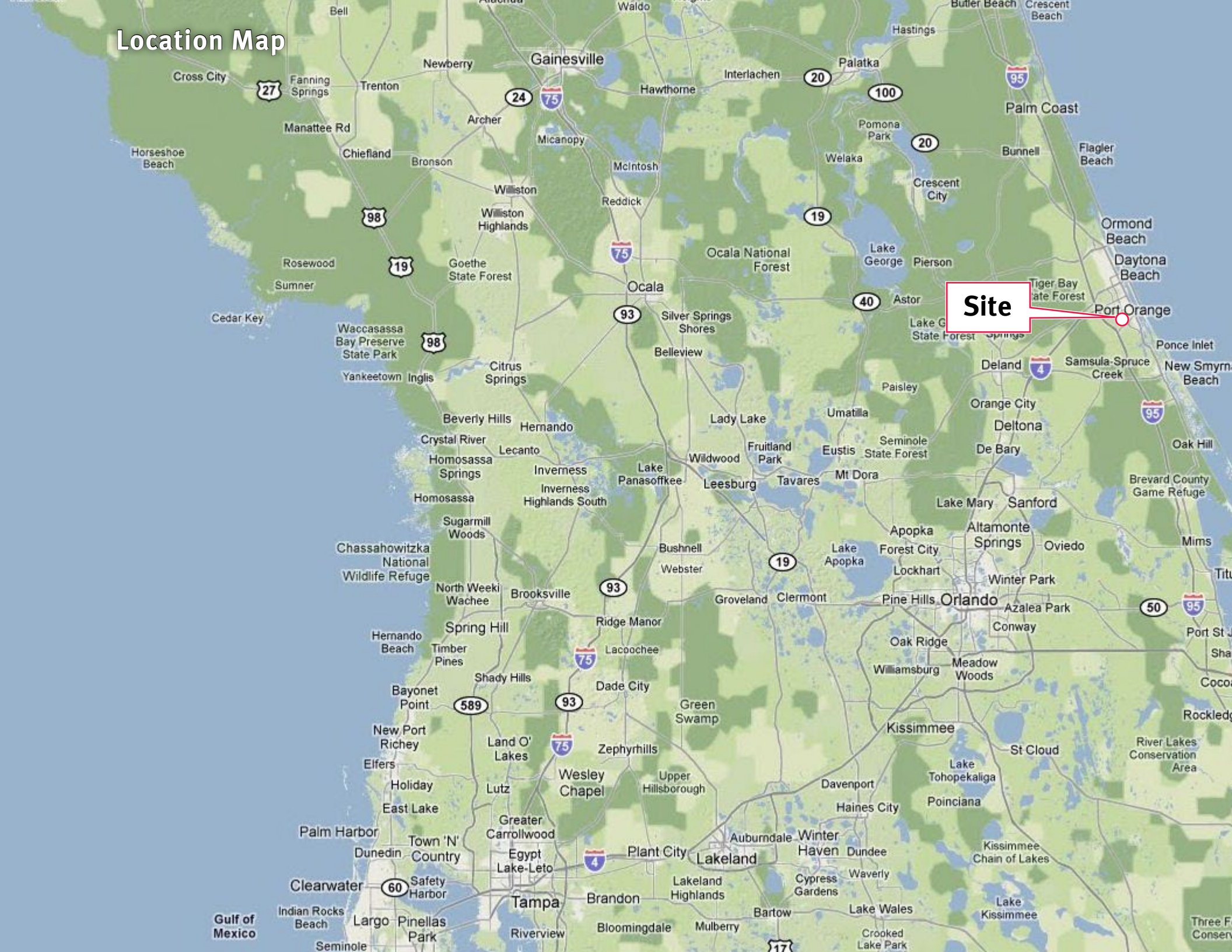
REED CANAL ROAD

Atlantic High School
1,200 Students

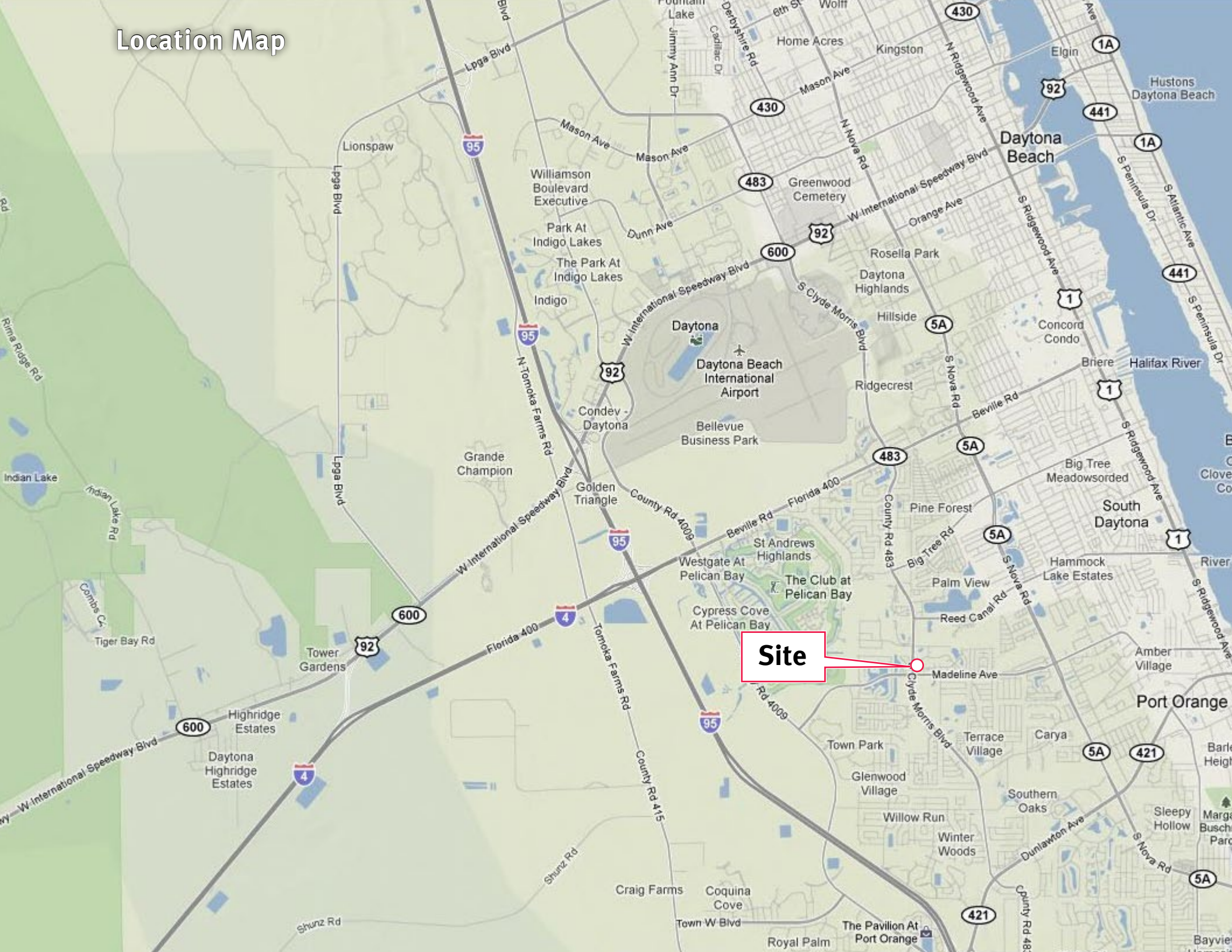
CLYDE MORRIS BOULEVARD 25,290 VPD

BIG TREE ROAD

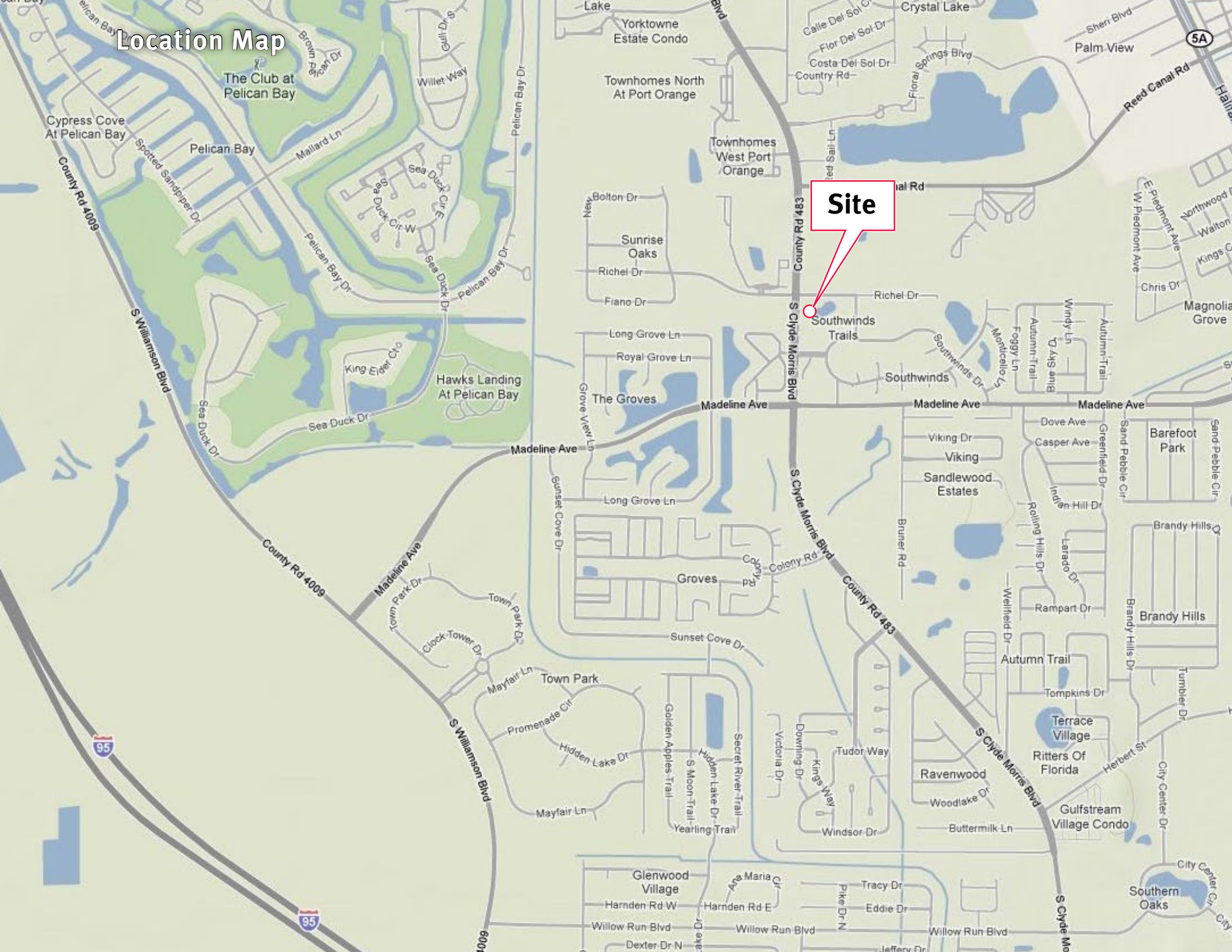
Location Map



Location Map



Location Map





Demographics

3731 South Clyde Morris Boulevard Port Orange, FL 32129	1.0 Mile Ring <i>3.14 sq/mi</i>	3.0 Mile Ring <i>28.27 sq/mi</i>	5.0 Mile Ring <i>78.54 sq/mi</i>
POPULATION			
1990 Total Population	6,818	46,750	96,691
2000 Total Population	7,920	53,952	109,953
2009 Total Population	8,468	59,228	120,062
2014 Total Population	8,146	57,043	115,117
% Population Change 1990-2000	16.16%	15.41%	13.72%
% Population Change 2000-2009	6.92%	9.78%	9.19%
% Population Change 2009-2014	-3.80%	-3.69%	-4.12%
HOUSEHOLDS			
1990 Total Households	3,270	21,127	42,026
2000 Total Households	3,920	24,543	48,177
2009 Total Households	4,399	28,146	55,047
2014 Total Households	4,374	28,010	54,470
% Households Change 1990-2000	19.88%	16.17%	14.64%
% Households Change 2000-2009	12.22%	14.68%	14.26%
% Households Change 2009-2014	-0.57%	-0.48%	-1.05%
2009 RACE			
2009 White Population	7,672	51,896	94,158
2009 Black Population	317	3,813	18,852
2009 American Indian/Alaska Native	30	163	361
2009 Asian/Hawaiian/Pacific Islander	216	1,428	2,651
2009 Other Population (Incl 2+ Races)	232	1,928	4,039
2009 Hispanic Population	317	2,805	5,615
2009 Non-Hispanic Population	8,151	56,423	114,448



Demographics

3731 South Clyde Morris Boulevard Port Orange, FL 32129	1.0 Mile Ring 3.14 sq/mi	3.0 Mile Ring 28.27 sq/mi	5.0 Mile Ring 78.54 sq/mi
INCOME			
2009 Per Capita Income	\$26,530	\$26,549	\$28,705
2009 Median Household Income	\$34,579	\$37,670	\$37,940
2009 Average Household Income	\$51,070	\$55,867	\$62,607
2009 Household Income < \$10,000	239	1,572	3,910
2009 Household Income \$10,000-\$14,999	371	2,086	4,112
2009 Household Income \$15,000-\$19,999	434	2,241	4,360
2009 Household Income \$20,000-\$24,999	451	2,607	4,704
2009 Household Income \$25,000-\$29,999	356	2,098	4,178
2009 Household Income \$30,000-\$34,999	381	2,226	3,907
2009 Household Income \$35,000-\$39,999	366	2,327	3,999
2009 Household Income \$40,000-\$44,999	420	2,287	3,786
2009 Household Income \$45,000-\$49,999	341	2,305	3,906
2009 Household Income \$50,000-\$59,999	477	3,413	5,894
2009 Household Income \$60,000-\$74,999	230	2,299	5,226
2009 Household Income \$75,000-\$99,999	192	1,509	3,988
2009 Household Income \$100,000-\$124,999	79	572	1,211
2009 Household Income \$125,000-\$149,999	34	256	786
2009 Household Income \$150,000-\$199,999	22	230	555
2009 Household Income \$200,000-\$249,999	1	16	197
2009 Household Income \$250,000-\$499,999	6	101	320
2009 Household Income \$500,000+	0	1	7
2009 Average Household Size	1.9	2.1	2.1
2009 Total Owner Occupied Housing Units	3,568	19,794	36,785
2009 Total Renter Occupied Housing Units	815	8,315	18,244
2009 Total Daytime Population	5,948	60,273	124,246
2009 Total Daytime Work Population	2,214	32,347	66,905
2009 Total Establishments	275	3,501	7,345