



CONFIDENTIAL OFFERING MEMORANDUM

741 FIRST AVENUE

KING OF PRUSSIA, PA



Offering Memorandum Disclaimer

THIS IS A CONFIDENTIAL MEMORANDUM intended solely for your limited use to determine whether you wish to express an interest in the purchase of **741 First Avenue**, as more particularly described herein ("Property"). This confidential memorandum contains brief, selected information pertaining to the business affairs of the Property's owner ("Owner") and has been prepared by Cassidy Turley Commercial Real Estate Services, Inc., d/b/a DTZ ("DTZ"), the Owner's exclusive agent, primarily from information supplied by the Owner. Although representatives of the Owner have reviewed this confidential memorandum, it does not purport to be all-inclusive or contain all of the information that a potential investor may desire. Neither the Owner, nor any of its affiliates, members, officers, directors, employees or agents, nor DTZ make any representation or warranty, expressed or implied, as to the accuracy or completeness of any of the information contained herein. The Owner and DTZ disclaims any liability which may be based on such information, errors therein or omissions from there. All financial data contained herein is unaudited. The projections and pro-forma information contained herein represent estimates based on assumptions considered reasonable under the circumstances. No representations or warranties, expressed or implied, are made that the actual results will conform to such projections. There is no representation as to environmental conditions of the Property, or as to any other aspect of the Property. By your receipt of this confidential memorandum, you agree that this memorandum and the information contained herein are of a confidential nature and that you will hold and treat them in the strictest of confidence and that you will not, directly or indirectly, disclose or permit anyone else to disclose this memorandum or any part of the contents in any fashion or manner detrimental to the interests of the Owner. Further, you agree not to discuss this memorandum with any other institution, potential investor or tenant without the express permission of DTZ and the Owner. Upon request, the recipient will promptly return this confidential memorandum and any other material received from the Owner or DTZ without retaining any copies thereof. This confidential memorandum shall not be deemed an indication of the state of affairs of the Owner or constitute an indication that there has been no change in the business or affairs of the Owner since the date of preparation of this memorandum. Neither the Owner nor DTZ undertakes any obligation to provide additional information or to correct or update any of the information contained in this confidential memorandum.

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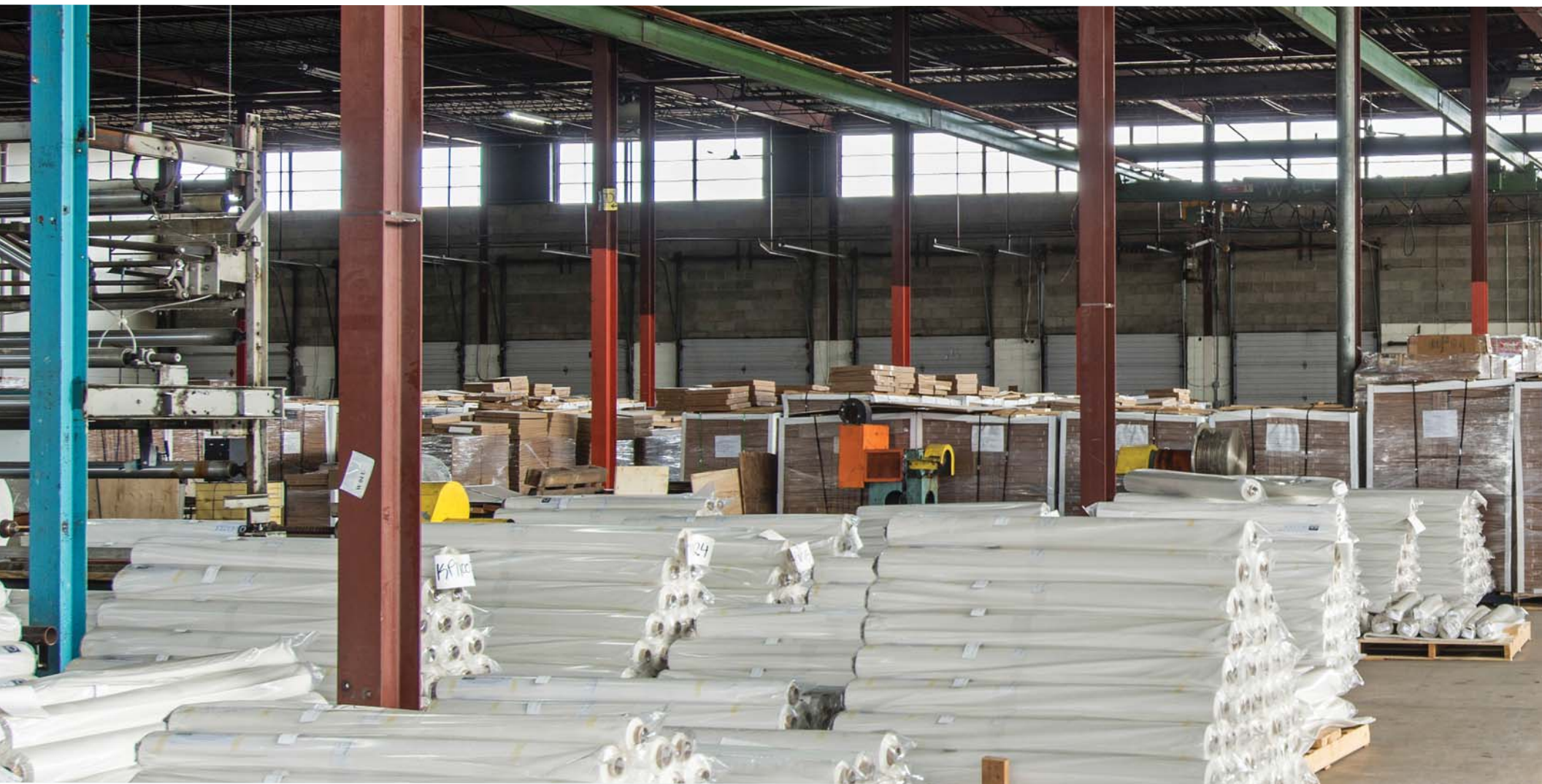
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Executive Summary



Executive Summary

DTZ is pleased to present the opportunity to acquire 741 First Avenue, a 77,184 square foot industrial warehouse and manufacturing facility located in King of Prussia, PA (the “Property” or “741 First”). The Property is 100 percent net-leased to Wallquest through September 2021. 741 First is located in the East Montgomery County Industrial Market, one of the premier markets in Pennsylvania boasting a 92 percent occupancy rate (97 percent in King of Prussia). The Property is positioned within the King of Prussia Business Park, a strategically located hub of commercial properties with proximity to Philadelphia, New York City and Washington D.C. 741 First is situated at the regional crossroads of the Pennsylvania Turnpike (I-276), I-76, U.S. 422 and U.S. 202. In addition, the Property features a below-market lease with contractual rental escalations.

The subject offering presents a rare opportunity to acquire a single-tenant net-leased industrial asset in the “King of Prussia Business Park” with stable in-place cash flow, upside opportunity, and access to Philadelphia’s large distribution base.

Property Snapshot:

741 First Avenue, King of Prussia, PA
ADDRESS

77,184
TOTAL SQUARE FOOTAGE

100%
OCCUPANCY

1966
YEAR BUILT

24'
CLEAR HEIGHT

8
LOADING DOCKS

Wallquest
TENANT

Sep-21
EXPIRATION DATE

\$5.05
RENTAL RATE





Investment Highlights

100% Occupied Net-Leased Single-Tenant

- Net-leased to Wallquest until September 2021
- The Property functions as Wallquest's primary manufacturing facility
- Wallquest was named the Small Business Exporter of the Year by the US Export bank in 2011
- Over 190+ years of industry experience

Stable Cash Flow with Upside Opportunity

- Seven years remaining cash flow with contractual rent increases
- Wallquest is currently paying below-market rent
- Upside opportunity by "marking-to-market" upon Wallquest's lease expiration

Strategic "King of Prussia Business Park" Location

- Located at the regional crossroads of the Pennsylvania Turnpike (I-276), I-76, U.S. 422 and U.S. 202
- Proximate to Philadelphia, New York City and Washington D.C.
- The King of Prussia District has a vision and plans in place to enhance the business park creating a dynamic mixed-use community with transit-oriented development

STRATEGIC "KING OF PRUSSIA BUSINESS PARK" LOCATION



Robust East Montgomery County Market Fundamentals

- Well-located industrial market proximate to Philadelphia's large distribution base
- Industrial properties located in King of Prussia operate at 97 percent occupancy
- Land constrained market

Institutionally Maintained

- Institutionally owned and maintained since 1998
- No deferred maintenance as the docks, doors, lights and office areas are in good condition

Below Replacement Cost

- Expected to price below replacement cost affording investors a low basis opportunity





Tenant Overview

Wallquest is one of the most innovative wallpaper manufacturers in the world. Quality, color, design and unwavering dedication to tradition have earned the company a respected place in the global home furnishings sector. Its products are made in the United States and sold in more than sixty countries. In 2011, Wallquest was named the Small Business Exporter of the Year by the US Export Import bank.

The heritage of Wallquest can be traced all the way back to the 1820's. The Lafoy family of Lyon, France have been involved with wallpaper from the 1820's until the present. In 1938, Henry Lafoy founded a wallpaper business called Consortium du Papier Peint. This company pioneered many developments in wallpaper, the most important of which was truly permanent printing or inalterable wallpaper. Consortium du Papier Peint eventually became Inaltera S.A. In 1985, Inaltera S.A. changed its name to Wallquest, through the current management of the US Company becoming majority shareholders from the French parent company. Today, Wallquest is family only and operated, has approximately 65 employees and has estimated annual sales of \$12.3M.

Company Highlights

- Estimated Annual Sales: \$12.3M
- Employees: 65
- Founded in the 1820's
- In 2011 named the Small Business Exporter of the Year by the US Export bank
- Family Owned and Operated
- Products are made in the United States and sold in more than 60 countries



WALLQUEST

Transaction Guidelines

The Property is being offered for sale to qualified investors on an “as is” basis, subject to the Confidentiality Agreement of this Memorandum. In its evaluations of offers, Ownership will take into consideration a variety of factors, including, but not limited to: price, terms, and the amount of due diligence a prospective purchaser requires.

Debt

None. The Property will be delivered free and clear of any mortgage indebtedness.

Due Diligence Virtual Deal Room

Investors will receive secure access to an online Virtual Deal Room upon execution of the Confidentiality Agreement. Documents within the Virtual Deal Room include property level information as well as an electronic form of the Offering Memorandum.

Tours

Tours will be arranged on an as needed basis. Please call to arrange a tour.

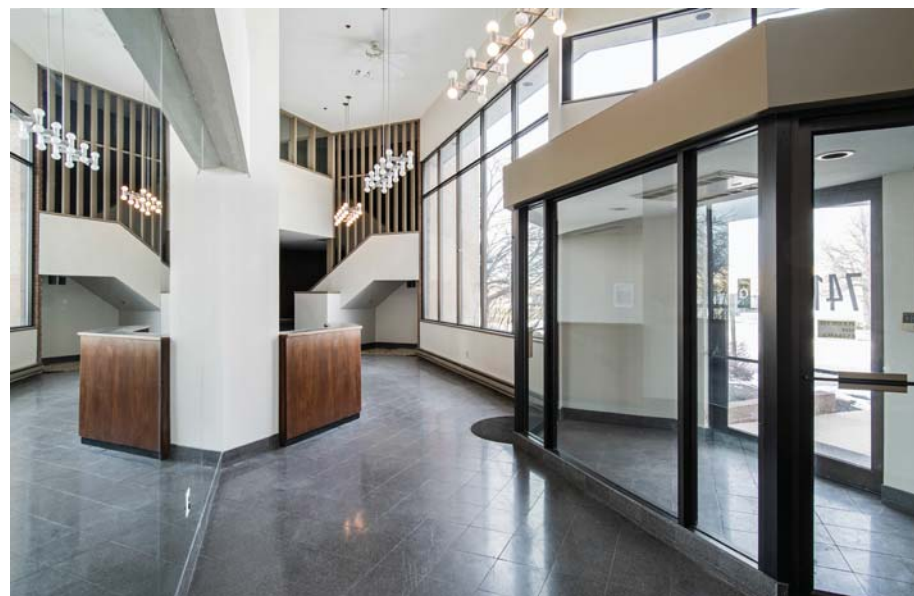
Form of Proposals

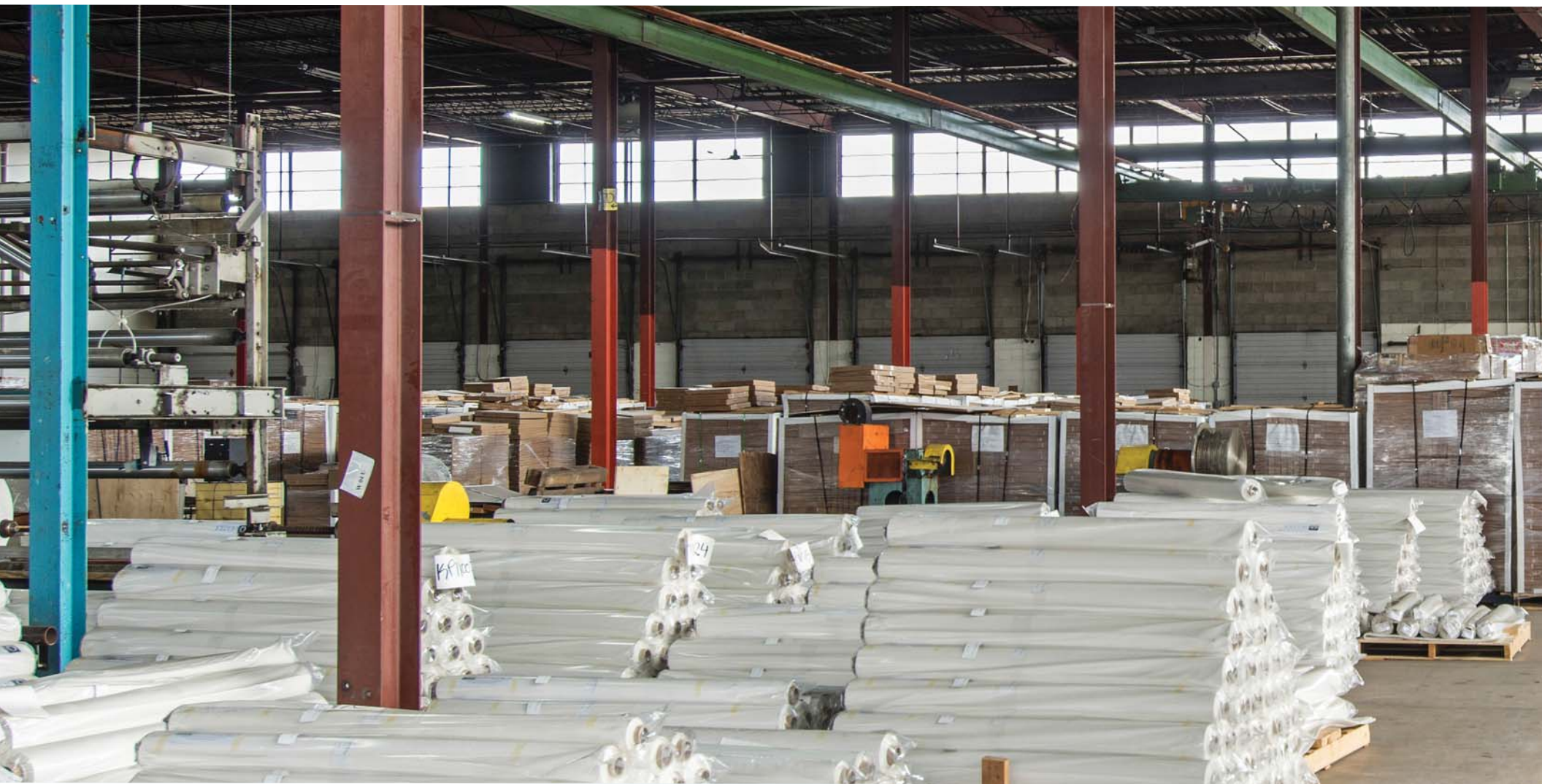
Prospective investors will be required to submit in writing a detailed, non-binding proposal for the Property (“Proposal”). All Proposals must include the following:

- Purchase price
- Initial deposit and total nonrefundable deposit
- Transaction expense responsibility
- Contract, due diligence and closing periods
- Closing date

Call for Offers

A Call for Offers date will be distributed at a future date and time.







Property Overview

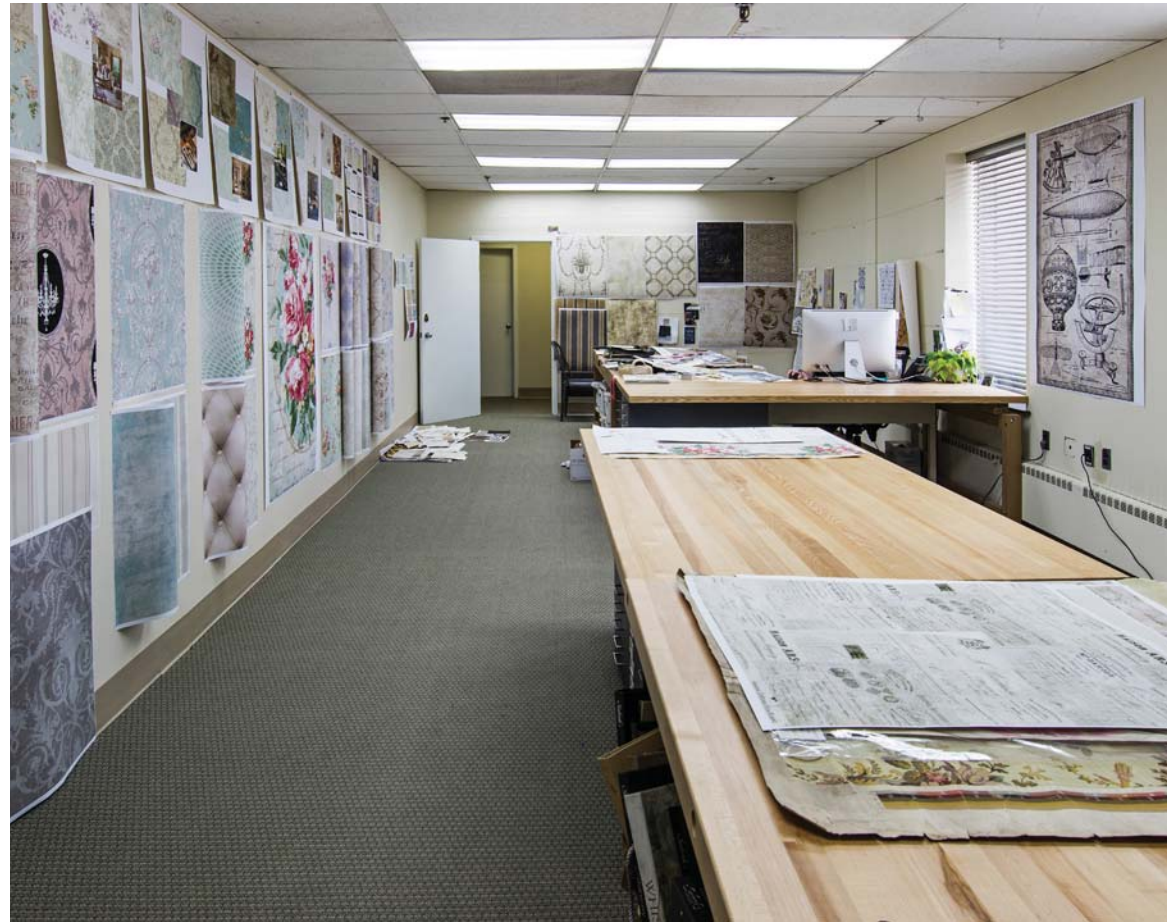


741 First is a rectangular-shaped, steel masonry, fully-sprinklered industrial warehouse and manufacturing facility built in 1966. The property features 24' ceiling heights, eight loading docks and 25' by 25' column spacing in the warehouse portion of the building. The fully air-conditioned office component features an impressive lobby, corporate offices and large open spaces for Wallquest's creative designers.

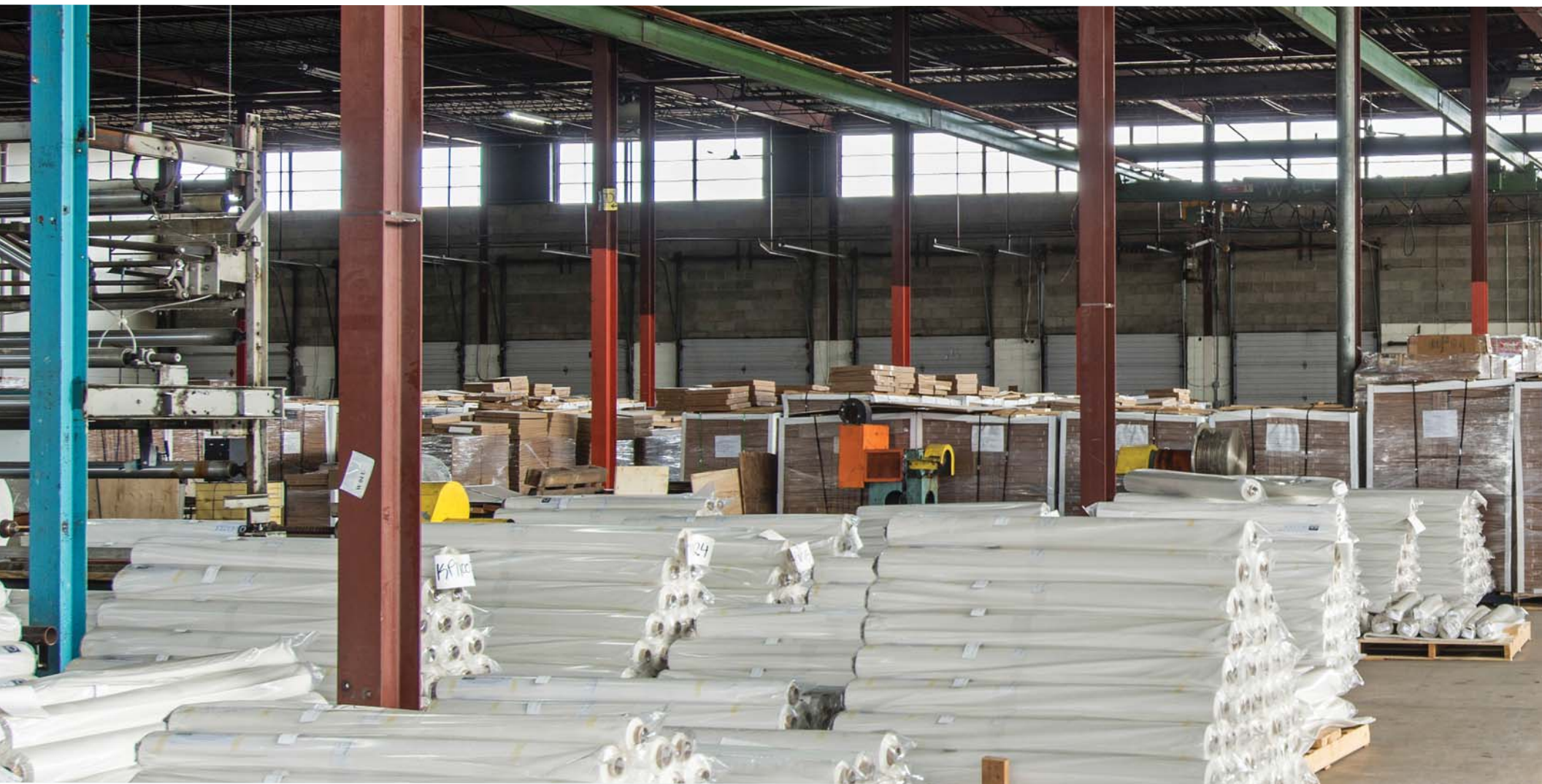
Property Overview

PROPERTY	741 FIRST AVENUE
CITY, STATE	King of Prussia, PA
SIZE (SF)	77,184
OCCUPANCY	100%
LAND SIZE (ACRES)	5.37
YEAR BUILT	1966
TAX IDENTIFICATION	Block 27, Lot 48
CEILING HEIGHT	24'
LOADING AREA	8 loading docks
COLUMN SPACING	25' x 24' in office area, 25' x 25' in warehouse
PARKING SPACES	80 regular / 4 handicapped
ZONING	SM (Suburban Metropolitan)
SLAB/FOUNDATION	Concrete slab with shallow spread footing system
STRUCTURE	Structural steel frame, with metal decking and poured concrete floors
GAS/ELECTRIC	PECO Electric, PECO Gas, service is 2-1/2" appears to be high pressure
WATER & SEWER	AQUA 2-1/2 " / Upper Merion Township
TELECOMMUNICATIONS	Verizon, Comcast, Paetec is Telcom Provider
ROOF	Carline TPO .045 white, Warranty Start 5-29-03, 15 year Warranty
ELECTRICAL SYSTEM	4,160 Volt 3 phase 300 KVA Recently installed a new 1000 amp and New 1400 amp service required by WallQuest
LIGHTING	2 x 4 Fluorescents in office, 1 x 4 & 1 x 8 in warehouse
HVAC	2- Trane Packaged RTU's 1- 60 ton, gas heat, scroll compressors, 1997 w VAV's, 1- 40 ton, gas heat, scroll compressors, 2003 w VAV's controlled by Trane Tracer EMS System. 1- 7 ton Trane packaged RTU. There is a gas fired Weil McLain Hot Water Boiler Model # J-6-B @ 495.1 MBH that is in use, this provides heat to the first floor perimeter baseboard heating. In warehouse, there are 11 unit heaters in ceiling randomly placed size unknown, mfg unknown.
GENERATORS	2 generators, 1 Kohler 3.5 kW, 1 ONAN 3.5 kW, both gas fired not in use
FIRE/LIFE SYSTEM	Firelight MS5UD Fire Alarm System and the building is fully Sprinklered. Both are monitored offsite by Oliver Sprinkler.

PROPERTY OVERVIEW



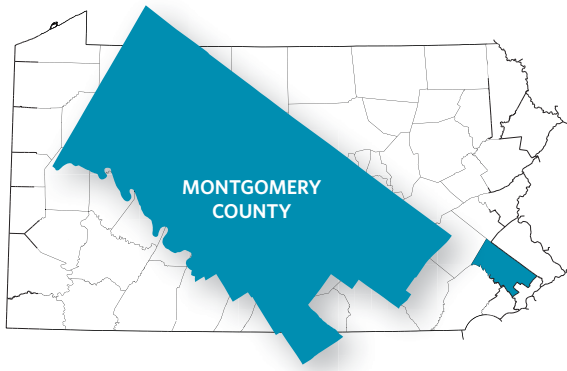




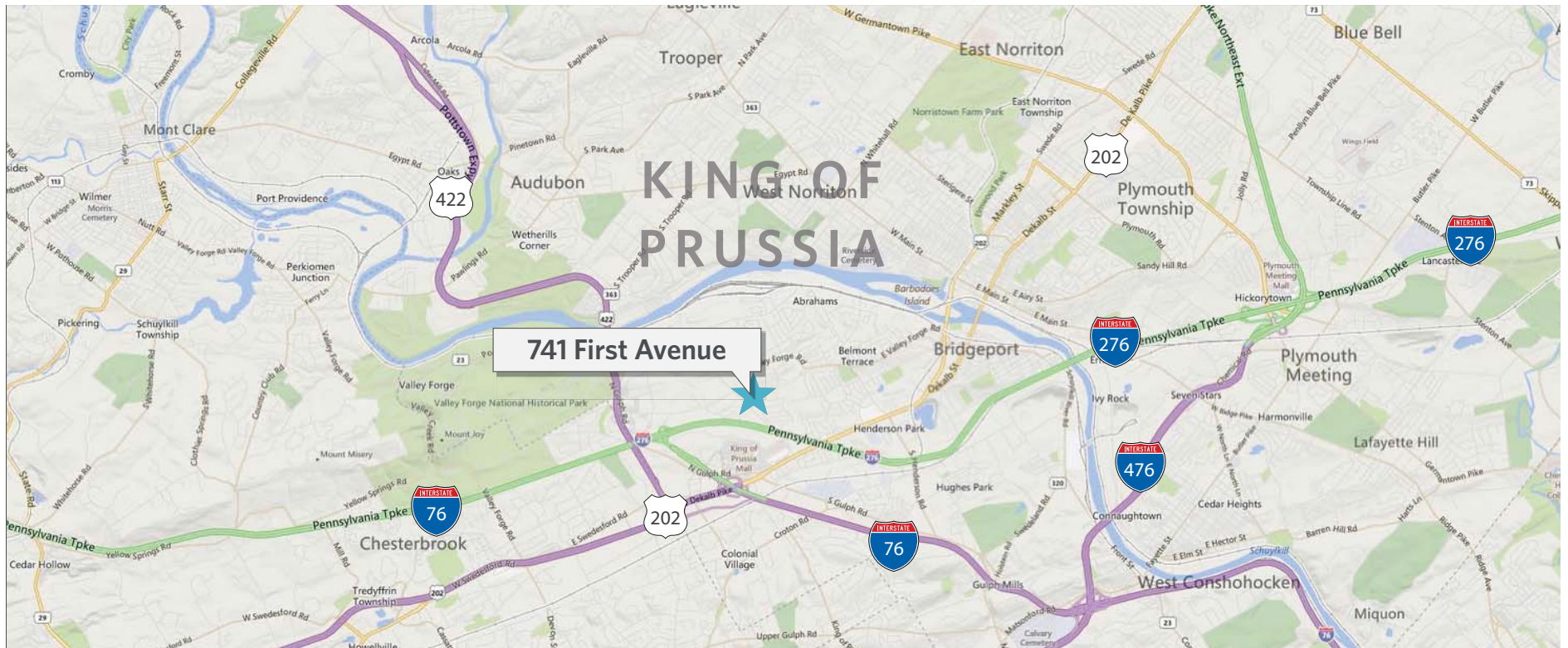


Location Overview

Location Overview



King of Prussia is located within Upper Merion Township, in Montgomery County, Pennsylvania. In 2010, the population was 19,936 people according to census data. King of Prussia is situated at the intersection of I-276, I-76, Route 202 and Route 422, some of Pennsylvania's most prominent roadways. As a result, hundreds of reputable, industry leading corporations flock to the area due to its suburban feel with proximity to Philadelphia. The majority of companies are positioned in the King of Prussia Business Park, a congregation of businesses situated in a piece of land east of Route 422, north of the Pennsylvania Turnpike (I-276) and then enclosed by Allendale Road. Plans are in place to improve the business park by providing better access to public transportation, better access to principal highways and improving the pedestrian experience. In addition to the King of Prussia Business Park future development project, the region's addition of various hotels, high rises, strip malls, restaurants, freeways, a convention center has made King of Prussia a highly developed and highly desirable community.





PHILADELPHIA

20
MILES

202

422

INTERSTATE
276

INTERSTATE
76

Wegmans

Sheraton Valley Forge Hotel

General Electric

Lockheed Martin

eBay - Privacy Office

Valley Forge Convention & Visitors Bureau

King of Prussia Mall

United Artists King of Prussia 16 IMAX

Best Buy

Hyatt Place King of Prussia

741 First Avenue

First Ave

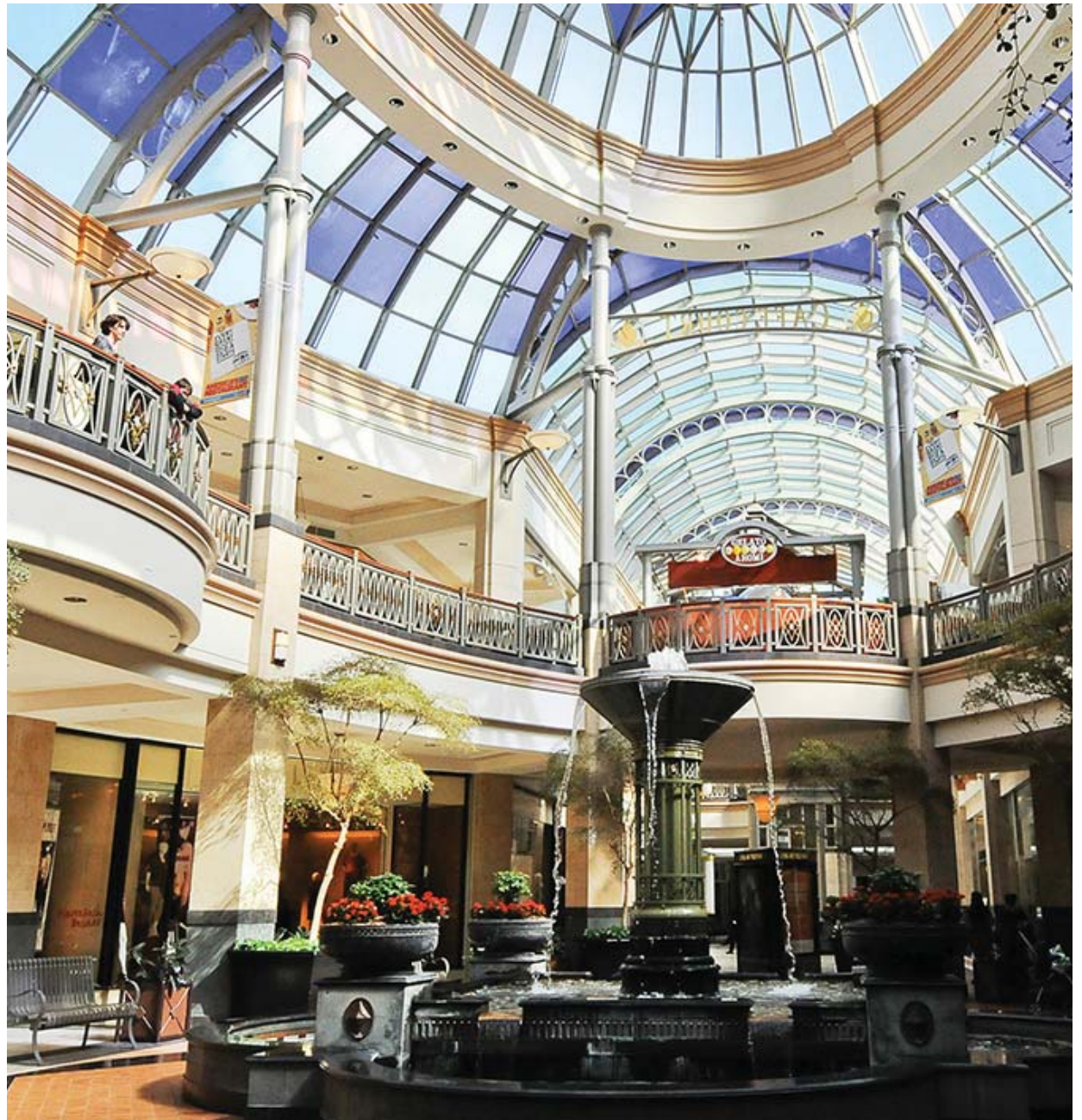
Shwerwin-Williams

McKesson Health Solutions

Allendale Rd

King of Prussia Mall

King of Prussia is home to the King of Prussia Mall, the largest shopping complex in the United States, based on shopping area square footage. King of Prussia comprises two malls which are connected by a short covered crosswalk, originally developed and operated by Kravco Company, now owned and managed by Simon Property Group.



King of Prussia Business Park

The Property is located in the King of Prussia Business Park, the largest employment center in the Philadelphia suburban region and the largest concentration of commercial space in the Philadelphia suburbs. The King of Prussia Business Park is comprised of over 20,000 employees and more than 4,000,000 square feet of commercial space. While the business park has experienced great success, the King of Prussia District aims to further enhance the attractiveness of the park and eliminate some of the challenges it currently faces such as: (i) dated zoning codes (ii) limited access to high quality public transportation services. To address dated zoning codes, the Upper Merion Township is working with the King of Prussia District to rewrite the Zoning Code and Subdivision and Land Development Ordinance (SALDO) for the districts encompassing the business park. With regards to public transportation, studies are underway for a proposed extension of the SEPTA Norristown High Speed Line (NHSL) through King of Prussia. With a proposed terminus in the business park, this King of Prussia rail extension is part of a long-term transit connectivity strategy.

The King of Prussia District aims to transform the business park into suburban Philadelphia’s premier commercial park. Plans are already in place to improve the parks appeal and infrastructure. The infrastructure improvements aim to improve the pedestrian experience and provide better access to public transportation/principal highways. The vision for the King of Prussia Business Park moving forward is to create a dynamic and engaging mixed-use district that encourages an active community of residential, service retail and commercial uses. King of Prussia District can be a successful catalyst for redevelopment by steering the new vision, championing key infrastructure projects and advocating for land use code revisions.

Home to Hundreds of Corporations, Including:



Regionally Accessible



LOCATION	DISTANCE
Routes 276, 422 & 23	0.5 miles
Routes 76 & 202	1 mile
Downtown Philadelphia	20 miles
Philadelphia International Airport	26 miles
New York City	100 miles
Washington D.C.	145 miles

LOCATION OVERVIEW

KING OF PRUSSIA BUSINESS PARK

Comprised of:

20,000

TOTAL NUMBER OF EMPLOYEES

5 Hotels | 868 Rooms

LODGING

63,064 SF

CORPORATE EVENT SPACE

3,533,871 SF

COMMERCIAL OFFICE SPACE

PUBLIC OPEN SPACE - Proposed

King of Prussia District envisions working with municipal and community-based groups to rehabilitate the Township-owned, six-acre, former Moore-Irwin property into a public park for arts & cultural events and passive recreation.

LINEAR PARK - Proposed

This concept involves turning the underutilized, but required, 50 foot setback along First Avenue into a significant recreational amenity, complete with multi-purpose paths, lighting and landscaping enhancements, seating plazas and improved way finding signage

ROAD DIET - Proposed

Proposed 'Road Diet' on First Avenue would enhance vehicular and pedestrian safety and enhance the aesthetics of this primary corridor.

BUSINESS PARK GATEWAYS - Underway

King of Prussia District and its consultants are working on designs to dramatically improve the look of the three primary entryways into the business park. The first at N. Gulph Rd. and First Ave. will be installed in 2014 with new landscaping, flag poles and attractive landscape lighting.

741 First Avenue

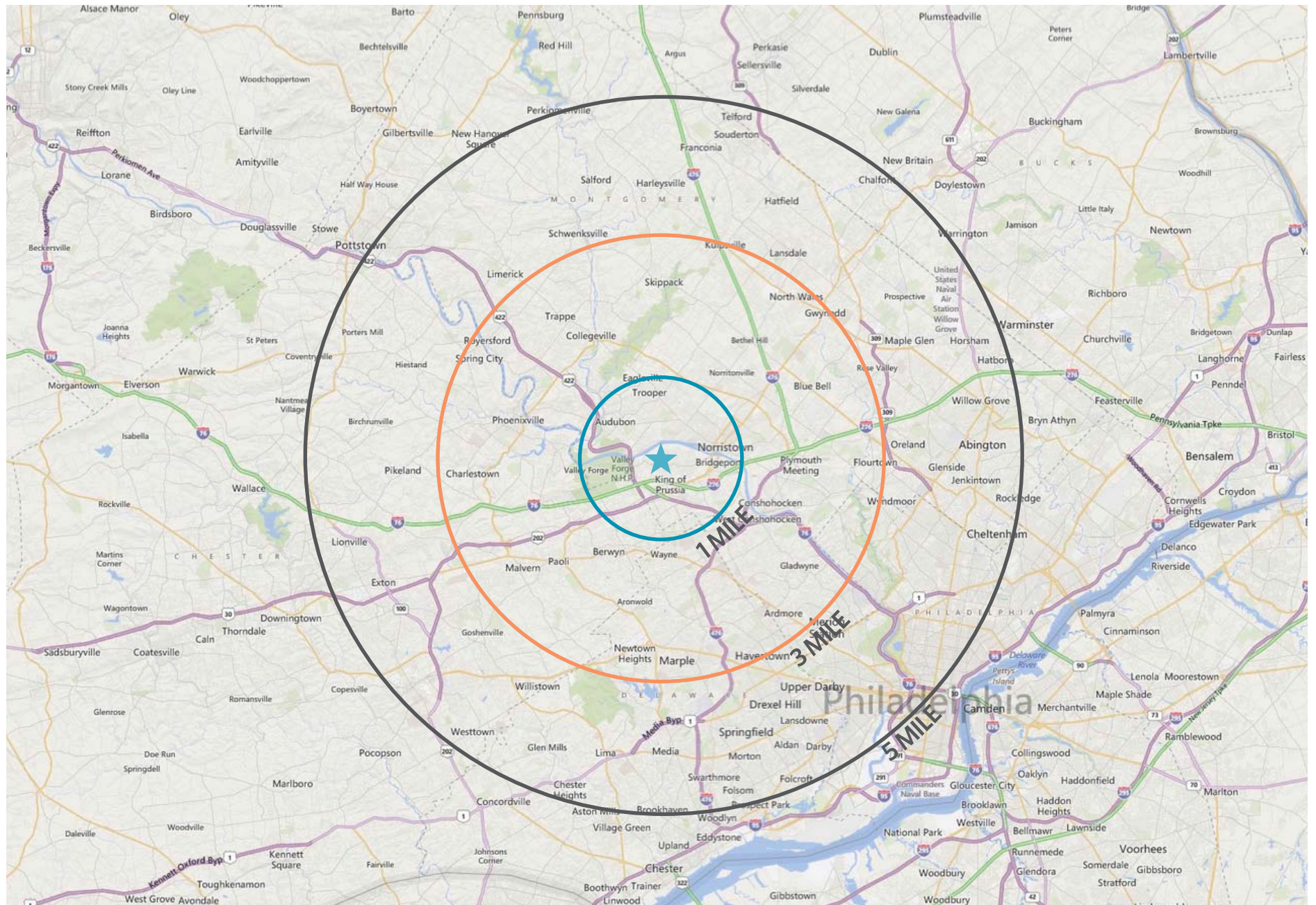
Allendale Road



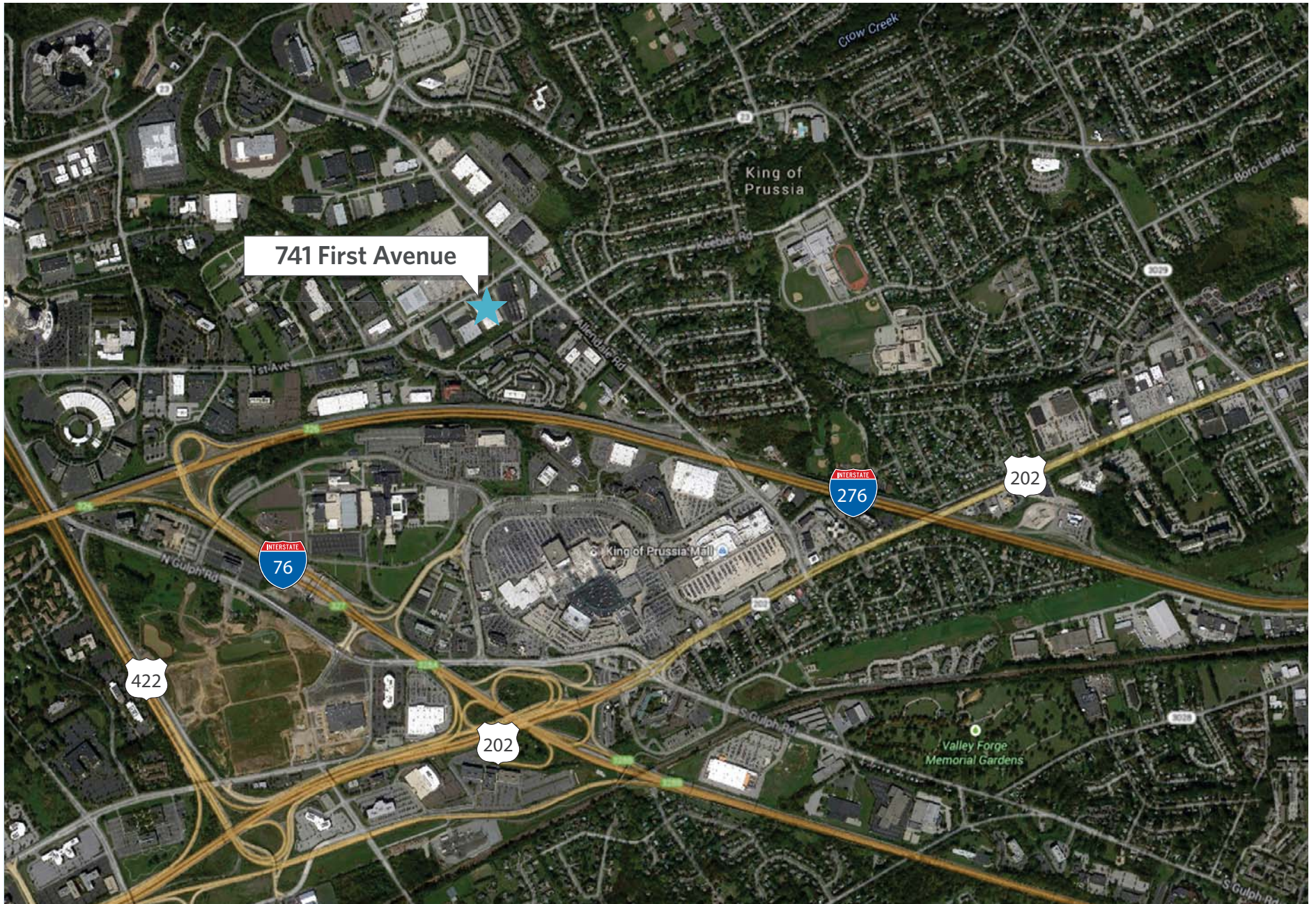
Demographics

The demographics within a 5, 10 and 15 mile radius are favorable and among the best in suburban Philadelphia. The Property benefits from a large, high-end distribution base with proximity to Philadelphia. Within 15 miles of the Property, the population was 1,898,801 at the end of the year in 2014. The population is expected to grow by two percent to 1,933,487 by 2019. The average household income of \$86,556 is expected to grow by approximately 15 percent to \$101,674 by 2019.

SUMMARY	2014			2019		
	1 MILE	3 MILE	5 MILE	1 MILE	3 MILE	5 MILE
Population	171,289	550,504	1,898,801	174,033	560,623	1,933,487
Households	66,789	212,079	736,076	67,841	216,299	750,785
Median Age	38.7	40.8	38.2	39.5	41.3	38.7
HOUSEHOLD INCOME						
<\$15,000	7.6%	6.3%	13.9%	6.4%	5.1%	12.9%
\$15,000-\$24,999	7.6%	6.2%	9.8%	5.0%	4.0%	7.0%
\$25,000-\$34,999	7.7%	6.5%	9.0%	5.6%	4.6%	7.2%
\$35,000-\$49,999	9.7%	8.7%	11.1%	8.5%	7.4%	10.5%
\$50,000-\$74,999	15.5%	14.5%	14.8%	13.3%	12.1%	13.3%
\$75,000-\$99,999	13.6%	13.1%	11.5%	15.4%	14.4%	13.2%
\$100,000-\$149,999	18.0%	19.7%	14.9%	19.3%	20.5%	16.2%
\$150,000-\$199,999	9.2%	10.8%	7.1%	12.4%	14.3%	9.6%
\$200,000+	11.2%	14.2%	8.0%	14.2%	17.5%	10.0%
AVERAGES						
Median Household Income	\$77,840	\$88,090	\$58,402	\$91,663	\$103,718	\$72,643
Average Household Income	\$105,421	\$118,072	\$86,556	\$125,159	\$139,697	\$101,674
Per Capita Income	\$41,441	\$45,809	\$33,818	\$49,289	\$54,297	\$39,804



LOCATION OVERVIEW



Transportation

The Property is situated near the confluence of the Pennsylvania Turnpike (I-276), I-76 and Route 202, some of Pennsylvania's major roadways.



THE PENNSYLVANIA TURNPIKE (I-276) is a toll highway operated by the Pennsylvania Turnpike Commission in the U.S. state of Pennsylvania. A controlled-access highway, it runs for 360 miles (580 km) across the state. The turnpike begins at the Ohio state line in Lawrence County and end at the New Jersey border in Bucks County.



INTERSTATE 76 provides direct access to downtown Philadelphia. The roadway runs from Valley Forge, Pennsylvania, along the Schuylkill River, and then eventually crosses over the Delaware River into New Jersey.



INTERSTATE 476 (I-476) is a 132.1-mile (212.59 km) auxiliary Interstate Highway in the U.S. state of Pennsylvania designated between Interstate 95 near Chester and Interstate 81 near Scranton, serving as the primary north-south Interstate corridor through eastern Pennsylvania. From the Property, I-476 provides access to Allentown and New York State to the north.

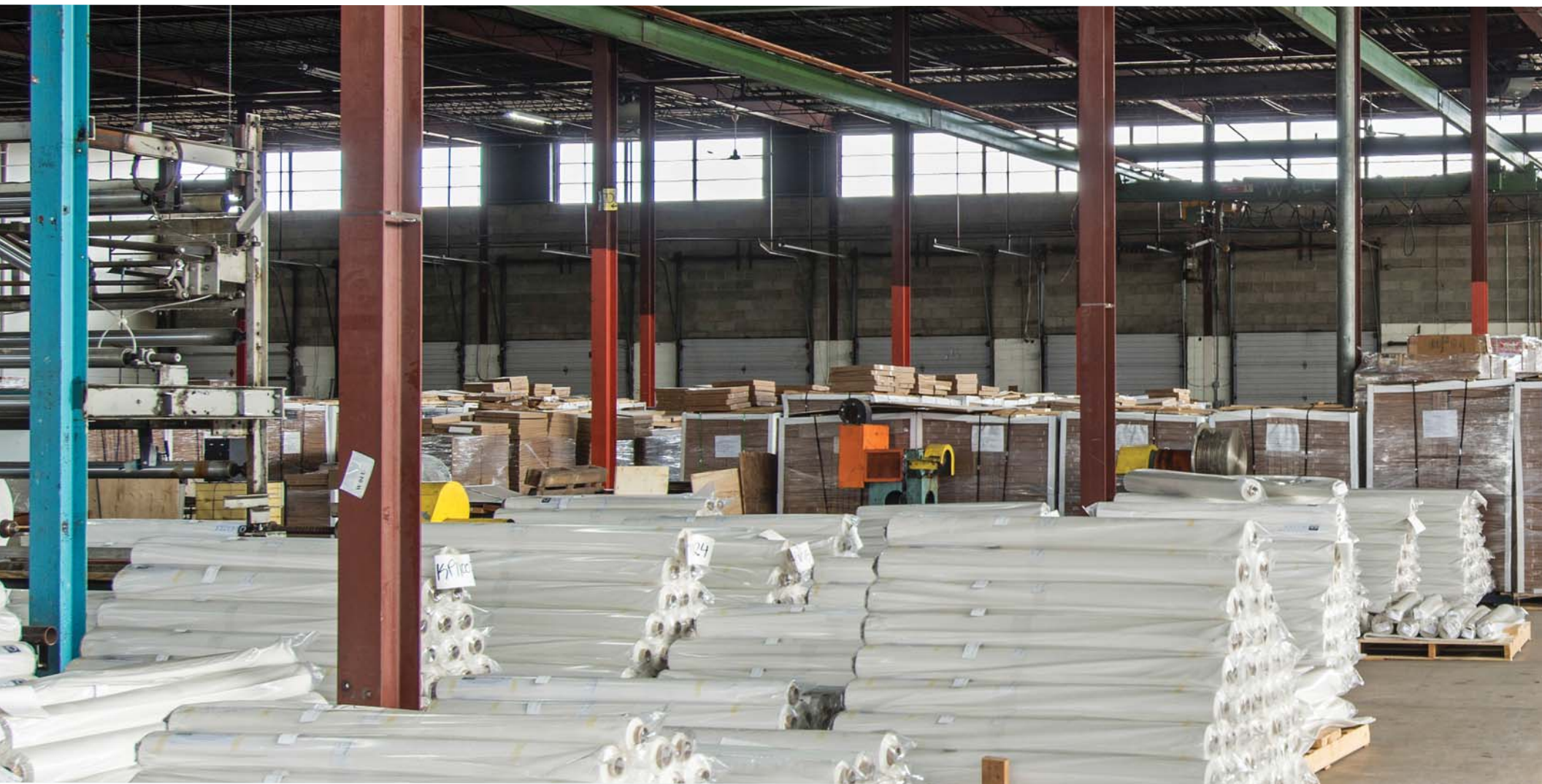


U.S. ROUTE 202 (US 202) runs through the southeastern part of the U.S. state of Pennsylvania, passing through the northern and western suburbs of Philadelphia. It follows a general southwest to northeast direction through the state, passing through West Chester, King of Prussia, Norristown, Montgomeryville, Doylestown, and New Hope.

Public Transportation

Studies are underway for a proposed extension of the SEPTA Norristown High Speed Line (NHSL) through King of Prussia. With a proposed terminus in the business park, this King of Prussia rail extension is part of a long-term transit connectivity strategy. In the interim, King of Prussia District launched the connector corporate shuttle system







Market Overview

Market Overview

The **East Montgomery County Industrial Market** consists of approximately 21.8 million square feet and 188 properties. The market's strategic location provides immediate access to I-276 (PA Turnpike), I-476 (Northeast Extension/Blue Route), I-76 (Schuylkill Expressway), Route 422 & Route 202 and makes it an optimal distribution point for the Philadelphia Region. The East Montgomery County's success is evident as it is the largest employment center in the suburban Philadelphia Region comprising of 57,000 employees.

At year-end 2014, the East Montgomery County Industrial Market posted a vacancy rate of 8.2 percent and an average rent of \$5.39 PSF NNN. Since the market's peak vacancy in 2000 (12.5 percent), the rate has compressed 430 basis points (4.3 percent). In addition, as evidenced by the "Historical Vacancy Rate" chart below, the market was extremely tight prior to the 2008 Economic Crisis, boasting a 3.9 per vacancy rate. Occupancy in the market is projected to reach pre-2008 levels as prospective vacancy aims to trend downward. The East Montgomery County Industrial Market's average rent is \$5.39 PSF NNN, a 32 percent increase since its valley in 2000. Similar to the market's vacancy rate, peak rental rates were achieved before 2008 and these rents are projected to trend upward into the \$6.00-\$7.00 PSF range. The outlook for the East Montgomery County Industrial Market is positive as its exceptional location and large distribution base make it ideal for industrial tenants.

Market Snapshot:

East Montgomery
SUBMARKET

21.8M SF
TOTAL SQUARE FOOTAGE

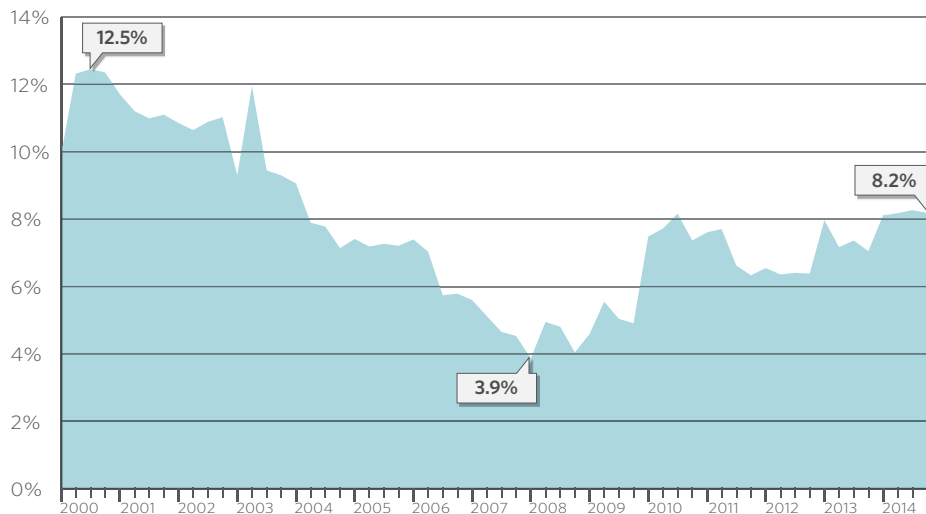
188
NUMBER OF PROPERTIES

1.8M SF
DIRECT VACANT SQUARE FOOTAGE

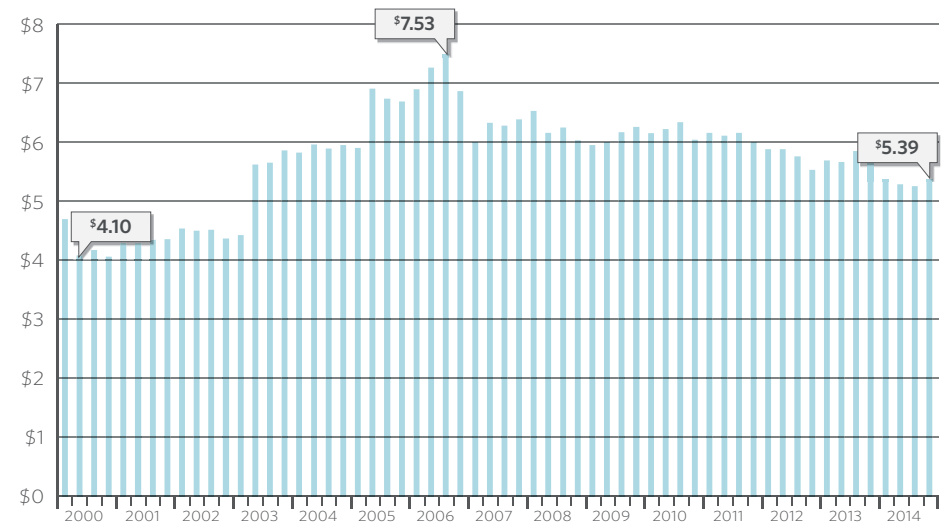
8.2%
VACANCY RATE

\$5.39 NNN
AVERAGE ASKING RENT

Historical Vacancy Rate



Average Asking Rents (PSF)





422

INTERSTATE
276

741 First Avenue



First Ave

Allendale Rd

Greater King of Prussia Industrial Submarket

Market Snapshot:

Within the East Montgomery County Industrial Market, 741 First is positioned in the **Greater King of Prussia Industrial Submarket:**

- Within a 10-mile radius of the Property lies an industrial base of 90 (post-1960 construction) properties ranging from 50,000 SF to 150,000 SF and totaling approximately 6.97 million square feet.
- The current direct vacancy rate within this subset is 5.7 percent, with 233,967 SF of completed leasing within the past 12 months.
- Average rent is \$5.42 and average triple net asking rents are \$6.03 PSF.
- Sales in the past 12 months within this submarket totaled approximately \$25 million with an average sale price of \$69 PSF. This is an increase from the five year average of \$14 million per year with an average sale price of \$47 PSF.
- Cap Rates have compressed 90 basis points from the Five Year average to 7.7 percent.
- Within the King of Prussia zip code (19406) there are 29 Industrial properties ranging from 50,000 SF to 150,000 SF (2,189,590 SF total).
- Current vacancy rate in King of Prussia is 3.2 percent, a 400% decrease from 4Q 2012.

King of Prussia
SUBMARKET

6.97M SF
TOTAL SQUARE FOOTAGE

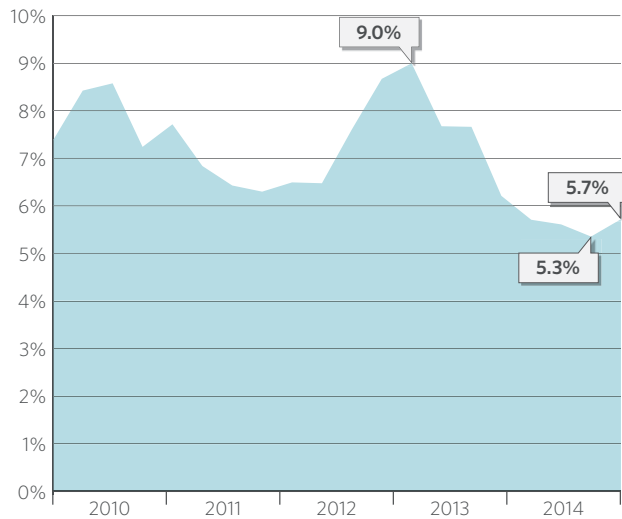
90
NUMBER OF PROPERTIES

397,728 SF
DIRECT VACANT SQUARE FOOTAGE

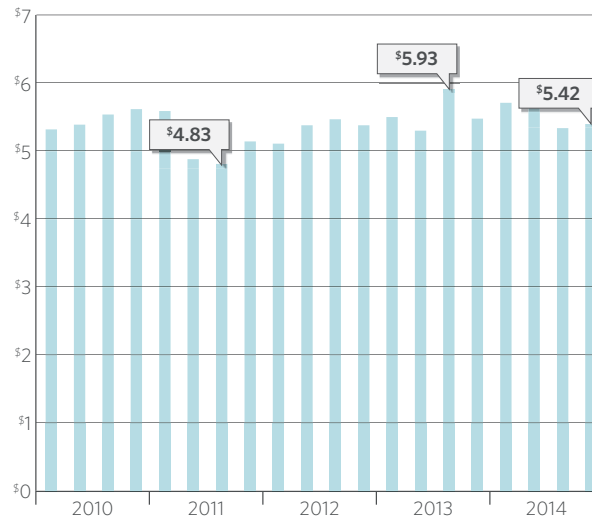
5.7%
VACANCY RATE

\$5.42 NNN
AVERAGE ASKING RENT

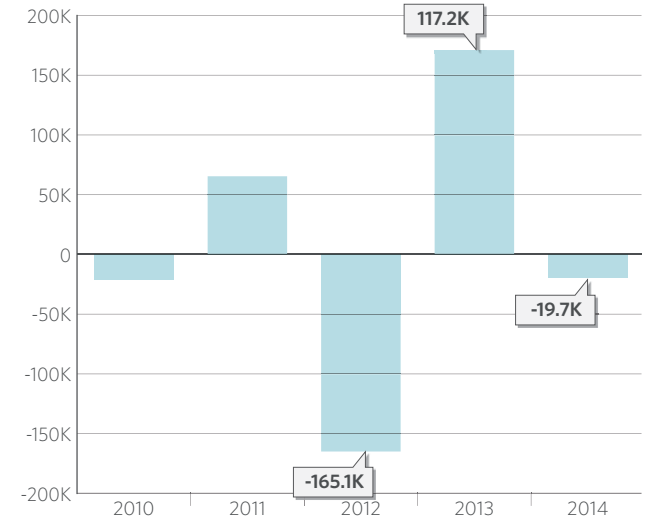
Historical Vacancy Rate



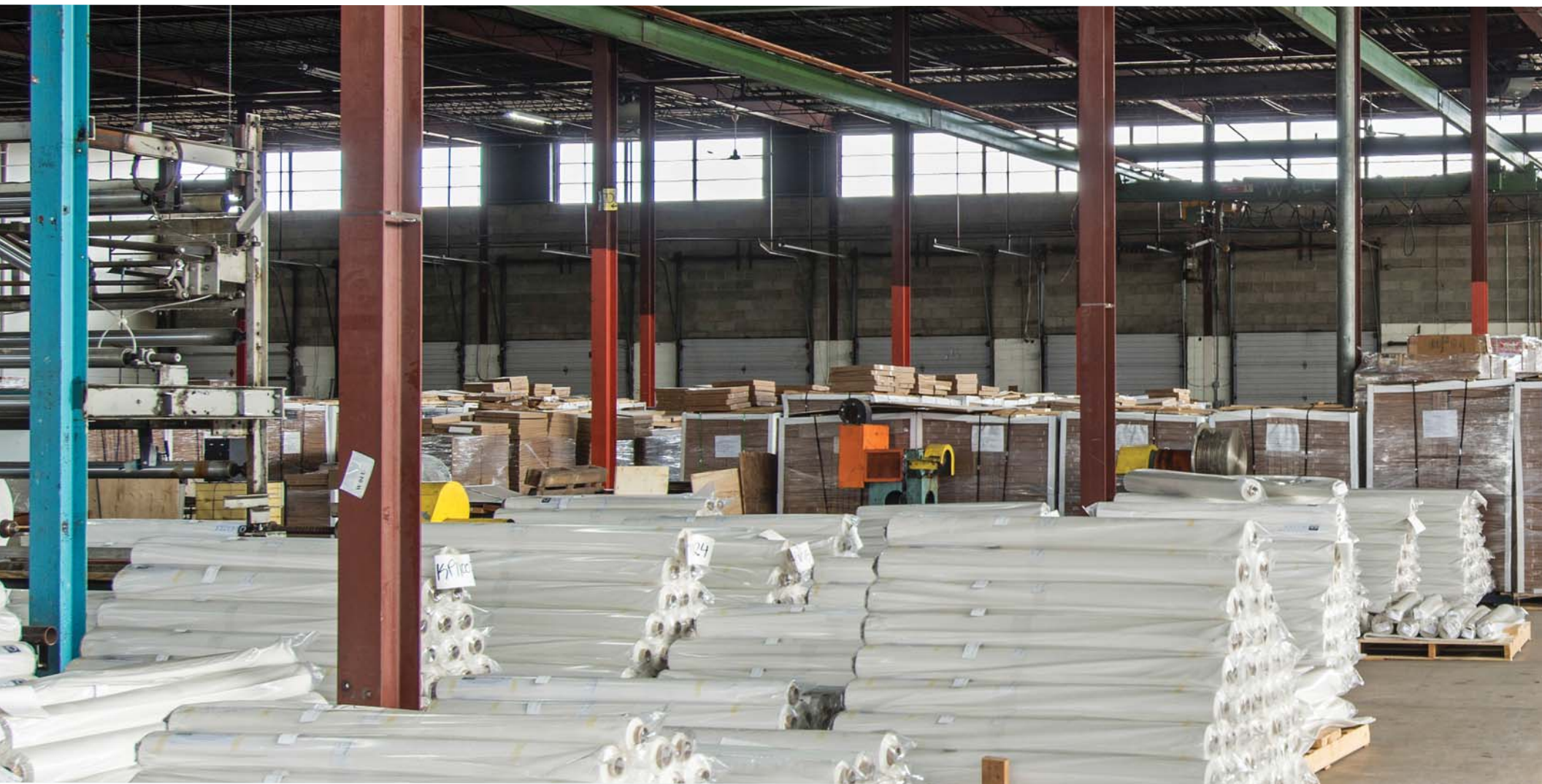
Average Asking Rents (PSF)



Net Absorption









Financial Overview

Cash Flow

	PSF	1 JUN 2016	2 JUN 2017	3 JUN 2018	4 JUN 2019	5 JUN 2020	6 JUN 2021	7 JUN 2022	8 JUN 2023	9 JUN 2024	10 JUN 2025	11 JUN 2026
RENTAL INCOME												
Base Rental Revenue	\$5.13	\$395,568	\$403,286	\$411,585	\$420,073	\$428,565	\$437,053	\$524,524	\$562,646	\$579,527	\$596,913	\$614,819
Absorption & Turnover Vacancy	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	(\$92,162)	\$0	\$0	\$0	\$0
Total Rental Income	\$5.13	\$395,568	\$403,286	\$411,585	\$420,073	\$428,565	\$437,053	\$432,362	\$562,646	\$579,527	\$596,913	\$614,819
Per Square Foot		\$5.13	\$5.22	\$5.33	\$5.44	\$5.55	\$5.66	\$5.60	\$7.29	\$7.51	\$7.73	\$7.97
OPERATING EXPENSE RECOVERIES	\$1.41	\$108,666	\$111,437	\$114,308	\$117,255	\$120,287	\$122,093	\$116,566	\$151,121	\$155,649	\$160,319	\$164,091
Per Square Foot		\$1.41	\$1.44	\$1.48	\$1.52	\$1.56	\$1.58	\$1.51	\$1.96	\$2.02	\$2.08	\$2.13
EFFECTIVE GROSS INCOME	\$6.53	\$504,234	\$514,723	\$525,893	\$537,328	\$548,852	\$559,146	\$548,928	\$713,767	\$735,176	\$757,232	\$778,910
Per Square Foot		\$6.53	\$6.67	\$6.81	\$6.96	\$7.11	\$7.24	\$7.11	\$9.25	\$9.52	\$9.81	\$10.09
OPERATING EXPENSES												
Real Estate Taxes	\$0.97	\$74,640	\$76,877	\$79,184	\$81,560	\$84,007	\$86,526	\$89,125	\$91,796	\$94,550	\$97,388	\$100,308
Insurance	\$0.08	\$6,066	\$6,246	\$6,436	\$6,629	\$6,825	\$7,033	\$7,242	\$7,462	\$7,683	\$7,913	\$8,152
Security	\$0.00	\$378	\$389	\$401	\$412	\$425	\$437	\$450	\$465	\$478	\$493	\$508
General & Administrative	\$0.30	\$23,501	\$24,208	\$24,935	\$25,681	\$26,452	\$27,245	\$28,063	\$28,906	\$29,773	\$30,664	\$31,586
Management Fee	\$0.20	\$15,126	\$15,441	\$15,779	\$16,119	\$16,465	\$16,776	\$16,467	\$21,412	\$22,056	\$22,717	\$23,367
Miscellaneous	\$0.01	\$876	\$904	\$932	\$957	\$986	\$1,018	\$1,048	\$1,078	\$1,111	\$1,144	\$1,178
Total Operating Expenses	\$1.56	\$120,587	\$124,065	\$127,667	\$131,358	\$135,160	\$139,035	\$142,395	\$151,119	\$155,651	\$160,319	\$165,099
Per Square Foot		\$1.56	\$1.61	\$1.65	\$1.70	\$1.75	\$1.80	\$1.84	\$1.96	\$2.02	\$2.08	\$2.14
NET OPERATING INCOME	\$4.97	\$383,647	\$390,658	\$398,226	\$405,970	\$413,692	\$420,111	\$406,533	\$562,648	\$579,525	\$596,913	\$613,811
Per Square Foot		\$4.97	\$5.06	\$5.16	\$5.26	\$5.36	\$5.44	\$5.27	\$7.29	\$7.51	\$7.73	\$7.95
CAPITAL EXPENDITURES												
Tenant Improvements	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$115,202	\$0	\$0	\$0	\$0
Leasing Commissions	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$96,536	\$0	\$0	\$0	\$0
Capital Reserves	\$0.10	\$7,833	\$8,070	\$8,312	\$8,560	\$8,817	\$9,082	\$9,354	\$9,636	\$9,923	\$10,222	\$10,529
Total Capital Expenditures	\$0.10	\$7,833	\$8,070	\$8,312	\$8,560	\$8,817	\$9,082	\$221,092	\$9,636	\$9,923	\$10,222	\$10,529
Per Square Foot		\$0.10	\$0.10	\$0.11	\$0.11	\$0.11	\$0.12	\$2.86	\$0.12	\$0.13	\$0.13	\$0.14
CASH FLOW	\$4.87	\$375,814	\$382,588	\$389,914	\$397,410	\$404,875	\$411,029	\$185,441	\$553,012	\$569,602	\$586,691	\$603,282
Per Square Foot		\$4.87	\$4.96	\$5.05	\$5.15	\$5.25	\$5.33	\$2.40	\$7.16	\$7.38	\$7.60	\$7.82

Notes to Cash Flow Projection

PROPERTY ASSUMPTIONS

RENTABLE BUILDING AREA

TOTAL (Industrial)	77,184
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GROWTH RATES

2015+ Market Rent Growth	3.0%
Operating Expenses	3.0%
Real Estate Taxes	3.0%

GENERAL VACANCY/CREDIT LOSS	0%
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FREE RENT

New/Renewal	0 Months
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LEASE TERM

New Tenant	5 Years
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RENEWAL PROBABILITY	75%
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DOWNTIME PERIOD	8 Months
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MARKET LEASING ASSUMPTIONS

2015 MARKET RENTAL RATES

Industrial	\$6.00 PSF NNN
Rent Changes	3% Annually

2015 TENANT IMPROVEMENTS

	OFFICE
New	\$2.00
Renewal	<u>\$1.00</u>
Weighted	\$1.25

FUTURE LEASING COMMISSIONS

	INDUSTRIAL
New	6.00%
Renewal	<u>3.00%</u>
Weighted	3.75%

NOTES

- Wallquest - single-tenant - signed 129 month lease with 9 months free rent in Dec-10 (2% contractual annual increases).
- Wallquest has a ROFR
- New leasing commissions are based on a sliding scale: Yr 1: 6%, Yr 2: 5%, Yr 3: 4%, Yr 4: 3%, Yr 5: 3%, Yr 6+: 2%

Rent Roll

SUITE	TENANT	LEASE SQ FT	LEASE BEGINS	LEASE EXPIRES	ESCA- LATED ANNUAL RENT PSF	RENT ESCALATIONS	OPERATING EXPENSE RECOVERY	REAL ESTATE TAX RECOVERY	PRO-RATA SHARE	COMMENTS
100	Wallquest	77,184	12/10/2010	9/30/2021	\$5.05	10/2015: \$5.15 10/2016: \$5.25 10/2017: \$5.36 10/2018: \$5.47 10/2019: \$5.58 10/2020: \$5.69	Tenant is responsible for Pro Rata share of Operating Expenses (G&A expense reimbursement is capped at \$0.15 PSF)	Tenant is responsible for Pro Rata share of Real Estate Taxes	100%	Purchase Option: Tenant shall have the right and option to purchase the Building for the price and conditions no less favorable to Landlord than those set forth in the Offer. Closing thereunder shall occur no later than thirty (30) days following Landlord's receipt of the signed agreement of sale, provided that such 30 day period may be extended for an additional 30 days with a non-refundable payment of \$50,000 ("Extension Fee").
Total	Tenant(s) (1)	77,184			\$5.05					
	Occupancy	100%								

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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