

DELRAY CENTRAL

OFFERING MEMORANDUM



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Offering Memorandum Disclaimer

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This Offering is subject to prior placement, errors, omissions, changes or withdrawal without notice and does not constitute a recommendation, endorsement or advice as to the value of the Project by Cushman & Wakefield or Owner. Each prospective purchaser is to rely solely upon its own investigation, evaluation and judgment as to the advisability of purchasing the Project described herein. Owner and Cushman & Wakefield expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers to purchase the Project and/or to terminate discussions with any party at any time with or without notice. Owner shall have no legal commitment or obligation to any purchaser reviewing this Offering or making an offer to purchase the Project unless a written agreement for the purchase of the Project has been fully executed, delivered, and approved by Owner and any conditions to Owner's obligations thereunder have been satisfied or waived. Cushman & Wakefield is not authorized to make any representations or agreements on behalf of Owner. This Offering is the property of Cushman & Wakefield and may be used only by parties approved by Cushman & Wakefield. The Project is privately offered and, by accepting this Offering, the party in possession hereof agrees (i) to return it to Cushman & Wakefield immediately upon request of Cushman & Wakefield or Owner and (ii) that this Offering and its contents are of a confidential nature and will be held and treated in the strictest confidence. No portion of this Offering may be copied or otherwise reproduced or disclosed to anyone without the prior written authorization of Cushman & Wakefield and Owner. Your obligations to keep the Evaluation Material confidential shall not include information that: (i) is or becomes publicly available other than as a result of acts by you or your Representatives in breach of this agreement; or (ii) on your counsel's advice must be disclosed pursuant to law or a subpoena or other court order, but only to the extent specified in such subpoena or court order; provided prior to complying with any such order you shall give written notice to us that such demand has been made upon you and to the extent not legally prohibited you shall provide us with an opportunity to contest any such direction or order. The terms and conditions set forth above apply to this Offering in its entirety.



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MIKE
SCHWARTZ



DELRAY CENTRAL



01

**EXECUTIVE
SUMMARY**

DELRAY CENTRAL | EXECUTIVE SUMMARY

THE OFFERING

Cushman & Wakefield of Florida, Inc., acting as exclusive agent, is pleased to offer for sale Delray Central (the “Property”), which comprises two high quality, multi-tenant office buildings totaling 175,719 SF in Delray Beach, Florida. The Property enjoys immediate access to Interstate-95 via Linton Boulevard, which is continuing its growth into one of Delray Beach’s main retail corridors with a number of new retail and mixed-use developments presently breaking ground.

Currently at 98% occupancy going to 93% occupancy with the departure of a major tenant in July, Delray Central offers an investor secure cash flows and the ability to amass critical scale in the extremely tight Delray Beach office market. As of the second quarter in 2017, the vacancy rate in this submarket has dropped to 8%, the second lowest of all sub-markets and the lowest of all “major” submarkets in Palm Beach County. The Property boasts limited short-term risk with no significant rollover until 2020, but also offers the ability to significantly grow income upon expiration of major tenants at that time. The Property also boasts expansive frontage along and visibility from Interstate-95 providing prime exposure to an estimated 200,000 vehicles per day.

Delray Central’s location is one of its greatest advantages, as Delray Beach has become a truly unique municipality of unparalleled transformation and investment supported by one of the most successful CRA programs in the country. Started in 1985, The Delray Beach CRA has propelled “Atlantic Avenue” to be recognized as “one of the hottest streets north of South Beach,” according to the South Florida Business Journal. On the heels of Downtown’s success, the CRA has heavily invested in the Federal Highway Corridor, and now has significant long-term revitalization plans for the Congress Avenue corridor, which the City intends on developing into a unique live-work-play community, as evidenced by the recent relocation to Congress Avenue of the headquarters of Kaufmann Lynn Construction from Boca Raton as well as over 2,000 new apartment units underway within three miles of the Property. The growing high-income population that is drawn to Delray Beach’s nightlife and beaches will continue to attract high-quality tenants to the Delray Beach submarket and the Congress Avenue Corridor as Delray Beach’s residential neighborhoods continue to attract business executives and decision makers.

With Delray Central at near stabilized occupancy levels, albeit at below-market rents, an investor can count on receiving stable cash flows from a diverse mix of tenants and value appreciation as the submarket continues to improve and rental rate growth accelerates.

INVESTMENT HIGHLIGHTS

- At 8% vacancy, the Delray Beach office submarket now boasts the lowest vacancy rate of any major submarket in the county positioning assets for strong rental growth.
- Critical-mass acquisition as the Property represents institutional scale
- Impressive trade area as the property serves as gateway asset to Delray Beach “retail corridor” and Downtown Delray Beach.
- Strategic location with immediate access to Interstate-95 via Linton Boulevard
- Desirable frontage along and visibility from Interstate-95 (AADT: 200,000)
- Proven lease-up ability with occupancy more than doubling in the past four years
- In-place rents are below market, averaging \$14 PSF vs. the market rate of \$16 to \$17 PSF, Net
- In the path of redevelopment, with significant retail projects underway along Linton Boulevard and plans for a residential redevelopment along Congress Avenue including the redevelopment of the former Office Depot headquarters
- Efficient floor plates that can accommodate a variety of different tenant sizes
- Attractive interior finishes, including polished marble tiles, full building-height atriums and glass walled balcony perches
- Above-market parking ratio of 4.6/1,000 SF allows some medical and other intensive uses
- Over \$500,000 in capital improvements in the past five years
- Property expected to trade substantially below replacement cost, which is approaching \$250-\$275 PSF



PROPERTY DETAILS

Address:	1615 & 1625 S. Congress Avenue Delray Beach, Florida 33445
Building Size:	175,719 SF
Year Built:	1981
Land Area:	12.19± acres
Occupancy:	98%, will be 93% as of 6/30/17
Parking:	4.6/1,000 SF ratio
Price:	Market to determine price
Year 1 NOI:	\$2,086,891



DELRAY CENTRAL | EXECUTIVE SUMMARY

MAJOR TENANCY

Below is a summary of the major tenants:

TENANT	SQ. FT.	EXPIRATION
Aldridge Pite, LLC	39,788	Aug-2024
Alfred Angelo	21,947	Apr-2020
DRB Capital	19,223	Apr-2020
ExamSoft	14,438	Mar-2021
Regus	13,562	Dec-2022
ReliaBill Solutions	12,797	Jun-2020
TOTALS	121,755	69% OF PROPERTY

OFFERING SUBMISSION PROCESS

Offers should be submitted in a Letter of Intent, specifying the following: price, length of inspection period, length of closing period, closing cost allocation, amount and timing of earnest money deposits, source/proof of equity and debt funds, and background information on the purchaser. Offers will be considered as received and should be addressed as follows:

**OWNER: AN AFFILIATE OF GROVER CORLEW OF FLORIDA, LLC
C/O SCOTT O'DONNELL**

Executive Director

scott.odonnell@cushwake.com

Cushman & Wakefield of Florida Inc, Inc.

225 NE Mizner Blvd, Suite 300

Boca Raton, FL 33432



Despite its stabilized occupancy and limited rollover profile, Delray Central presents a unique core-plus investment with attractive value growth opportunities. Given the explosive growth of Downtown Delray Beach and its residential neighborhoods, combined with the lack of developable sites for large-scale office projects like Delray Central, Delray Beach's 92% occupied office market is expected to witness outsized rent growth over the next decade.



DELRAY CENTRAL | EXECUTIVE SUMMARY

SIGNIFICANT VALUE ADD OPPORTUNITY

While actual occupancy today is 98%, an immediate leasing opportunity presents itself with Hospice of PBC vacating this June, which offers 8,826 SF of prime first floor office space in the 1625 building and takes occupancy to 93%. The Property had an overall occupancy level below 45% in 2012 but current ownership was able to more than double occupancy with a host of new tenants, including: ExamSoft, a leading provider of educational testing software, L-COM, a preferred manufacturer of wired and wireless connectivity products, and Kimley Horn, one of the country's premier engineering and design consulting firms. **Combining attentive building management and aggressive leasing, current ownership was able to grow NOI by 56% since 2014.**

CRITICAL MASS OPPORTUNITY

Delray Central offers investors the rare opportunity to acquire functional office product in the highly sought after Delray Beach office submarket. **With a current vacancy rate of 8% and no new office developments planned, this is a rare opportunity to become an immediate market maker in one of Palm Beach County's tightest submarkets. Rent spikes are highly predictable given the lack of space options in Delray Beach, especially in buildings that have direct access to Interstate-95.**

UNIQUE IN THE SUBMARKET

Outside of Delray Central, there is no other building in Delray Beach that can offer full floor contiguous spaces of 10,000 SF or greater. The average suite size at the Property is roughly 6,700 SF when excluding the three largest tenants that collectively comprise nearly 81,000 SF. However, the floor plates are extremely efficient in order to accommodate a variety of tenant profiles. The smallest tenant space is currently 1,276 square feet while the largest is nearly 40,000 square feet. This combination of size and flexibility makes Delray Central truly unique in the area, catering to small, medium and larger corporate tenants that benefit from immediate access to Interstate-95 as well as the Interstate-95 frontage and visibility.

REDEVELOPMENT OF CONGRESS AVENUE

The Delray Central presents an exceptional opportunity to be on the forefront of the redevelopment of Congress Avenue, which many are calling Delray Beach's "Next Great Street." The city of Delray Beach created a task force lead by former Mayor Jeff Perlman to breathe new life into the in-demand corridor. The task force in combination with the Planning and Zoning Department of Delray Beach envisions the 42.65-acre former Office Depot headquarters across the street from the Property as the seminal redevelopment opportunity. The 550,000 SF of existing vacant office space is being redeveloped into a mixed-use project with a substantial portion of the project to be higher-end multifamily units and neighborhood retail space which immediately will revitalize the area. Wood Partners, an Atlanta-based builder of multifamily projects, recently enjoyed successful lease-up of their new luxury apartment complex, Alta Congress, which is just south of Atlantic Avenue (one exit north of the Property) along Congress Avenue. They are also nearing completion of an even larger multi-family project just north of the corner of Atlantic Avenue and Congress Avenue, called Delray Station, which features seven buildings housing 284 units and a 7,500 square foot clubhouse with resort style amenities. There are an additional 1,300 residential units under construction in the Park at Broken Sound just south in Boca Raton. These developments not only provide additional amenities and increased residential density surrounding the Property, but also illustrate the on-going investment and growing interest in this corridor.

FLEXIBLE ZONING

Another advantage Delray Central enjoys is its flexible mixed use zoning. The MROC (Mixed Residential, Office and Commercial) District permits a variety of uses, including (1) Office Center (up to 100% office, including medical), (2) Research and Development (up to 100% of building square footage), (3) General Retail (up to 20% of total building square footage), (4) Multi-family Dwelling Units (up to 75% of total floor area at a maximum density of 40 units per acre when part of a mixed-use development containing office or commercial uses) and (5) Hotel, Motel and Residential All Suite Lodging (up to 20% of total floor area). **Delray Central's flexible zoning provides a competitive edge especially when considering its access to Interstate-95, the Property's numerous recent improvements, and overall space flexibility.**

DELRAY CENTRAL | EXECUTIVE SUMMARY

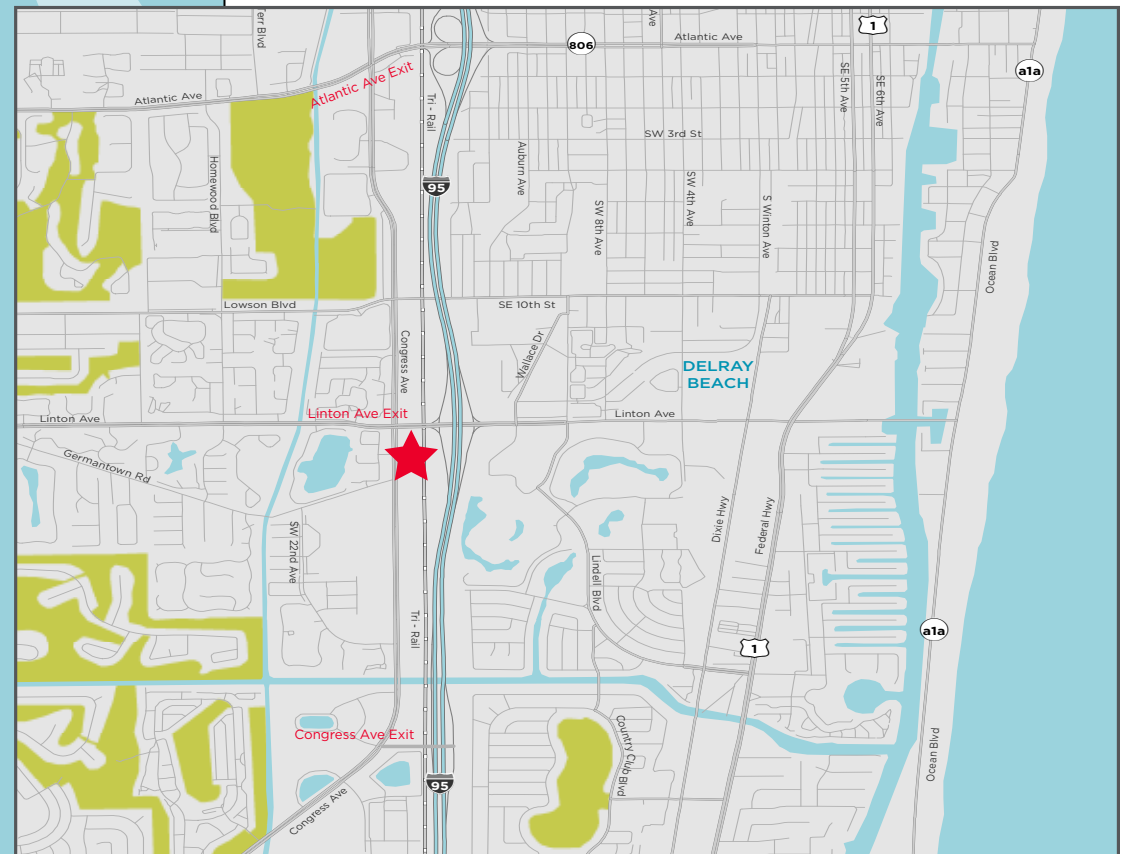


LOCATION OVERVIEW

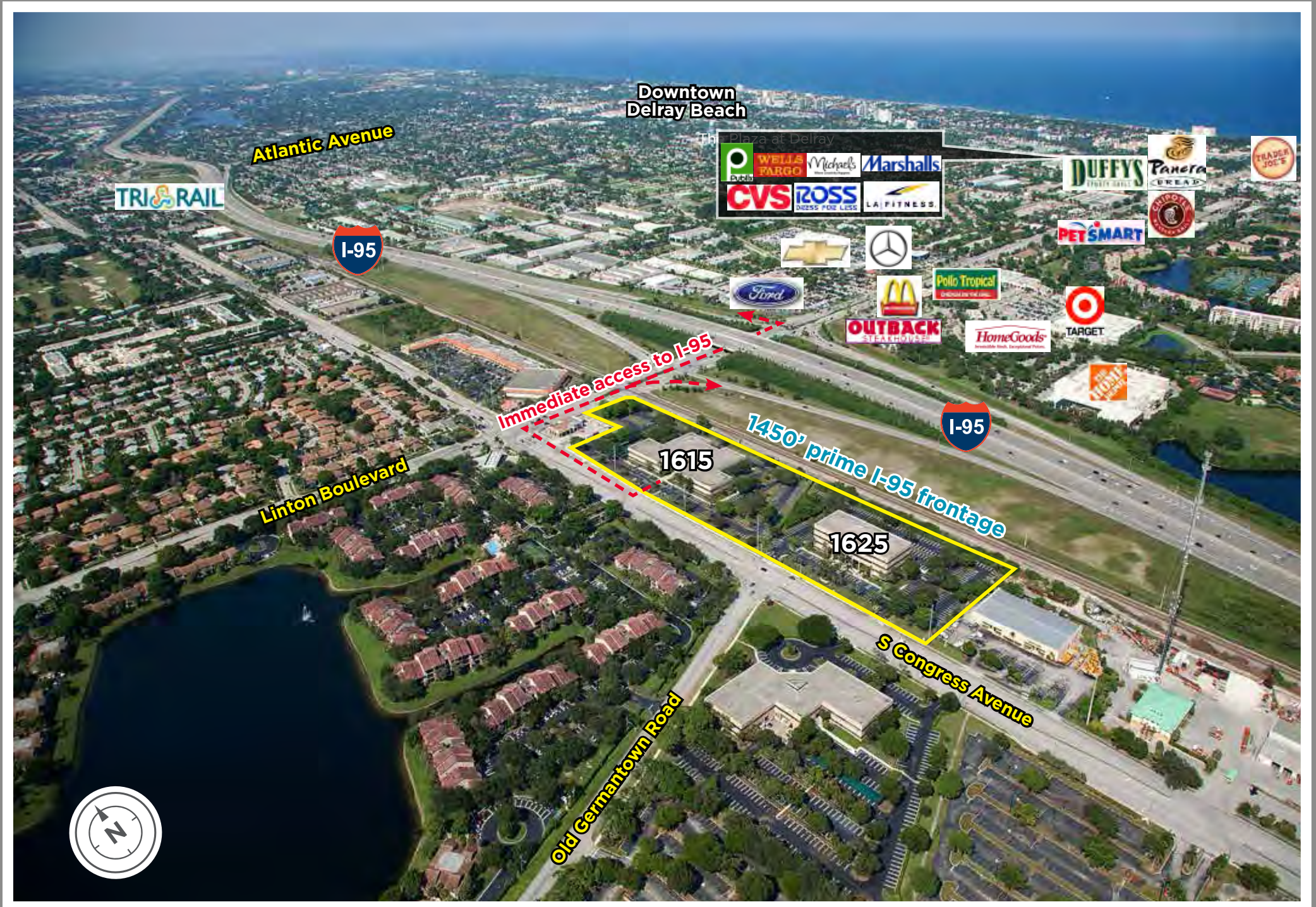
The Property is located in vibrant Delray Beach, Florida, which is ideally situated just north of Boca Raton in southern Palm Beach County. With the Linton Boulevard on/off ramp for I-95 located less than a block away, the Property's tenants are afforded quick access to the CBDs, airports, and other major highways throughout South Florida. There is a critical mass of business infrastructure, restaurants, entertainment venues and retail centers situated within the immediate area.

DIRECTIONS

From I-95, exit onto Linton Boulevard (Exit 51) and head west for roughly 0.2-miles, making the first left onto S Congress Avenue. At the first left turn, there is an entrance to the Property (1615 Building) along the eastern side of the street.









But first...
Coffee



DELRAY CENTRAL



02

**PROPERTY
OVERVIEW**

DELRAY CENTRAL | BUILDING INFORMATION

Address:	1615 & 1625 S. Congress Avenue Delray Beach, Florida 33445	
Rentable Area:	1615 Building - 98,460 SF 1625 Building - 77,259 SF Total - 175,719 SF	
Stories:	Two and Four	
Percent Leased:	Currently 98%. Will be 93% when Hopsice of PB vacates in June 2017.	
Year Built:	1981	
Tax Parcel ID Number: (Palm Beach County)	1615 Building: 12-43-46-30-10-001-0000 1625 Building: 12-43-46-30-11-001-0000	
2016 RE Tax Assessments:	<u>1615 Building:</u> Assessed Value: \$10,881,684 Millage Rate: \$21.1402 per \$1,000 Non Ad Valorem Taxes: \$24,683 Total Taxes: \$254,724	<u>1625 Building:</u> Assessed Value: \$8,360,259 Millage Rate: \$21.1403 per \$1,000 Non Ad Valorem Taxes: \$18,649 Total Taxes: \$195,387
Land Area:	1615 Building: 7.2388 acres 1625 Building: 4.946 acres	



Location: The Property is located within the southwest quadrant of Linton Boulevard and I-95, along S Congress Avenue, in Delray Beach, Florida.

Access: The Property enjoys prominent frontage along S Congress Avenue and has multiple points of ingress/egress. There are two points of ingress/egress from which visitors may make a left turn into and out of the Property, including one signalized turn at Old Germantown Road. In addition, there is another point of ingress/egress at the southern end of the Property (1625 Building) and an exit only at the far north end of the Property (1615 Building).

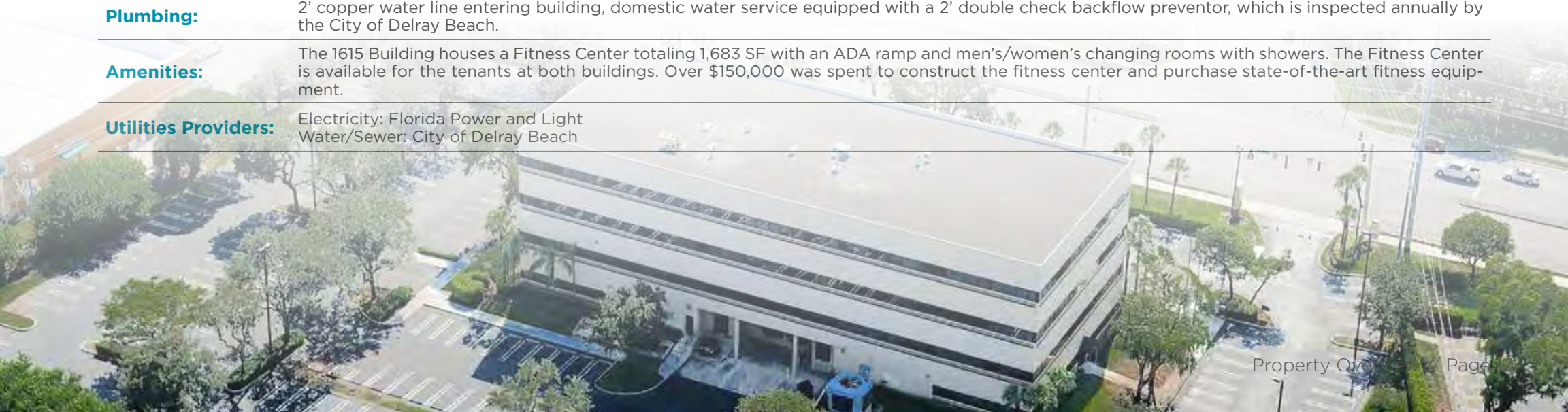
Zoning: MROC: Mixed Residential, Office and Commercial (Delray Beach) allows for various uses: (1) Office Center (up to 100% office, including medical), (2) Research and Development (up to 100% of building square footage), (3) General Retail (up to 20% of total building square footage), (4) Multi-family Dwelling Units (up to 75% of total floor area at a maximum density of 40 units per acre when part of a mixed-use development containing office or commercial uses) and (5) Hotel, Motel and Residential All Suite Lodging (up to 20% of total floor area).

Site Improvements: Native grass, landscaped hedges and trees surround each of the two buildings. In addition, the parking lots encircle the buildings, allowing for short walks to the respective building entrances for all tenants and visitors.

Parking: 4.6/1,000 SF ratio. New canopies were recently installed for on-site covered parking.

DELRAY CENTRAL | BUILDING INFORMATION

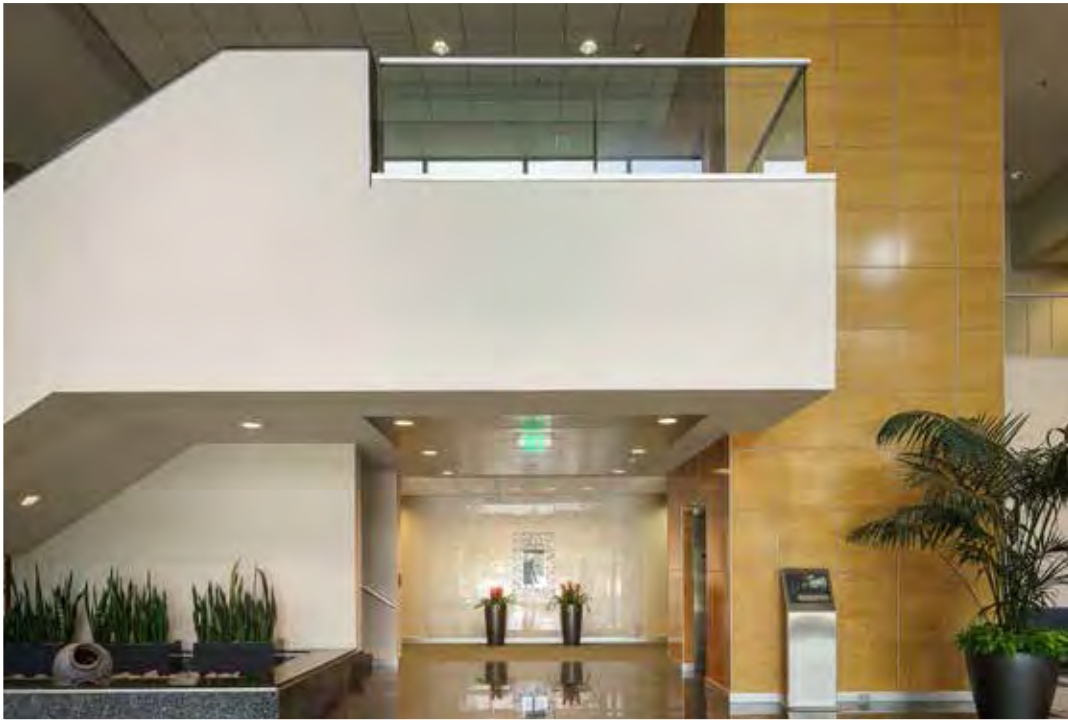
Structure:	Reinforced, cast-in-place concrete slab foundation. Buildings comprise steel-framed superstructure supporting a composite concrete and steel floor system with painted concrete exterior walls.
Roof:	Installed in 2006, warranty expired 9/26/16. Consists of modified, built-up gravel roofing system with BUR fiberglass felts and polyisocyanurate/perlite insulation.
HVAC:	1615 Building: 180-ton chiller and a 210-ton screw chiller installed in 2007 1625 Building: 150-ton chiller and a 160-ton screw chiller installed in 2007 Both buildings benefit from the installation of BACnet (Building Automation and Control Network) controls, which was completed at a cost of \$85,000. The new HVAC system allows for more efficient controls of the heating and cooling and includes a web-based Tenant Billing Package for after-hours HVAC/lighting usage. Three tenants have new VAV boxes: DRB Capital, Aldridge Pite, LLC and Regus. In total, two chiller plants and 10 Landing Station Air Handlers were retrofitted with new BACnet controls.
Elevator:	Each building has two hydraulic elevators, with Building 1615 designating one as a freight elevator. The elevator in Building 1625 was recently modernized at a cost of \$65,000.
Fenestration:	Fixed-glass windows in aluminum frames with rubber gaskets, lightly tinted with a non-reflective tint.
Common Areas:	The 1615 Building recently underwent a lobby renovation. In addition, the elevator landings were improved with new flooring, all at a total cost in excess of \$110,000.
Fire Protection:	Wet sprinkler system throughout the Property, monitored with an AFP 200 notifier.
Electrical:	Transformers in vault room accessible only by FP&L staff. Electric feed from transformer is 480/227-Volt, 3-Phase.
Emergency Power:	Each building is equipped with an emergency generator. The 1615 Building has a 125kW Onan unit (Model 125DGEA) with weather-proof enclosure, 200-gallon fuel tank, 480-V for 404 hours. The 1625 Building has a 180kW unit with completely refurbished John Deere engine, new radiator and oil, and load tested to 180 kW. The tank is 250-gallons and has 459 hours for redundant, emergency power. The generators run all emergency systems.
Plumbing:	2' copper water line entering building, domestic water service equipped with a 2' double check backflow preventor, which is inspected annually by the City of Delray Beach.
Amenities:	The 1615 Building houses a Fitness Center totaling 1,683 SF with an ADA ramp and men's/women's changing rooms with showers. The Fitness Center is available for the tenants at both buildings. Over \$150,000 was spent to construct the fitness center and purchase state-of-the-art fitness equipment.
Utilities Providers:	Electricity: Florida Power and Light Water/Sewer: City of Delray Beach



DELRAY CENTRAL | EXTERIOR PHOTOS



DELRAY CENTRAL | INTERIOR PHOTOS



DELRAY CENTRAL | LOCATION AERIAL

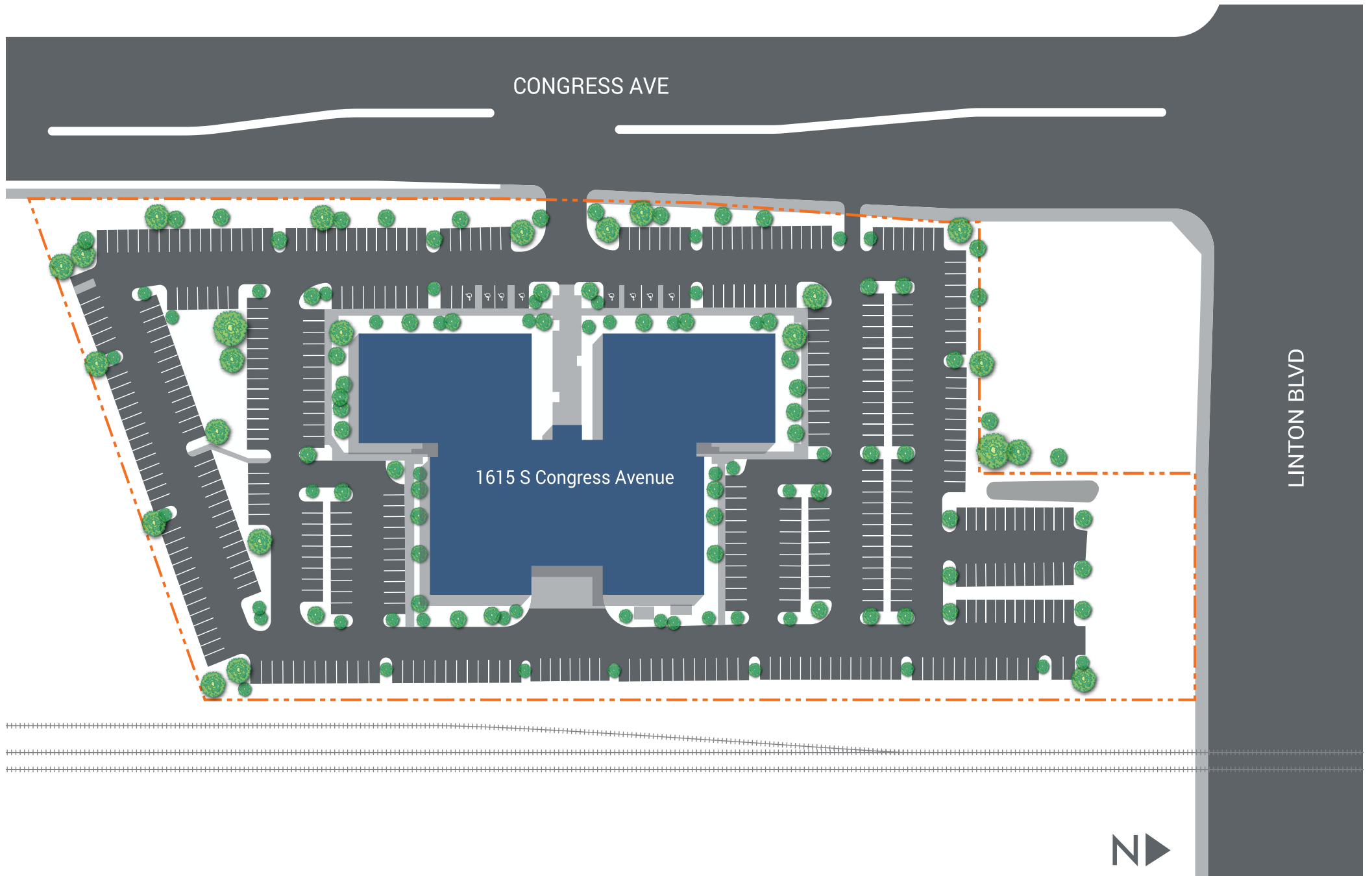


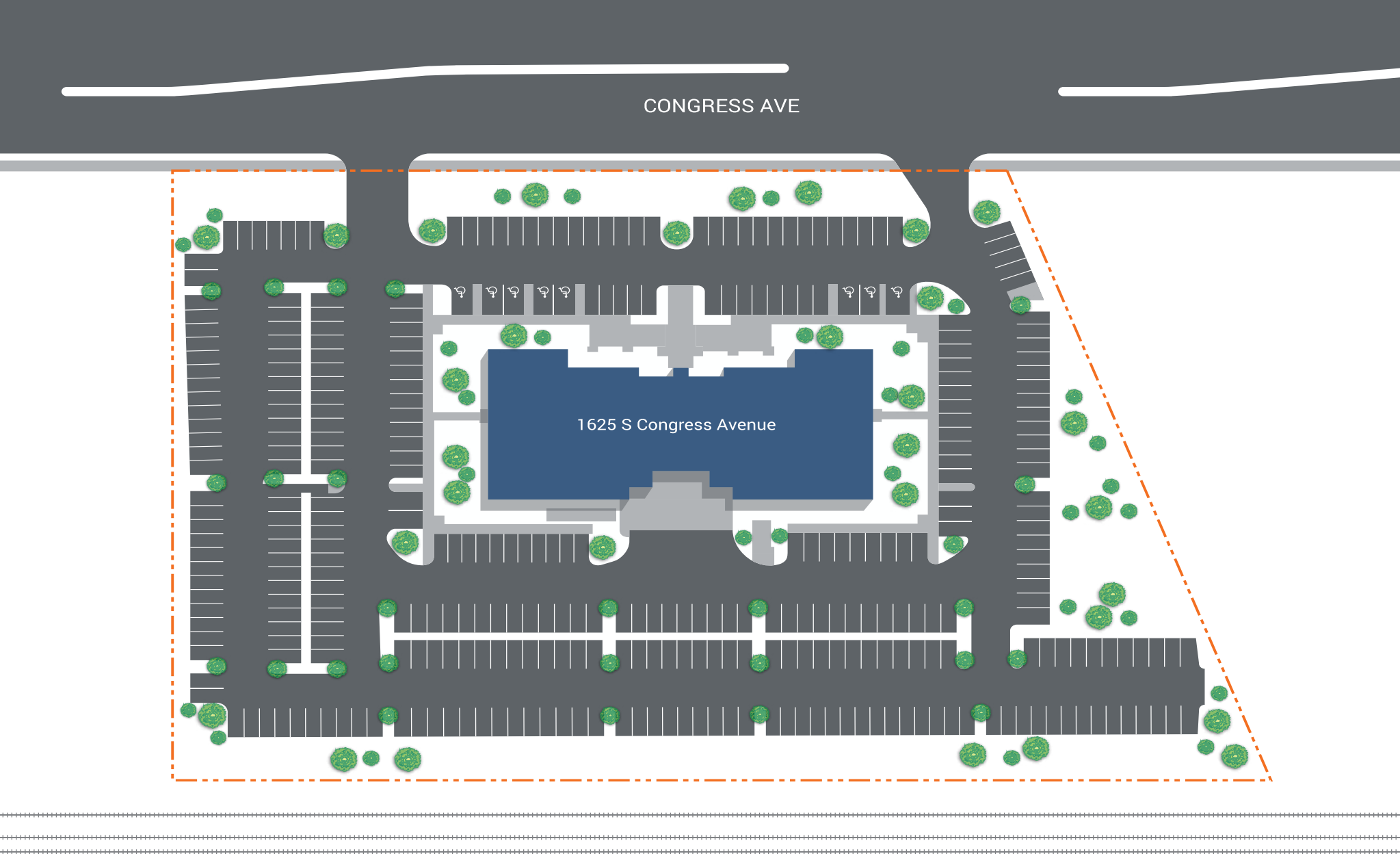
1625 BUILDING



1615 BUILDING

DELRAY CENTRAL | 1615 BUILDING SITE PLAN

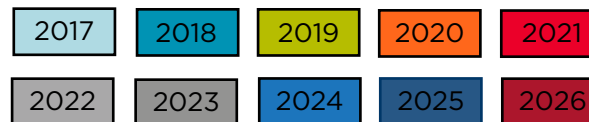




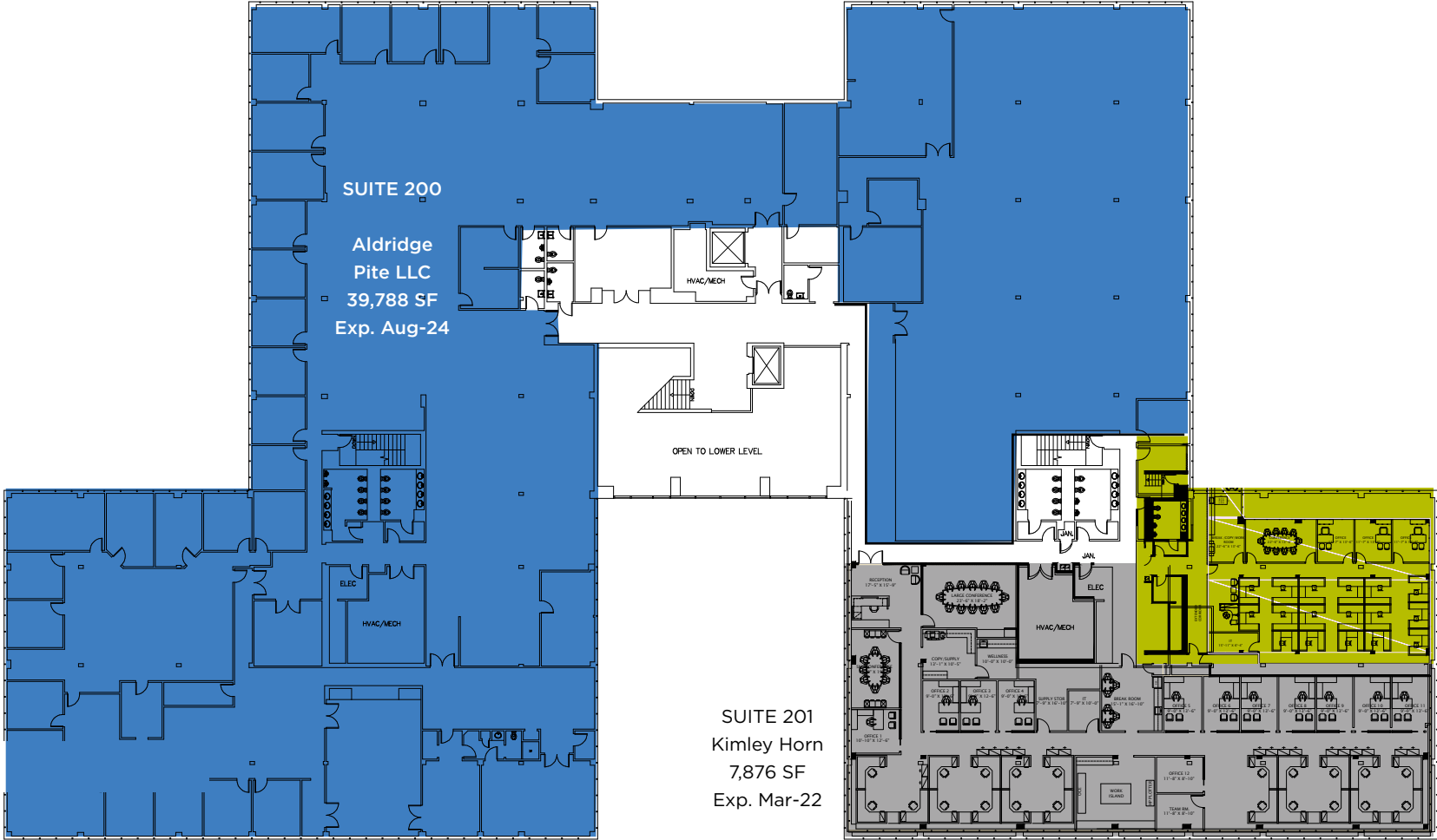
DELRAY CENTRAL | 1615 BUILDING - FIRST FLOOR



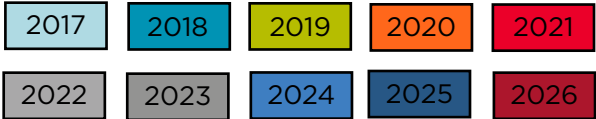
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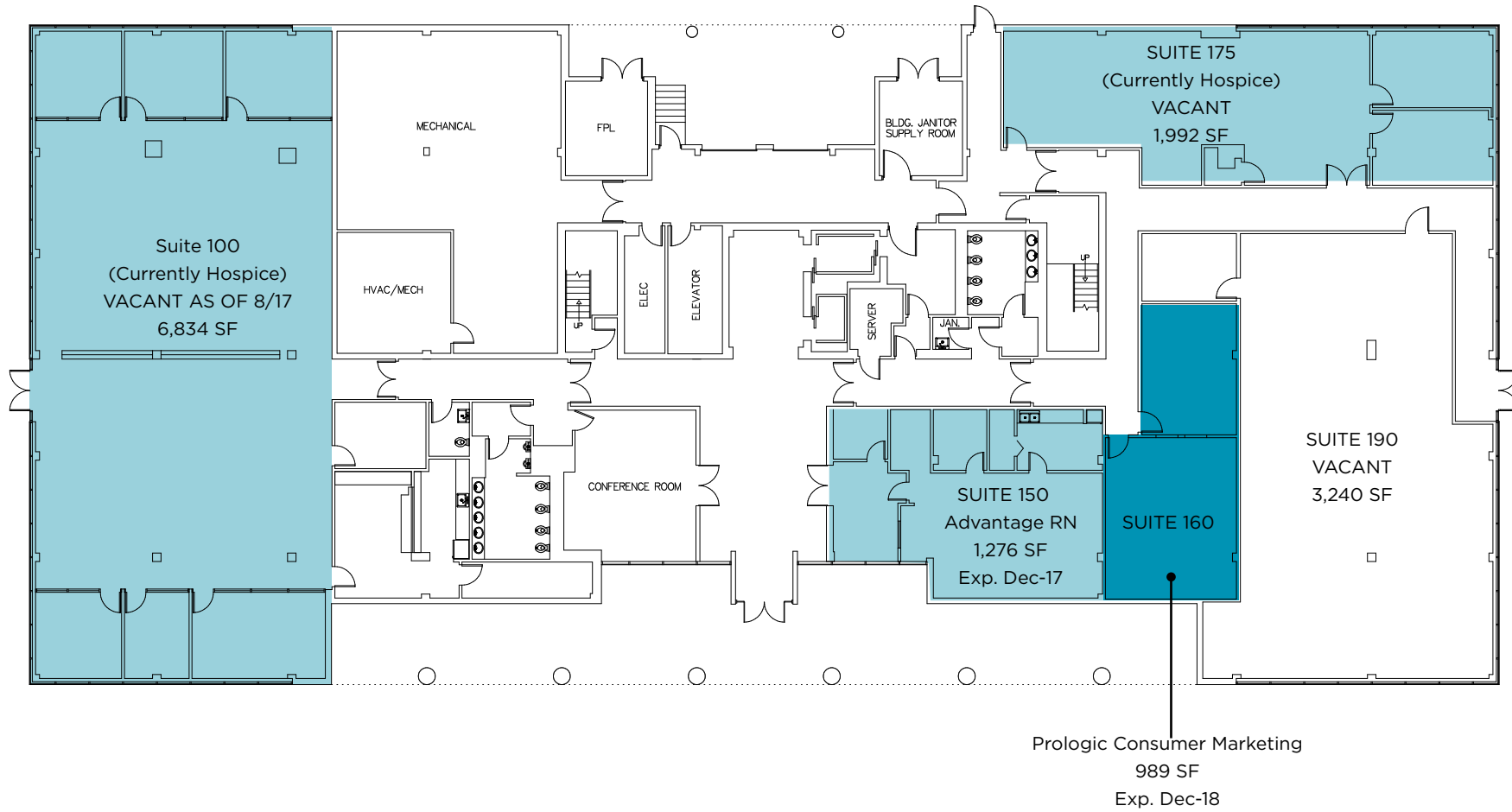
DELRAY CENTRAL | 1615 BUILDING - SECOND FLOOR



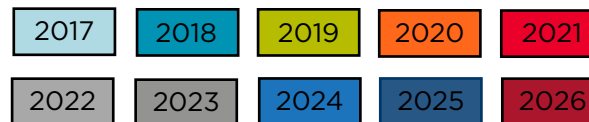
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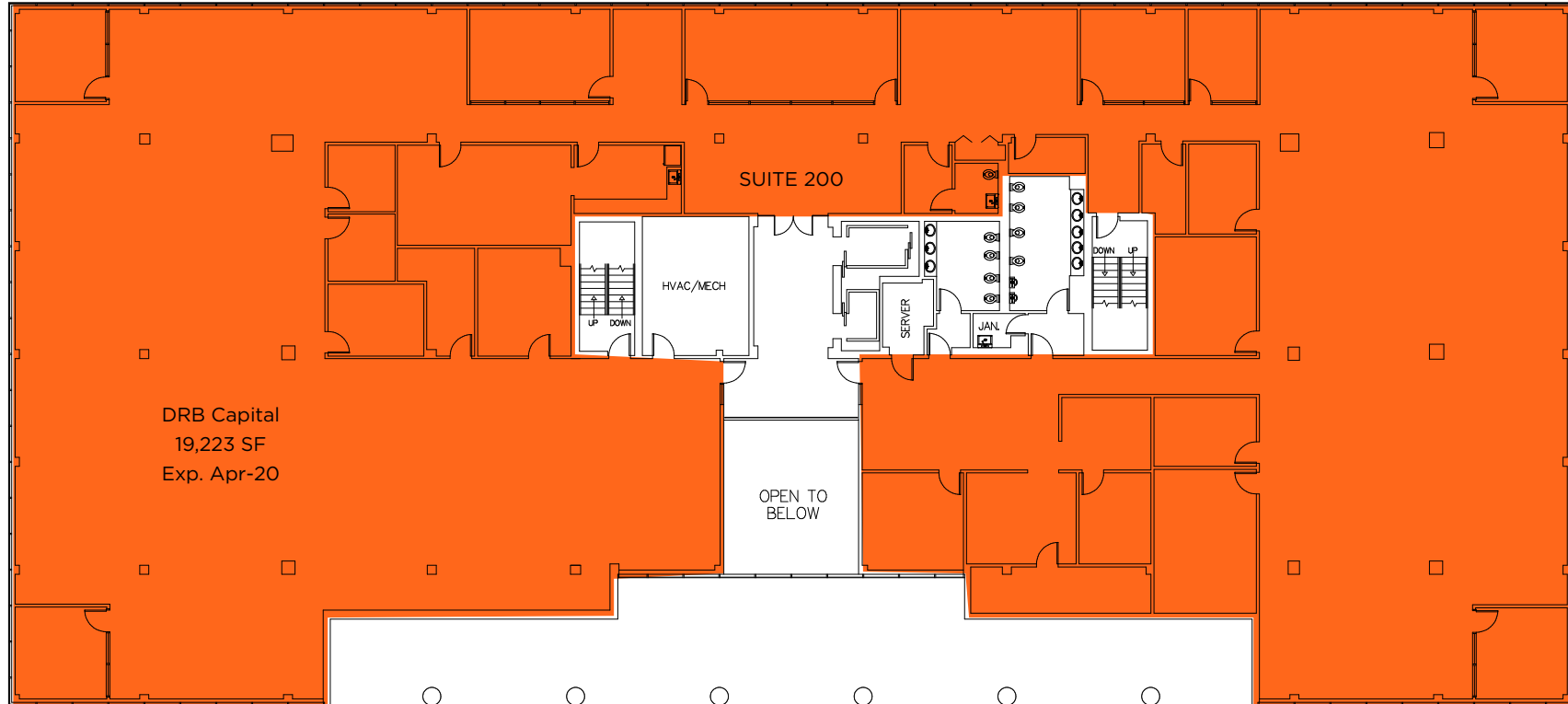
DELRAY CENTRAL | 1625 BUILDING - FIRST FLOOR



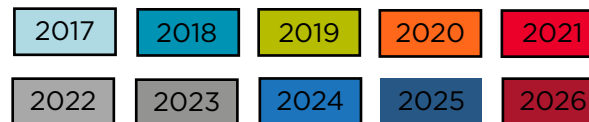
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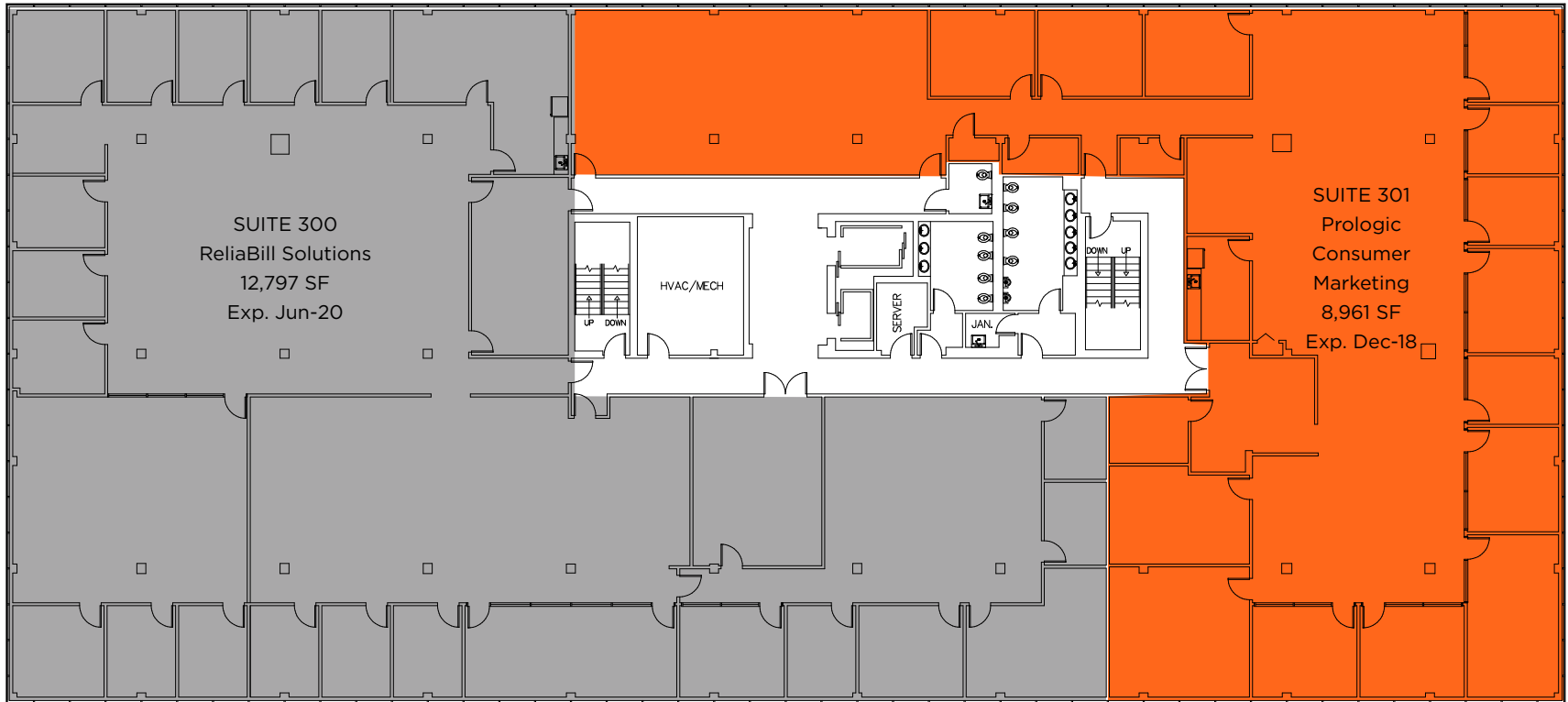
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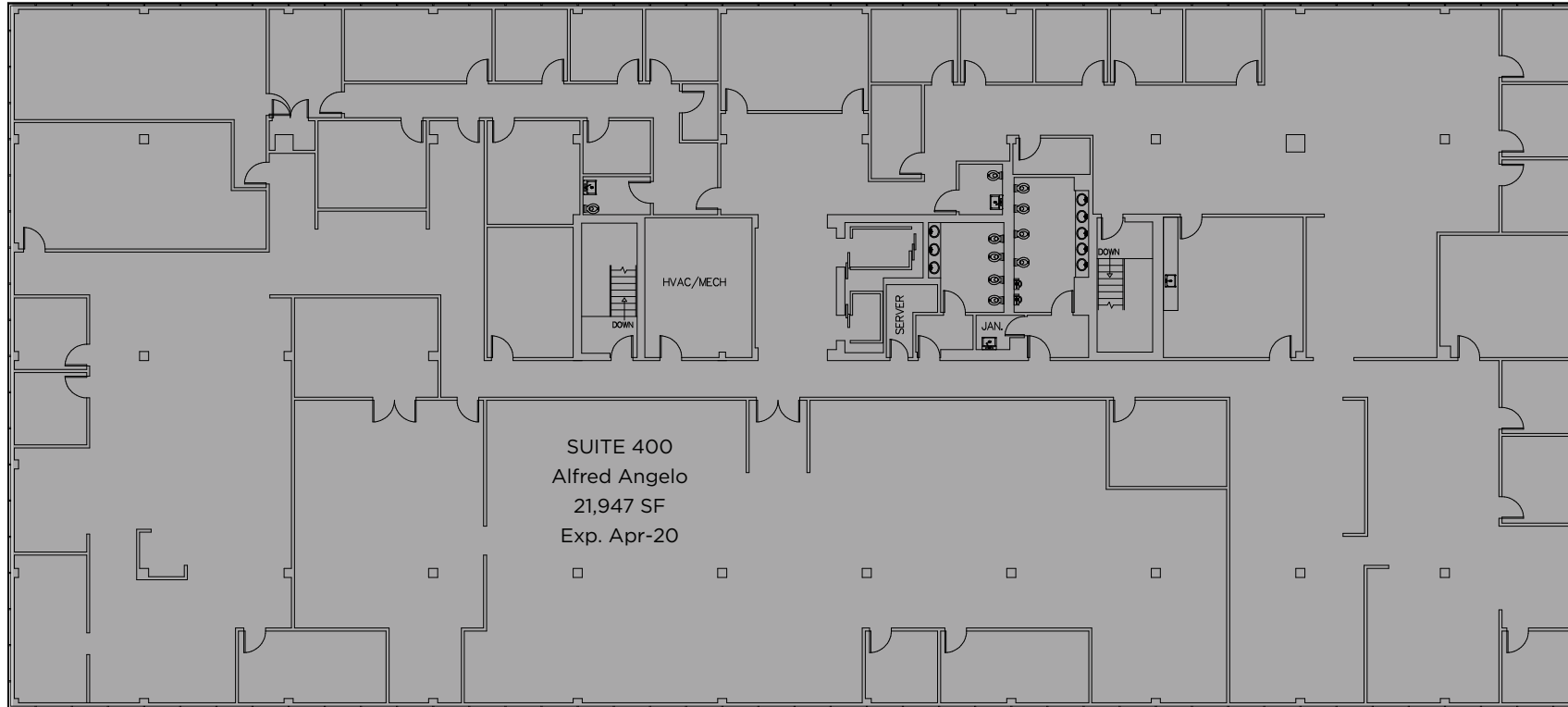
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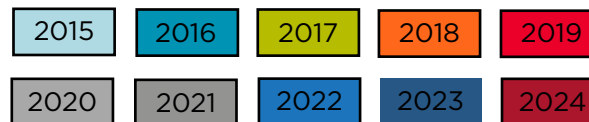
Lease Expiration Year:



DELRAY CENTRAL | 1625 BUILDING - FOURTH FLOOR



Lease Expiration Year:





DELRAY CENTRAL

Kimley»Horn

03

TENANT
OVERVIEW

DELRAY CENTRAL | RENT ROLL - 1615 BUILDING

TENANT INFORMATION						BASE RENT				UPON EXPIRATION					Notes
Building	Tenant Name	Suite #	Lease Start	Lease End	SF	Date	\$/SF	Current Rent/Yr	Recovery Method	Contract Rent	Market Rent	% of Market	Expiration Assumption	Assigned MLA	
1615	JDA Software Group	100	1/1/15	12/31/19	7,526	8/1/17 1/1/18 1/1/19	\$15.39 \$15.85 \$16.33	115,825	Net	\$16.32	\$17.47	93.42%	Market	Office	(1) Renewal Option: One 5-Year Option
1615	Fitness Center	101A	8/1/17	7/31/17	1,683	8/1/17	\$0.00	0	None	Expires after Report Term			Market	Office	Assumed not rentable for duration of analysis period
1615	Center for Diabetic Supplies	102	6/1/15	7/31/20	3,711	8/1/17 6/1/18 6/1/19 6/1/20	\$15.91 \$16.39 \$16.88 \$17.39	59,052	Net	\$17.39	\$17.47	99.54%	Market	Office	(1) Renewal Option: One 5-Year Option
1615	Regus - RGN Delray	103	1/1/13	12/31/22	13,562	8/1/17 1/1/18 1/1/19 1/1/20 1/1/21 1/1/22	\$14.63 \$15.06 \$15.52 \$15.98 \$16.46 \$16.95	198,412	Net	\$16.95	\$19.09	88.79%	Market	Office	(1) Renewal Option: Two 5-year options with 365 days notice at fair market rent (2) Termination Option: Effective date of 12/31/18 with 365 days notice and payment of unamortized leasing costs and abatements (3) ROFO: Contiguous office space on 1st floor (4) Exclusive Use: Only suites provider in the Building
1615	Risk Assurance Partners	104	1/1/17	5/31/20	5,778	8/1/17 1/1/18 1/1/19 1/1/20	\$15.00 \$15.45 \$15.91 \$16.39	86,676	Net	\$16.39	\$17.47	93.82%	Market	Office	
1615	Exam Soft	105	1/1/16	3/31/21	14,438	8/1/17 1/1/18 1/1/19 1/1/20 1/1/21	\$12.31 \$14.33 \$16.39 \$16.89 \$17.39	177,672	Net	\$17.39	\$18.00	96.61%	Market	Office	(1) Renewal Option: One 5-Year Option
1615	Aldridge Pite LLP	200	9/1/13	8/31/24	39,788	8/1/17 9/1/17 9/1/18 9/1/19 9/1/20 9/1/21 9/1/22 9/1/23	\$13.93 \$14.35 \$14.78 \$15.22 \$15.68 \$16.15 \$16.64 \$17.13	554,244	Net	\$17.13	\$20.25	84.59%	Market	Office	(1) Rent Credit: \$25,000/month credit against rent through August 2018. Seller will credit buyer outstanding credit at closing. (2) Renewal Option: Two 5-year options with 365 days notice at fair market rent (3) Termination Option: One time option effective end of 84th month (9/2020) with 365 days notice (4) ROFO/ROFR: ROFO on any available space in bldg; ROFR on any space on 2nd floor (5) Exclusive Use: LL shall not sign lease with direct competitor
1615	Kimley-Horn	201	10/1/16	3/31/22	7,876	8/1/17 10/1/17 10/1/18 10/1/19 10/1/20 10/1/21	\$15.00 \$15.45 \$15.91 \$16.39 \$16.88 \$17.39	118,140	Net	\$17.39	\$18.54	93.80%	Market	Office	
1615	L-COM	202	9/1/16	9/30/19	3,849	8/1/17 9/1/17 9/1/18	\$18.50 \$19.06 \$19.63	71,208	Net	\$19.63	\$17.47	112.36%	Market	Office	
1615	1st Utility Room	UTI			249	8/1/17	\$0.00	0	None				Market	Office	Assumed not rentable for duration of analysis period

DELRAY CENTRAL | RENT ROLL - 1625 BUILDING

TENANT INFORMATION						BASE RENT				UPON EXPIRATION					Notes
Building	Tenant Name	Suite #	Lease Start	Lease End	SF	Date	\$/SF	Current Rent/Yr	Recovery Method	Contract Rent	Market Rent	% of Market	Expiration Assumption	Assigned MLA	
1625	VACANT (formerly Hospice)	100/175	4/1/18	3/31/23	8,826	4/1/18	\$16.00	141,216	Net	\$18.01	\$19.09	94.34%	Market	Office	Hospice of Palm Beach County will vacate space effective 6/30/17
1625	Advantage RN	150	11/1/14	12/31/17	1,276	8/1/17 11/1/17	\$14.59 \$15.03	18,612	Net	\$15.03	\$16.00	93.94%	Market	Office	
1625	Prologic Consumer Mktg	160/301	1/1/13	12/31/18	9,950	8/1/17 1/1/18	\$15.91 \$16.39	158,304	Net	\$16.39	\$16.80	97.56%	Market	Office	(1) ROFO: On any 3rd floor space (2) Relocation: LL one-time right to relocate with 60 days notice
1625	VACANT	190	1/1/18	12/31/22	3,240	1/1/18	\$16.00	51,840	Net	\$18.01	\$19.09	94.34%	Market	Office	
1625	DRB Capital	200	4/1/14	4/30/20	19,223	8/1/17 5/1/18 5/1/19	\$13.67 \$14.08 \$14.50	262,776	Net	\$14.50	\$17.47	83.00%	Market	Office	(1) Renewal Option: One 3-Year Option with 365 days notice at fair market rent (2) ROFO: ROFO on any available space on 1st or 3rd floor (3) Security Deposit: \$90,000 to be returned within 30 days of lease expiration
1625	ReliaBill Solutions	300	8/1/14	6/30/20	12,797	8/1/17 9/1/17 9/1/18 9/1/19	14.03 14.31 14.60 14.89	179,544	Net	\$14.60	\$17.47	83.57%	Market	Office	(1) Renewal Option: Two 5-year options with 365 days notice at fair market rent (2) ROFO: ROFO on any available space on 3rd floor (3) Relocation: LL may relocate with 120 days notice, new premises to contain 90% - 110% of current rentable area
1625	Alfred Angelo	400	6/1/13	4/30/20	21,947	8/1/17 6/1/18 6/1/19	\$13.51 \$13.91 \$14.33	296,424	Net	\$14.33	\$17.47	82.03%	Market	Office	
Occupied Property						163,653	93%	\$14.04	\$	2,296,889					
Vacant Property						12,066	7%	\$16.00	\$	193,056					
Total Property						175,719	100%	\$14.17	\$	2,489,945					





ALDRIDGE PITE, LLP

Aldridge Pite, LLP is a multi-state law firm offering services in Alabama, Alaska, Arizona, California, Florida, Georgia, Hawaii, Idaho, New Mexico, New York, Nevada, Oregon, Tennessee, Texas, Utah and Washington. Aldridge Pite is a full-service provider of legal services to depository and non-depository financial institutions including banks, credit unions, mortgage servicing concerns, institutional investors, private firms, and other commercial clients. In furtherance of the firm’s mission to provide “best in class” legal representation to its clients, Aldridge Pite has developed proprietary technology and work flow systems related to the national management of eviction portfolios, national proof of claim processing, national bankruptcy management and the tracking and management of commercial litigation portfolios.



Tenant Snapshot

Suite:	1615-200
Square Feet:	39,788 SF
Expiration:	August 2024



REGUS

Regus is the world’s largest provider of flexible workspaces, serving over one million customers per day. They have more than 2,000 business centers across some 750 cities across the globe. Founded in 1989, the organization is headquartered in Luxembourg with their shares listed on the London Stock Exchange. Half of the Fortune 500 as well as hundreds of thousands of start-ups, small- and medium-sized companies across every sector are served by a Regus workspace. The Regus line of products and services allow customers to concentrate on their core business by giving them the flexibility to rent spaces for days, months or even years and use their virtual offices, video conferencing centers and support services.



Tenant Snapshot

Suite:	1615-103
Square Feet:	13,562 SF
Expiration:	November 2022



ALFRED ANGELO

Alfred Angelo is America's oldest and largest family-owned and operated bridal company. Founded in 1933 by Alfred Angelo Piccione, the company was created to create a market for affordably-priced wedding attire that would retain a custom-made look. Today, the company owns and operates 62 Alfred Angelo Signature Stores located in major US markets, and their various bridal collection lines can also be found in other bridal boutiques throughout the world. The company's sales offices are situated around the globe, including Toronto, Sydney, Paris, Brussels and Delray Beach, Florida.



Tenant Snapshot

Suite:	1625-400
Square Feet:	21,947 SF
Expiration:	April 2020



DRB CAPITAL

DRB Capital is one of the most trusted annuity buyers in the country, helping people who need to sell their structured settlement payments or annuity payments for a lump sum of cash. The senior management team has more than 25 years of combined experience, working with structured settlements since the option first became available. The company is passionate about helping customers get the cash solutions they need and their professionals pride themselves on dedicated customer service.



Tenant Snapshot

Suite:	1625-200
Square Feet:	19,223 SF
Expiration:	April 2020



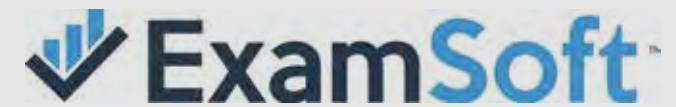
RELIABILL SOLUTIONS

ReliaBill Solutions is a firm focused on helping eliminate revenue cycle issues. Using their decades of experience, along with their advanced technology, they optimize revenue management for substance abuse and mental health facilities nationwide. The company’s attention to detail and unmatched service are the foundation of ReliaBill Solutions. The team is dedicated to assisting clients in making sound billing and utilization review decisions, while increasing revenue by advocating for a treatment center’s maximum reimbursement.



Tenant Snapshot

Suite:	1625 -300
Square Feet:	12,797 SF
Expiration:	June 2020



EXAMSOFT

ExamSoft offers a market-leading exam management and analytics platform that delivers powerful, actionable data to assess learning outcomes and improve learning, engagement, and retention. Its software suite enables clients to efficiently and practically administer exams and analyze resulting data to improve curricular design, test design, and accreditation compliance. ExamSoft has served hundreds of prominent institutions for more than 18 years and has successfully administered millions of exams.



Tenant Snapshot

Suite:	1615-105
Square Feet:	14,438 SF
Expiration:	March 2021



GLADES
CONFERENCE ROOM



DELRAY CENTRAL | LEASE EXPIRATION SCHEDULE

Tenant Name	Building	Suite	Lease Status	Expiration Assumption	Lease Start	Lease End	Expiration Year	Expiration SF	Cumulative SF	% NRA	Cumulative % NRA
Advantage RN	1625	150	Contract	Market	11/1/2014	12/31/2017	1	1,276		0.7%	
Total Jul-2018 Expirations:							1	1,276	1,276	0.7%	0.7%
Prologic Consumer Mktg	1625	160/301	Contract	Market	1/1/2013	12/31/2018	2	9,950		12.9%	
Total Jul-2019 Expirations:							2	9,950	11,226	6.4%	7.1%
L-COM	1615	202	Contract	Market	9/1/2016	9/30/2019	3	3,849		3.9%	
JDA Software Group	1615	100	Contract	Market	1/1/2015	12/31/2019	3	7,526		7.6%	
Risk Assurance Partners	1615	104	Contract	Market	1/1/2017	5/31/2020	3	5,778		5.9%	
Center for Diabetic Supplies	1615	102	Contract	Market	6/1/2015	7/31/2020	3	3,711		3.8%	
DRB Capital	1625	200	Contract	Market	4/1/2014	4/30/2020	3	19,223		24.9%	
Alfred Angelo	1625	400	Contract	Market	6/1/2013	4/30/2020	3	21,947		28.4%	
ReliaBill Solutions	1625	300	Contract	Market	8/1/2014	6/30/2020	3	12,797		7.8%	
Total Jul-2020 Expirations:							3	74,831	86,057	49.0%	56.1%
Exam Soft	1615	105	Contract	Market	1/1/2016	3/31/2021	4	14,438		8.2%	
Total Jul-2021 Expirations:							4	14,438	100,495	8.2%	57.2%
Kimley Horn	1615	201	Contract	Market	10/1/2016	3/31/2022	5	7,876		4.5%	
Total Jul-2022 Expirations:							5	7,876	108,371	4.5%	61.7%
VACANT - 190	1625	190	Speculative	Market	1/1/2018	12/31/2022	6	3,240		4.2%	
VACANT	1625	100/175	Speculative	Market	4/1/2018	3/31/2023	6	8,826		11.4%	
Regus - RGN Delray	1615	103	Contract	Market	1/1/2013	12/31/2022	6	13,562		13.8%	
Total Jul-2023 Expirations:							6	25,628	133,999	14.6%	76.3%
Aldridge Connors	1615	200	Contract	Market	9/1/2013	8/31/2024	8	39,788		40.4%	
Total Jul-2025 Expirations:							8	39,788	173,787	22.6%	98.9%



alfred angelo





DELRAY CENTRAL





04

FINANCIALS

DELRAY CENTRAL | CASH FLOW ASSUMPTIONS

ANALYSIS START DATE

August 1, 2017

ANALYSIS PERIOD

10 Years

GENERAL INFLATION

3.0% per annum, calculated on a fiscal year basis

GENERAL VACANCY & CREDIT LOSS

8%

ABSORPTION

The 12,066 SF of vacancies (including Hospice's vacated space) are leased up in Months 6 (3,240 SF) and 9 (8,826 SF) of the analysis.

MARKET RENT

\$16.00 PSF, Net

LEASE TERM

5 years

RENT ABATEMENT

3 months for new leases in Year 1, 2 months for new leases in Year 2, 1 month for new leases in Year 3, and 0 months of abatements thereafter

MARKET RENT GROWTH RATE

5.0% for Year 1; 4.0% for Year 2; 3.0% for Year 3 and thereafter

ANNUAL RENTAL RATE ESCALATIONS

3.0% annually

OPERATING EXPENSES

Pro Forma expenses are based on 2017 Budget, except where noted otherwise.

REAL ESTATE TAXES

The offering is being marketed without an asking price. Therefore, investors should re-assess taxes based on their estimated purchase price. In Palm Beach County, taxes are typically reassessed in the 75%-85% of purchase price range. In 2016, the 1615 building had an assessed value of \$10,881,684 with a millage rate of 21.1402 and Non-Ad Valorem Taxes of \$24,683. The 1625 building had an assessed value of \$8,360,259 with the same millage rate and Non-Ad Valorem Taxes of \$18,649. For Year 1 of the analysis, we inflated 2016 discounted taxes (i.e., with 4% early payment discount) by 3% and grow by 3% per year thereafter.

MANAGEMENT FEES

3.0% of Base Rental Revenue

RENEW/RE-LET RATIO

75%/25%

DOWNTIME AT TURNOVER

6 Months

TENANT IMPROVEMENTS (NEW / RENEWAL)

\$15.00 / \$5.00

We assumed \$40 PSF in Bldg. 1625, Suite 190 for first generation lease-up

LEASING COMMISSIONS (NEW / RENEWAL)

7.0%/3.0% (paid on net rent)

CAPITAL RESERVES

\$0.20 PSF per year

DEBT FINANCING

Contact **Jason Hochman** to discuss the latest preunderwritten debt financing options:

Jason Hochman

Senior Director
Equit, Debt & Structured Finance
+1 305 533 2876
jason.hochman@cushwake.com

DELRAY CENTRAL | DISCOUNTED CASH FLOW

Years Ending:	PSF	Jul-2018	Jul-2019	Jul-2020	Jul-2021	Jul-2022	Jul-2023	Jul-2024	Jul-2025	Jul-2026	Jul-2027	Jul-2028
REVENUE												
BASE RENT	\$ 14.48	\$2,545,177	\$2,637,791	\$2,747,956	\$2,953,750	\$3,047,052	\$3,157,636	\$3,263,773	\$3,457,003	\$3,587,120	\$3,697,792	\$3,812,959
RENT ABATEMENTS	(0.28)	(49,540)	(6,965)	(19,126)	-	-	-	-	-	-	-	-
EXPENSE REIMBURSEMENTS	8.70	1,529,191	1,633,866	1,591,414	1,713,435	1,794,466	1,813,697	1,900,042	1,841,032	1,924,359	2,084,841	2,106,724
TOTAL REVENUE	\$ 22.90	\$ 4,024,828	\$ 4,264,692	\$ 4,320,244	\$ 4,667,185	\$ 4,841,518	\$ 4,971,333	\$ 5,163,815	\$ 5,298,035	\$ 5,511,479	\$ 5,782,633	\$ 5,919,683
REVENUE ADJUSTMENTS												
ABSORPTION/TURNOVER	\$ (0.68)	\$ (119,147)	\$ (27,860)	\$ (188,469)	\$ (73,627)	\$ (24,332)	\$ (85,610)	\$ (32,611)	\$ (242,207)	\$ (199,268)	\$ (28,207)	\$ (99,245)
GENERAL VACANCY	(1.10)	(193,308)	(311,087)	(142,073)	(293,857)	(361,043)	(305,248)	(377,885)	(162,259)	(225,709)	(432,147)	(366,390)
TOTAL ADJUSTMENTS	\$ (1.78)	\$ (312,455)	\$ (338,947)	\$ (330,542)	\$ (367,484)	\$ (385,375)	\$ (390,858)	\$ (410,496)	\$ (404,466)	\$ (424,977)	\$ (460,354)	\$ (465,635)
EFFECTIVE GROSS REVENUE	\$ 21.13	\$ 3,712,373	\$ 3,925,745	\$ 3,989,702	\$ 4,299,701	\$ 4,456,143	\$ 4,580,475	\$ 4,753,319	\$ 4,893,569	\$ 5,086,502	\$ 5,322,279	\$ 5,454,048
EXPENSES												
Real Estate Taxes	\$ 2.51	\$441,507	\$454,753	\$468,395	\$482,446	\$496,920	\$511,827	\$527,183	\$542,998	\$559,288	\$576,067	\$593,349
Insurance	0.75	132,528	136,504	140,599	144,816	149,162	153,636	158,245	162,993	167,883	172,918	178,107
Management Fee	0.63	111,371	117,773	119,691	128,991	133,685	137,415	142,599	146,807	152,595	159,668	163,621
Administrative	0.21	37,579	38,706	39,867	41,064	42,295	43,564	44,872	46,217	47,604	49,032	50,503
Payroll	0.48	85,000	87,550	90,177	92,882	95,668	98,538	101,494	104,539	107,675	110,906	114,232
Repairs & Maintenance	0.61	107,497	110,722	114,044	117,464	120,989	124,618	128,357	132,208	136,174	140,259	144,467
Janitorial	0.84	147,660	152,090	156,652	161,352	166,193	171,178	176,314	181,603	187,051	192,663	198,443
Landscaping	0.32	55,500	57,165	58,880	60,646	62,466	64,340	66,270	68,258	70,305	72,415	74,587
Trash	0.15	25,716	26,487	27,282	28,100	28,943	29,812	30,707	31,627	32,576	33,553	34,560
Contract Services	0.72	126,044	129,825	133,720	137,732	141,863	146,120	150,503	155,018	159,668	164,459	169,393
Electric	1.78	312,900	322,287	331,955	341,914	352,172	362,737	373,619	384,827	396,373	408,263	420,511
Water & Sewer	0.19	33,120	34,114	35,137	36,191	37,277	38,395	39,547	40,734	41,956	43,214	44,511
Non-Recoverable	0.05	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
TOTAL EXPENSES	\$ 9.25	\$ 1,625,482	\$ 1,677,036	\$ 1,725,459	\$ 1,782,658	\$ 1,836,693	\$ 1,891,240	\$ 1,948,770	\$ 2,006,889	\$ 2,068,208	\$ 2,132,477	\$ 2,195,344
NET OPERATING INCOME	\$ 11.88	\$ 2,086,891	\$ 2,248,709	\$ 2,264,243	\$ 2,517,043	\$ 2,619,450	\$ 2,689,235	\$ 2,804,549	\$ 2,886,680	\$ 3,018,294	\$ 3,189,802	\$ 3,258,704
CAPITAL EXPENDITURES												
TENANT IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LEASING COMMISSIONS	2.05	359,820	76,864	418,089	300,969	66,484	233,918	89,106	471,930	602,880	141,287	
CAPITAL RESERVES	0.41	72,654	35,220	194,200	140,351	31,003	109,083	41,553	220,074	281,140	65,886	
TOTAL CAPITAL EXPENDITURES	\$ 2.46	\$ 432,474	\$ 112,084	\$ 612,289	\$ 441,320	\$ 97,487	\$ 343,001	\$ 130,659	\$ 692,004	\$ 884,020	\$ 207,173	
OPERATING CASH FLOW	\$ 9.42	\$ 1,654,417	\$ 2,136,625	\$ 1,651,954	\$ 2,075,723	\$ 2,521,963	\$ 2,346,234	\$ 2,673,890	\$ 2,194,676	\$ 2,134,274	\$ 2,982,629	

DELRAY CENTRAL | HISTORICAL EXPENSES

Square Feet:	175,719							
Operating Expenses	2014 (2)		2015		2016		Pro Forma (1)	
	Total \$	\$ PSF	Total \$	\$ PSF	Total \$	\$ PSF	Total \$	\$ PSF
EXPENSES								
Real Estate Taxes (3)	\$240,938	\$1.37	\$243,036	\$1.38	\$432,106	\$2.46	\$441,507	\$2.51
Insurance	\$57,252	\$0.33	\$98,439	\$0.56	\$132,520	\$0.75	\$132,528	\$0.75
Management Fee (4)	\$125,103	\$0.71	\$63,445	\$0.36	\$103,266	\$0.59	\$111,371	\$0.63
Administrative (5)	\$27,546	\$0.16	\$35,206	\$0.20	\$35,895	\$0.20	\$37,579	\$0.21
Payroll (6)	\$113,385	\$0.65	\$127,323	\$0.72	\$97,340	\$0.55	\$85,000	\$0.48
Repairs & Maintenance	\$144,421	\$0.82	\$215,596	\$1.23	\$139,414	\$0.79	\$107,497	\$0.61
Janitorial	\$147,750	\$0.84	\$102,216	\$0.58	\$152,828	\$0.87	\$147,660	\$0.84
Landscaping (7)	\$119,886	\$0.68	\$67,582	\$0.38	\$61,237	\$0.35	\$55,500	\$0.32
Trash Removal	\$25,260	\$0.14	\$18,457	\$0.11	\$25,058	\$0.14	\$25,716	\$0.15
Contract Services (8)	\$43,104	\$0.25	\$78,779	\$0.45	\$133,260	\$0.76	\$126,044	\$0.72
Electric	\$366,141	\$2.08	\$238,384	\$1.36	\$301,910	\$1.72	\$312,900	\$1.78
Water & Sewer	\$25,606	\$0.15	\$27,457	\$0.16	\$39,482	\$0.22	\$33,120	\$0.19
Non-Recoverable (9)	\$0	\$0.00	\$5,401	\$0.03	\$7,964	\$0.05	\$9,060	\$0.05
Total Expenses	\$1,436,392	\$8.17	\$1,321,322	\$7.52	\$1,662,280	\$9.46	\$1,625,482	\$9.25

NOTES:

- 1) Pro Forma based on 2017 budget expenses unless otherwise noted
- 2) 2014 Expenses based on previous ownership's budget
- 3) Pro Forma taxes equal to 2016 taxes, inflated by 3% (with 4% early payment discount). It is the responsibility of the investor to reassess taxes in accordance with the projected purchase price.
- 4) Management Fee is 3% of Effective Gross Revenue
- 5) Administrative expenses include: management office expenses
- 6) Payroll includes half salary for property manager, assistant property manager, and maintenance engineer.
Historically, payroll also included allocation for accounting and payroll personnel which are now included in the Management Fee above.
- 7) Landscaping category included some "Contract Services" in 2014 under prior ownership
- 8) Contract Services includes elevator, HVAC and other maintenance contract services
- 9) Non-recoverable includes marketing and tenant function expenses





DELRAY CENTRAL



05

MARKET
OVERVIEW

DELRAY CENTRAL | PALM BEACH COUNTY OVERVIEW

QUALITY OF LIFE

Palm Beach County's quality of life has enticed many local and national businesses to relocate offices or open branches in the area. Below are some highlights that illustrate why Palm Beach County is a top choice to live and work:

- The School District of Palm Beach County has been rated an "A" for eight consecutive years by the Florida Department of Education and is home to two of the Top 100 nationally ranked high schools
- Palm Beach County has more golf courses than any other county in the country with more than 160 public and private golf courses, from executive to championship level, designed by the best names in the industry
- The county is the Spring Training home of the Florida Marlins and St. Louis Cardinals, and the Houston Astros and Washington Nationals are also in the process of constructing a new training facility to be completed in early 2017
- Palm Beach County is the winter equestrian capital of the world, hosting the Winter Equestrian Festival every January through April and bringing large crowds and international celebrities
- Home to more than 200 theaters, museums, art centers, performance stages and cultural venues, Palm Beach County is considered among the world's most celebrated cultural destinations
- Thanks to its pristine beaches, 125 waterways and sunny weather, outdoor sports are enjoyed year-round and bring droves of visitors each year
- According to the county clerk and comptroller, Palm Beach County's "AAA" bond rating is one of only 36 counties nationwide to earn this highest rating from all three of the major rating agencies, translating into lower interest rates and peace of mind that the county will be run smoothly



Palm Beach County is the third most populous county in the state of Florida with a year-round population of 1.44 million. It is part of the tri-county South Florida region, which is the eighth most populous in the US, and which just saw its population surpass 6.0 million for the first time.

The three counties have experienced rapid and sustained growth over the past five years, with just under 500,000 new residents seduced by the world-class golf courses of the Palm Beaches, towering oceanfront condos of Broward and colorful street life of Miami-Dade County. Palm Beach County saw its population grow by 7.8% over this time period. Vibrant cultures, technology jobs and tax-friendly environment all contributed to the area being an attractive destination.

Palm Beach County has a labor force of 711,000 people and a sub-5% unemployment rate, with the top jobs by occupation consisting of office and administrative support (15.9%) and executives, managers and administrators (9.7%). With over one-third of the labor force having "white collar" jobs, the county has a relatively affluent population base. Roughly one-quarter of households in the county boast household incomes in excess of \$100,000 per year.

DELRAY CENTRAL | PALM BEACH COUNTY OVERVIEW

TRANSPORTATION

The County's infrastructure is well equipped to meet the needs of businesses, residents and its many visitors. The county's efficient, integrated transportation system includes expressways, railways, a major international airport, three executive/commercial airports and a fast-growing seaport.



Airport — Palm Beach International Airport serves over six million passengers each year and was voted third best airport in the US and sixth best in the world by Conde Nast Traveler readers. The airport has 28 aircraft gates, with the potential to add 24 additional gates at a later time. There are over 200 daily flights on 12 airlines offering non-stop service to over 25 destinations and connecting service to destinations throughout the world.



Seaport — The Port of Palm Beach is the fourth busiest container port of Florida's 15 deep water ports and the 20th busiest container port in the United States. It is also the only South Florida port with on-dock rail, having five miles of port-owned track directly linked to the Florida East Coast (FEC) Rail Company and switches to the CSX and NFS. The port contributes \$260 million in business revenue, and over \$7 billion of commodities moves through the port each year. Additionally, the Bahamas Celebration cruise ship brings 275,000 passengers to the port annually.



Rail Service — Commuter rail service between Miami and West Palm Beach is currently operated seven days per week by Tri-Rail, spanning over 70 miles with direct and convenient bus connections along the way. All Aboard Florida has proudly introduced Brightline, an express train service that will connect South Florida to Orlando by using the existing FEC Railway corridor and new tracks to be constructed along State Road 528 between Cocoa and Orlando. Brightline will launch service between Miami and West Palm Beach in 2017, with service to Orlando following.



DELRAY CENTRAL | DELRAY BEACH OVERVIEW

DELRAY BEACH, A VILLAGE BY THE SEA

In the southeast corner of Palm Beach County on the Atlantic seashore, a village by the sea that began as an agricultural community in 1895 has become one of Florida's most popular destinations for visitors, new families and seasonal residents. The City of Delray Beach encompasses slightly over 16 square miles with a permanent population of nearly 65,000 and growing. Over the past decade, renewal and re-development efforts in Delray Beach have resulted in recognition as the All-America City in 1993 and 2001, the Blue Wave designation for their clean and beautiful beaches and hailed by city planners around the nation as a model for growth management. These accolades can be attributed to the significant involvement of the residents of Delray Beach, who can claim authorship to an unparalleled quality of life in a very diverse community.

Delray Beach is renowned locally for its ambitious gentrification centered on Atlantic Avenue, Downtown's main east-west thoroughfare. "The Avenue," as it is often called, is home to some of the best nightlife in South Florida and offers a myriad of wonderful shopping and dining options. Beach-goers have access to two miles of public beachfront for sunbathing, recreational events and swimming, and a variety of other activities are offered at Delray Beach's wide array of parks.

Today, history plays a large role in the city's identity and future direction, with Delray Beach being a lead figure in the state's growing historic preservation movement. The city has designated several neighborhoods as historic districts, and the Delray Beach Center for the Arts, which serves as the centerpiece of the historic downtown shopping district, is on the National Register of Historic Places. Completed in 2002, the Old School Square Entertainment Pavilion is located next to this historic building and is a state-of-the-art performance facility that hosts festivals and events year-round.

In the same general area is the emerging artists' district named Pineapple Grove. The district is adorned with sculptures designed by local artists and boasts numerous art galleries and artists' studios. Delray Beach offers many additional cultural destinations, including the Morikami Museum and Japanese Gardens. One of the county's top attractions, the 200-acre park features a beautiful 32,000 SF museum facility complete with a library, classrooms, 230-seat auditorium and exhibit space. The luscious, meticulously landscaped garden was ranked 8th among more than 300 Japanese Gardens outside of Japan by The Journal of Japanese Gardening. Within a 30-minute drive, Delray Beach residents can visit dozens of other theaters, museums and art galleries.





DELRAY CENTRAL | DELRAY BEACH OVERVIEW

The following plans and developments are have already been completed or are currently underway and will further the progress that has already been made to increase the quality of life in Delray Beach:

Delray Place and South Federal Highway Developments

Delray Place is a \$30 million upscale shopping plaza that opened in the fall of 2014 at the southeast corner of Linton Boulevard and Federal Highway. The upscale center consists of 110,000 SF of restaurant and retail space, all wrapped around gourmet grocer Trader Joe's. This project has been heralded as the first step in the renaissance of this portion of South Federal Highway.

Across the street, at the Delray Plaza shopping center on the northeast corner of Linton Boulevard and Federal Highway has opened with a Fresh Market as an anchor. Ulta Beauty, a cosmetic products retailer, opened on the northwest corner of this intersection as well as national fitness chain L.A. Fitness. Walmart also announced that the company will open a new Walmart Neighborhood Market, a 40,000 SF version of the super store that will only sell groceries. South Federal Highway has experienced a strong interest by national retailers, restaurants and upscale developers which is transforming this gateway into the city.



Delray Village Shoppes

Delray Village Shoppes is a three-building, 53,823 SF shopping center that opened in 2014. The plaza is home to a drive-through Starbucks, Tijuana Flats, Five Guys and other small offices and storefronts. This successful development of this site on Linton Boulevard was an integral part of a plan to create a "destination" for tourists and residents on the Linton Boulevard and South Federal Highway corridors.



Delray Station

Delray Station is a seven building, 284 unit rental apartment complex located directly west of I-95 at the corner of Atlantic and Congress Avenue. Planned to open in 2017, the complex will include a 7,500 square foot clubhouse with resort style amenities and walking/biking paths throughout. The builder behind this project, Wood Partners, successfully built and leased up Alta Congress, a similar luxury rental apartment complex located just south on Congress Avenue.



DELRAY CENTRAL | DELRAY BEACH OVERVIEW

The Strand

The Strand is a residential development that will take place on two parcels that are separated by SE 1st Street, west of SE 3rd Avenue and east of the Florida East Coast Railway. The north parcel contains 0.79-acre and the south parcel contains 2.34-acres. The conditional use being processed by the Planning and Zoning Department seeks to allow an increase in density above 30 units per acre. The development proposal involves the construction of 198 residential units, with the north parcel accommodating 43 units within a four-story structure and the south parcel having the other 155 units within a five-story structure. There will be a mix of studio units, one bedroom and two bedroom units ranging from 500 SF to 1,200 SF. Both buildings will feature covered parking on the ground floors with residential units on the upper stories, as well as incorporate green initiative designs. Recreational amenities including a swimming pool, exercise rooms and clubhouse are planned for each parcel.



Atlantic Crossing

The Atlantic Crossing proposal involves the demolition of all existing buildings on the site, between Atlantic Avenue and NE 1st Street and between NE 6th Avenue and Veterans Park, and construction of a mixed-use development that would include 362 residential units, 83,462 SF of office area, 37,642 SF of retail and 37,991 SF of restaurant space within six buildings that range from three- to five-stories. The construction of parking facilities that contain 1,104 spaces is proposed, including sub-grade parking, above-grade parking and parallel on-street parking along NE 7th Avenue. In addition, the construction of two at-grade swimming pools, open lawn courtyards, plazas, sidewalks and lush landscaping are proposed.



4th & 5th Delray by iPic Entertainment

The Delray Beach Community Redevelopment Agency selected iPic Entertainment's proposal for a new mixed-use commercial/entertainment complex and parking facility straddling SE 4th Avenue and SE 5th Avenue at SE



1st Street. The development will consist of two structures, with the first fronting SE 5th Avenue, which would be a three-story, 84,300 SF building with 42,900 SF of Class A office space set above a dynamic, street-level cinema/entertainment space. Behind it, tucked in at the center of the site, will be an architecturally striking, five-level, 279-space parking garage with 7,300 SF of ground level retail space that would front the east side of SE 4th Avenue.

The 529-seat iPic theater will be housed in a 35,600 SF ground level space, with a 5,800 SF mezzanine. It will contain eight finely appointed theaters, ranging in size from 40 to 104 seats, on either side of a grand, two-story lobby space. The 5,000 SF lobby will have chic concessions and upscale cocktail lounge serving iPic's unique herb-inspired mixology. The five-level parking structure is inspired by the highly acclaimed 1111 Lincoln Road parking garage in Miami Beach designed by Herzog & de Meuron. There will be many benefits to this development, including the reintroduction of a movie theater complex to downtown that emphasizes a complete social outing experience as well as increasing foot traffic on secondary side streets. Additionally, iPic Entertainment will be relocating its corporate headquarters to the facility, and technology company DonorCommunity Inc. has also committed to relocating its Sunrise, Florida, corporate headquarters to 7,000 SF on the fourth floor of 4th & 5th Delray, bringing new professional employees to downtown. The low-rise scale and artfully designed buildings will keep the city's image as an artistic and eclectic "Village by the Sea."

DELRAY CENTRAL | PALM BEACH OFFICE MARKET OVERVIEW

The Property is located within the Palm Beach County office market, which comprises approximately 24 million SF per Cushman & Wakefield research. The County, located at the northern end of the sprawling South Florida area, is the largest county in the state of Florida and has historically been at the forefront of Florida's rising population and growing economy.

ECONOMY

Palm Beach County exhibited healthy economic activity as the market added 9,900 new jobs throughout the year, ending 2016 with an unemployment rate of only 4.7%, down 20 bps from the previous month. Job diversification continued to impact the county's economy with significant improvement in IT and health-related industries. Development of public transit is paving the way for future growth in Palm Beach County. The anticipation of opening the 60,000 SF All Aboard Florida passenger rail station in West Palm Beach was a factor in the area's office market improvement.

MARKET OVERVIEW

Demand for office space remained positive as the market absorbed 575,276 SF of space in 2016. Quality Class A space continued to be desirable, marked by a decrease in overall vacancy of 190 bps in 12 months to 13%. However, the actual vacancy should be much lower, as most of the available space has already been leased with tenants not expected to move in until later in 2017.

Developers had 88,069 SF of office under construction at year-end 2016. The imbalance between new supply and demand continue to drive rental rates higher in major submarkets. Overall suburban rents increased to \$32.98 PSF, gross, while in Class "A" space the year ended with an average ask of \$40.14 PSF, gross. Leasing activity was robust in 2016, with the most active submarket being Northwest Boca Raton.

PALM BEACH COUNTY OFFICE STATISTICS - FIRST QUARTER 2017

	No. Bldgs.	Inventory	Direct Vacancy Rate	Overall Vacancy Rate	Direct Wtd. Average Rental Rates (psf)	Quarter Overall Net Absorption	YTD Overall Net Absorption	YTD Leasing Activity	YTD Construction Completions
OVERALL									
West Palm Beach CBD	27	3,128,022	13.4%	13.4%	\$39.85	7,648	7,648	31,290	0
Palm Beach Non-CBD	326	19,907,002	12.9%	13.3%	\$33.55	(3,388)	(3,388)	192,882	0
SUBURBAN WEST PALM BEACH	82	3,897,874	17.2%	17.3%	\$34.12	13,471	13,471	32,056	0
Suburban West Palm Beach	65	3,372,293	16.8%	16.9%	\$28.33	21,066	21,066	32,056	0
Palm Beach	17	525,581	19.5%	20.2%	\$66.45	(7,595)	(7,595)	0	0
NORTH PALM BEACH	70	3,665,078	8.5%	8.7%	\$34.82	16,459	16,459	18,942	0
Palm Beach Gardens/N. Palm Beach	54	3,082,681	8.5%	8.6%	\$35.11	15,582	15,582	15,880	0
Jupiter/Tequesta/Juno	16	582,397	8.4%	9.3%	\$33.94	877	877	3,062	0
SOUTH PALM BEACH	42	1,978,881	11.2%	11.5%	\$29.95	9,345	9,345	25,485	0
Lake Worth	12	493,541	5.0%	5.0%	\$27.93	4,770	4,770	6,242	0
Boynton Beach	13	528,089	22.7%	23.2%	\$30.68	7,150	7,150	15,902	0
Delray Beach	17	957,251	8.0%	8.5%	\$30.38	(2,575)	(2,575)	3,341	0
BOCA RATON	132	10,365,169	13.2%	13.7%	\$35.34	(42,663)	(42,663)	116,399	0
Glades Road	39	3,006,583	15.3%	15.7%	\$36.90	154	154	35,900	0
Federal Highway Corridor	25	1,638,899	13.5%	14.2%	\$33.65	(34,866)	(34,866)	20,700	0
Northwest Boca Raton	43	4,217,150	11.4%	12.0%	\$31.80	21,470	21,470	45,856	0
Southwest Boca Raton	12	657,631	11.0%	11.0%	\$33.36	(9,531)	(9,531)	8,280	0
Downtown Boca Raton	13	844,906	15.9%	16.4%	\$37.24	(19,890)	(19,890)	5,663	0
PALM BEACH TOTAL MARKET	353	23,035,024	13.0%	13.3%	\$35.63	4,260	4,260	224,172	0

DELRAY CENTRAL | PALM BEACH OFFICE MARKET OVERVIEW

OUTLOOK

Palm Beach County continues to see positive growth in its office market fundamentals. The area's competitive real estate costs and strong pipeline of tenant move-ins indicate that the market has positive momentum going forward. Cushman & Wakefield projects further improvement in the market's vacancy rate and solid growth in asking rental rates for the remainder of the year. With rents exceeding \$50 PSF in the highest tier of Class "A" properties in the CBD, tenants are quickly being pushed out of the submarket and into suburban submarkets.

PALM BEACH COUNTY OFFICE ECONOMIC INDICATORS

PALM BEACH COUNTY OFFICE

Economic Indicators

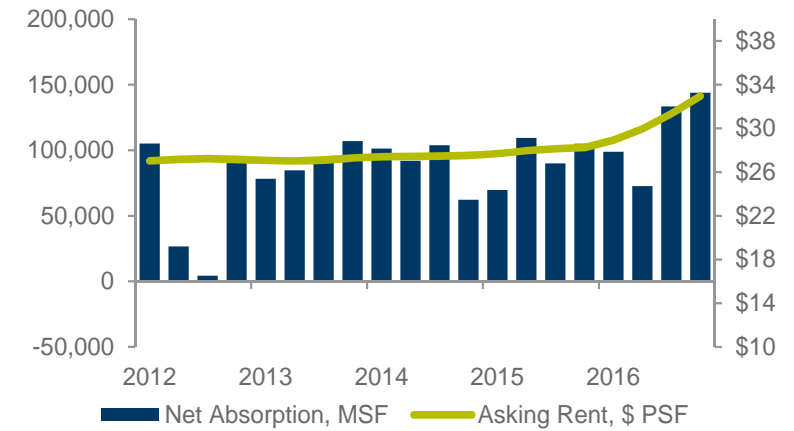
	Q4 15	Q4 16	12-Month Forecast
Palm Beach Employment	604k	614k	▲
Palm Beach Unemployment	4.5%	4.7%	▼
U.S. Unemployment	5.0%	4.8%	▼

Market Indicators (Overall, All Classes)

	Q4 15	Q4 16	12-Month Forecast
Vacancy	17.4%	16.0%	▼
Net Absorption (sf)	420k	575k	▲
Under Construction (sf)	0k	88k	▲
Average Asking Rent*	\$28.70	\$34.70	▲

OVERALL NET ABSORPTION/ASKING RENT

4-QTR TRAILING AVERAGE



DELRAY CENTRAL | DELRAY BEACH OFFICE SUBMARKET OVERVIEW

DELRAY BEACH OFFICE SUBMARKET

The Delray Beach Office Submarket is conveniently located adjacent to the Atlantic Ocean in the southern section of Palm Beach County. The submarket lies directly north of Boca Raton and directly south of Boynton Beach, encompassing a total area of approximately 15.9 miles. Delray Beach's location in south Palm Beach County is in the middle of Florida's Southeast Economic Region, within 30 minutes of two international airports and two seaports. The submarket is bound by the Florida Turnpike to the west, the Atlantic Ocean to the east, Golf Road to the north, and Clint Moore Road to the south.

Heavily comprised of suburban residential communities and very popular retail areas along both Atlantic Avenue and Linton Boulevard, the Delray Beach Submarket is the fifth largest office submarket within Palm Beach County. With an artistically styled downtown area, the submarket draws upon the large tourist population that is drawn into the area throughout the year. Downtown Delray Beach extends west to I-95 and east to the Atlantic Ocean. In 2009, expansion of the Downtown Delray Beach Arts District was established that features galleries and cultural organizations in South Florida. These have existed in Delray Beach for more than 20 years along the Atlantic Avenue and the connecting side streets. Public transportation has brought additional interest to the area; the Downtown Roundabout: A free shuttle that connects the Tri-Rail Station to Downtown Delray Beach, with two routes and 22 stops throughout, operates 7 days a week.

In 2010, the former Office Depot headquarter buildings, located on the west side of N. Congress Avenue and just south of Linton Boulevard, were added to the Delray Beach Submarket's inventory. The Office Depot buildings, which are three separate functionally obsolete buildings encompassing 550,000 square feet and representing nearly 53% of all Class B space, have remained completely vacant since Office Depot relocated to their current Boca Raton location on Military Trail, just north of Yamato Road. The buildings have recently been sold to a developer who plans to raze all three buildings and redevelop the site with townhouses, apartments and an assisted living facility. Thus, the 550,000 SF has been removed from the supply and vacancy figures effective Q1 2017.

Removing the soon to be razed former Office Depot headquarters buildings from the office market statistics has resulted in a substantial decrease for the vacancy rate in the Delray Beach submarket to 8% in Q1 2017. This rate of 8% is the second lowest in all of Palm Beach County, which already has a low overall vacancy rate of 13% as of Q1 2017, and the lowest of all major office submarkets countwide.

LIMITED NEW CONSTRUCTION

Despite sustained demand, no new office construction has been delivered since 2009 in Palm Beach County. Annual net absorption, a clear reflection of tenant demand based on space occupied minus space vacated, was a healthy 575,278 square feet (SF) in Palm Beach County overall even though it slowed in the fourth quarter due to supply constraints on available space options.



DELRAY CENTRAL | COMPARABLE SALES



Building:	1900-2000 NW CORPORATE	REFLECTIONS IN THE PARK	PEMBROKE PINES MEDICAL CAMPUS	CENTURION TOWER	CYPRESS PARK WEST
ADDRESS:	1900-2000 NW Corporate Blvd. Boca Raton, FL	2200 NW Corporate Blvd Boca Raton, FL	400-700 N Hiatus Road Pembroke Pines, FL	1601 Forum Place West Palm Beach, FL	6700-6750 N. Andrews Ave. Fort Lauderdale, FL
BUILDING SIZE:	122,608 SF	35,715 SF	91,955 SF	143,996 SF	225,757 SF
SALE DATE:	March 2017	February 2017	December 2016	October 2016	September 2016
SALE PRICE:	\$21,000,000	\$7,516,214	\$21,360,000	\$26,000,000	\$43,550,000
PSF:	\$171	\$210	\$232	\$181	\$188
OCCUPANCY:	78%	97%	84%	91%	97%
CAP RATE:	7.1%	7.1%	7.5%	8.0%	7.8%
YEAR BUILT:	1982	1988	2000-2001	1998	1987-2003

DELRAY CENTRAL | COMPARABLE SALES (CONT.)

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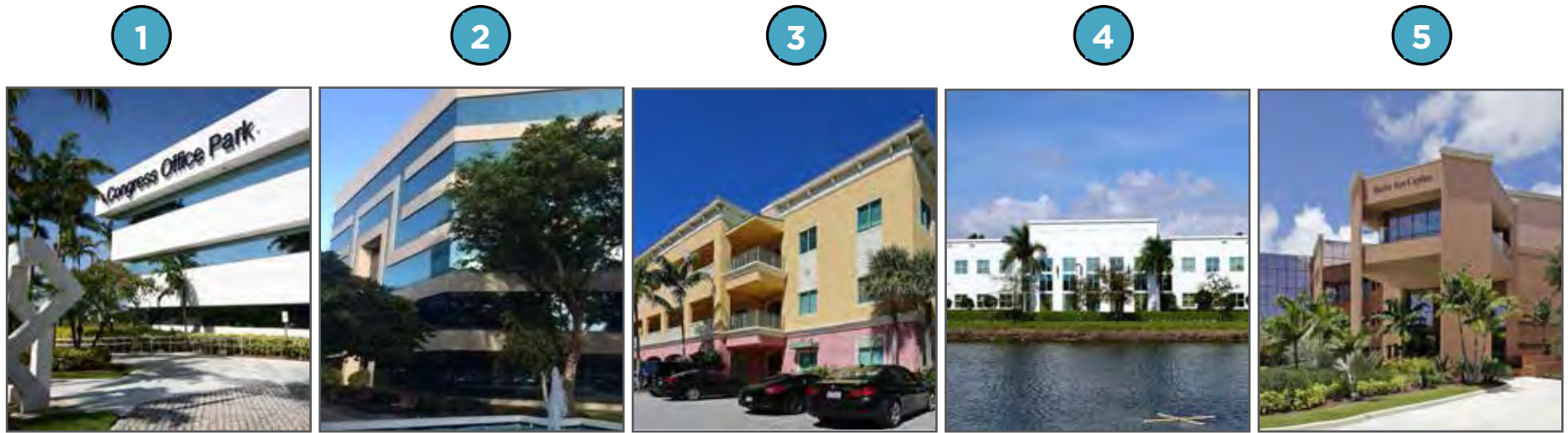


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Building:	CORPORATE CENTER AT THE GARDENS	THE ATRIUM AT BROKEN SOUND	YAMATO OFFICE CENTER	925 & 975 S FEDERAL HWY.
ADDRESS:	4200 & 4400 Northcorp Pkwy. Palm Beach Gardens, FL	6111 Broken Sound Parkway Boca Raton, FL	999 & 1001 Yamato Road Boca Raton, FL	925 & 975 S. Federal Hwy. Boca Raton, FL
BUILDING SIZE:	113,565 SF	93,500 SF	170,930 SF	102,309 SF
SALE DATE:	March 2016	January 2016	November 2015	August 2015
SALE PRICE:	\$30,050,000	\$17,050,000	\$32,250,000	\$23,160,000
PSF:	\$265	\$182	\$189	\$226
OCCUPANCY:	100%	77%	90%	89%
CAP RATE:	6.5%	7.0%	7.0%	7.5%
YEAR BUILT:	1996 & 1999	1986	2000	2000

DELRAY CENTRAL | COMPETITIVE SET



Building:	220 CONGRESS BUILDING	THE PARK AT BROKEN SOUND	PENINSULA CENTER AT CONGRESS	7800 CONGRESS CENTER	THE ATRIUM AT BROKEN SOUND
ADDRESS:	220 Congress Avenue Delray Beach, FL	6001 Broken Sound Parkway Boca Raton, FL	950 Peninsula Corporate Dr. Boca Raton, FL	7800 Congress Avenue Boca Raton, FL	6111 Broken Sound Parkway Boca Raton, FL
BUILDING SIZE:	53,843 SF	103,106 SF	45,803 SF	40,800 SF	93,500 SF
ASKING RATE:	\$16.50 NNN + \$8.40 CAM = electric \$2.25 = \$27.15	\$19.00 NNN + \$11.05CAM = \$31.05	\$27.00-\$28.00 + electric/ janitorial (\$2.50 PSF est.) = \$29.50-\$30.50	\$13.95-\$14.95 NNN + \$10.00 CAM = \$23.95-\$24.95	\$19.00-\$21.00 NNN + \$10.77 CAM = \$29.77-\$31.77
YEAR BUILT:	1985	1988	2006	2000	1986
OCCUPANCY:	97%	74%	88%	90%	89%
PARKING RATIO:	4.8/1,000 SF	5.1/1,000 SF	4.4/1,000 SF	4.3/1,000 SF	4.0/1,000 SF
STORIES:	Three	Six	Three	Two	Three





DELRAY CENTRAL

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