



## SYNDICATED EQUITIES

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### *New Investment Opportunity*



#### **US Immigration & Customs Enforcement Building (GSA) Jacksonville, Florida**

- **Highly Specialized US Government Build-to-Suit Office, Completed 2012**
  - **12+ Years Remaining Firm Term / No Cancellation Options**
  - **Available for Cash, 1031 Equity, and IRA Investments**
- **7.51% Projected 10-Year Average Annual Cash-on-Cash Return  
Conservative 55% Loan-To-Value**

This summary is for informational purposes only and is not intended as an offer or solicitation. Errors and omissions are to be expected and all information is subject to change. An investment in the Property described in this summary may only be made by accredited investors pursuant to the terms of an Offering Letter to be issued by affiliates of Syndicated Equities Group, LLC.

May 1, 2014

### **Executive Summary**

Syndicated Equities Group, LLC (“Syndicated”) is pleased to introduce a new investment opportunity in a 47,386 SF office building (the “Property”) that is **100% occupied by the United States Immigration and Customs Enforcement Agency (the “Agency”) through January 2027**. The two-story, institutional-quality Property is strategically located near I-95 and was customized for the Agency with approximately \$3,800,000 of tenant improvements in 2012.

Set on an approximately 3.93 acre site, the Property is situated in the Flagler Center, a 1,022 acre business park that houses 1.4 million square feet of Class A office and industrial space. Flagler Center is immediately adjacent to both I-95 and US Highway 1, which provide access to downtown Jacksonville. The Property features extensive setbacks, Agency-specific security features, and has achieved LEED Certification.

**The Agency’s lease is guaranteed by the US Government (S&P: AA+) and has a non-cancellable term that runs through January 2027.** To mitigate the potential impact of operating expense increases, a portion of the overall gross rental amount adjusts annually pursuant to the Cost of Living Index. Further, the lease requires the tenant to reimburse real estate taxes above a “base year” amount. These features will help to keep the Property’s net operating income stable.

The Property serves as a critical facility for the Agency due to its customized features and high security. The Agency requires multiple entry checkpoints and state-of-the-art surveillance technology throughout the Property. Included onsite are waiting and screening rooms, processing and holding cells, tactical storage, forensic labs, and secure evidence/document storage rooms.

Syndicated will serve as asset manager for the investment and plans to retain W.D. Schorsch Commercial Real Estate (“W.D. Schorsch”), to manage the building on a day-to-day basis. W.D. Schorsch has developed and operated more than 500,000 square feet of space for the US Government over the past decade and currently manages five other GSA properties for Syndicated.

Syndicated and its investors will acquire 100% of the Property for approximately \$15,415,000, inclusive of all acquisition costs, expenses and reserves. Syndicated will make available up to \$6,910,000 of equity interests to investors, and Principals of Syndicated will own up to 5% of this amount. The remainder of the acquisition will be funded with a low leverage (55%), non-recourse, fixed interest rate loan with a term of 10 years.

**Syndicated’s offering of interests will be made available to accredited investors, including those seeking replacement property for a Section 1031 Exchange.**

**Syndicated projects that this investment will produce an average annual cash-on-cash yield of 7.51% over the anticipated ten year holding period**, with quarterly payments beginning approximately 90 days after closing. **The Closing is targeted for June 1<sup>st</sup>, 2014.** As we anticipate substantial interest from investors, please contact Syndicated Equities promptly to discuss your investment.

## **Property**

Set on an approximately 3.93 acre site, the Property is a two-story, 47,386 square foot office building with approximately 136 parking spaces, 75 of which are secured employee spaces. The Property is a build-to-suit for the Agency and was completed in 2012 with approximately \$3,800,000 of tenant improvements. These improvements met the specific needs of the Agency and achieved LEED Certification for the building.

The Property is a highly secured facility for authorized personnel only. The first floor features reception, an immigration waiting and screening room, a processing area that includes holding cells, tactical storage, and an onsite fitness center. The second floor features senior and administrative level office space, secure evidence/document storage rooms, forensic labs, and classified areas.

The building, which has been in use by the Agency for two years, appears to be well-maintained and in good physical condition, which has been confirmed through a third-party property condition report. Syndicated does not anticipate any unexpected major capital requirements or expenditures in the near term. *An upfront capital reserve of approximately \$230,000 will be funded at closing to offset the costs associated with anticipated capital projects (such as repainting and recarpeting as required by the lease) as well as any potential unforeseen projects.*

## **Location**

The Property is located at 13077 Veveras Drive in Jacksonville, Florida and is situated in Flagler Center, a 1,022 acre business park that houses 1.4 million square feet of Class A office and industrial space. The park is adjacent to I-95, the main highway on the East Coast that runs from Florida to Maine and provides direct access to the central business district of Jacksonville. Notable facilities and tenants within Flagler Center include Citicorp's 600,000 square-foot Credit Card Division campus, Baptist Health's new 125-bed medical center, and a Marriott hotel. **Within five miles of the Property, the population is 62,184 and the average household income is \$100,123. The surrounding area grew significantly from 2000 to 2010, as the population within three miles increased nearly 200% and the number of households rose more than 225%.**

Jacksonville is the largest city in the state of Florida and the largest city by area in the United States. Top employers in Jacksonville include Bank of America Merrill Lynch, JP Morgan Chase, CSX Corporation, BI-LO Winn Dixie, PGA Tour Inc., Fidelity National Financial, Baptist Health, and Florida Blue.

**Syndicated expects that the Property's enhanced security and strategic proximity to I-95, I-295, Florida State Highway 9B, and US Highway 1 will remain a valuable feature for the Agency throughout its lease term and beyond.**

## **Tenancy & Lease Terms**

U.S. Immigration and Customs Enforcement is the principal investigative arm of the U.S. Department of Homeland Security. Created in 2003 through a merger of the investigative and interior enforcement elements of the U.S. Customs Service and the Immigration and Naturalization Service, the Agency now has more than 20,000 employees in offices in all 50 states and 47 foreign countries. The Agency's primary mission is to promote homeland security

and public safety through the criminal and civil enforcement of federal laws governing border control, customs, trade, and immigration. The Agency has an annual budget of more than \$5.7 billion dollars.

The lease for the Property is guaranteed by the US Government (S&P: AA+) and has an initial 15 year firm term that runs through January 2027. Unlike many leases guaranteed by the US Government, this lease does not contain any early, non-casualty related tenant termination or cancellation options prior to January 2027.

The current gross rental income paid under the lease is approximately \$1,343,421. The operating expense portion of the overall rental amount (established at approximately \$228,874) adjusts annually pursuant to the Cost of Living Index, and the US Government reimburses for all increases in real estate taxes above a “base year” amount. Throughout the term of the lease, these features should help mitigate increases in operating expenses and help keep the Property’s net operating income stable.

### **Management**

Syndicated will provide asset management services for investors, including oversight of property management and preparation of year-end tax information. Syndicated currently provides such services for 10 other US Government leased properties within its 30+ property portfolio. W.D. Schorsch will be responsible for the day-to-day management and operation of the Property and will charge a market rate management fee equal to 2.5% for such services.

The following is a brief description of each group:

#### ***Syndicated Equities Group, LLC – Asset Manager***

Founded in 1986, Syndicated is a national real estate investment company that specializes in offering investors risk-adjusted returns through the acquisition of institutional-grade and other prime, well-located real estate throughout the country. Currently, Syndicated manages over 30 real estate assets throughout the country, including 10 other US Government leased properties. Syndicated’s clients are private investors who wish to own real estate as part of their investment portfolio. Please see [www.syneq.com](http://www.syneq.com) for more information about Syndicated.

#### ***W.D. Schorsch – Property Manager***

For over 15 years, W.D. Schorsch has been integrally involved with all facets of development projects for the US government including: sourcing, bidding, financing, constructing and managing build-to-suit assignments for Immigration and Naturalization, US Post Office, Social Security Administration, , IRS, FBI and US Customs. W.D. Schorsch currently manages 260,000 square feet of office space for the US Government in five states.

### **Ownership Strategy**

Syndicated anticipates that an investment in the Property will provide investors with a stabilized, long-term income stream at a projected 7.51% average annual cash-on-cash return over ten years. During the holding period, Syndicated will continually evaluate the sale market to determine whether selling the asset would be advantageous to investors. Additionally, Syndicated will actively seek to extend the Agency’s lease prior to the maturity of the loan in 2024. Based on the Property’s proximity to I-95 and customized Agency features, Syndicated believes that it will remain a long-term (15+ year) location for the Agency.

**Debt and Equity Structure**

The Property is expected to be acquired with equity of \$6,910,000 and a loan of approximately \$8.505 million. The loan, which represents a 55% loan-to-value, will have a 10-year term, fixed interest payments at a projected rate of 4.70% and 120 months of interest only payments.

**Syndicated will make available up to \$6,910,000 of equity interests to accredited investors, including those seeking to complete a Section 1031 exchange.**

Syndicated projects that this investment will produce an average annual cash-on-cash yield of 7.51% over the anticipated ten year holding period, with quarterly payments beginning approximately 90 days after closing. Please see the attached pro forma for an illustration of these projections.

**Closing**

The closing is targeted for June 1<sup>st</sup>, 2014. As we anticipate substantial interest from investors, please contact us promptly to discuss your investment. We are also pleased to discuss this transaction in more detail with your investment advisor.

**Richard Kaplan  
President  
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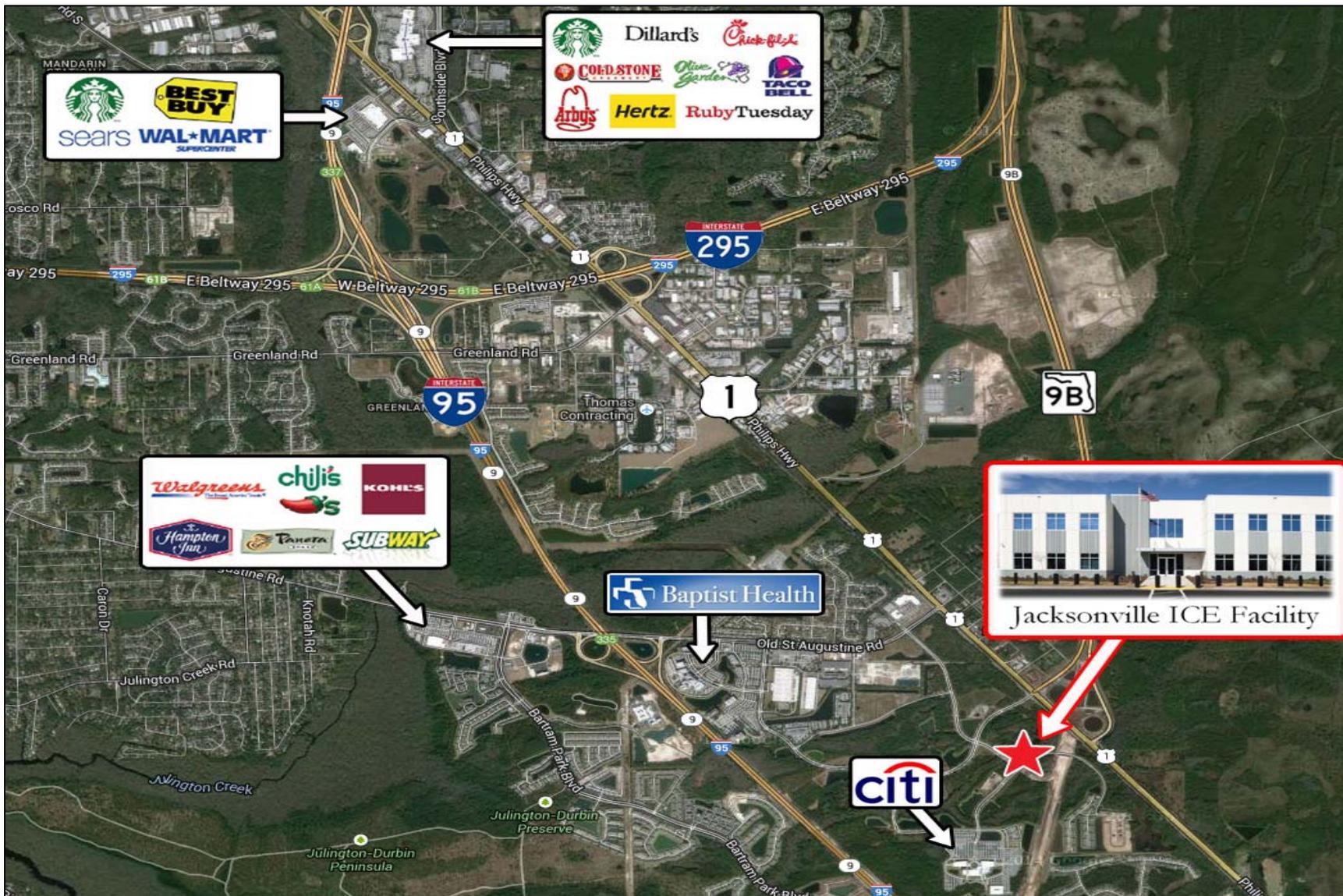
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## Aerial Map



## *Investor Pro Forma*

	<u>Yr. 1</u>	<u>Yr. 2</u>	<u>Yr. 3</u>	<u>Yr. 4</u>	<u>Yr. 5</u>	<u>Yr. 6</u>	<u>Yr. 7</u>	<u>Yr. 8</u>	<u>Yr. 9</u>	<u>Yr. 10</u>
<b>Potential Rental Revenue</b>										
Base Rent:	\$979,004	\$979,004	\$979,004	\$979,004	\$979,004	\$979,004	\$979,004	\$979,004	\$979,004	\$979,004
Operating Expense Base:	\$228,874	\$235,871	\$242,594	\$249,508	\$256,619	\$263,932	\$271,454	\$279,191	\$287,148	\$295,331
Fuel Generator Rent:	\$7,836	\$7,836	\$7,836	\$7,836	\$7,836	\$7,836	\$7,836	\$7,836	\$7,836	\$7,836
Real Estate Tax Base:	\$71,070	\$71,070	\$71,070	\$71,070	\$71,070	\$71,070	\$71,070	\$71,070	\$71,070	\$71,070
RE Tax Reimbursement <sup>1</sup> :	\$49,640	\$53,261	\$56,991	\$60,833	\$64,790	\$68,866	\$73,064	\$77,388	\$81,842	\$86,429
CPI Rental Increases <sup>2</sup> :	<u>\$6,997</u>	<u>\$6,722</u>	<u>\$6,914</u>	<u>\$7,111</u>	<u>\$7,314</u>	<u>\$7,522</u>	<u>\$7,736</u>	<u>\$7,957</u>	<u>\$8,184</u>	<u>\$8,417</u>
<b>Gross Rental Revenue:</b>	<b>\$1,343,421</b>	<b>\$1,353,765</b>	<b>\$1,364,409</b>	<b>\$1,375,362</b>	<b>\$1,386,632</b>	<b>\$1,398,230</b>	<b>\$1,410,165</b>	<b>\$1,422,446</b>	<b>\$1,435,083</b>	<b>\$1,448,088</b>
<b>Property Expenses</b>										
Operating Expenses <sup>2</sup> :	(\$263,173)	(\$270,673)	(\$278,388)	(\$286,322)	(\$294,482)	(\$302,875)	(\$311,506)	(\$320,384)	(\$329,515)	(\$338,907)
Management:	(\$33,586)	(\$33,844)	(\$34,110)	(\$34,384)	(\$34,666)	(\$34,956)	(\$35,254)	(\$35,561)	(\$35,877)	(\$36,202)
Real Estate Taxes <sup>1</sup> :	<u>(\$122,725)</u>	<u>(\$126,404)</u>	<u>(\$130,193)</u>	<u>(\$134,095)</u>	<u>(\$138,115)</u>	<u>(\$142,255)</u>	<u>(\$146,519)</u>	<u>(\$150,911)</u>	<u>(\$155,435)</u>	<u>(\$160,094)</u>
<b>Total Property Expenses:</b>	<b>(\$419,484)</b>	<b>(\$430,921)</b>	<b>(\$442,691)</b>	<b>(\$454,801)</b>	<b>(\$467,263)</b>	<b>(\$480,085)</b>	<b>(\$493,280)</b>	<b>(\$506,857)</b>	<b>(\$520,827)</b>	<b>(\$535,203)</b>
<b>Net Operating Income:</b>	<b>\$923,938</b>	<b>\$922,844</b>	<b>\$921,718</b>	<b>\$920,561</b>	<b>\$919,370</b>	<b>\$918,145</b>	<b>\$916,885</b>	<b>\$915,589</b>	<b>\$914,256</b>	<b>\$912,885</b>
Debt Service:	<u>(\$399,854)</u>									
<b>Distributable Cash Flow<sup>3</sup>:</b>	<b>\$524,084</b>	<b>\$522,989</b>	<b>\$521,864</b>	<b>\$520,706</b>	<b>\$519,516</b>	<b>\$518,291</b>	<b>\$517,031</b>	<b>\$515,735</b>	<b>\$514,402</b>	<b>\$513,030</b>
<b>Pre-Tax Yield:</b>	<b>7.58%</b>	<b>7.57%</b>	<b>7.55%</b>	<b>7.54%</b>	<b>7.52%</b>	<b>7.50%</b>	<b>7.48%</b>	<b>7.46%</b>	<b>7.44%</b>	<b>7.42%</b>
<b>Avg. 10-Year Yield:</b>	<b>7.51%</b>									

<sup>1</sup> Assumes real estate taxes increase by 3% annually.

<sup>2</sup> Assumes operating expenses increase by 2.85% annually.

<sup>3</sup> Does not include annual third-party bank, filing and tax preparation fees (estimated at \$7,000).