

# 600 INDEPENDENCE PARKWAY

Chesapeake, Virginia



**CONFIDENTIAL OFFERING MEMORANDUM**

JULY 2024

**Colliers**

# 600 INDEPENDENCE PARKWAY

## CHESAPEAKE, VA

### Investment Sale Advisor:

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**Patrick Gill, CCIM**

Senior Vice President

+1 757 228 1832

patrick.gill@colliers.com

### Leasing Advisors:

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**Pat Mugler**

Executive Vice President

+1 757 228 1831

pat.mugler@colliers.com

**Chris Kieran**

Senior Vice President

+1 757 228 1867

chris.kieran@colliers.com

### Underwriting Support:

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**William Dickinson**

Financial Analyst

+1 757 217 1880

william.dickinson@colliers.com

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# 01 EXECUTIVE SUMMARY

## OFFERING SUMMARY

Colliers Virginia is pleased to announce its exclusive sale representation of 600 Independence Parkway located in Chesapeake, Virginia. The 96,162 square foot Class A office building is 100% leased to a diverse tenant roster including professional services, defense, government, medical, and construction. All tenants are 100% current on their rent, have been in compliance with their leases during the entire term and are actively using their space.

Chubb Insurance, a leading global financial services provider with investment grade credit, currently occupies 57% of the building and has been a tenant at the property since completion of construction in 1998. They fully utilize their space with employees reporting to the office on a daily basis. Chubb's current term ends in July 2026. They are expected to renew given the building's use as the tenant's sole East Coast operations center. Other tenants in the building include Chesapeake Regional Medical Center, the Commonwealth of Virginia, and McHenry Management Group.

Located in Battlefield Corporate Park, the property overlooks a lake, has high visibility from the outer connector between Interstates 64 and 464, and has a spacious attractive lobby and large, efficient floor plates. The 200-acre park has over 1.1 million square feet of Class A office product with major tenants including General Dynamics, Fulton Financial Corporation, Sentara Healthcare, Strayer University, and the U.S. Government. The park is also arguably the premier business location within the overall Greenbrier submarket which is the region's largest office submarket with over 50,000 workers. Greenbrier boasts a deep amenity base including extensive restaurant, entertainment, and retail options including the Greenbrier Mall, Town Center, and Market Center.

The current owner has an existing loan that can be assumed as a part of the sale to avoid defeasance. With a maturity date of July 2026, the loan has an interest rate of approximately 4.5% and a balance of approximately \$9,200,000. The loan does offer future prepayment ability as well should the purchaser wish to consider refinancing the asset in the future.

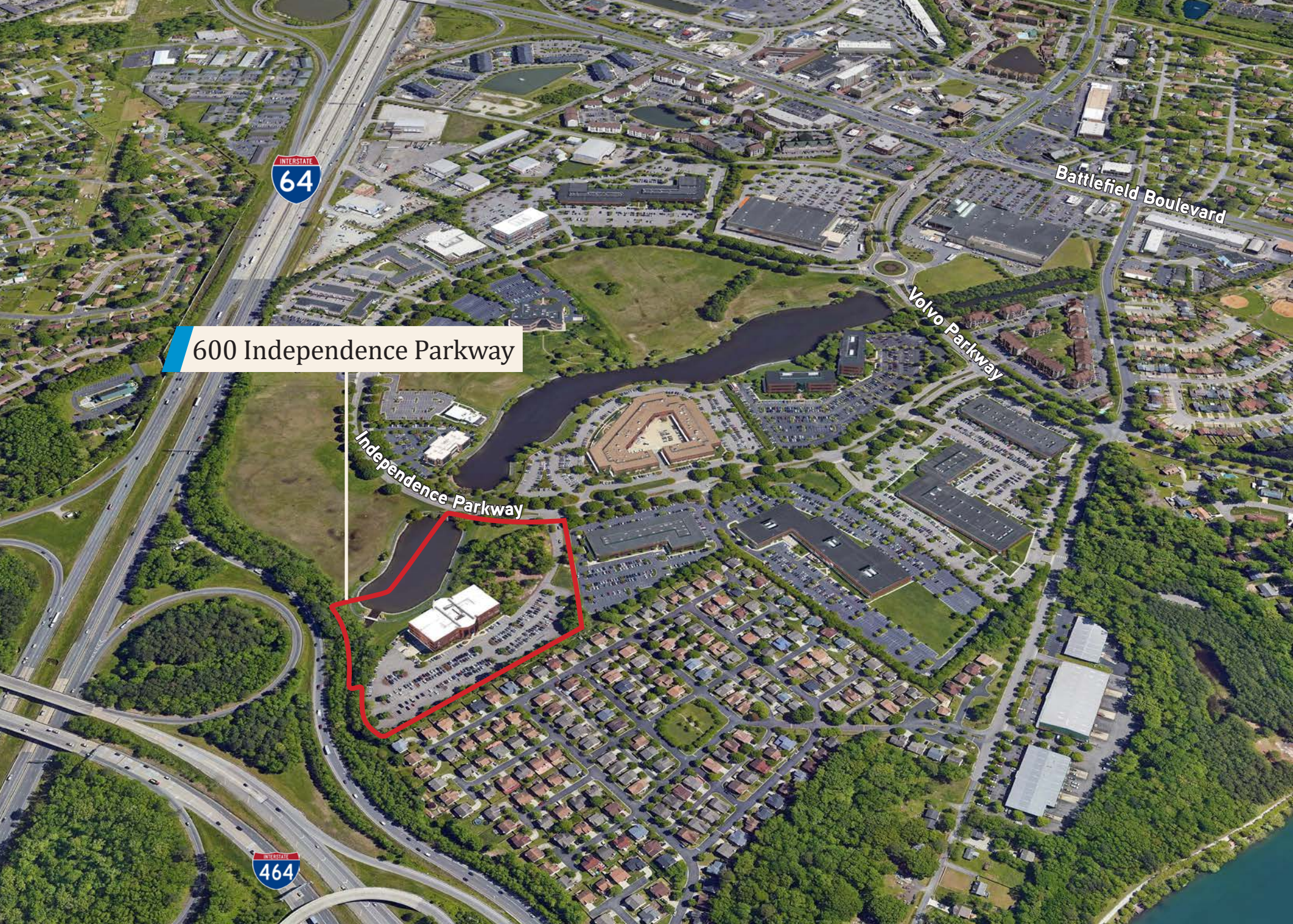
## INVESTMENT SUMMARY

<b>Offering Price:</b>	\$10,750,000
<b>Rentable Area:</b>	96,615 square feet
<b>Year 1 NOI (Projected):</b>	\$1,112,040
<b>Year 1 Cap Rate (Projected):</b>	10.2%
<b>Year Built:</b>	1998
<b>Occupancy:</b>	100%
<b>Major Tenants:</b>	CHUBB Insurance McHenry Management Group Chesapeake Regional Medical Center Commonwealth of Virginia



PROPERTY PHOTOS | 600 Independence Parkway





600 Independence Parkway



# Immediate access to amenity base of the Greenbrier Submarket

The Greenbrier submarket is the largest business district in Hampton Roads, with more than 19 million square feet of commercial space and over 51,000 daytime employees. Major employers in the Greenbrier submarket include Canon, Capital One, Cox Communications, Dollar Tree, General Dynamics, QVC, Sentara, USAA, U.S. Coast Guard, and Xerox.

The Greenbrier area is located in the northeast corner of Chesapeake and stretches from Greenbrier Parkway to Battlefield Boulevard, both of which offer interchanges with Interstate 64 (“I-64”). In addition to I-64, other major interstates readily accessible to Greenbrier include I-264, I-464, and I-664. The Chesapeake Expressway (U.S. Route 168) links I-64 to northeast North Carolina, and U.S. Route 58 connects Chesapeake to I-95 and I-85 to the west.

The submarket’s largest and best-known current retail centers include the Greenbrier Market Center, Crossways Shopping Center, and Towne Place at Greenbrier, all of which are within a short drive of the subject property. In addition to a broad array of retail and other amenities, these centers also offer a tremendous diversity of dining options including Abuelo’s Mexican Restaurant, Baker’s Crust, Black Pelican Seafood Co., Brixx Wood Fired Pizza, Buffalo Wild Wings, Chick-Fil-A, Cracker Barrel, Geisha Japanese Steak House, Gourmet Gang, Jason’s Deli, Jersey Mikes, Kelly’s Tavern, Kyoto Japanese Steak House, Lone Star Steakhouse, Moe’s, Olive Garden, Saladworks, Surf Rider, Paddocks, Smokey Bones BBQ & Grill, Starbucks, Taste, and Winston’s Café.

Another nearby retail center is now under construction as a part of the Dollar Tree corporate headquarters campus known as Summit Pointe. The 69-acre assemblage is anchored by Dollar Tree’s 500,000 square feet of office space with over 2,300 employees. Summit Pointe will offer more area dining and entertainment options along with offices, urban living, and other amenities.



**“The Greenbrier submarket is the largest business district in Hampton Roads, with more than 19 million square feet of commercial space and over 51,000 daytime employees.”**





# 02 PROPERTY OVERVIEW



## PROPERTY DESCRIPTION | 600 Independence Parkway

<b>Size (SF)</b>	96,162	<b>Roof System</b>	The building roof system features an approximate 35,000 square foot mechanically-fastened TPO white rubber UltraPly PVC membrane.
<b>Site Acreage</b>	11.397 acres	<b>Mechanical Systems</b>	The property is heated and cooled via (3) Trane Intellipak roof-top units, each one servicing a floor in the building. The first floor is serviced by a 75-ton unit and the second and third floors are serviced by separate 90-ton units. The units utilize electricity for the air conditioning, and gas for the heating service. Space temperature control is maintained by a Trane Tracer energy management system. The mechanical equipment is maintained under a third party agreement with Damuth Trane.
<b>Year Constructed</b>	1998	<b>Elevators</b>	Vertical transportation between floors is provided by two hydraulic passenger elevators. The elevators are maintained under a third-party agreement with Thyssen & Krupp.
<b>Land</b>	The original development plan for this site contemplated a second building development in the wooded area adjacent to the building.	<b>Fire Protection &amp; Life Safety</b>	The building is fully sprinklered with a wet-type fire suppression system. Fire hydrants are located at the front and rear of the building, and fire extinguishers are at various locations throughout the property. In addition, lighted exit signs mark the emergency exits and are hard wired with a battery back-up.
<b>Zoning</b>	M-1, Light Industrial	<b>Security</b>	The building features a perimeter security system activated during non-standard business hours.
<b>Stories</b>	3 floors		
<b>Parking</b>	The property includes approximately 390 paved parking spaces or 4.1 spaces per 1,000 rentable square feet.		
<b>Structural System</b>	The exterior of the building is brick and glass, and the building has a steel structure and concrete floors. The building features an attractive lobby with double glass door entry and an open staircase to serve the upper floors.		
<b>Landscaping</b>	Landscaping consists primarily of grass, shrubbery, and trees. The landscaped areas are served by an automatic irrigation system.		

AERIAL | 600 Independence Parkway









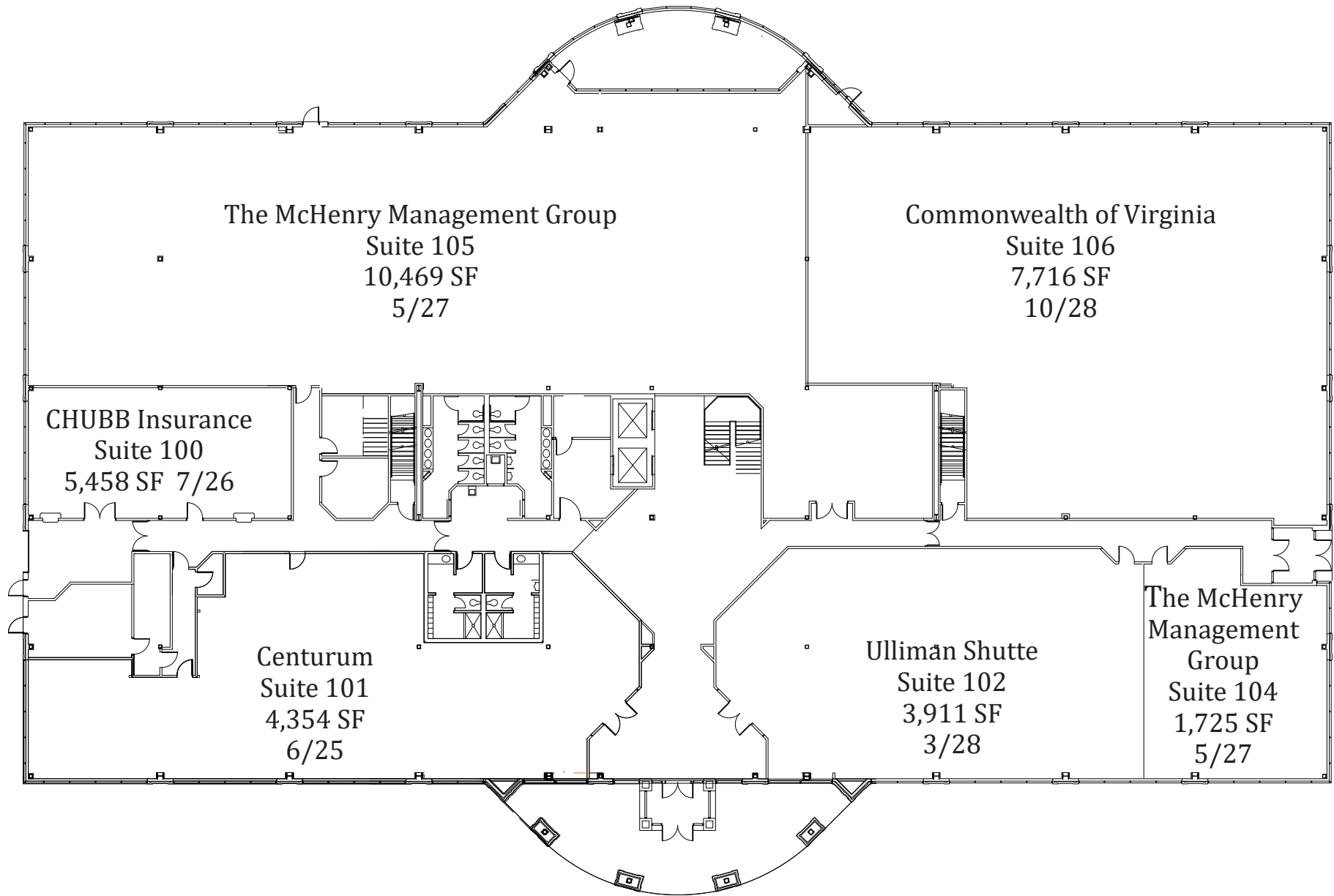
# 03 TENANCY OVERVIEW

## RENT ROLL | 600 Independence Parkway

Suite	Tenant	Rentable Sq. Ft.	Original Occupancy Date	Current Lease Expiration	Current Monthly Rent	Current Rent PSF	Lease Type	Annual Escalations
100, 200, & 300	Federal Insurance Company, d/b/a Chubb	55,161	Mar-2000	Jul-2026	\$71,019.79	\$15.45	Triple Net	3.0%
101	Centurum, Inc.	4,354	Jun-2019	Jun-2025	\$7,148.15	\$19.70	Full Service	3.0%
102	Ulliman Schutte Construction, LLC	3,911	Mar-2019	Mar-2028	\$6,052.27	\$18.57	"Full Service with Tax Stop"	3.0%
104 & 105	The McHenry Management Group	12,194	Nov-2011	May-2027	\$18,941.35	\$18.64	Full Service	3.0%
106	Commonwealth of Virginia, Dept. of General Services	7,716	Jul-2010	Oct-2028	\$12,090.05	\$18.80	Full Service	2.0%
201	Chesapeake Regional Hospital, d/b/a Chesapeake Regional Medical Center	9,998	Sept-2015	Feb-2028	\$119,096	\$19.32	Full Service	2.0%
203	INDUS Technology, Inc.	3,281	May-2019	Jul-2026	\$5,542.15	\$20.27	Full Service	3.0%
<b>Total</b>		<b>96,615</b>			<b>\$174,261.73</b>			

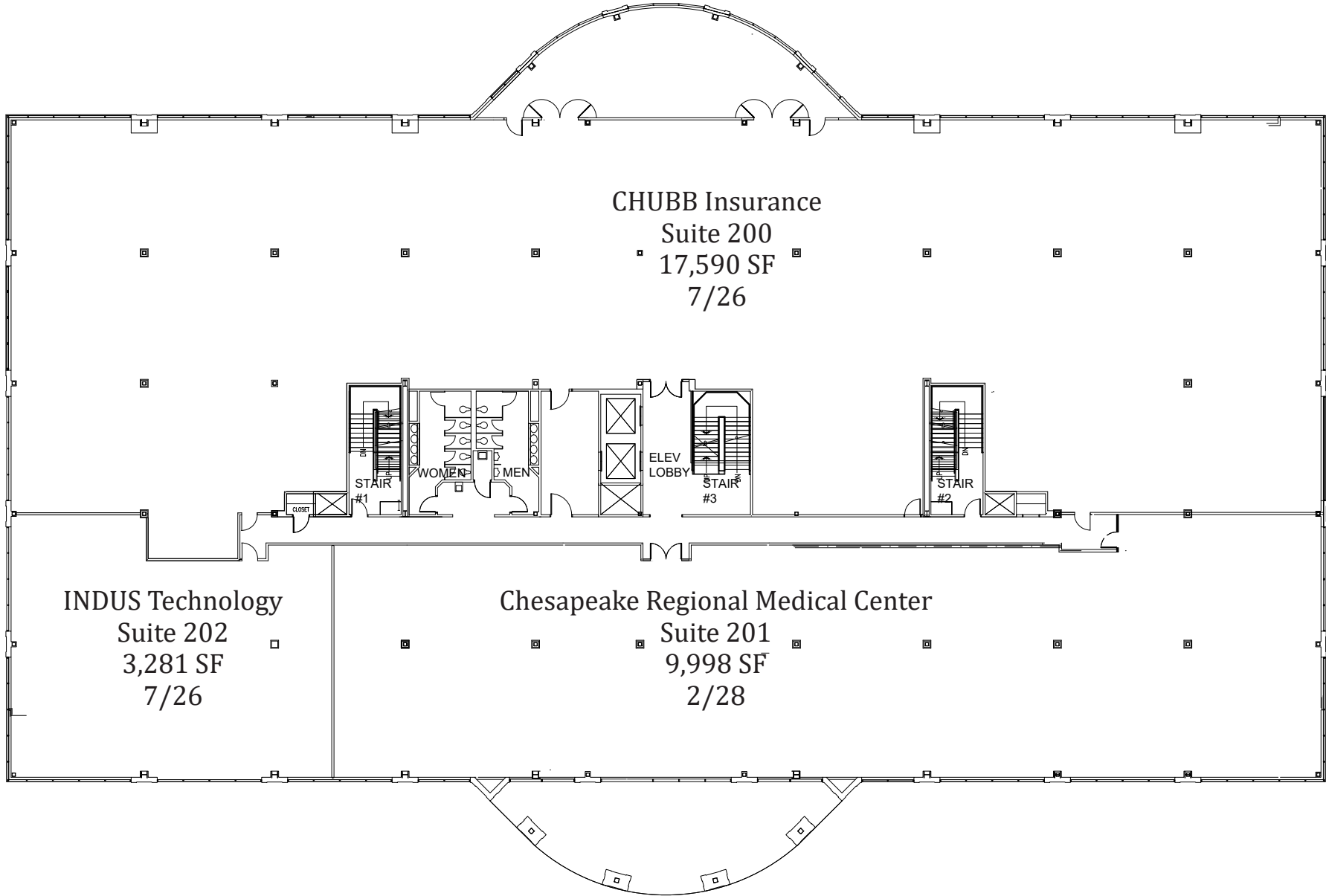
- 100, 200, & 300 **Operating Expenses:** Tenant contracts and pays for its own janitorial service and electricity. Tenant pays for its pro rata share of all other operating expenses. **Expansion Option:** Tenant has the ongoing Right of First Refusal to lease any contiguous vacant space on the second (2nd) floor of the Building if such space becomes available during the Term or any Extended Term of the Lease. **Purchase Option:** Tenant has the Right of First Refusal to purchase Project in accordance with any Third Party offer received. **Renewal Option:** Tenant has one (1) five (5) year option to renew upon twelve (12) months prior written notice to Landlord with rent at Fair Market Value. **Tenant Improvement Allowance:** Landlord shall provide Tenant with a Refurbishment Allowance up to \$110,322 / \$2.00 per rentable square foot to be utilized on soft costs and shall reimburse Tenant up to the allowable amount within thirty (30) days of receipt of Tenant paid invoices and Landlord's receipt of all lien waivers from Tenant contractors for work performed. Should Tenant default in payment of Base Rent or any additional rent, Tenant is obligated to pay to Landlord as additional rent the full amount of the unamortized cost of the Refurbishment Allowance at an amortization rate of 8% per year over the Third Renewal Term. Tenant may apply up to \$55,161.00 / \$1.00 per square foot, of unused portion of the allocated Refurbishment Allowance as a credit against rent.
- 
- 101 **Renewal Option:** Tenant has one (1) three (3) year option to renew upon nine (9) months prior written notice to Landlord with rent at Fair Market Value but in no event less than the rent due during the last month of the immediately preceding term
- 
- 102 **Tax Base Stop:** Tenant shall pay its pro rata share of real estate taxes in excess of \$1.54 per square foot; such increase shall not exceed five percent (5.0%) of the prior year's taxes for each Lease Year during the Term. **Renewal Option:** Tenant has one (1) two (2) year option to renew upon six (6) months prior written notice to Landlord with rent at Fair Market Value but in no event less than the rent due during the last month of the immediately preceding term.
- 
- 104 & 105 **Expansion Option:** Tenant shall receive advance notice as space becomes available in the building and have the right to lease such space. **Rentable Area:** Premises includes Suite 105 (10,469 SF) and Suite 104 (1,725 SF). **Rent Abatement:** Rent shall be abated from December 1, 2022, through May 31, 2023. The rental denoted herein commences as of June 1, 2023. **Tenant Improvement Allowance:** Landlord shall provide Tenant with a Refurbishment Allowance up to \$125,000 / \$2.00 per rentable square foot to be utilized on upgrading the Premises and shall reimburse Tenant up to the allowable amount within thirty (30) days of receipt of Tenant paid invoices. Tenant indemnifies Landlord for any liability, cost or expense arising out of Tenant contractors for work performed. Should Tenant default in payment of Base Rent or any additional rent, Tenant is obligated to pay to Landlord as additional rent the full amount of the unamortized cost of the Refurbishment Allowance at an amortization rate of 8% per year over the Second Renewal Term and Tenant shall execute the fully funded amount of the Refurbishment Allowance in good faith on or before May 31, 2025.
- 
- 106 **Tenant Occupant:** Virginia State Police. **Termination Option:** Tenant has the option to terminate Lease at any time during any automatic renewal upon providing six (6) months prior written notice. **Expansion Option:** Tenant has a Right of First Offer on all adjacent space in the Building. **Termination Option:** If any session of the Virginia Assembly fails to appropriate funds for the continuance of the Lease, the Lease shall automatically terminate upon depletion of the then currently appropriated or allocated funds. In such event, Tenant shall pay the unamortized improvement costs and brokerage commissions. If Tenant shall cease to exist, and is not replaced by successor entity with similar powers and purposes, then Tenant shall have the right to withdraw from this Lease upon payment of the unamortized improvement costs and brokerage commission.
- 
- 201 **Renewal Option:** Tenant has one (1) five (5) year option to renew upon nine (9) months prior written notice to Landlord with rent at Fair Market Rent.
- 
- 203 **Renewal Option:** Tenant has one (1) five (5) year option to renew upon nine (9) months prior written notice with year one (1) rent at \$18.56/SF and 3% annual escalations thereafter.

# FLOOR PLANS | First Floor

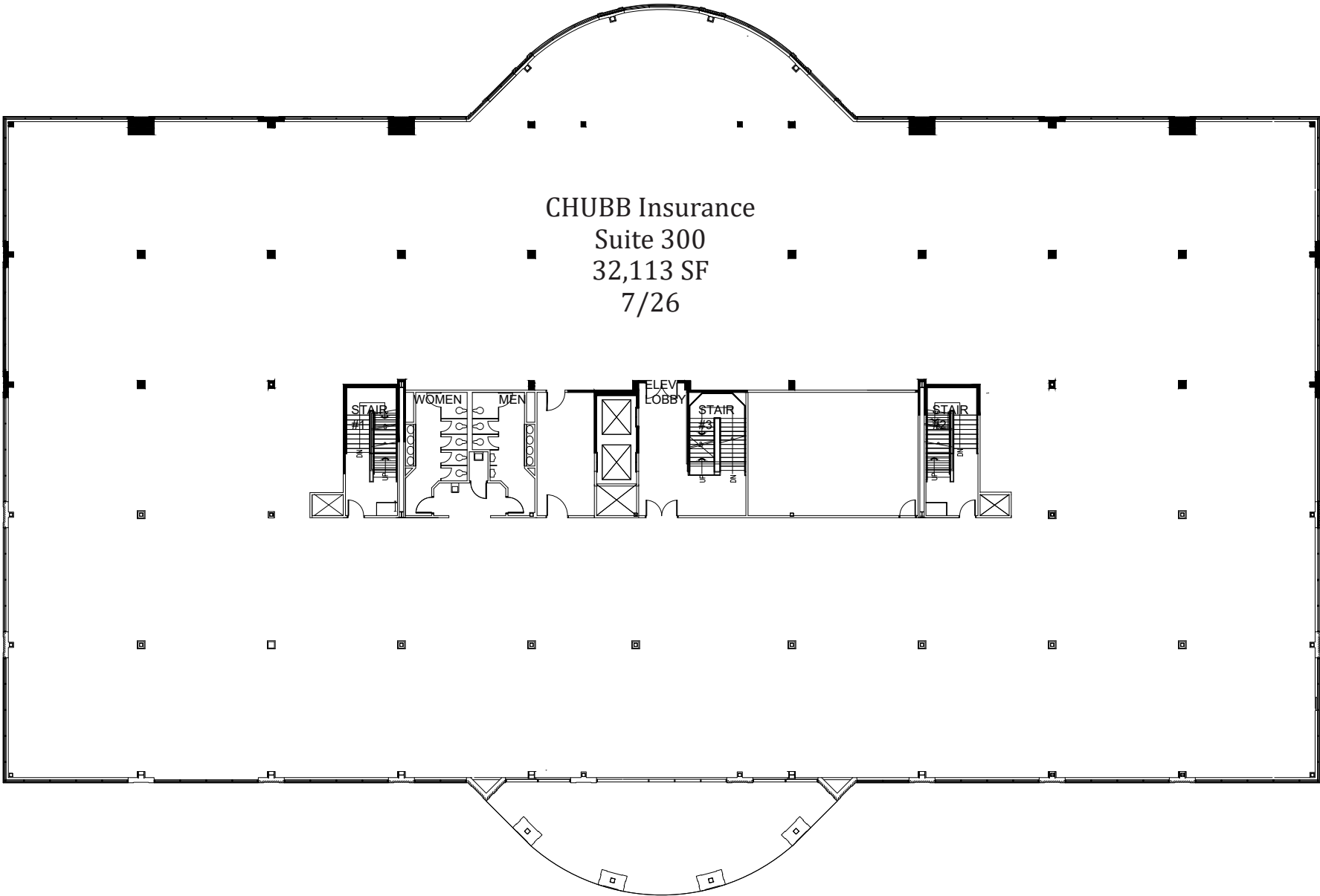




FLOOR PLANS | Second Floor



FLOOR PLANS | Third Floor



# STACKING PLAN | 600 Independence Parkway

**CHUBB INSURANCE**  
SUITE 300 | 32,113 SF

**INDUS TECHNOLOGY**  
SUITE 202 | 3,281 SF

**CHESAPEAKE REGIONAL MEDICAL CENTER**  
SUITE 201 | 9,998 SF

**CHUBB INSURANCE**  
SUITE 200 | 17,590 SF

**COMMONWEALTH OF VIRGINIA**  
SUITE 106 | 7,716 SF

**THE MCHENRY MANAGEMENT GROUP**  
SUITE 104 & 105 | 12,194 SF

**ULLIMAN SHUTTE**  
SUITE 102 | 3,911 SF

**CENTURUM**  
SUITE 101 | 4,354 SF

**CHUBB INSURANCE**  
SUITE 100 | 5,458 SF



2025

2026

2027

2028

## TENANT PROFILES | 600 Independence Parkway

The logo for Chubb, featuring the word "CHUBB" in white, uppercase, sans-serif font on a red rectangular background.

Federal Insurance Company, d/b/a Chubb

55,161 SF Leased

Suites 100, 200, and 300

Chubb is a leading international insurance organization with \$225 billion in total assets and reported \*\$7.5 billion in gross premiums in 2023. With operations in 54 countries and territories, more than 630 offices worldwide, and approximately 40,000 employees worldwide, Chubb has one of the largest product portfolios in the global insurance industry with more than 200 diverse commercial insurance products and services. Approximately 45% of the company's business is transacted outside of the United States.

Chubb Limited, the parent company of Chubb, has been publicly traded (NYSE: CB) since 1984 and is a component of the S & P 500 Index. The company, headquartered in Warren, New Jersey, has 44 branch locations in the United States.

The member insurers of the Chubb Group of Companies earn consistently high ratings (A++) for financial stability from A.M. Best. Chubb also earns excellent financial strength ratings from Standard & Poor's and Fitch (AA) and Moody's (Aa3).

The firm of Chubb & Son, Inc. was founded in New York City in 1882 by Thomas and Percy Chubb. Federal Insurance Company, one of the operating insurers of the Chubb Group of Insurance Companies, was established in 1901.



## TENANT PROFILES | 600 Independence Parkway

The logo for The McHenry Management Group (TMMG) features the letters 'TMMG' in a bold, white, sans-serif font. The letters are set against a blue rectangular background that has a slight gradient and a shadow effect, giving it a three-dimensional appearance.

The McHenry Management Group  
12,194 SF Leased  
Suites 104 and 105

The McHenry Management Group, Inc. (TMMG), a Service-Disabled Veteran Owned company, is a systems and maintenance engineering firm that specializes in asset, life cycle management, industrial operations and program management, serving both the public and private sectors.

The small privately held company founded in 2008 with headquarters at subject location, is a recognized leader in enterprise level program management, RCM & CBM analysis, change management and process improvement. TMMG has major prime contracts with the United States Navy, United States Coast Guard, Amtrak and commercial clients.

TMMG has an estimated annual revenue of \$19.0 million in 2022 and employs approximately 158 people.



## TENANT PROFILES | 600 Independence Parkway



CHESAPEAKE REGIONAL  
HEALTHCARE

Chesapeake Regional Medical Center  
9,998 SF Leased  
Suites 201

Chesapeake Regional Healthcare, in existence for 40+ years with over 600 physicians and 310 private beds, is governed by the Chesapeake Hospital Authority, an 11-member board composed of area citizens who ensure that the hospital remains focused on providing services the community wants and values.

Chesapeake Regional Hospital has recently completed a \$135 million renovation and expansion. The expansion added 72,000 square feet known as the "Critical Care Tower" and expanded the cancer treatment center offering the community a comprehensive array of treatments.

In 1966, the Virginia General Assembly created the Chesapeake Hospital Authority which is responsible for the operation of Chesapeake General Hospital. Although the Authority members are appointed by the Chesapeake City Council, it is an autonomous organization with its own enabling legislation.



INTERIOR PHOTO | 600 Independence Parkway



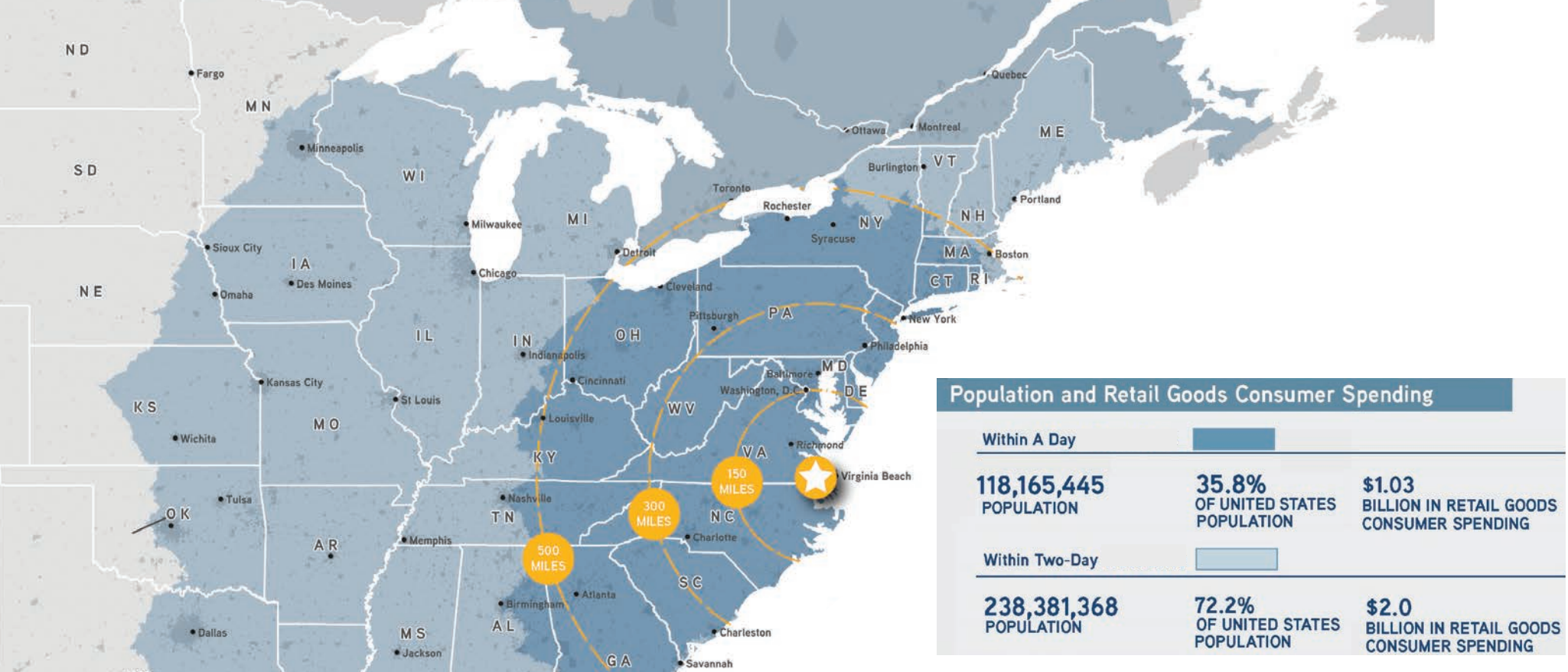
INTERIOR PHOTO | 600 Independence Parkway







# 04 MARKET OVERVIEW



# WHY HAMPTON ROADS

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

The region takes its name from the central water body, the Hampton “Roads” that ties its communities together. Water is the lifeblood of the area featuring beaches and thousands of miles of coastline adjacent to the Chesapeake Bay, Atlantic Ocean, and numerous rivers.

## NORFOLK ACCOLADES



**#6**

HARDEST  
WORKING CITIES  
IN AMERICA

**#7**

FRIENDLIEST  
CITIES IN  
AMERICA



VIRGINIA'S HIDDEN GEM  
TRAVEL DESTINATIONS

## REGIONAL ECONOMY

The \$100 billion + economy of Hampton Roads offers both unique stability and accelerating growth potential. In addition to the region's traditional economic strengths of the Port of Virginia / maritime, defense / military, and tourism, emerging economic areas of concentration include Commercialization of Research, Offshore Wind, Broadband / Cyber / Big Data, and Unmanned Systems.

The region is home to two Fortune 500 headquarters (Dollar Tree and Huntington Ingalls Industries, parent of Newport News Shipbuilding) and numerous other headquarters for publicly-traded and nationally recognized companies along with over 155 international business from over 25 countries. The region's unemployment rate as of April 2023 was 3.2%.

## HAMPTON ROADS OVERALL ECONOMY

**\$100**  
BILLION  
regional GDP

**TOP 5**  
BEST PLACES TO  
START A BUSINESS  
U.S. News and World  
Report

**# 1**  
BEST STATE  
FOR BUSINESS  
cnbc.com

### DEFENSE



### HEALTHCARE



### OTHER



# HAMPTON ROADS OFFICE MARKET

Located along the southeastern coast of Virginia, the Hampton Roads region is naturally divided into two major segments by the harbor which connects the Chesapeake Bay to the James River. Located below the harbor, South Hampton Roads has office product primarily in the cities of Norfolk, Virginia Beach, Chesapeake, Portsmouth, and Suffolk. Located above the harbor, the Peninsula's office supply is located primarily in the cities of Hampton, Newport News, and Williamsburg.

Major owners of Hampton Roads office product include ACME Equities, Armada Hoffler, Boyd Watterson, Easterly Government Properties, Edgehill Partners, Hertz, Office Properties Income Trust, Runnymede, and USAA.

## SUPPLY

The overall Hampton Roads office market has approximately 23.7 million square feet of inventory. The South Hampton Roads area contains approximately 18.1 million square feet (76% of the market supply), and the Peninsula contains approximately 5.6 million square feet (24% of the market supply).

## VACANCY

The Hampton Roads region's vacancy rate of 13.9% at the end of the first quarter of 2024 is well below the national office market average of 17.5%. The two major geographical segments of the region have performed variably due to market conditions and demand. At the end of the first quarter of 2024, the South Hampton Roads vacancy rate was 12.3% while the Peninsula vacancy rate was 15.7%.



DOLLAR TREE  
HEADQUARTERS



# HAMPTON ROADS OFFICE QUICK STATISTICS Q1 2024

**23,779,000**  
SF INVENTORY

**13.9%**  
VACANCY RATE

**\$21.19**  
AVERAGE RENT  
PER SQ.FT.

## RENTAL RATES

The Norfolk office market showed signs of stabilizing with improving market fundamentals. The overall average rent increased to \$21.37 per square foot. The South Hampton Roads average rent is \$20.16 per square foot, and the Peninsula average rental rate is \$19.50 per square foot. The highest rents in the market can be found in Downtown Norfolk, which has an average rent of \$25.96 per square foot.

## NEW CONSTRUCTION

One building was delivered to the market in 2024, Office Tech Center II in the Oyster Point Park in Newport News. There are more office projects in the pipeline, such as Block 2, a new office tower in Virginia Beach, which is planned to start construction later in 2024. However, currently, there are no speculative office buildings under construction.





# FINANCIAL ANALYSIS OVERVIEW

The following cash flow is based on a 5 year holding period commencing October 1, 2024 and utilizing the indicated assumptions.

## 05 FINANCIAL OVERVIEW

# CASH FLOW | 600 Independence Parkway

		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
Fiscal Year Ending Sep-30		2025	2026	2027	2028	2029	2030
Physical Occupancy		99.2%	89.9%	88.4%	97.6%	98.7%	100.0%
	YR 1 \$/SF/YR						
<b>REVENUES</b>							
Potential Base Rent	\$17.24	\$1,665,452	\$1,698,949	\$1,694,732	\$1,737,888	\$1,793,138	\$1,846,664
Absorption & Turnover Vacancy	(\$0.15)	(\$14,513)	(\$148,839)	(\$183,906)	(\$49,187)	(\$28,105)	\$0
Free Rent	(\$0.05)	(\$4,354)	\$0	(\$58,551)	(\$14,756)	(\$8,431)	\$0
Total Expense Recoveries	\$4.66	\$450,542	\$384,052	\$394,349	\$490,839	\$505,308	\$520,599
Vacancy Allowance	(\$2.04)	(\$196,651)	(\$180,698)	(\$138,988)	(\$178,191)	(\$200,896)	(\$236,726)
<b>EFFECTIVE GROSS REVENUE</b>	<b>\$19.67</b>	<b>\$1,900,476</b>	<b>\$1,753,464</b>	<b>\$1,707,636</b>	<b>\$1,986,593</b>	<b>\$2,061,014</b>	<b>\$2,130,537</b>
<b>OPERATING EXPENSES</b>							
Management Fees	(\$0.59)	(\$57,014)	(\$52,604)	(\$51,229)	(\$59,598)	(\$61,830)	(\$63,916)
General & Administrative	(\$0.05)	(\$4,831)	(\$4,976)	(\$5,125)	(\$5,279)	(\$5,437)	(\$5,600)
Contract Services	(\$1.70)	(\$164,011)	(\$168,932)	(\$174,000)	(\$179,220)	(\$184,596)	(\$190,134)
Landscaping	(\$0.39)	(\$37,475)	(\$38,599)	(\$39,757)	(\$40,950)	(\$42,178)	(\$43,444)
Supplies	(\$0.04)	(\$3,480)	(\$3,584)	(\$3,692)	(\$3,803)	(\$3,917)	(\$4,034)
Repairs & Maintenance	(\$0.82)	(\$79,460)	(\$81,843)	(\$84,299)	(\$86,828)	(\$89,432)	(\$92,115)
Common Area Association Fees	(\$0.15)	(\$14,106)	(\$14,529)	(\$14,965)	(\$15,413)	(\$15,876)	(\$16,352)
Security	(\$0.07)	(\$6,549)	(\$6,745)	(\$6,948)	(\$7,156)	(\$7,371)	(\$7,592)
Utilities	(\$2.44)	(\$236,130)	(\$243,214)	(\$250,510)	(\$258,025)	(\$265,766)	(\$273,739)
Insurance	(\$0.28)	(\$26,816)	(\$27,620)	(\$28,449)	(\$29,303)	(\$30,182)	(\$31,087)
Real Estate Taxes	(\$1.64)	(\$158,564)	(\$163,321)	(\$168,220)	(\$173,267)	(\$178,465)	(\$183,819)
<b>TOTAL OPERATING EXPENSES</b>	<b>(\$8.16)</b>	<b>(\$788,436)</b>	<b>(\$805,967)</b>	<b>(\$827,194)</b>	<b>(\$858,842)</b>	<b>(\$885,050)</b>	<b>(\$911,832)</b>
<b>NET OPERATING INCOME</b>	<b>\$11.51</b>	<b>\$1,112,040</b>	<b>\$947,497</b>	<b>\$880,442</b>	<b>\$1,127,751</b>	<b>\$1,175,964</b>	<b>\$1,218,705</b>
<b>LEASING AND CAPITAL COSTS</b>							
Tenant Improvements	(\$0.59)	(\$56,602)	\$0	(\$1,149,751)	(\$197,584)	(\$112,898)	
Leasing Commissions	(\$0.23)	(\$21,840)	\$0	(\$293,702)	(\$74,019)	(\$42,294)	
Total Capital Expenditures	\$0.00	\$0	\$0	\$1,443,453	\$0	\$0	
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>(\$0.20)</b>	<b>(\$19,323)</b>	<b>(\$19,903)</b>	<b>(\$20,500)</b>	<b>(\$21,115)</b>	<b>(\$21,748)</b>	
<b>TOTAL LEASING &amp; CAPITAL COSTS</b>	<b>(\$1.01)</b>	<b>(\$97,765)</b>	<b>(\$19,903)</b>	<b>(\$20,500)</b>	<b>(\$292,718)</b>	<b>(\$176,940)</b>	
<b>OPERATING CASH FLOW</b>	<b>\$10.50</b>	<b>\$1,014,275</b>	<b>\$927,594</b>	<b>\$859,942</b>	<b>\$835,033</b>	<b>\$999,024</b>	

# UNDERWRITING ASSUMPTIONS | 600 Independence Parkway

## METHOD OF ANALYSIS

The following cash flow projection is based upon current lease information and assumptions regarding future occupancy, operating expenses, and revenues. The analysis period begins as of October 1, 2024. Both contractual lease terms for existing leases and anticipated lease terms for future leases are projected over a five-year analysis period.

For all current vacancies, or upon expiration of a lease, a market rent is assigned to the space upon commencement of a new lease. The market rent is established for 2024 and increased by the indicated rental growth rate on an annual basis during the analysis period. The assumptions for market rents, tenant improvements, and leasing commissions are based upon current market conditions.

## RENTAL INCOME:

MLA NAME	ANNUAL RENT/SF	TERM	EXPENSE RECOVERY	ANNUAL LEASE ESCALATION	ANNUAL MARKET ESCALATION
Office	\$20.00	62 Months	None	3.00%	3.00%
Chubb	\$15.00	62 Months	NNN	3.00%	3.00%

## RE-TENANTING COSTS:

OFFICE/CHUBB MLA	DOWNTIME	RENT ABATEMENT	TENANT IMPROVEMENTS (PSF)	LEASING COMMISSIONS
<b>Chubb MLA</b>	<b>Downtime</b>	<b>Rent Abatement</b>	<b>Tenant Improvements (PSF)</b>	<b>Leasing Commissions</b>
New Tenant	12 Months	2 Months	\$30.00	6.00%
Renewal Tenant	0 Months	0 Months	\$10.00	4.00%
<b>Office MLA</b>	<b>Downtime</b>	<b>Rent Abatement</b>	<b>Tenant Improvements (PSF)</b>	<b>Leasing Commissions</b>
New Tenant	6 Months	2 Months	\$20.00	6.00%
Renewal Tenant	0 Months	0 Months	\$10.00	4.00%

## OPERATING EXPENSES:

Operating Expenses are based on based on the 2024 budget provided by ownership and escalated at 3.00% annually, unless otherwise noted. Specific expense items of note are:

- Management Fees are assumed to be 3.00% of Effective Gross Revenue.
- General & Administrative expenses are assumed to be \$0.05 per square foot.
- Real estate taxes have not been readjusted as a result of this proposed sale. Each investor should make its own assumptions regarding the impact, if any, that this sale will have on the real estate taxes.

## GENERAL VACANCY

In addition to turnover and vacancy absorption, a general vacancy and collection loss allowance is applied to the potential gross revenue to the extent that occupancy reaches 90.0% or greater, to a maximum of 10.0%.

## RENEWAL PROBABILITY

The market leasing assumption is assumed to have an 70% renewal probability for all tenants.

## CAPITAL RESERVES

Analysis includes a \$0.20 per square foot Capital Reserve that escalates at 3.0% annually





Colliers Virginia  
150 West Main Street | Suite 1100  
Norfolk, VA 23510  
P: +1 757 490 3300 | F: +1 757 460 1200

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