Office/Warehouse | Offering Memorandum

CBRE

7th & Legion Building

618 7th Avenue SE,
Olympia, Washington

Washington State Leased Investment

Capital Markets | Investment Properties

Affiliated Business Disclosure & Confidentiality Agreement

CBRE, Inc. operates within a global family of companies with many subsidiaries and related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates, including CBRE Global Investors, Inc. or Trammell Crow Company, may have or represent clients who have competing interests in the same transaction. For example, Affiliates or their clients may have or express an interest in the property described in this Memorandum (the "Property"), and may be the successful bidder for the Property. Your receipt of this Memorandum constitutes your acknowledgement of that possibility and your agreement that neither CBRE, Inc. nor any Affiliate has an obligation to disclose to you such Affiliates' interest or involvement in the sale or purchase of the Property. In all instances, however, CBRE, Inc. and its Affiliates will act in the best interest of their respective client(s), at arms' length, not in concert, or in a manner detrimental to any third party. CBRE, Inc. and its Affiliates will conduct their respective businesses in a manner consistent with the law and all fiduciary duties owed to their respective client(s).

Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

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Executive Summary

01

Executive Summary

CBRE Inc., as the Exclusive Advisor to Drebick Investments LLC, hereby presents the opportunity to purchase a specialized industrial property located in downtown Olympia, Washington and 92% leased to the Consolidated Mail Services, a division of the State of Washington. The remaining 8% of the Property is leased to local and very popular BBQ restaurant.

The Property consists of two single-story industrial buildings which share a common wall and have been integrated for a single use by the State of Washington for approximately 30 years. The State utilizes the Property for the sorting and consolidation of outgoing State mail as an accommodation to the US Postal Service in exchange for a substantial reduction in postage cost. The State operates a variety of high-end sorting equipment at the Property together with loading and various storage functions. The premises total 47,173 SF; the State space is demised into 3,925SF of office, 20,084 SF of specialized area, which is air-conditioned and features office level lighting, and the balance is multiple warehouse spaces; the BBQ restaurant occupies 3,828SF divided into food preparation and dining spaces.

$4.2M

Asking Price

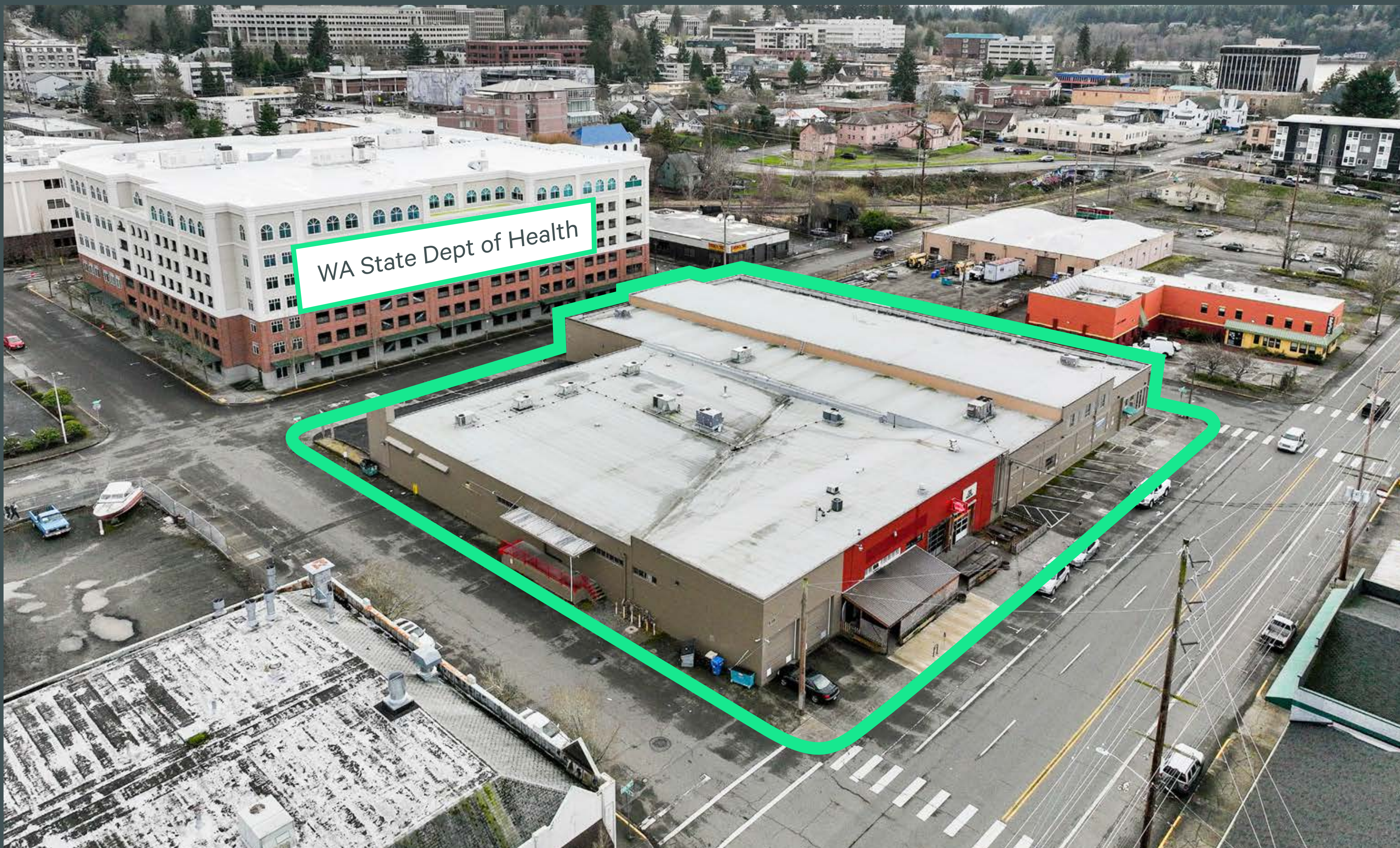
47,173

Square Feet

INVESTMENT OVERVIEW

Asking Price	$4,200,000 ($89.03/SF)
In-Place Net Operating Income	$392,272
Current State Rent	$9.05/SF Modified Gross

The Property has been fastidiously maintained, is in excellent condition and should require minimal near-term repairs. New roofs were installed in 2017 and 2019 with additional drainage in 2021. The building was recently painted with a silicone coating and numerous HVAC units have been replaced. The Property is located within a block of the new Olympia City Hall and is a prime target for major redevelopment in the future.




A St NE
Capitol Way N
Columbia St NW
Jefferson St NE
Marine Dr NE
Pear St NE
City Hall - Olympia
Site Location
4th Ave W
4th Ave E
5th Ave SW
5th Ave SE
Water St SW
Columbia St SW
Capitol Way SE
Legion Way SE
Jefferson St SE
Cherry St SE
Chestnut St
Pear St SE
Plum St SE
7th Ave SE
WA State Dept of Health
Adams St SE
9th Ave SE
10th Ave SE
N

Property Overview

02

Property & Improvements Description

The Property consists of two former warehouses built separately but joined with a common wall.

Property Size

+ Building Net Rentable Area - 47,173 SF
+ Land Area – 59,677SF
+ Year Building – 1942 – Remodeled numerous times including 1991, 2005 and 2017
+ Parking – 22 on-site stripped parking stalls

Utilities

+ Electricity & Gas – Puget Sound Energy
+ Water & Sewer – City of Olympia

Zoning

DB – Downtown Business – City of Olympia. A wide variety of commercial uses are allowed in this zoning including storage and warehouse; however, City development guidelines suggest a higher and more intensive use. Mixed use, office, and residential are all outright permitted uses. New building heights are limited to 75 feet; however, two additional stories are permitted for residential development. No maximum site coverage or or setbacks are required.

Construction

Walls of concrete - block and poured in place - with steel trusses in the westerly warehouse and wood beams elsewhere. The westerly building has a concrete slab while the easterly building has a post and beam floor at a dock-high level with a crawl space beneath.

Roofs

The roof on the westerly building was fully removed and replaced with a granulated torch-down modified bitumen membrane in 2017 in addition to new insulation under the majority of that area. Also, in 2017 approximately 60% of the roof on the easterly building had two additional layers added to the existing torch-down membrane while the remaining 40% received one additional layer. The area where the two buildings share a common wall received additional roof and drainage design to ensure long-term viability. The westerly building has a 5-year leak protection warranty, and the roofing product has a manufacturer's warranty for 12 years - both warranties are from date of installation. Full details of all work and warranties are provided on the CBRE Due Diligence web site.

HVAC

Air conditioning is provided by eleven roof-top units – either heat pumps or gas-fired package units of varying brands including Trane, York and Carrier. Sizes range from 3 to 10 tons and average installation date is 2013 though four units have been replaced since 2017. All units are serviced on at least a quarterly basis while filters are changed no less frequently than monthly. The dock loading area has radiant electrical heating units and the restaurant has a heating only furnace of unknown vintage. Unit overview including pictures is available on the CBRE Due Diligence web site. Full-service records will be available for buyer review.

Seismic

The Property was analyzed by AEI Consultants in 2006 for a determination of Probable Maximum Loss (PML). The conclusions in the report indicate a PML of 14% for the easterly building and 16% for the westerly building. The AEI report is available on the CBRE Due Diligence web site.

Fire & Safety

The westerly building is partially sprinkled using a wet system which is inspected annually.

Electrical Service
The Property is served with 3-phase power of an undetermined amount, however the equipment operated by the State requires substantial electrical output, therefore electrical capacity is believed to be above what would otherwise be considered typical.

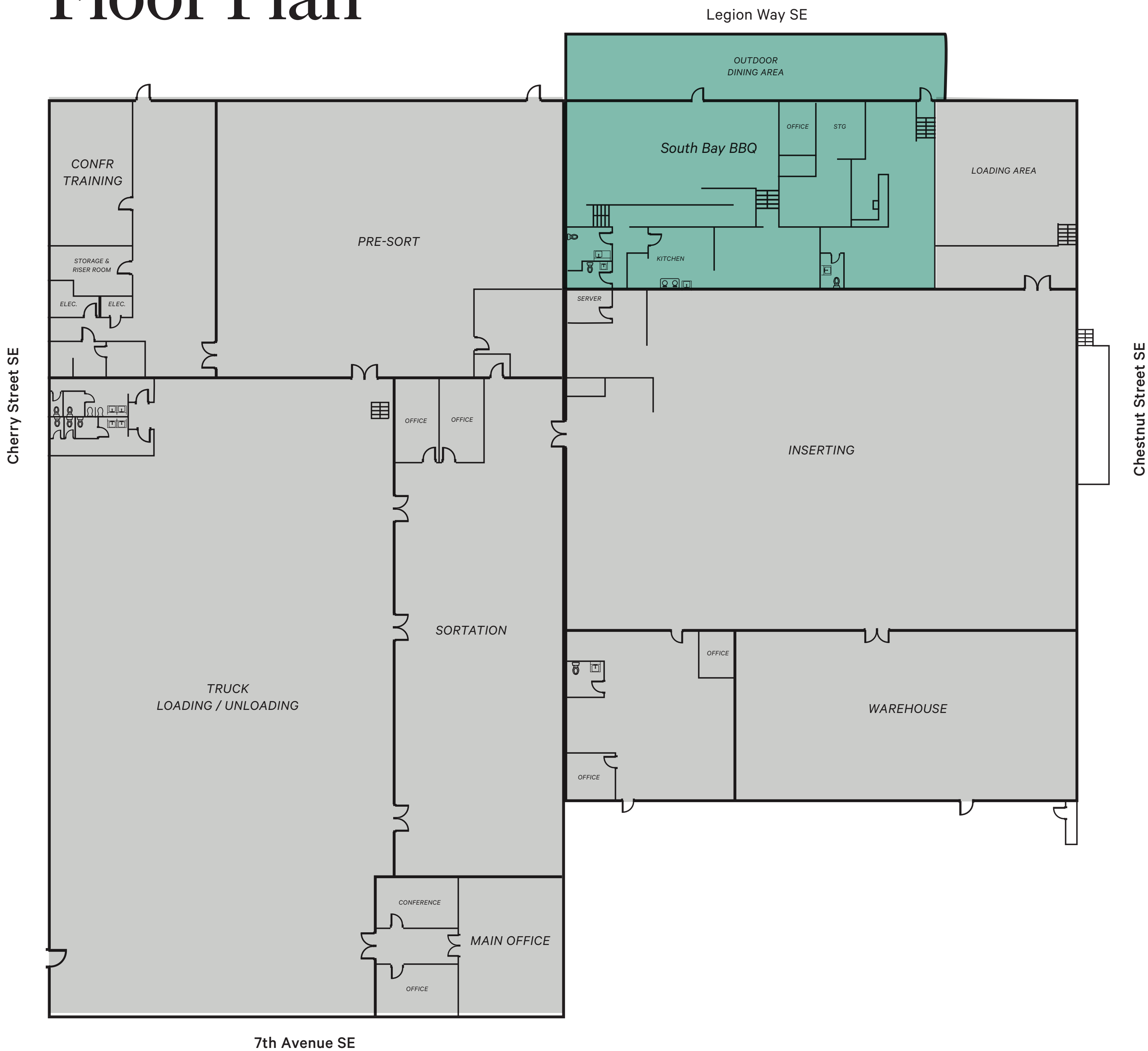
Exterior Coating

During 2021 the exterior of the Property was repaired with new grout as needed and re-coated with two layers of Dow Chemical Silicon Paint, providing a very durable and easy to maintain exterior finish
Loading & Clear Height: Interior clear heights range from 20 feet in the warehouse areas to 12 feet in 'specialized' areas used for mail consolidation. Office areas have approximately 9 feet below tegular ceiling grids. Truck loading is provided through 6 on-grade roll-up doors and 2 dock-high doors.

Hazardous Materials

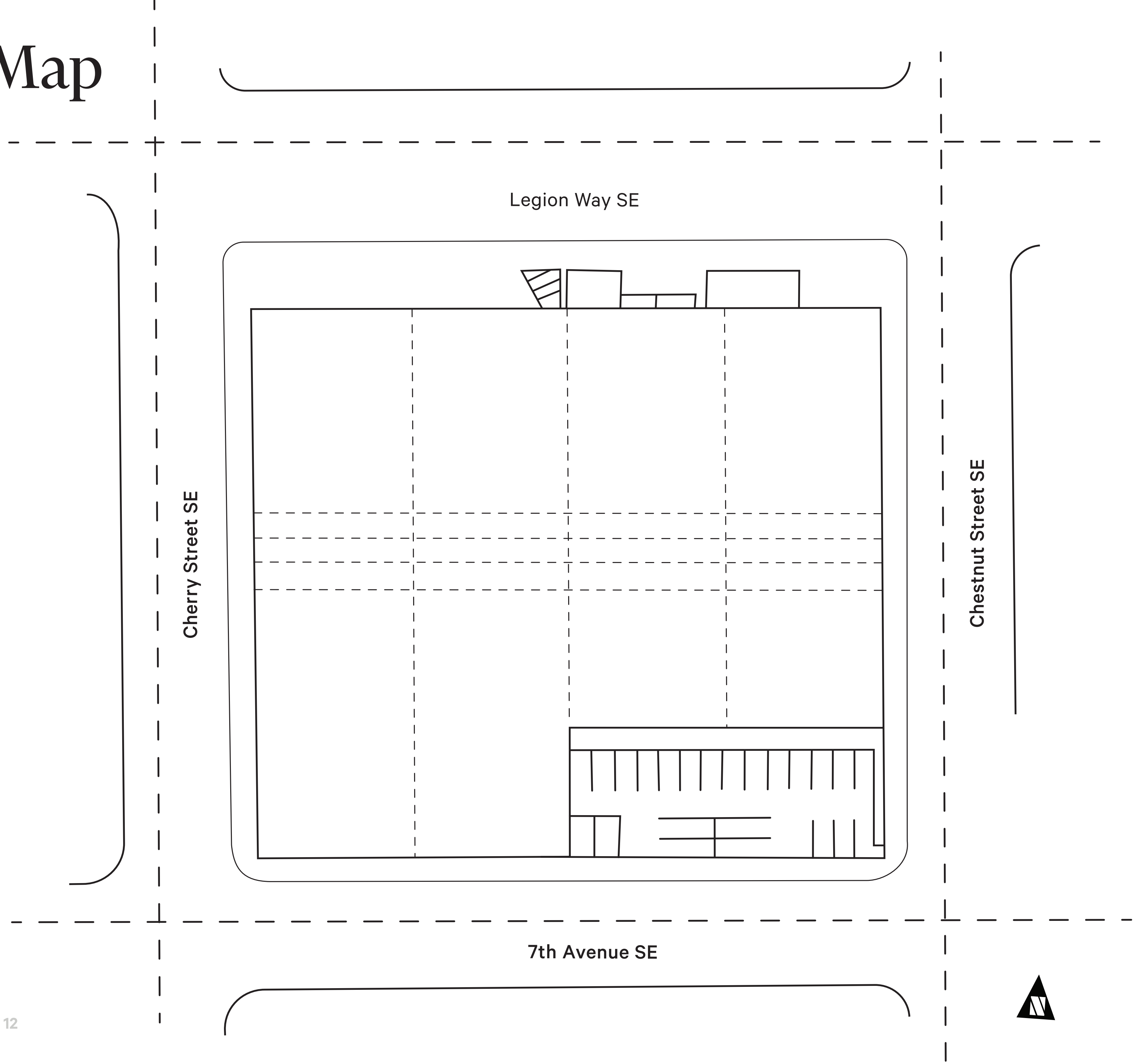
Two 1,000-gallon underground heating oil tanks were removed under Department of Ecology guidelines in 1998. Contaminated soil was removed and replaced completely from around one tank while an estimated 3 cubic yards of diesel contaminated soil remain near the excavation of the other tank. Said soil was not removed due to concerns about disturbing the structural integrity of the building. The Washington State Department of Ecology reviewed all documentation related to the tank removals and issued a formal 'No Further Action' notice in 2006. Seventeen core samples were taken of the roof membranes in 2017 prior to the new roof installations with two samples showing minimal amounts of asbestos. The small area where the two positive samples were taken has received an additional layer of torch-down material thus further encapsulating any asbestos. Full reports are available on the CBRE Due Diligence web site.

Floor Plan



Legion Way SE
OUTDOOR DINING AREA
South Bay BBQ
OFFICE
STG
LOADING AREA
KITCHEN
SERVER
CONFR TRAINING
STORAGE & RISER ROOM
ELEC.
ELEC.
PRE-SORT
OFFICE
OFFICE
INSERTING
Cherry Street SE
Chestnut Street SE
SORTATION
TRUCK LOADING / UNLOADING
OFFICE
WAREHOUSE
OFFICE
CONFERENCE
MAIN OFFICE
OFFICE
7th Avenue SE

Site Map


Legion Way SE
Cherry Street SE
Chestnut Street SE
7th Avenue SE

Significant Capital Expenditures

2017	
3 - HVAC Units Replaced	$65,025
New Roofs	$351,886
Waterproofing Exterior Walls	$80,493
New Doors, Emergency Egress	$39,514
2019	
Additional Roofing	$34,848
2020	
Truck Bay LED Lighting	$6,111
2021	
Replace Sanitary Sewer Line	$29,262
Roof Drains – Clearstory Metals	$73,642
Exterior Silicon Painting	$28,963
Install Metal Flooring	$20,020
7th Avenue Entry Revision	$14,800
Recarpet Office Areas	$11,000
Parking Lot Reseal	$ 5,200
Total	$760,764

Investment Overview

03

Lease Abstracts

Tenant	State of Washington, Department of Enterprise Services
Leased Premises	43,345 SF demised as follows: 3,925 SF as office space, 20,084 SF as 'specialized area', 19,336 SF as warehouse
Leased SF	43,345 SF demised as follows: 3,925 SF as office space, 20,084 SF as 'specialized area', 19,336 SF as warehouse
Parking Spaces	22 on-site parking stalls plus multiple interior truck stalls
Permitted Use	General Office & Warehouse Space
Lease Term	November 1, 2021, ending October 31, 2026
Rental Rate	$392,227.20 per Year Modified Gross per terms below
Lease Extension	State of Washington ("sow") has negotiated and exercised an option to renew the existing Lease for an additional twelve (12) months. The State may cancel said extension any time beginning three (3) months after end of initial Lease Term provided sow gives landlord at least six (6) months advanced written notice. Rent for extension period increases by fifty (50) percent.
Expenses	Landlord shall pay all real estate taxes, property assessments, insurance, storm water, maintenance and repair. Lessee shall pay only water, sewer, garbage collection, electricity, natural gas, and janitorial services, restroom supplies and fluorescent tubes
Fixtures	Lessee has right to make alterations, attach fixtures, erect additions, structures or signs with the written permission of the Landlord
Disaster	In the event the Premises are destroyed and Landlord refuses to restore Premises to their former condition, Lessee may Terminate the lease
Withholding of Rent	If Landlord fails to maintain, repair or improve the Premises, Lessee may withhold 10% of rent payments until repairs or Improvements are completed
Condemnation	If the Premises are taken by Eminent Domain the Lease Shall automatically terminate
Holding Over	If the Lessee remains in possession of the Premises after the expiration or termination of the Lease, the possession shall be deemed month-to-month tenancy.
Tenant Address	Department of Enterprise Services, Real Estate Services 1500 Jefferson Street SE, 2nd Floor, Post Office Box 41468, Olympia, Washington 98504-1468

Tenant	South Bay Dickersons Co. a Washington Corporation
Leased Premises	619 Legion Way, Olympia, Washington
Leased SF	3,828 SF
Parking Spaces	None
Permitted Use	Restaurant and Bar Facility
Lease Term	November 1, 2021 ending October 31, 2026
Rental Rate	11-1-2021 to 6-1-2022 $28,368 6-1-2023 $46,524 6-1-2024 $47,687 6-1-2025 $48,879 6-1-2026 to 10-31-2026 $20,876
Expenses	Landlord shall maintain, at Landlord's expense the structural Foundation and Exterior Roofs Lessee shall pay for water, sewer, garbage collection, electricity, natural gas, janitorial services and shall Reimburse Landlord for any increases in Real Estate Taxes Above those incurred in 2017
Renewal	Lessee shall have an option to extend their lease for the same period the State of Washington renews or extends its current lease or such other tenant with terms agreeable to Landlord. Rent for option terms shall continue with annual two and one half percent (2.50%) escalations
Fixtures	Lessee has right to make alterations, attach fixtures, erect additions, structures or signs with the written permission of the Landlord
Disaster	In the event the Premises are destroyed and costs to repair exceed five (5) months base rent, Landlord may elect to make required repairs or terminate the lease. In the event the repairs will require more than 180 days to complete Lessee shall have the right to terminate the lease.
Insurance	Lessee shall maintain comprehensive public liability insurance of not less than $1 Million per person, $2 Million per occurrence and $500,000 for property damage
Condemnation	If the Premises are taken by Eminent Domain the Lease shall automatically terminate
Holding Over	If the Lessee remains in possession of the Premises after the expiration or termination of the Lease, rent shall increase by 150% over the rent at the conclusion of the lease
Personal Guarantors	Eric J. Dickerson & Suvantha Dickerson, husband & wife
Tenant Address	Eric J. Dickerson & Suvantha Dickerson, South Bay Dickersons 2725 Southbay Road, Olympia, Washington 98506


Washington State Department of
Enterprise Services

Financial Overview

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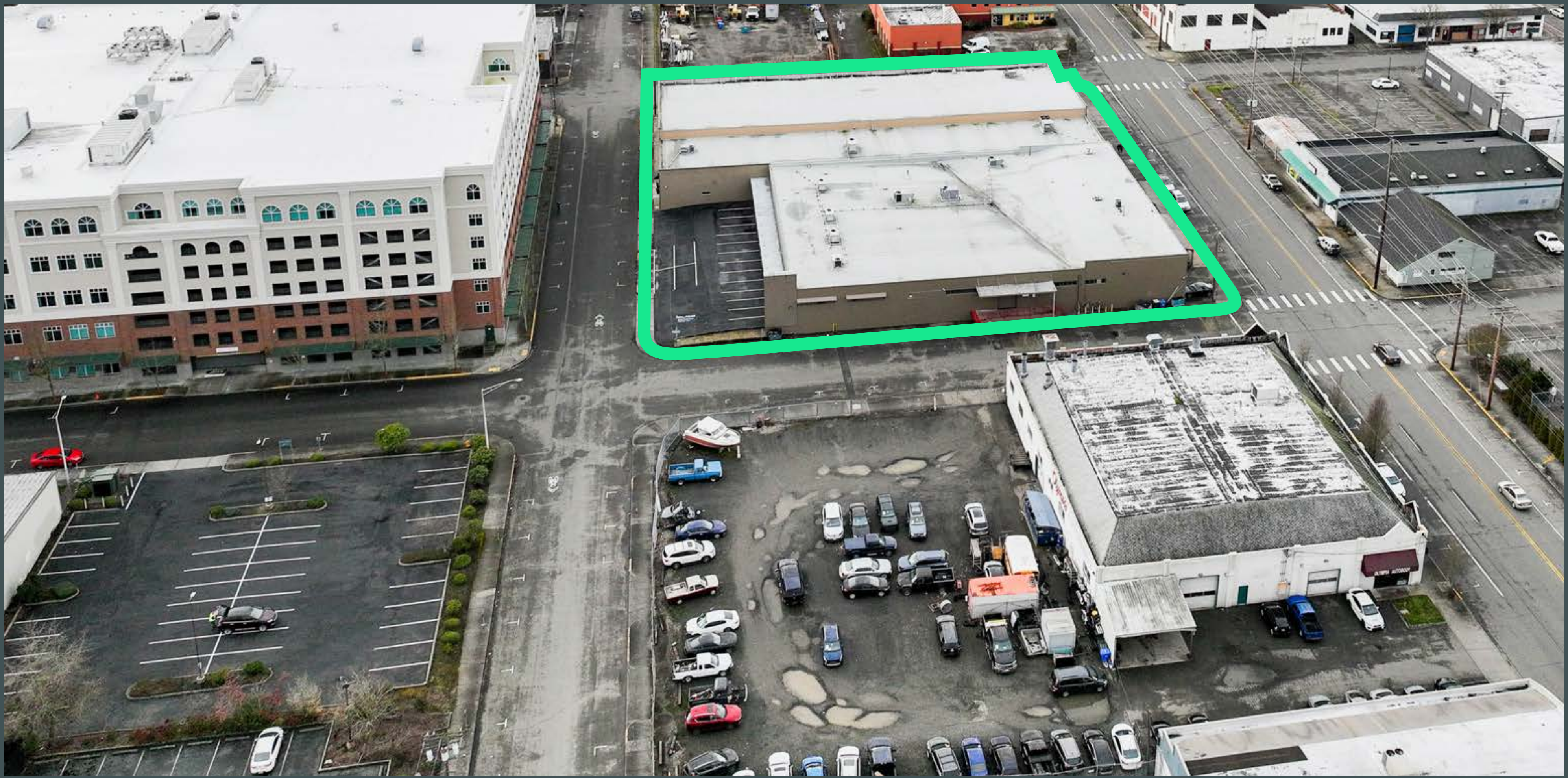
Estimated Operating Expenses – Year One

Management at 5% of Gross Rent	$21,973.73
Real Estate Taxes	$30,311.14
Insurance	$13,451.72
HVAC	$14,266.03
Repairs & Maintenance – 2024	$10,399.58
Total	$90,402.20



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