

FRP COLLECTION ACQUISITION

JULY 2016

Orlando, FL



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ACQUISITION SUMMARY

FRP COLLECTION

- › FRP Collection is a 93% leased Class “A” office portfolio comprised of five buildings and totaling 272,192 square feet.
- › Located within the Central Florida Research Park, the fourth largest research park in the country and a hub for computer modeling and simulation.
- › Diverse mix of quality tenants, including: General Dynamics (NYSE: GD), US Army Corps of Engineers, US Department of Defense, and US Air Force.
- › As part of the transaction, a 10.0 acre development parcel was acquired for \$2.3 million (\$5.28 per land foot).



Key Metrics – Excluding Development Parcel

Purchase price **\$47.5 M / \$175 PSF**

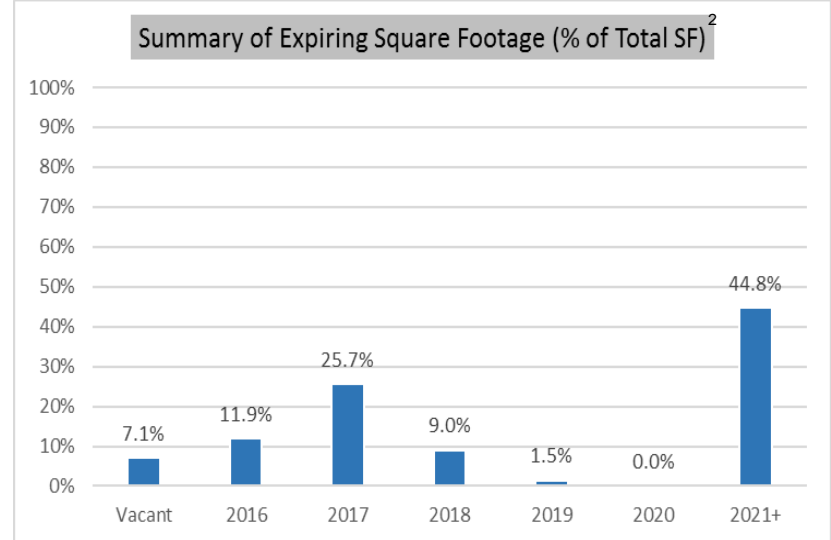
Property size **272,192 SF**

Year built / renovated **1986 - 1999**

Occupancy at close **93%**

Expected year 1 cash NOI cap rate¹ **~8.4%**

Estimated replacement cost **~\$225+ PSF**



1- Including the development land parcel and the estimated cost of planned capital improvements
 2- At July 1, 2016

ACQUISITION CHARACTERISTICS

Well Located Real Estate:

- › Located in the Central Florida Research Park, approximately 20 minutes from both Downtown Orlando and the Orlando International Airport. The submarket is adjacent to the University of Central Florida, the second largest university in the United States, which provides a skilled employee base.
- › Strong corporate presence in the Central Florida Research Park including Aon Hewitt, Boeing, Cisco Systems, Raytheon, and Siemens.
- › Three of the five buildings are inside the Force Protection Zone, a secured perimeter fence, which is a requirement for certain government tenants. These three buildings are the only privately-owned buildings within the Force Protection Zone.

Attractive Submarket Value Proposition:

- › Class “A” office inventory in the University Research submarket has rents exceeding \$24.00/SF gross and Class “A” vacancy of just 4.8%
- › Total office vacancy in the University Research submarket was 6.0% at June 30, 2016.

Favorable Acquisition Metrics:

- › 8.4% capitalization rate on Year 1 projected NOI with contractual base rental rate increases, including the development parcel/planned capital.
- › Approximately 28% discount to estimated replacement cost of \$225 psf.

Long Term, Credit Tenancy:

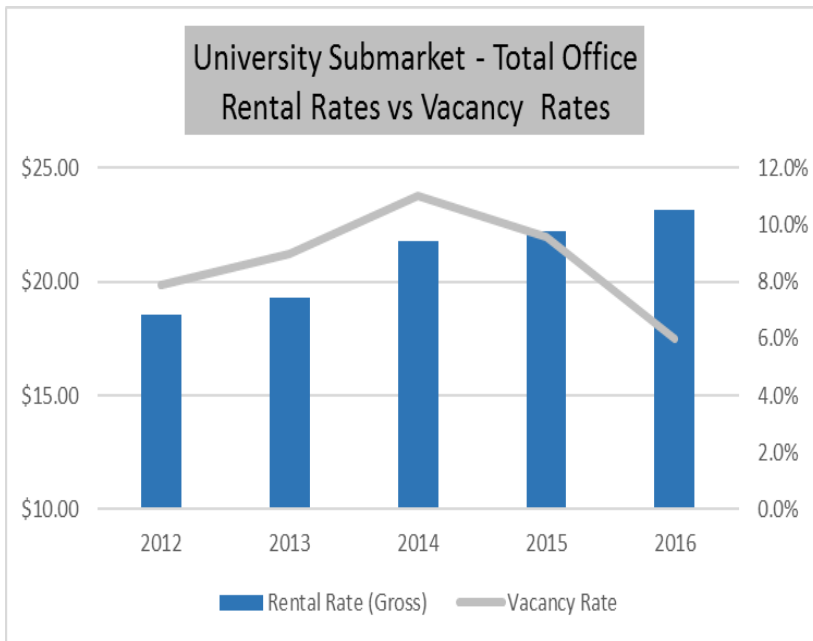
- › Approximately 58% of the in-place tenancy is comprised of GSA or credit tenants.
- › Strategic location results in “sticky” tenancy; the average length of tenancy for the three GSA tenants is 19 years.



MARKET STATISTICS – ORLANDO, FL

Strong Orlando Market Fundamentals:

- > The Orlando MSA has a population of 2.3 million residents, making it the third largest MSA in Florida.
- > The Orlando-Kissimmee-Sanford MSA currently has 4.2% unemployment rate as of April 2016 per the BLS.
- > Over the next five years, Orlando's population is projected to grow by 323,500 and 138,000 new jobs are to be created per Moody's Analytics.





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