

OFFERING MEMORANDUM

POWERS SHOPPING CENTER

5819-5883 Palmer Park Blvd
Colorado Springs, CO 80915

INVESTMENT CONTACTS:

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AQYRE
REAL ESTATE ADVISORS

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SAFETY STATION
Grand Opening!

AREA
OVERVIEW


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AREA OVERVIEW

Located just 60 mile south of Denver, Colorado Springs is the second largest city in Colorado and is located in El Paso County, the most populous county in the state of Colorado. Known for its natural attractions and mild climate, Colorado Springs experiences 300 days of sunshine annually. The community's beautiful setting and high quality-of-life have helped to build a growing community of academic, government, high-tech, non-profit, and defense-related businesses.

- **A Thriving Metropolitan Area**—Located one hour south of Denver and 30 minutes north of Pueblo, Colorado Springs is home to over 698,000 people and is an easy commute for more than 3 million.
- **Military**—Home to the prestigious United States Air Force Academy, Fort Carson, Peterson Air Force Base and Schriever Air Force Base, Colorado Springs is an epicenter for our military. Total military employment on installations in 2014 was over 51,000 in El Paso County. The military is a significant driver of Colorado's economy, accounting for 7.5% of total State labor earnings, making it the third largest industry in the State. Military economic stimulus spending from Schriever AFB alone adds approximately \$1.2 billion annually to the local economy in government contracts. In 2015, \$636 million of this spending made its way to small businesses boosting area employment capabilities dramatically.
- **Employment**—Colorado Springs boasts a strong economy with 7.25% job growth over the past three years and a median household income of \$57,948. Government, education, healthcare, tech and aerospace are leading industries in the economically diverse city. Colorado Springs has the infrastructure in place to become the cybersecurity capital of the United States. Cybersecurity is an industry that in the next five years is expected to grow from a \$70 billion industry to a \$170 billion a year business.
- **Education**—Home to numerous higher education institutions, The University of Colorado-Colorado Springs (UCCS), Colorado College, Pikes Peak Community College and United States Air Force Academy are the main schools in the city which offer degree programs to over 37,000 students.

#2 MOST POPULOUS
CITY IN COLORADO

1 HOUR DRIVETIME FROM DENVER

Four major highways lead into the city of Colorado Spings

\$1.35B YEARLY TOURISM
EARNINGS

Popular tourism destination


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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

AQYRE Real Estate Advisors is pleased to announce they have been retained as the exclusive marketing advisor for Powers Shopping Center located at 5819-5883 Palmer Park Blvd. Qualified investors have the opportunity to acquire this 35,620 square foot shopping center with multiple outparcels that sit on over 6 acres of land. The property is located on North Powers Blvd near high end retail and the desirable neighborhood of Cimarron Hills. There are multiple opportunities with this asset. Due to the fact that the neighboring property (K-Mart) has been “dark” for multiple years, Powers Shopping Center has experienced lower rents than what is market for the area. When that changes, this center will have a direct positive impact. However, during that time an investor can enjoy a 6% current cap rate with below market rents and higher than market vacancy.

OFFERING SUMMARY:

Address: 5819-5883 Palmer Park Blvd

Building Size: 35,620 SF

Price: \$5,300,000

Price/SF: \$149

Year Built: 1984

PROPERTY FEATURES:

- Current positive cash flow - 6% cap rate with below market rents and high vacancy!
- Future development opportunity - Over 6 acres of land
- Plenty of parking - Over 300 parking spaces
- Future Value - Sits directly beside a “dark” K-Mark. Next investor will enjoy the direct benefit when that space is filled.
- In-line shopping center (11 tenants) with an additional 4 outparcels, three of which have drive-thru windows.



PROPERTY OVERVIEW



PROPERTY OVERVIEW

5819-5883 Palmer Park Blvd
Colorado Springs, CO 80915

PROPERTY DESCRIPTION

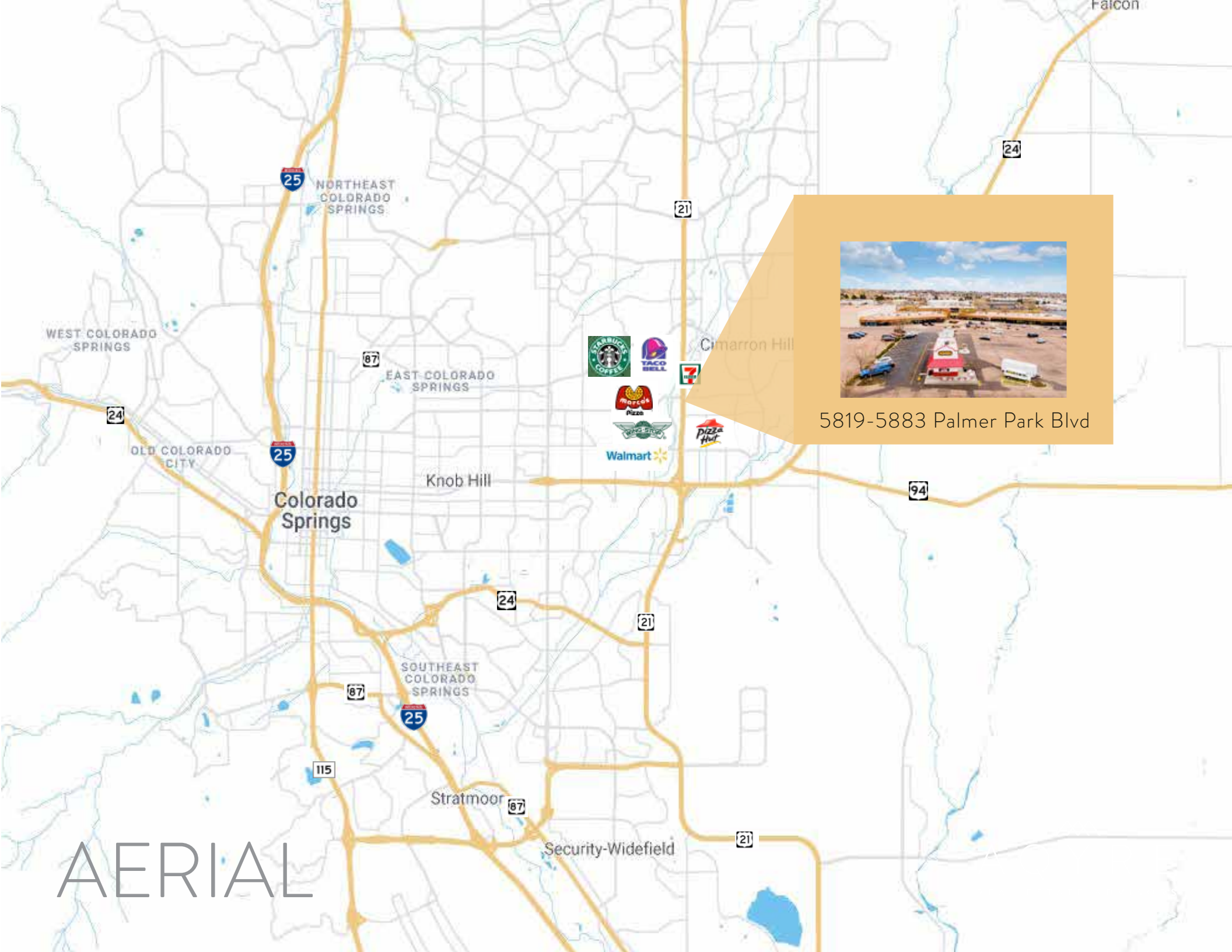
Year Built	1984
Zoning	CR
Gross Leasable Area (GLA)	35,620
Lot Size	6.03 Acres
Building Type	Multi Tenant Retail
Roof	Flat

INVESTMENT SUMMARY

Price	\$5,300,000
Price/SF	\$149
Current NOI	\$316,904
Cap Rate	6.0%

FINANCING ASSUMPTIONS

Loan Amount	\$3,729,663
Down Payment	\$1,598,427
Interest Rate	4.25%
Amortization	25 Years
Loan to Value	70%



5819-5883 Palmer Park Blvd

AERIAL



FINANCIAL ANALYSIS

FINANCIAL ANALYSIS // TENANT SUMMARY

TENANT NAME	SQUARE FOOTAGE	% OF TOTAL SF	START DATE	END DATE	LEASE TERM (YRS)	\$/SF	CURRENT ANNUAL RENT	LEASE TYPE	EXP.	EXPENSE REIMBS.
The Door	2,036	5.72%	Apr-17	Mar-20	2.9	\$8.84	\$18,000	Gross	\$6.43	\$0
Arnold's Coffee/Donuts	1,164	3.27%	May-19	Nov-23	4.5	\$16.40	\$19,090	NNN	\$6.43	\$7,479
Ed's Cards & Comics	1,400	3.93%	Sep-10	Oct-20	10.1	\$12.43	\$17,400	NNN	\$6.43	\$8,996
Aliza Ink	1,200	0.00%	Nov-16	May-26	9.5	\$17.50	\$21,000	NNN	\$6.43	\$7,711
Ice N Easy (Outparcel)	-	0.00%	Aug-15	Aug-19	4.0	\$0.00	\$7,500	Gross	\$6.43	\$0.00
Backstage Salon	1,060	2.98%	Mar-15	Feb-21	5.9	\$19.50	\$20,670	NNN	\$6.43	\$6,811
Moon Star 2	2,720	7.64%	Sep-14	Jul-20	5.8	\$17.00	\$46,240	NNN	\$6.43	\$17,477
Safety Station	10,500	29.48%	Jul-19	Nov-25	6.3	\$5.00	\$52,500	NNN	\$6.43	\$67,467
Slinger's Smokehouse & Bar	5,600	15.72%	Nov-18	Oct-25	6.9	\$10.71	\$60,000	Gross	\$0.00	\$0.00
Short Stop Hamburgers (Outparcel)	750	2.11%	Oct-19	Oct-39	20.0	\$38.40	\$28,800	NNN	\$6.43	\$4,823
Batch Slap	2,800	7.86%	Dec-19	Dec-24	5.0	\$7.43	\$20,796	NNN	\$6.43	\$18,004
Slinger's Smokehouse (Outparcel)	350	0.98%	Oct-19	Sep-24	4.9	\$34.29	\$12,000	Gross	\$0.00	\$0.00
Monica's Taco Shop (Outparcel)	920	2.58%	Dec-10	Nov-20	9.9	\$83.80	\$77,100	NNN	\$6.43	\$5,916
Vacant *estimated rent	1,520	4.27%			0.0	\$13.00	\$19,760	NNN	\$6.43	\$9,774
Vacant *estimated rent	3,600	10.11%			0.0	\$12.00	\$43,200	NNN	\$6.43	\$23,148
TOTAL VACANT	5,120	14.4%					\$62,960		\$6.43	\$32,922
TOTAL OCCUPIED	30,500	85.6%					\$401,096			\$144,683
TOTAL	35,620	100.0%					\$464,056			\$177,605

FINANCIAL ANALYSIS // CURRENT OPERATIONS



INCOME	CURRENT
Base Rent	\$464,056
Expense Reimbursement	\$177,605
Gross Rental Income	\$641,661
Vacancy	(\$95,882)
Effective Gross Income	\$545,779
EXPENSES:	CURRENT
Real Property Tax (2019 taxes)	\$70,244
Insurance	\$43,202
Repairs & Maint.	\$25,205
Grounds	\$9,321
Trash	\$9,005
Utilities	\$37,888
Management Fee (% of EGI)	\$34,010
Total Expenses	\$228,875

FINANCIAL ANALYSIS	CURRENT
Debt Service	(\$245,093)
Net Cash Flow After Debt Service	\$71,811
Principal Reduction	\$85,604
TOTAL RETURN	\$157,415

FINANCIAL ANALYSIS // 10 YEAR CASH FLOW

	AS-IS	2020	2021	2022	2023	2024	2025	2026	2027	2028
Base Rent Revenue	\$464,056	\$477,610	\$493,863	\$499,674	\$505,281	\$501,531	\$517,757	\$525,091	\$532,536	\$540,092
Expense Reimbursement Revenue	\$177,605	\$181,157	\$184,780	\$188,476	\$192,245	\$196,090	\$200,012	\$204,012	\$208,092	\$212,254
Total Income	\$641,661	\$658,766	\$678,643	\$688,149	\$697,526	\$706,621	\$717,769	\$729,103	\$740,628	\$752,346
Vacancy Factory	14.4%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
NNN expense per SF	\$6.43	\$6.55	\$6.69	\$6.82	\$6.96	\$7.09	\$7.24	\$7.38	\$7.53	\$7.68
Vacancy & NNN Expense Loss	(\$95,882)	(\$56,885)	(\$58,559)	(\$59,405)	(\$60,242)	(\$61,058)	(\$62,041)	(\$63,040)	(\$64,056)	(\$65,089)
Property Expenses	(\$228,875)	(\$233,453)	(\$238,122)	(\$242,884)	(\$247,742)	(\$252,696)	(\$257,750)	(\$262,905)	(\$268,164)	(\$273,527)
Total Expense & Rent Loss	(\$324,757)	(\$290,337)	(\$296,680)	(\$302,389)	(\$307,983)	(\$313,755)	(\$319,791)	(\$325,945)	(\$332,219)	(\$338,616)
Net Operating Income	\$316,904	\$368,429	\$381,963	\$385,861	\$389,543	\$392,866	\$397,978	\$403,158	\$408,408	\$413,729
Debt Service	(\$245,093)	(\$245,093)	(\$245,093)	(\$245,093)	(\$245,093)	(\$245,093)	(\$245,093)	(\$245,093)	(\$245,093)	(\$245,093)
Free Cash Flow	\$71,811	\$123,336	\$136,870	\$140,768	\$144,450	\$147,773	\$152,885	\$158,065	\$163,315	\$168,636
Cash on Cash Return %	4.5%	7.7%	8.6%	8.8%	9.0%	9.2%	9.6%	9.9%	10.2%	10.6%
CAP Rate	6.0%	7.0%	7.2%	7.3%	7.3%	7.4%	7.5%	7.6%	7.7%	7.8%
Principal Reduction	\$85,604	\$89,314	\$93,185	\$97,223	\$101,437	\$105,833	\$110,419	\$115,204	\$120,197	\$125,406
Total Return after Principal	\$157,415	\$212,650	\$230,054	\$237,991	\$245,886	\$253,606	\$263,304	\$237,269	\$283,512	\$294,043
Total Return	9.8%	13.3%	14.4%	14.9%	15.4%	15.9%	16.5%	17.1%	17.7%	18.4%

FINANCIAL ANALYSIS // EXIT STRATEGY & INVESTOR RETURN

EXIT STRATEGY PROJECTIONS	5 YEAR	10 YEAR
Projected Exit Cap Rate	6.0%	6.0%
Projected Sale Price	\$6,514,831	\$6,919,336
Remaining Principal	\$3,262,901	\$2,685,841
Exit Costs	\$195,445	\$207,580
Disposition Proceeds	\$3,056,485	\$4,025,914

INVESTOR RETURN	5 YEAR	10 YEAR
Cumulative Free Cash Flow	\$617,234	\$1,407,909
Net Proceeds	\$3,056,485	\$4,025,914
Investor IRR	19.68%	15.50%
Multiple	2.30	3.40



FINANCIAL ANALYSIS // SUMMARY & ASSUMPTIONS



CASH FLOW ANALYSIS	
Purchase Price:	\$5,300,000
Purchase Price (PSF):	\$148.79 psf
As-Is Net Operating Income:	\$316,904
As-Is Cap Rate:	6.0%
Analysis Start Date:	Dec-19
Analysis Period:	10 Years
Property Square Feet:	35,620

RESIDUAL	
Year 10 Net Operating Income:	\$413,729
Residual Capitalization Rate:	6.0%
Year 10 Gross Reseal Price:	\$6,919,336
Year 10 Gross Reseal Price PSF:	\$194.25 psf
Cost of Resale:	3.0%

ANALYSIS ASSUMPTIONS	
Property Tax - Annual Escalator	3.00%
Operating Expense - Annual Escalator	2.00%
General Vacancy Factor	8.00%

DISCLOSURE AND CONFIDENTIALITY AGREEMENT

This confidential Offering Memorandum, has been prepared by AQYRE Real Estate Advisors, LLC (AQYRE Real Estate Advisors) for use by a limited number of qualified parties. This Offering Memorandum has been provided to you at your request based upon your assurances that you are a knowledgeable and sophisticated investor in commercial real estate projects and developments. AQYRE Real Estate Advisors recommends you, as a potential buyer/investor, should perform your own independent examination and inspection of the property described herein as 5819-5883 Palmer Park, Colorado Springs, CO (the “Property”) and of all of the information provided herein related to the Property. By accepting this Offering Memorandum, you acknowledge and agree that you shall rely solely upon your own examination and investigation of the Property and you shall not rely on any statements made in this Offering Memorandum or upon any other materials, statements or information provided by AQYRE Real Estate Advisors or its brokers.

AQYRE Real Estate Advisors makes no guarantee, warranty or representation about the completeness or accuracy of the information set forth in this Offering Memorandum. You are responsible to independently verify its accuracy and completeness. AQYRE Real Estate Advisors has prepared the information concerning the Property based upon assumptions relating to the general economy, its knowledge of other similar properties in the market, and on other market assumptions including factors beyond the control of the AQYRE Real Estate Advisors and the Owner of the Property. AQYRE Real Estate Advisors make no representation or warranty as to either the accuracy or completeness of the information contained herein, and the information set forth in this Offering Memorandum is not intended to be a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be accurate, AQYRE Real Estate Advisors and the Property Owner disclaim any responsibility or liability for any inaccuracies. Further, AQYRE Real Estate Advisors and the Property Owner disclaim any and all liability for any express or implied representations and warranties contained in, or for any omissions from, the Offering Memorandum and for any other written or oral communication transmitted or made available to you. AQYRE Real Estate Advisors shall make available to you, as a qualified prospective investor, additional information concerning the Property and an opportunity to inspect the Property upon written request.

This Offering Memorandum and the contents are intended to remain confidential except for such information which is in the public domain or is otherwise available to the public. By accepting this Offering Memorandum, you agree that you will hold and treat Offering Memorandum in the strictest confidence, that you will not photocopy or duplicate it, or distribute it. You agree you will not disclose this Offering Memorandum or its contents to any other person or entity, except to outside advisors retained by you and from whom you have obtained an agreement of confidentiality, without the prior written authorization of AQYRE Real Estate Advisors. You agree that you will use the information in this Offering Memorandum for the sole purpose of evaluating your interest in the Property. If you determine you have no interest in the property, kindly return the Offering Memorandum to AQYRE Real Estate Advisors at your earliest convenience.



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