The U.S. Armed Forces & Department of Homeland Security – Sector Operations Center

721 Medical Center Drive | Wilmington, NC 28401

Offering Memorandum

Colliers

Disclaimer

Colliers International Brokerage Company ("Broker") has been retained as the exclusive advisor and broker for this offering.

This Offering Memorandum has been prepared by Broker for use by a limited number of parties and does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective Buyers may need or desire. All projections have been developed by Broker and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Seller and therefore are subject to variation. No representation is made by Broker or the Seller as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, the Seller and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, Broker, the Seller and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in or omitted from the Offering Memorandum or any other written or oral communication transmitted or made available to the Buyer. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum are solely the responsibility of the prospective Buyer. Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective Buyers.

By accepting the Offering Memorandum, you agree to indemnify, defend, protect and hold Seller and Broker and any affiliate of Seller or Broker harmless from and against any and all claims, damages, demands, liabilities, losses, costs or expenses (including reasonable attorney's fees, collectively "Claims") arising, directly or indirectly from any actions or omissions of Buyer, its employees, officers, directors or agents.

Buyer shall indemnify and hold Seller and Broker harmless from and against any claims, causes of action or liabilities, including, without limitation, reasonable attorney's fees and court costs which may be incurred with respect to any claims for other real estate commissions, broker's fees or finder's fees in relation to or in connection with the Property to the extent claimed, through or under Seller.

The Seller and Broker each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time with or without notice. The Seller shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Seller and its legal counsel, and any conditions to the Seller's obligation thereunder have been satisfied or waived.

The Offering Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting the Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make an offer and from whom you have obtained an agreement of confidentiality) without prior written authorization of the Seller or Broker, and that you will not use the Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of the Seller or Broker.

No employee of seller or at the Subject Property is to be contacted without the written approval of the listing agents and doing so would be a violation of this confidentiality agreement.

Broker has created cash flow projections for the Property using Argus Financial Software. Neither Broker nor the Seller make any representation, warranty or guaranty of the economic value of the Property through the cash flow projections contained in this Offering or the associated Argus computer files.

Broker and their prospective buyers agree not to contact the tenants, their employees or customers of any business on the Property without prior permission from the Landlord.

The U.S. Armed Forces & Department of Homeland Security - Sector Operations Center

721 Medical Center Dr. | Wilmington, NC 28401

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Investment **Overview**

The Ficke Team of Colliers has been selected to exclusively market for sale the **U.S. Armed Forces & Department of Homeland Security - Sector Operations Center** in Wilmington, North Carolina. Located at 721 Medical Center Drive, this property is master leased to the U.S. Coast Guard (USCG), U.S. Customs and Border Protection (USCBP), and U.S. Immigration and Customs Enforcement (ICE). The General Services Administration (GSA) just signed a new 5-year lease renewal (3-Years Non-Cancellable) and this is a Sector Operations Center for USCG and USCBP.

Wilmington is a port city in and the county seat of New Hanover County in coastal southeastern North Carolina, United States. With a population of 115,451 in the 2020 census, it is the eighth-most populous city in the state. Wilmington is the principal city of the Wilmington, NC Metropolitan Statistical Area, which includes New Hanover, Pender, and Brunswick counties in southeastern North Carolina, which had a population of 285,905 in 2020.

Investment **Highlights**

- 3 Mission Critical Co-Located Federal Agencies (USCG, USCBP, ICE)
- 24/7 Sector Operations Center – Sector Stations for USCG & USCBP
- New 5-Year Lease Renewal
- Aaa Fitch Credit Rated Tenant – Guaranteed by Full Faith of the U.S. Federal Government
- Significant Government Investment in Tenant Improvements & Building Security Systems; Level 3 Security Facility
- Attractive Financing Available

Property **Photography**

721 Medical Center Dr. | Wilmington, NC 28401

Property **Photography**

721 Medical Center Dr. | Wilmington, NC 28401

Property & Lease **Overview**

721 Medical Center Dr. | Wilmington, NC 28401

Property Overview	
Property Address	721 Medical Center Drive Wilmington, NC 28401
Lot Size	2.12 Acres
Rentable Square Feet	23,420
Year Built	2001
Occupancy	100%

Lease Overview	
Lease Commencement	2/1/2014
Lease Expiration (Current)	1/31/2024
Firm Lease Expiration (Executed Option)	1/31/2027
Total Lease Expiration (Executed Option)	1/31/2029

Tenant **Overviews**

721 Medical Center Dr. | Wilmington, NC 28401

The United States Coast Guard (USCG) is the maritime security, search and rescue, and law enforcement service branch of the United States Armed Forces and one of the country's eight uniformed services.

The U.S. Coast Guard is a humanitarian and security service. It protects the United States' borders and economic and security interests abroad; and defends its sovereignty by safeguarding sea lines of communication and commerce across U.S. territorial waters and its Exclusive Economic Zone. The U.S. Coast Guard operates under the U.S. Department of Homeland Security during peacetime.

U.S. Immigration and Customs Enforcement (ICE) is a federal law enforcement agency under the U.S. Department of Homeland Security. ICE's stated mission is to protect the United States from the cross-border crime and illegal immigration that threaten national security and public safety.

The ICE mission is executed through the enforcement of more than 500 federal statutes and focuses on customs violations, immigration enforcement, preventing terrorism and combating the illegal movement of people and goods. ICE has two primary and distinct law enforcement components, namely, Homeland Security Investigations (HSI) and Enforcement and Removal Operations (ERO); in addition to three supporting divisions: Management & Program Administration, Office of Principal Legal Advisor (OPLA) and Office of Professional Responsibility (OPR).

United States Customs and Border Protection (CBP) is the largest federal law enforcement agency of the United States Department of Homeland Security. It is the country's primary border control organization, charged with regulating and facilitating international trade, collecting import duties, as well as enforcing U.S. regulations, including trade, customs and immigration. CBP is one of the largest law enforcement agencies in the United States. It has a workforce of more than 45,600 federal agents and officers. It is headquartered in Washington, D.C.

CBP has a workforce of over 58,000 employees, including officers and agents, agriculture specialists, aircraft pilots, trade specialists, mission support staff, and canine enforcement officers and agents.

Tenant	Square Feet	Building Share %	Lease Commencement	Lease Expiration (Firm)	Lease Term Remaining (Firm)	Lease Expiration (Total)	Lease Term Remaining (Total)	Annual Rent PSF	Total Rent Per Month	Total Rent Per Year	Lease Type
U.S. Coast Guard	12,664	54.07%	1/31/2024	1/31/2027	3.00	1/31/2029	5.06	$36.60	$38,625.20	$463,502.40	Modified Gross
DHS - ICE	5,720	24.42%							$17,446.00	$209,352.00	
DHS - CBP	5,036	21.50%							$15,359.80	$184,317.60	
Total	**23,420**	**100%**		**WALT**	**3.00**	**WALT**	**5.06**	**$36.60**	**$71,431.00**	**$857,172.00**	

Financials **Rent Schedule**

721 Medical Center Dr. | Wilmington, NC 28401

Rentable Square Feet	23,420
Real Estate Tax Base	$24,510.56

Assumption

- RE Tax Reimbursement Base unchanged from previous amounts

Block A | U.S. Coast Guard | 12,664 RSF

2/1/2024 - 1/31/2029 (Option Term: 3 Firm/5 Total)	$/SF	Annual	Monthly
Base Rent	$25.85	$327,364.40	$27,280.37
OpEx Base	$10.75	$136,138.00	$11,344.83
Total	**$36.60**	**$463,502.40**	**$38,625.20**

Block B | DHS-ICE | 5,720 RSF

2/1/2024 - 1/31/2029 (Option Term: 3 Firm/5 Total)	$/SF	Annual	Monthly
Base Rent	$25.85	$147,862.00	$12,321.83
OpEx Base	$10.75	$61,490.00	$5,124.17
Total	**$36.60**	**$209,352.00**	**$17,446.00**

Block C | DHS-CBP | 5,036 RSF

2/1/2024 - 1/31/2029 (Option Term: 3 Firm/5 Total)	$/SF	Annual	Monthly
Base Rent	$25.85	$130,180.60	$10,848.38
OpEx Base	$10.75	$54,137.00	$4,511.42
Total	**$36.60**	**$184,317.60**	**$15,359.80**

Financials **Pro Forma Cash Flow**

721 Medical Center Dr. | Wilmington, NC 28401

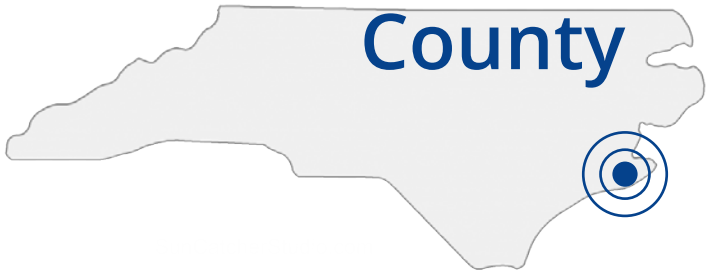
For the Years Ending			Year 1 Mar-2025	Year 2 Mar-2026	Year 3 Mar-2027	Year 4 Mar-2028	Year 5 Mar-2029	Year 6 Mar-2030	Year 7 Mar-2031	Year 8 Mar-2032	Year 9 Mar-2033	Year 10 Mar-2034	Year 11 Mar-2035	Total
Rental Revenue	[1]	***$/SF***												
USCG | Shell Rent		*$13.98*	327,364	327,364	327,364	327,364	332,821	360,101	360,101	360,101	360,101	360,101	360,101	3,802,883
DHS - ICE | Shell Rent		*$6.31*	147,862	147,862	147,862	147,862	150,326	162,648	162,648	162,648	162,648	162,648	162,648	1,717,662
DHS - CBP | Shell Rent		*$5.56*	130,181	130,181	130,181	130,181	132,350	143,199	143,199	143,199	143,199	143,199	143,199	1,512,268
Total Rental Revenue	**[2]**	**$25.85**	**605,407**	**605,407**	**605,407**	**605,407**	**615,497**	**665,948**	**665,948**	**665,948**	**665,948**	**665,948**	**665,948**	**7,032,813**
Other Tenant Revenue														
USCG | OpEx Rent	[3]	$5.81	136,138	136,138	140,506	145,423	150,513	155,781	161,234	166,877	172,717	178,763	185,019	1,729,109
USCG | RE Tax Reimbursement	[4]	$0.03	619	1,035	1,464	1,905	2,360	2,828	3,311	3,808	4,320	4,847	5,390	31,886
DHS - ICE | OpEx Rent	[5]	$2.63	61,490	61,490	63,463	65,684	67,983	70,362	72,825	75,374	78,012	80,742	83,568	780,993
DHS - ICE | RE Tax Reimbursement	[6]	$0.01	280	467	661	861	1,066	1,278	1,495	1,720	1,951	2,189	2,434	14,402
DHS - CBP | OpEx Rent	[7]	$2.31	54,137	54,137	55,874	57,829	59,854	61,948	64,117	66,361	68,683	71,087	73,575	687,602
DHS - CBP | RE Tax Reimbursement	[8]	$0.01	246	412	582	758	938	1,125	1,317	1,514	1,718	1,927	2,143	12,680
Total Other Tenant Revenue		**$10.80**	**252,910**	**253,679**	**262,550**	**272,459**	**282,714**	**293,322**	**304,299**	**315,654**	**327,400**	**339,555**	**352,130**	**3,256,672**
Effective Gross Revenue		**$36.65**	**858,317**	**859,086**	**867,957**	**877,866**	**898,211**	**959,270**	**970,247**	**981,602**	**993,348**	**1,005,503**	**1,018,078**	**10,289,485**
Operating Expenses	[9]													
Administrative/Telephone/Fire-Life Safety		$0.09	2,181	2,246	2,314	2,383	2,455	2,528	2,604	2,682	2,763	2,846	2,931	27,934
Management Fees	[10]	$0.51	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	16,127	153,694
Insurance		$0.78	18,239	18,786	19,350	19,930	20,528	21,144	21,778	22,432	23,105	23,798	24,512	233,601
Cleaning		$1.83	42,912	44,199	45,525	46,891	48,298	49,747	51,239	52,776	54,360	55,990	57,670	549,609
Service Contracts		$0.74	17,304	17,823	18,358	18,909	19,476	20,060	20,662	21,282	21,920	22,578	23,255	221,626
Repairs and Maintenance		$0.25	5,855	6,031	6,212	6,398	6,590	6,788	6,991	7,201	7,417	7,639	7,869	74,990
Custodial Management		$0.87	20,400	21,012	21,642	22,292	22,960	23,649	24,359	25,089	25,842	26,617	27,416	
Electricity		$2.15	50,426	51,939	53,497	55,102	56,755	58,458	60,211	62,018	63,878	65,794	67,768	645,846
Water and Sewer		$0.22	5,041	5,192	5,348	5,508	5,674	5,844	6,019	6,200	6,386	6,577	6,775	64,564
Natural Gas		$0.01	343	353	364	375	386	398	410	422	435	448	461	4,393
Property Taxes		$1.10	25,655	26,425	27,217	28,034	28,875	29,741	30,633	31,552	32,499	33,474	34,478	328,584
Total Operating Expenses		**$8.55**	**200,356**	**206,367**	**212,558**	**218,934**	**225,502**	**232,268**	**239,236**	**246,413**	**253,805**	**261,419**	**269,262**	**2,304,840**
Net Operating Income		**$28.09**	**657,960**	**652,719**	**655,399**	**658,932**	**672,709**	**727,002**	**731,011**	**735,189**	**739,543**	**744,084**	**748,816**	**7,723,366**

Notes to Cash Flow

1. Tenants are assumed to renew a 10 year lease for 110% of their previous shell rental rate amount upon lease expiration.
2. Lease renewal executed by GSA begin in Feb 2024, amounts illustrated in the cash flow utilize the new rental figures to illustrate a full year of income.
3. Total OpEx Rent is $251,765.00 subject to CPI-W increases annually which are assumed to increase 3.50% Y-o-Y on each lease anniversary. The breakdown illustrated is based on each tenant's respective pro-rata share.
4. RE Tax Base for the building is $24,510.56, amounts illustrated are based on the expected pro-rata share for each tenant - Actual payment is received at the same time due to all three tenants being under one lease.
5. See Note 3 for details.
6. See Note 4 for details.
7. See Note 3 for details.
8. See Note 4 for details.
9. Operating Expense Source: 2024 operating expense provided by the landlord, non-recurring expenses are excluded.
10. Management Fee is based on historical expenses provided by the landlord.

Wilmington, NC **Demographics**

New Hanover **County**



County Population

225,702+

Wilmington Overview | 5 Mile Radius

Population

In the identified area, the current year population is 130,818. The 2010 Census population count in the area was 112,463, and 124,075 in 2020, a 1.0% annual growth rate. The rate of growth since 2020 was 1.6% annually. The five-year projection for the population in the area is 137,191 representing a change of 1.0% annually. Currently, the population is 48.3% male and 51.7% female.

Households

The household count in this area has changed from 55,345 in 2020 to 58,577 in the current year, a change of 1.91% annually. The five-year projection of households is 62,105, a change of 1.18% annually from the current year total. Average household size is currently 2.15, compared to 2.16 in the year 2020. The number of families in the current year is 29,249 in the specified area.

Households by income (Average)

Current average household income is $90,729 in this area, compared to $107,008 for all U.S. households. Average household income is projected to be $104,913 in five years, compared to $122,048 for all U.S. households.

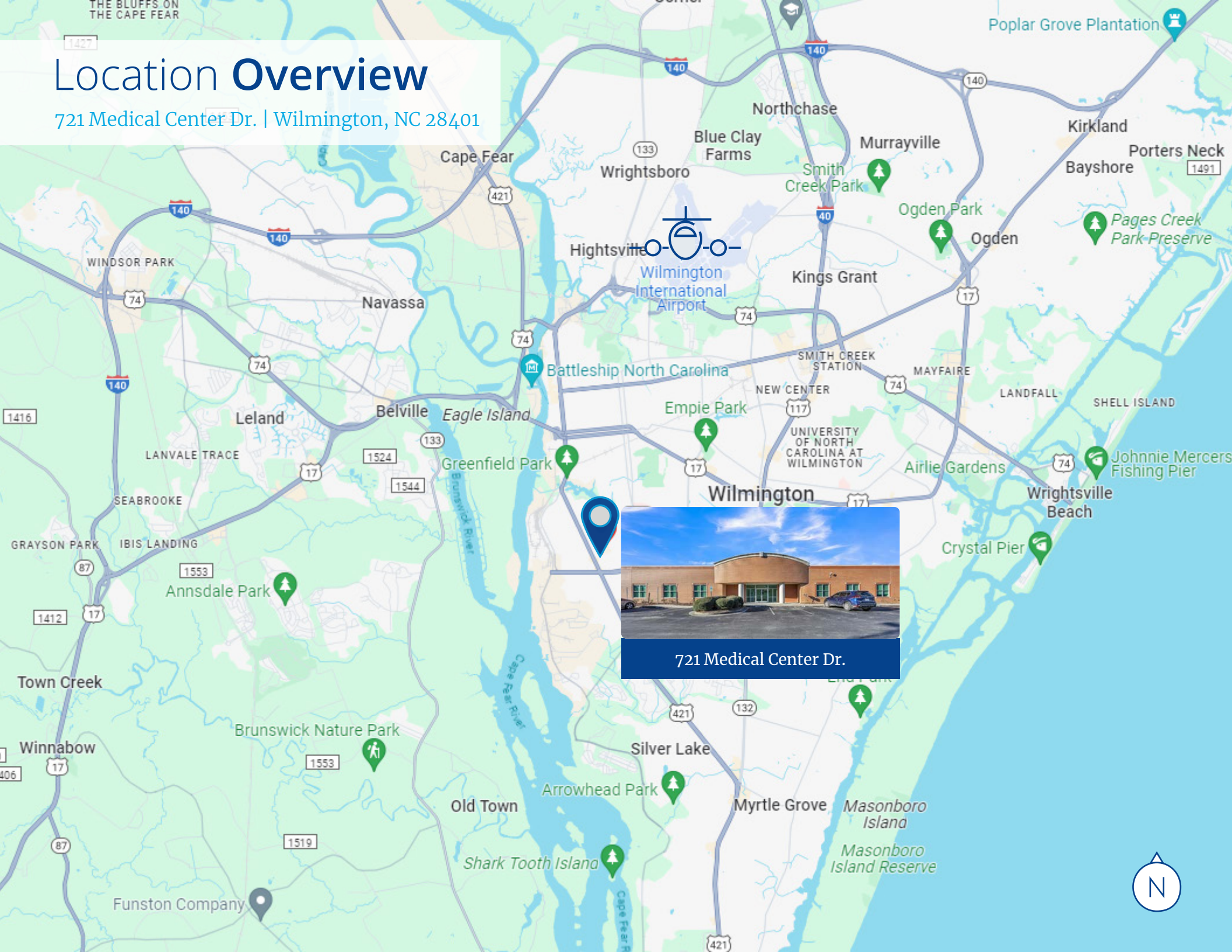
Housing

Currently 47.5% of the 65,206 housing units in the area are owner occupied; 52.5% renter occupied; and 10.2% are vacant. 64.6% of the housing units in the US are owner occupied; 35.4% are renter occupied; and 10.0% are vacant. In 2010, there were 54,572 housing units in the area - 44.7% owner occupied, 44.4% renter occupied, and 10.9% vacant. The annual rate of change in housing units since 2020 is 2.0%. Median home value in the area is $312,924, compared to a median home value of $308,943 for the U.S. In five years, median home value in the area is projected to change to $352,016, compared to a median home value of $350,006 in the US.

Source: ESRI

Location **Overview**

721 Medical Center Dr. | Wilmington, NC 28401



721 Medical Center Dr.

Pricing **Details**

Price Unstated

A formal Call for Offers will be established at a date to be detmined.

Please contact us for pricing guidance and details.

Offering **Instructions**

721 Medical Center Dr. | Wilmington, NC 28401

Offers should be submitted via email to:

Geoff.Ficke@colliers.com, Zack.Ficke@colliers.com & Debra.VanderWeit@colliers.com
Please include the following:

1. Purchase price
2. Source of debt and equity
3. Earnest money deposit
4. Due diligence and closing timelines
5. Detailed list of contingencies including investment committee, appraisal, and/or Lender approval that may be required
6. Detailed list of closing cost responsibilities

Property Tours	Form of PSA	Title & Escrow
By Appointment Only	TBD	TBD

Thank you.

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