



# Offering Memorandum



## Broker of Record

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112-118 Cardinal Drive  
Roanoke Rapids, NC 27870

Marcus & Millichap



# Aerial photo

## Aaron's Center, Roanoke Rapids, NC





# Offering Summary

Aaron's Center, Roanoke Rapids, NC

## Summary

List Price	\$1,607,246
Current CAP	8.5%
Square Feet	9,530
Price Per Square Foot	\$168.65
Year Built	2006

## Expenses

Taxes	\$10,977
Insurance	\$1,452
Lawn Care	\$1,100
Snow Removal	\$284
Management Fee	\$4,782
<b>Total</b>	<b>\$18,595</b>

## Operating Information

Scheduled Gross Income	\$136,620
Expense Reimbursement	\$18,595
Total Income	\$155,215
Vacancy Factor	0%
Expenses	\$18,595
Net Operating Income	\$136,620

## Proposed Financing

First Loan Amount		\$1,125,072
Terms:	<i>Interest Rate</i>	5.00%
	<i>Amortization</i>	25 Years
	<i>Term</i>	5 Years
Annual Debt Service		\$78,925
Cash Flow		\$57,695
Cash on Cash		11.97%

# Investment Overview

Tenant	Square Feet	Lease Start	Lease End	Annual Rent	Annual Rent/Ft.	New Rent Date	New Rent/Ft.	Lease Types	Options
Aaron's (Corporate)	7,930	1/1/2019	12/31/2025	\$111,020	\$14	1/1/2026	*Fair Market Value	NN	One, Five Year Option to Renew
Kellum Law Firm	1,600	2/13/2007	12/31/23	\$25,600	\$16	N/A	N/A	NN	None
<b>Total</b>	<b>9,530</b>			<b>\$136,620</b>					

## Investment Summary

The subject offering affords an incoming investor the opportunity to acquire a 9,500+ square foot retail center, anchored by Aaron's Corporate. This building was built in 2006, and has been occupied by the same tenants since inception. The previous operator of the Aaron's business built the center in 2006, and successfully operated a highly profitable store until Aaron's corporate chose to pursue a buyout of the operations in late 2018. Aaron's corporate assumed operations in July of 2018, and executed a new 7-Year lease on January 1, 2019.

This asset has minimal landlord responsibility, as the tenants are responsible for regular maintenance to the interior, servicing of the HVAC systems up to \$2,000 per year, and all utilities associated with the building. The leases require the tenants to reimburse the landlord for their proportionate share of Taxes, Insurance, and CAM, paid as additional rent monthly. In the event that the actual cost TICAM is greater than the additional rent set forth, tenants and landlord will reconcile at year end to cover their proportionate share of the additional expenses.

# Operating Statement

Aaron's Center, Roanoke Rapids, NC

INCOME	YEAR 1	PER SF	YEAR 2	PER SF
Scheduled Base Rental Income	\$136,620	\$14.34	\$136,620	\$14.34
Expense Reimbursement Income				
CAM	\$13,813	\$1.45	\$13,813	\$1.45
Management Fees	\$4,782	\$0.50	\$4,782	\$0.50
Total Reimbursement Income	\$18,595	100%	\$18,595	100%
Effective Gross Revenue	\$148,548	\$16.29	\$148,548	\$15.59
OPERATING EXPENSES	YEAR 1	PER SF	YEAR 2	PER SF
Common Area Maintenance (CAM)				
Lawn Care	\$1,100	\$0.12	\$1,100	\$0.12
Snow Removal	\$284	\$0.03	\$284	\$0.03
Insurance	\$1,452	\$0.15	\$1,452	\$0.15
Real Estate Taxes	\$10,977	\$1.15	\$10,977	\$1.15
Management Fees	\$4,782	3.1%	\$4,782	3.1%
Total Expenses	\$18,595	\$1.95	\$18,595	\$1.95
Expenses as % of EGR	12%		12%	
Net Operating Income	\$136,620	\$14.34	\$136,620	\$14.34



# Tenant Overview

A leader in the rent-to-own space, Aaron's, Inc. (NYSE: AAN) was founded in 1955 and has been publicly traded since 1982. Headquartered in Atlanta, Aaron's owns the Aaron's & Progressive Leasing brands. Aaron's engages in the sales and lease ownership and specialty retailing of furniture, consumer electronics, home appliances and accessories through its more than 1,600 company-operated and franchised stores in 47 U.S. states and Canada as well as its e-commerce platform Aarons.com.

Aaron's provides access to household goods for lower- to middle-income consumers with limited access to traditional credit sources. Its stores carry top brands such as Philips, Samsung, Beautyrest, GE, LG, and Hewlett-Packard. Progressive Leasing, a virtual lease to own company, provides lease-purchase solutions through approximately 19,000 retail locations across 46 states and has shown significant growth since its acquisition in 2014. Aaron's, Inc. reported \$3.38 billion in total revenues for 2017.



## STOCK SYMBOL

AAN (NYSE)

## TENANT TRADE NAME

Aaron's, Inc.

## OWNERSHIP

Public

## 2017 REVENUES

\$3.38 Billion

## NUMBER OF LOCATIONS

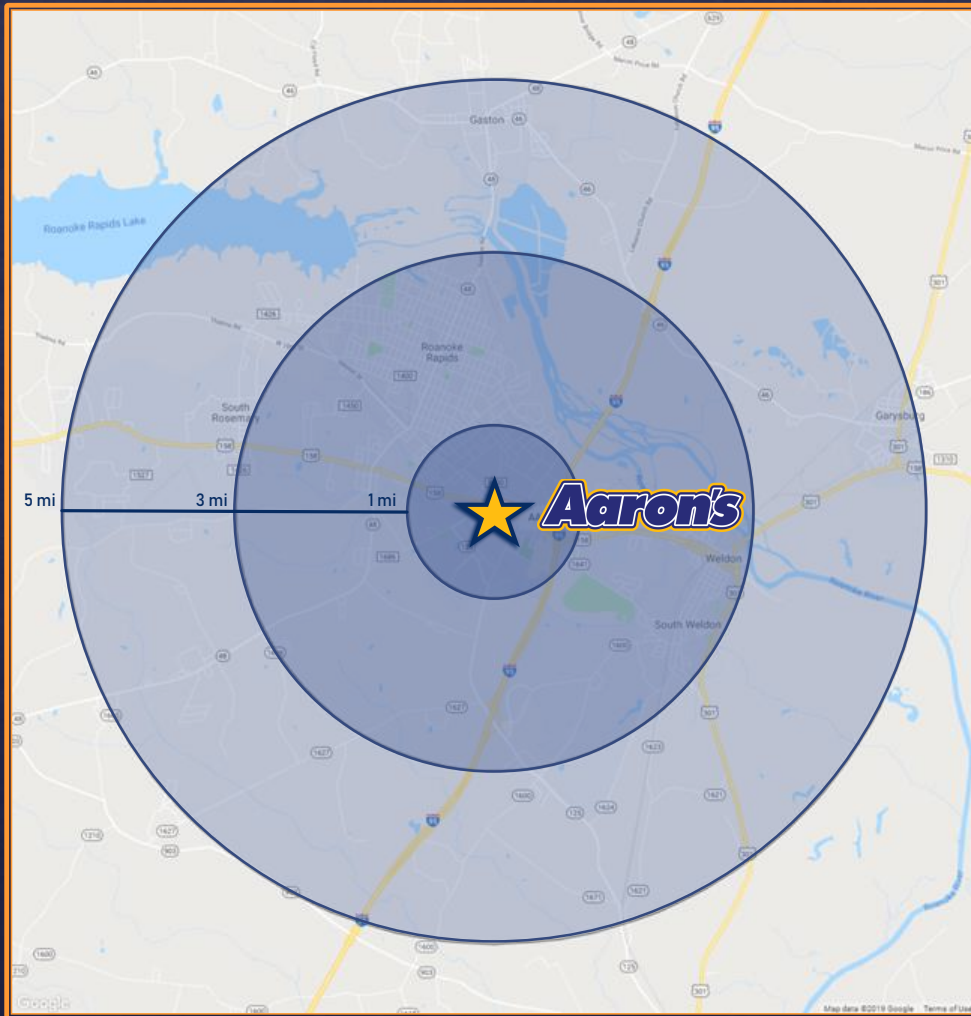
1,600+

## HEADQUARTERS

Atlanta, GA

# Demographics

## Roanoke Rapids, NC



	1 Mile	3 Miles	5 Miles
<b>POPULATION</b>			
2023 Projection	4,310	20,923	29,379
2018 Estimate	4,410	21,307	29,714
2010 Census	4,535	21,945	30,692
2000 Census	4,816	22,576	31,560
<b>INCOME</b>			
Average	\$58,160	\$53,070	\$51,304
Median	\$37,716	\$37,349	\$36,820
Per Capita	\$27,680	\$21,589	\$20,825
<b>HOUSEHOLDS</b>			
2023 Projection	2,070	8,532	11,984
2018 Estimate	2,094	8,621	12,008
2010 Census	2,158	8,924	12,471
2000 Census	2,210	9,103	12,603
<b>HOUSING</b>			
2018	\$121,567	\$99,214	\$93,941
<b>EMPLOYMENT</b>			
2018 Daytime Population	7,026	24,905	31,163
2018 Unemployment	7.34%	7.43%	7.61%
2018 Median Time Traveled	19	20	21
<b>RACE &amp; ETHNICITY</b>			
White	49.85%	53.28%	49.37%
Native American	0.01%	0.03%	0.03%
African American	42.47%	40.64%	45.03%
Asian/Pacific Islander	3.19%	1.63%	1.32%

Prepared May 28, 2019



# Opportunity Zones

## What is an Opportunity Zone?

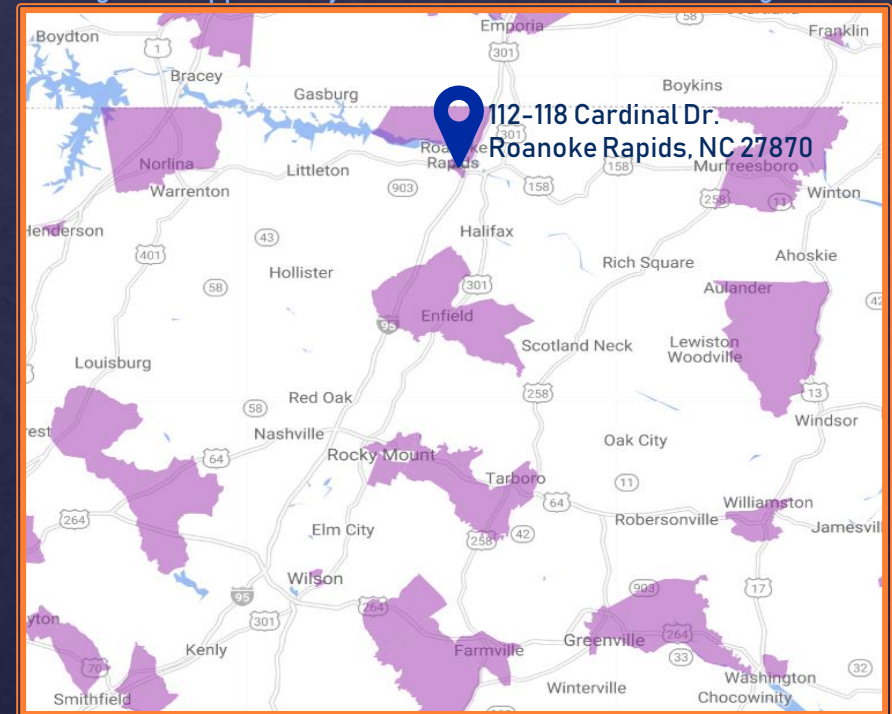
Opportunity Zones are a recent addition to U.S. Tax code designed to incentivize development in economically disadvantaged geographical areas. Each state governor nominates specific low-income tracts for designation as Opportunity Zones, and final certification is then conveyed by the Secretary of the U.S. Treasury.

Opportunity Zones allow investors to defer or reduce taxes on capital gains by reinvesting them long-term in a Qualified Opportunity Fund (QOF), which is a partnership or corporation that has registered with the IRS with intent to invest at least 90% of its holdings within at least one Opportunity Zone.

The potential tax benefits increase the longer a QOF investment is held. If initial capital gains are reinvested in a QOF within 180 days, taxes can be deferred until December 31, 2026 or until the QOF investment is sold or exchanged, whichever comes first. If the investment is held longer than five years, the deferred gain will also receive a 10% tax exclusion. After seven years, that exclusion increases to 15%. Investors that maintain their original investment in a QOF for at least ten years become eligible for a permanent tax exemption of any appreciation of the investments original value.

There are three permissible QOF investment types, including real estate. However, the law essentially limits real estate investment to construction of new buildings and the improvement of existing buildings, so long as the amount invested in improvements exceeds the purchase price of the property. In either case, investors have 30 months from the purchase date to complete real estate development.

Designated Opportunity Zones in Roanoke Rapids, NC Region



Map Data ©Google Maps 2019  
Layers Source:  
CoStar Realty Information, Inc.



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AARON'S CENTER  
Roanoke Rapids, NC  
ACT ID ZAA0160224

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# Exclusive Listing

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Marcus & Millichap

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