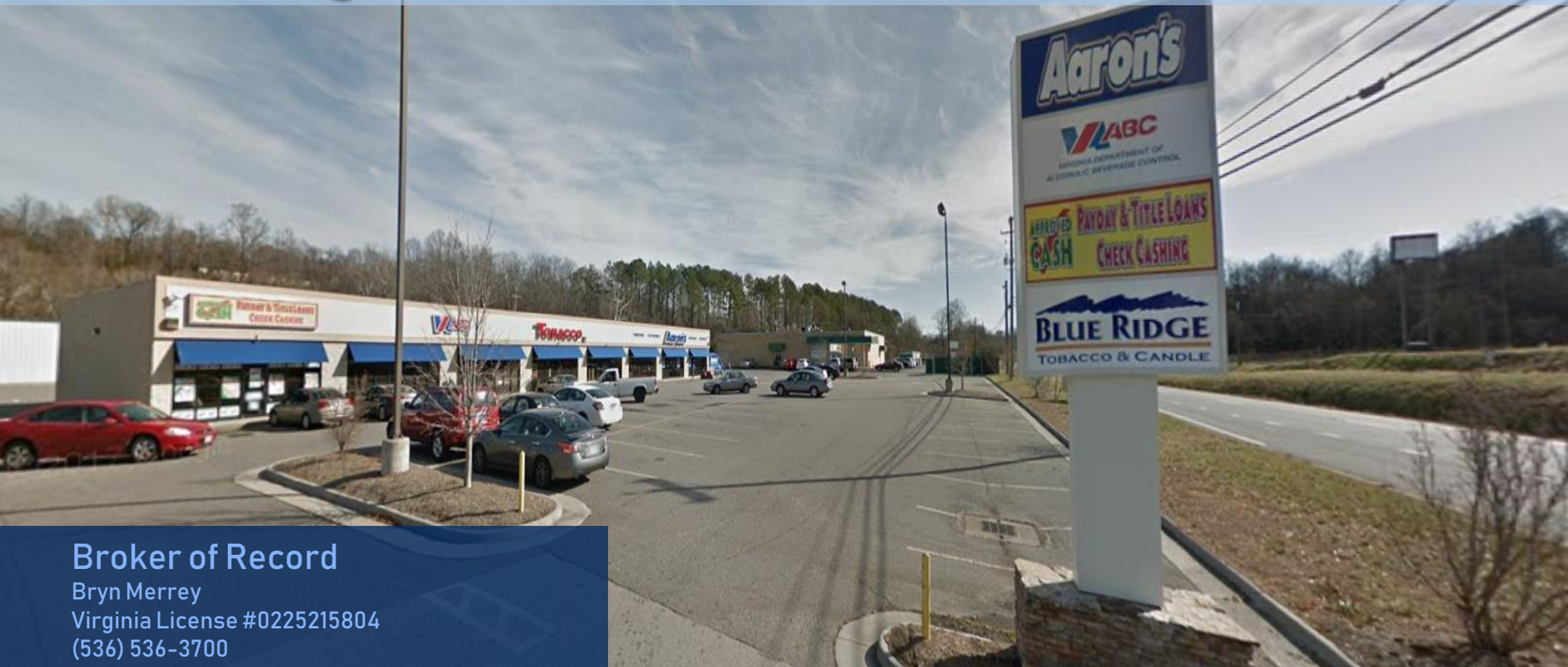


Aaron's

Offering Memorandum



Broker of Record

Bryn Merrey

Virginia License #0225215804

(536) 536-3700

2777-2801 Greensboro Road
Martinsville, VA 24112

Marcus & Millichap

Aaron's Center, Martinsville, VA



Offering Summary

Aaron's Center, Martinsville, VA

Summary

List Price	\$1,466,472
Current CAP	8.75%
Square Feet	11,475
Price Per Square Foot	\$127.80
Year Built	2007

Operating Information

Scheduled Gross Income	\$128,322
Expense Reimbursement	\$19,190
Total Income	\$147,513
Vacancy Factor	0%
Expenses	\$19,190
Net Operating Income	\$128,322

Expenses

Taxes	\$6,475
Insurance	\$1,778
Electric	\$1,456
Lawn Care	\$4,465
Snow Removal	\$525
Management Fees	\$4,491
Total	\$19,190

Proposed Financing

First Loan Amount		\$1,026,530
Terms:	<i>Interest Rate</i>	4.75%
	<i>Amortization</i>	25 Years
	<i>Term</i>	5 Years
Annual Debt Service		\$70,229
Cash Flow		\$58,093
Cash on Cash		13.2%

Investment Overview

Aaron's Center, Martinsville, VA

Tenant	Square Feet	Lease Start	Lease End	Annual Rent	Annual Rent/Ft.	New Rent Date	New Rent/Ft.	Lease Types	Options
Aaron's (Corporate)	6,075	1/1/2019	12/31/2025	\$72,900	\$12	1/1/2026	*Fair Market Value	NN	One, Five Year Option to Renew
Virginia ABC Store	2,700	9/1/2019	8/31/2024	\$29,700	\$11	9/1/2024	\$32,670	NN	Two, Three Year Options to Renew
Approved Cash Advance	1,350	10/1/2014	11/30/2024	\$13,800	\$10.22	N/A	N/A	NN	N/A
Blue Ridge Tobacco	1,350	8/1/2013	3/31/2022	\$11,922	\$8.83	N/A	N/A	NN	N/A
Total	11,475			\$128,322					

Investment Summary

The subject offering affords an incoming investor the opportunity to acquire a 11,475 square foot shopping center, with over 76% of the space leased to corporate- and government-backed guarantees. This shopping center was built by the previous Aaron's operator, who had meticulously managed this site while operating a successful franchise for Aaron's. Aaron's corporate acquired operations from the franchisee in July 2018, and further committed to this location by executing a seven-year lease on January 1, 2019. The Virginia ABC Store has been a tenant in this center since inception, and recently extended its lease early until August of 2024.

Approved Cash Advance is a regional payday lending company with over 120 locations in the southeastern United States, and Blue Ridge Tobacco and Candle is a local operation with multiple locations throughout the State of Virginia. Both tenants have seen success in this location--a claim supported by the extension of both leases over the last twenty-four months.

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, Martinsville, VA

INCOME						
	YEAR 1		PER SF	YEAR 2		PER SF
Scheduled Base Rental Income	\$128,322		\$11.18	\$128,322		\$11.18
Expense Reimbursement Income						
CAM	\$14,152		\$1.23	\$14,152		\$1.23
Management Fees	\$4,491		\$0.39	\$4,491		\$0.39
Total Reimbursement Income	\$19,190		100%	\$19,190		100%
Effective Gross Revenue	\$147,513		\$12.86	\$147,513		\$12.86
OPERATING EXPENSES						
	YEAR 1		PER SF	YEAR 2		PER SF
Common Area Maintenance (CAM)						
Lawn Care	\$4,465		\$0.39	\$4,465		\$0.39
Snow Removal/Salt	\$525		\$0.05	\$525		\$0.05
Electric	\$1,456		\$0.13	\$1,456		\$0.13
Insurance	\$1,778		\$0.15	\$1,778		\$0.15
Real Estate Taxes	\$6,475		\$0.56	\$6,475		\$0.56
Management Fees	\$4,491		3.0%	\$4,491		3.0%
Total Expenses	\$14,152		\$1.23	\$14,152		\$1.23
Expenses as % of EGR	9.9%			9.9%		
Net Operating Income	\$128,322		\$11.18	\$128,322		\$11.18

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

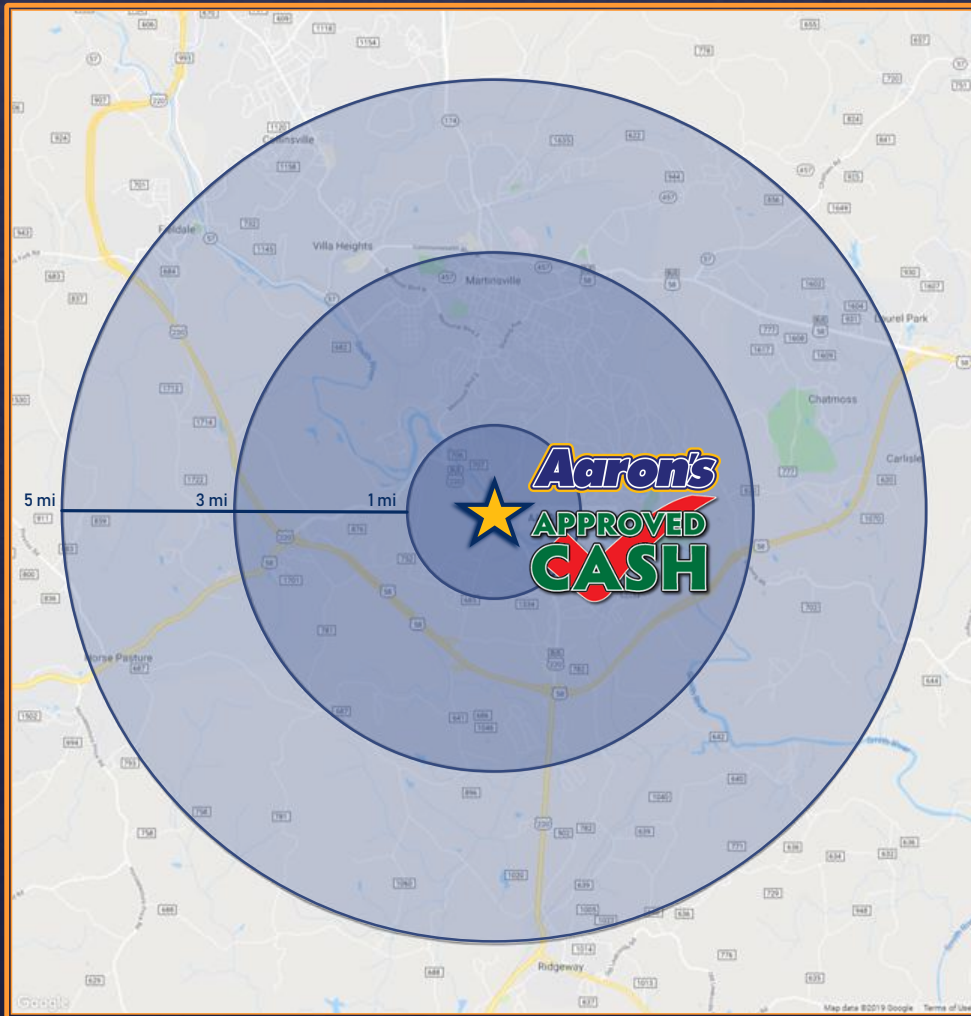
1,600+

HEADQUARTERS

Atlanta, GA

Demographics

Martinsville, VA



	1 Mile	3 Miles	5 Miles
POPULATION			
2023 Projection	1,518	14,927	28,435
2018 Estimate	1,562	15,235	28,789
2010 Census	1,629	15,628	29,798
2000 Census	1,738	17,360	32,247
INCOME			
Average	\$44,510	\$51,895	\$49,990
Median	\$35,809	\$38,291	\$37,593
Per Capita	\$19,884	\$23,098	\$22,125
HOUSEHOLDS			
2023 Projection	687	6,638	12,548
2018 Estimate	698	6,699	12,561
2010 Census	731	6,863	12,988
2000 Census	772	7,319	13,520
HOUSING			
2018	\$90,153	\$97,445	\$93,615
EMPLOYMENT			
2018 Daytime Population	2,728	20,033	34,763
2018 Unemployment	6.72%	8.05%	6.76%
2018 Median Time Traveled	21	20	21
RACE & ETHNICITY			
White	64.33%	55.37%	56.52%
Native American	0.00%	0.01%	0.01%
African American	25.48%	37.93%	37.03%
Asian/Pacific Islander	0.90%	1.24%	0.99%

Prepared May 28, 2019

Opportunity Zones

What is an Opportunity Zone?

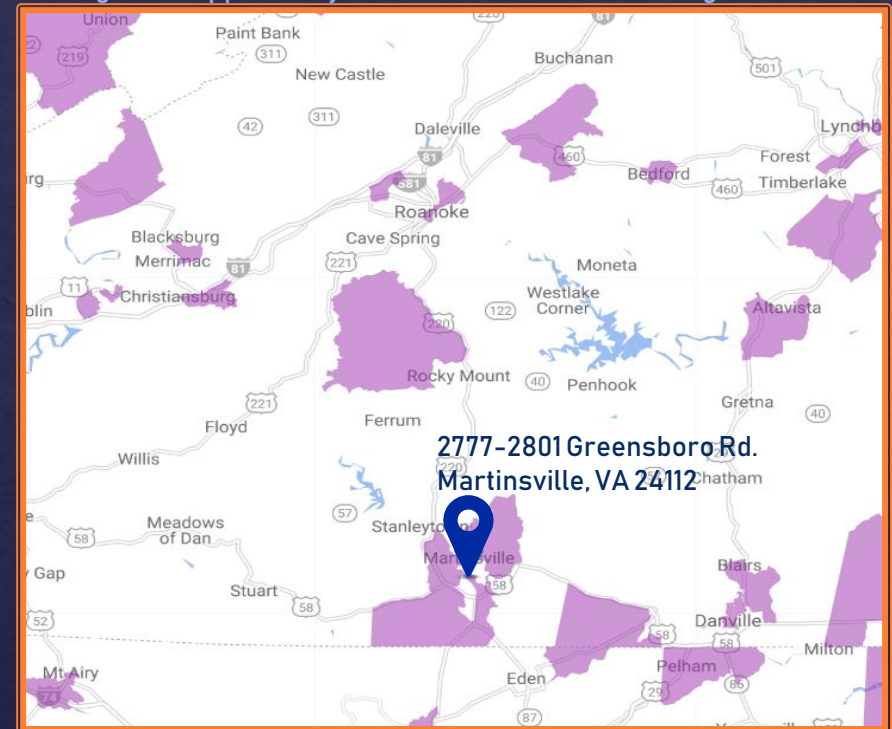
Opportunity Zones are a recent addition to U.S. Tax code designed to incentivize development in economically disadvantaged geographical areas. Each state governor nominates specific low-income tracts for designation as Opportunity Zones, and final certification is then conveyed by the Secretary of the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



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Layers Source:
CoStar Realty Information, Inc.

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