Marcus & Millichap

Offering Memorandum

MELINK CORP GLOBAL HEADQUARTERS SALE LEASEBACK

5140 River Valley Rd • Milford, OH 45150

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MELINK CORP GLOBAL HEADQUARTERS SALE LEASEBACK
Milford, OH
ACT ID Y0260089

Marcus & Millichap

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INVESTMENT OVERVIEW

EXECUTIVE SUMMARY

VITAL DATA			CURRENT	PRO FORMA
Price	$5,625,000	CAP Rate	8.00%	8.16%
Down Payment	25% / $1,406,250	Net Operating Income	$450,000	$459,000
Loan Amount	$4,218,750	Net Cash Flow After Debt Service	9.22% / $129,721	9.86% / $138,722
Loan Type	Proposed New	Total Return	18.69% / $262,880	19.77% / $277,998
Interest Rate / Amortization	4.50% / 20 Years			
Rentable SF	30,000			
Price/SF	$187.50			
Current Occupancy	100.0%			
Year Built	2005			
Lot Size	5 acre(s)			

EXPENSES	CURRENT	$/SF	PRO FORMA	$/SF
Electric	$9,268	$0.31	$9,453	$0.32
Water & Sewer	$446	$0.01	$455	$0.02
Building Maintenance	$42,545	$1.42	$43,396	$1.45
Grounds Maintenance	$20,069	$0.67	$20,470	$0.68
Trash Collection	$2,799	$0.09	$2,855	$0.10
Insurance	$10,304	$0.34	$10,510	$0.35
Real Estate Taxes	$41,308	$1.38	$42,134	$1.40
Total Expenses	**$126,739**	**$4.22**	**$129,274**	**$4.31**

DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2016 Estimate Pop	209	27,710	77,936
2010 Census Pop	205	26,977	75,865
2016 Estimate HH	88	10,203	30,085
2010 Census HH	87	9,959	29,242
Median HH Income	$79,077	$71,269	$67,813
Per Capita Income	$41,096	$33,395	$34,629
Average HH Income	$97,416	$90,368	$89,286

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present the sale leaseback of Melink Global Headquarters in Milford Ohio. This 31,237 square foot LEED Platinum building is on its own drive tucked in to the woods of South Western Ohio. Built in 2005 and was the first LEED Gold certified office building in Ohio. This cutting-edge facility is a near net zero energy building, equipped with a solar farm, wind mill, and electric car charging stations.

Melink Global Headquarters is a single-tenant net-leased flex office building paying market rents. The company is considered one of the top innovators in green, and renewable energy technology. The building uses almost no outside energy and often is selling power back to the grid. Melink Corporation is a private company founded in Ohio, and has been doing business for 30 years.

This is a unique opportunity to get a long-term lease with a cutting-edge company rarely found in the Midwest. Melink Corporation built this building for themselves in 2005, and they have every intention of staying here long-term. This expanding company is paying market rent on an easy triple net lease, which makes this a great opportunity for sustainable income in a sustainable energy company.

INVESTMENT HIGHLIGHTS

- First LEED Platinum Certified Office Building in Ohio | Near Net Zero Energy Building
- State of the Art Renewable Energy Systems
- Unique Single-Tenant Net-Leased Sale Leaseback
- Melink has been a cutting edge Renewable energy company for 30 years

PROPERTY SUMMARY

THE OFFERING	
Property	Melink Corp Global Headquarters Sale Leaseback
Price	$5,625,000
Property Address	5140 River Valley Rd,Milford,OH
Assessors Parcel Number	40-31-08C-068
Zoning	Light Industrial

SITE DESCRIPTION	
Number of Floors	2
Year Built/Renovated	2005
Rentable Square Feet	30,000
Ownership	Fee Simple
Lot Size	5.04 Acres
Topography	Flat

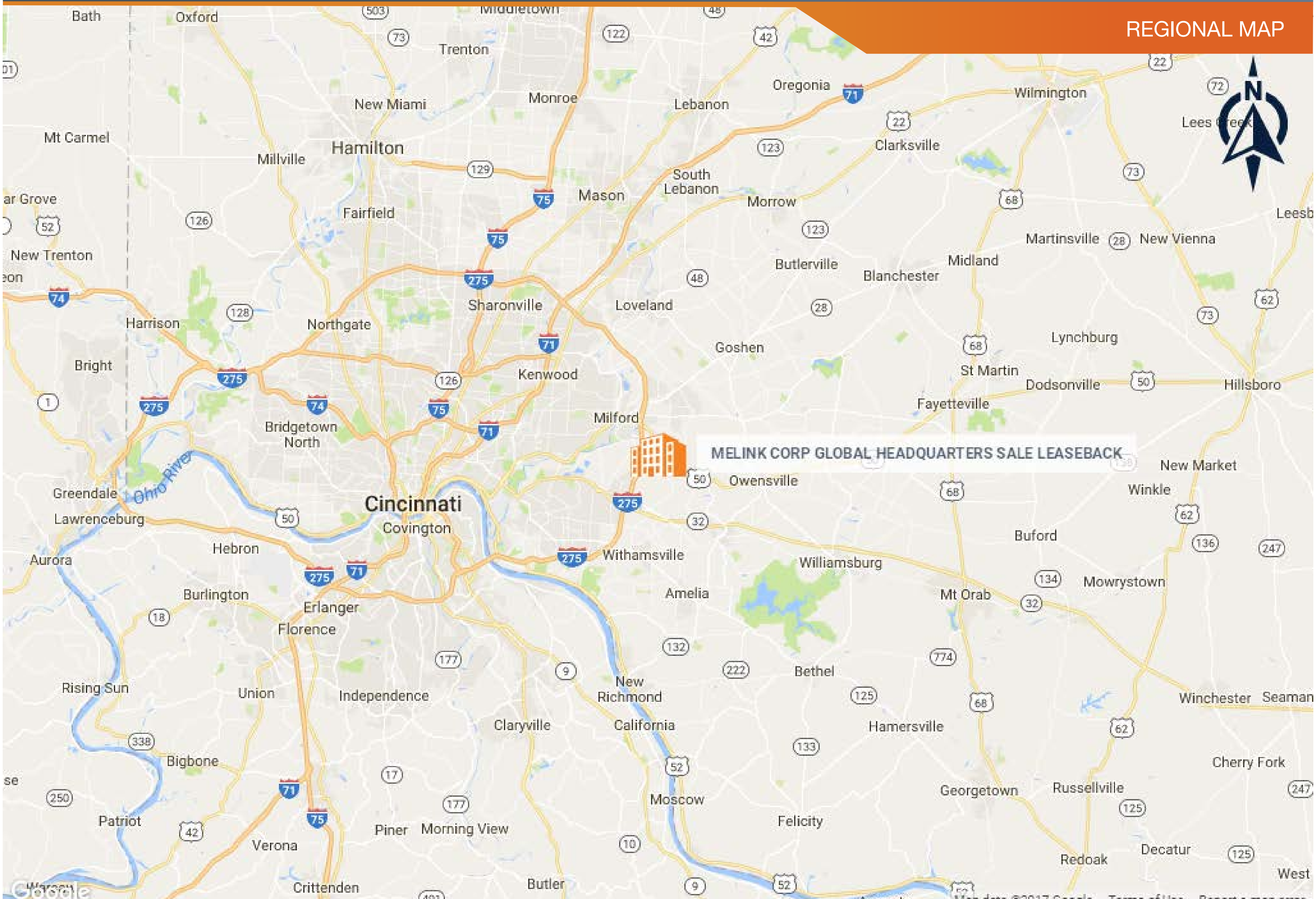
UTILITIES	
Electric	Solar

CONSTRUCTION	
Foundation	Concrete Slab
Exterior	Masonry
Parking Surface	Asphalt
Roof	Rubber Membrane

PROPERTY PHOTO

AERIAL PHOTO

REGIONAL MAP



FINANCIAL ANALYSIS

TENANT SUMMARY

As of July,2017

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates Comm.	Lease Dates Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Changes on	% Increase	Lease Type	Renewal Options and Option Year Rental Information
Melink Corporation		30,000	100.0%	7/1/17	6/30/29	$15.00	$37,500	$450,000	Jul-2018		NNN	
Total		**30,000**				**$15.00**	**$37,500**	**$450,000**				

Notes:

LEASE EXPIRATION SUMMARY

Year	Tenant	SF	%of RBA	2017 Rent	Expiration
0	Melink Corporation	30000	100.00%	$15.00	6/30/2029

OPERATING STATEMENT

Income	Current		Per SF	Pro Forma		Per SF	Notes
Scheduled Base Rental Income	**450,000**		**15.00**	**459,000**		**15.30**	
Expense Reimbursement Income							
Net Lease Reimbursement							
CAM	75,127		2.50	76,630		2.55	
Insurance	10,304		0.34	10,510		0.35	
Real estate Taxes	41,308		1.38	42,134		1.40	
Total Reimbursement Income	**$126,739**	**100.0%**	**$4.22**	**$129,274**	**100.0%**	**$4.31**	
Effective Gross Revenue	**$576,739**		**$19.22**	**$588,274**		**$19.61**	

Operating Expenses	Current	Per SF	Pro Forma	Per SF
Electric	9,268	0.31	9,453	0.32
Water & Sewer	446	0.01	455	0.02
Building Maintenance	42,545	1.42	43,396	1.45
Grounds Maintenance	20,069	0.67	20,470	0.68
Trash Collection	2,799	0.09	2,855	0.10
Insurance	10,304	0.34	10,510	0.35
Real Estate Taxes	41,308	1.38	42,134	1.40
Total Expenses	**$126,739**	**$4.22**	**$129,274**	**$4.31**
Expenses as % of EGR	**22.0%**		**22.0%**	
Net Operating Income	**$450,000**	**$15.00**	**$459,000**	**$15.30**

Notes and assumptions to the above analysis are on the following page.

PRICING DETAIL

Summary		
Price	**$5,625,000**	
Down Payment	$1,406,250	25%
Number of Suites	1	
Price Per SqFt	$180.07	
Rentable Built Area (RBA)	31,237 SF	
Lot Size	5. Acres	
Year Built/Renovated	2005	
Occupancy	100.00%	

Returns	Current	Pro Forma
CAP Rate	**8.00%**	**8.16%**
Cash-on-Cash	9.22%	9.86%
Debt Coverage Ratio	1.41	1.43

Financing	1st Loan
Loan Amount	$4,218,750
Loan Type	New
Interest Rate	4.50%
Amortization	20 Years
Year Due	2022

Loan information is subject to change. Contact your Marcus and Millichap Capital Corporation representative.

Operating Data

Income		Current		Pro Forma
Scheduled Base Rental Income		**$450,000**		**$459,000**
Total Reimbursement Income	28.2%	$126,739	28.2%	$129,274
Other Income		$0		$0
Potential Gross Revenue		$576,739		$588,274
Effective Gross Revenue		$576,739		$588,274
Less: Operating Expenses	22.0%	($126,739)	22.0%	($129,274)
Net Operating Income		**$450,000**		**$459,000**
Tenant Improvements		$0		$0
Leasing Commissions		$0		$0
Capital Expenditures		$0		$0
Cash Flow		$450,000		$459,000
Debt Service		($320,279)		($320,279)
Net Cash Flow After Debt Service	9.22%	$129,721	9.86%	$138,722
Principal Reduction		$133,159		$139,276
Total Return	**18.69%**	**$262,880**	**19.77%**	**$277,998**

Operating Expenses	Current	Pro Forma
CAM	$75,127	$76,630
Insurance	$10,304	$10,510
Real Estate Taxes	$41,308	$42,134
Management Fee	$0	$0
Total Expenses	**$126,739**	**$129,274**
Expenses/Suite	**$126,739**	**$129,274**
Expenses/SF	**$4.06**	**$4.14**

Melink Corporation

Melink Corporation provides building commissioning services, kitchen ventilation controls, and solar photovoltaic (PV) systems for the commercial and institutional building industry in the United States and internationally. The company provides heating, ventilation, and air conditioning (HVAC) test and balance services for restaurant, retail, supermarket, and hotel chains; and designs, installs and leases ventilation systems for commercial kitchens. It also develops and integrates solar PV systems; and provides project development and financing, design and installation, and maintenance and monitoring services. In addition, the company develops and offers MPower, a building monitoring system that allows users to monitor building loads down to the circuit level, and to empower them to find their opportunities to save energy. Further, it sells shirts, backpacks, pants, jackets, and hats online. The company provides its services for colleges and universities, hotels and lodging facilities, restaurants, and supermarkets, as well as government, military, and retail markets. It also offers its products and services for building owners, architects/engineers, food service consultants, and energy service companies and integrators. Melink Corporation was founded in 1987 and is based in Milford, Ohio.

General Information	
Tenant Name	Melink Corporation
Website	https://melinkcorp.com/
Headquartered	Milford, OH
Rentable Square Feet	30,000 SF
Percentage of RBA	100%
Lease Commencement	7/1/2017
Lease Expiration	6/30/2029
No. of Locations	1

Accolades

2015 – EY Entrepreneur of Year Award – Link to Video

2015 – Green Business Award – Link to Article

2012 – AHR Expo – Product of the Year – Link to Article

2011 – National Green Fleet Award – Link to Article

Melink Corporation

MARCUS & MILLICHAP CAPITAL CORPORATION CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We leverage our prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues to the benefit of our clients.

Closed 1,651 debt and equity financings in 2016

National platform operating within the firm's brokerage offices

$5.1 billion total national volume in 2016

Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Our ability to enhance buyer pool by expanding finance options

Our ability to enhance seller control

- **Through buyer qualification support**
- **Our ability to manage buyers finance expectations**
- **Ability to monitor and manage buyer/lender progress, insuring timely, predictable closings**
- **By relying on a world class set of debt/equity sources and presenting a tightly underwritten credit file**

MARKET
OVERVIEW

CINCINNATI

Market Highlights

Diversified economy

- Growth in services industries has lessened the metro's dependence on manufacturing and transportation.

Attractive business, living environment

- Companies are drawn to the region's low cost of doing business, while employees can enjoy an affordable place to live.

Central distribution point

- Half of the U.S. population and 30 major markets are within a one-day drive.

An abundance of higher education

- There are 250 colleges and universities within a 200-mile radius.

Geography

The Cincinnati metro is located in the southwestern corner of Ohio and extends into northern Kentucky and southeastern Indiana, covering 3,343 square miles. Ohio counties in the metro are: Hamilton, Brown, Warren, Butler and Clermont. The counties in Indiana include Dearborn, Ohio and Franklin, while Kentucky counties are Campbell, Grant, Boone, Gallatin, Pendleton, Bracken and Kenton. The Ohio River runs through the area, establishing the border between Ohio and Kentucky. The terrain is hilly, with bluffs and low ridges along the river.

Cincinnati OH-KY-IN Metro

CINCINNATI

Metro

The Cincinnati metro is a unique 15-county region located within portions of Ohio, Kentucky and Indiana that maintains a population of more than 2.1 million. Cincinnati is the largest city in the metro with 299,400 residents and the third-most populous in Ohio. The highest rates of growth are occurring in outlying portions of the metro.

Infrastructure

Cincinnati is known for its premier business support services. Most recognizable is the Cincinnati/Northern Kentucky International Airport (CVG). CVG provides easy access to major business and leisure destinations, as half of the United States is within a one-hour flight.

The region's central location makes it ideal for transporting goods via the extensive highway network, rail system, air or barge down the Ohio River. The area is well-served by interstate freeways and major highways. CSX, Conrail and Norfolk Southern provide freight service, while Amtrak offers passenger rail. Nearly 12 million tons of goods pass through the Port of Cincinnati annually.

Regional bus service is provided by the Southwest Ohio Regional Transit Authority and the Transit Authority of Northern Kentucky.

The Cincinnati Metro is:

- 100 miles from Indianapolis
- 100 miles from Louisville
- 235 miles from Detroit
- 250 miles from Cleveland
- 250 miles from Chicago

Airports

- Los Angeles International Airport
- Nine general aviation airports

Major Roadways

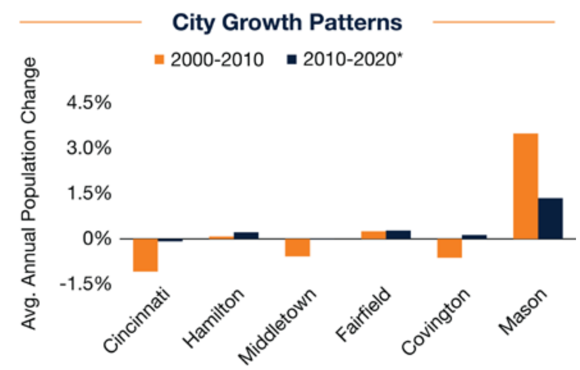
- Interstates 71, 74, 75, 275 and 271
- Highways 22, 27, 50, 52 and 127

Rail

- Freight – CSX, Conrail and Norfolk Southern
- Passenger – Amtrak

Ports

- Port of Cincinnati



Largest Cities in Metro by Population	
Cincinnati	299,400
Hamilton	63,200
Middletown	49,300
Fairfield	43,100
Covington	41,800
Mason	31,600

* Forecast

Sources: Marcus & Millichap Research Services; U.S. Census Bureau; Experian

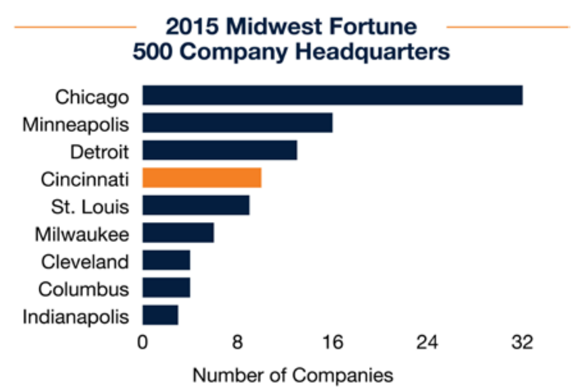
CINCINNATI

Economy

The economy of the Cincinnati metro is fluctuating. The gross metropolitan product (GMP) grew 1.6 percent in 2015 and is forecast to rise 3.1 percent this year as retail sales are expected to jump 2.7 percent. In addition, annual employment growth of 1.3 percent is projected over the next five years and residential permitting activity remains; more than 1,000 permits issued last year. The area's traditional employment bases in aerospace, automotive, chemistry and financial services will continue to contribute to the metro's economic landscape going forward. An excellent transportation system; lower property, corporate and state taxes; and state tax credit initiatives are major incentives that draw companies.

Various new employment sectors will also position the metro favorably into the future. Growth in the technology sector has become a significant contributor to the region's economy. Hundreds of area firms are engaged in high-tech research, employing thousands of people. An increased presence in the fields of consumer products and creative services, information technology, and life sciences will provide high-quality jobs to Cincinnati residents as these sectors grow.

The advanced-energy sector is receiving state incentives for energy capital investments in production facilities and manufacturing capabilities. Research is being conducted in biomass, fuel cell, solar and wind energy. The metro's access to hundreds of relatively close institutions of higher learning will continue to support research and growth in this sector.



* Forecast

Sources: Marcus & Millichap Research Services; Bureau of Economic Analysis; Moody's Analytics; U.S. Census Bureau; Fortune

CINCINNATI

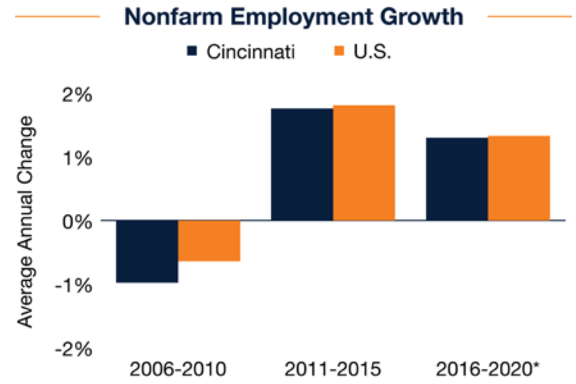
Labor

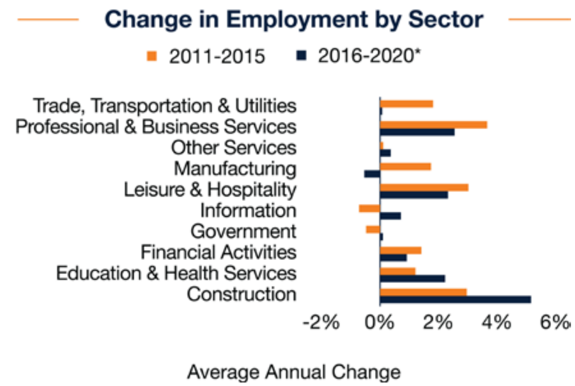
The Cincinnati metro provides nearly 1 million jobs to workers skilled in a wide range of occupations. Quality of life and diverse job opportunities make it easy for area companies to attract and retain employees.

The abundance and skill of workers are key assets in the Cincinnati metro. Local colleges and universities train and equip professionals to enter the labor pool. Universities also serve as major players in technology research and innovation. The University of Cincinnati's Vontz Center of Molecular Studies and the Hamilton County Business Center, a hotbed for high-tech startups, have attracted many technology professionals to the region. Several of the top 100 information technology companies now have area operations.

Once a manufacturing-dominated employment base, the region now focuses on trade, transportation and utilities, which provides 20 percent or 213,100 area jobs. The professional and business services, and education and health services segments account for 17 percent and 15 percent, respectively.

During the next five years, all employment categories except for manufacturing will increase, with the strongest gain projected in construction, which will expand nearly 5.2 percent annually during this time, with the addition of more than 12,000 workers.





* Forecast

Sources: Marcus & Millichap Research Services; BLS; Moody's Analytics

CINCINNATI

Employers

Cincinnati remains one of the nation's primary industrial and commercial centers, with a major port on the Ohio River. Distribution of raw materials and manufactured goods serves as the city's chief economic activity, led by GE Aviation and AK Steel Corp.

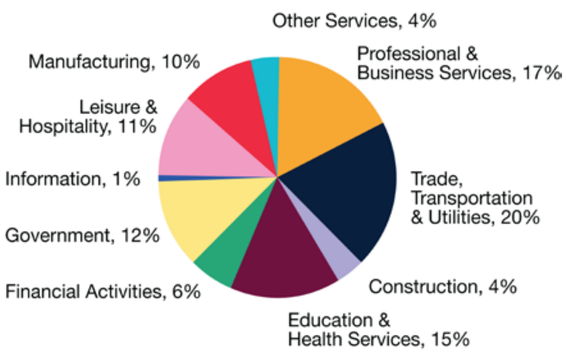
The regional airport and Cincinnati's water port provide access to domestic and international markets, which attracts large distribution facilities, including Toyota Motor Sales, Levi Strauss and Gap Inc.

Cincinnati houses 10 Fortune 500 headquarters, including Procter & Gamble, Macy's and Kroger. There is healthy diversity among major employers, which represent aviation, financial services and healthcare.

The American Financial Group, US Bank, and Fifth Third Bank lead the banking and financial services sector, while Mercy Health Partners is one of the largest employers in Cincinnati's expanding healthcare industry. Cincinnati's Children's Hospital Medical Center has recently been ranked the third-best Children's Hospital in the nation.

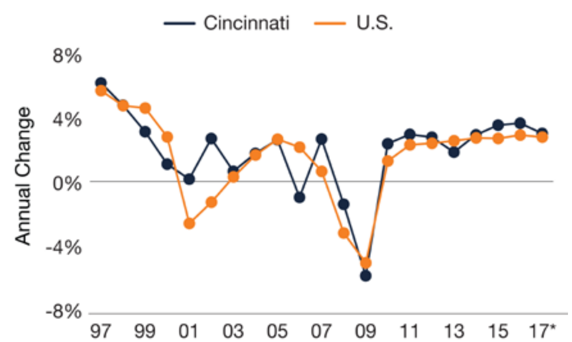
Cincinnati is also a regional hub for education with nearly 20 institutions of higher learning located nearby. The University of Cincinnati is one of the metro's biggest employers, supporting roughly 17,000 jobs.

Share of 2015 Total Employment



Major Employers
Kroger Co.
University of Cincinnati
Proctor & Gamble
Cincinnati Children's Hospital Medical Center
Health Alliance Greater Cincinnati Inc.
TriHealth Inc.
Wal-Mart
Mercy Health Partners
Fifth Third Bank
GE Aviation

Office-Using Employment Growth



* Forecast

Sources: Marcus & Millichap Research Services; BLS; Moody's Analytics; Experian

CINCINNATI

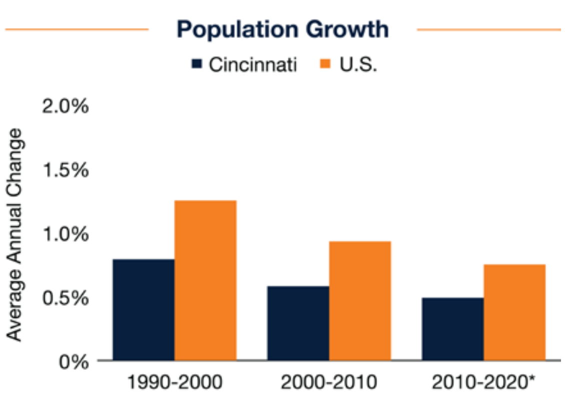
Demographics

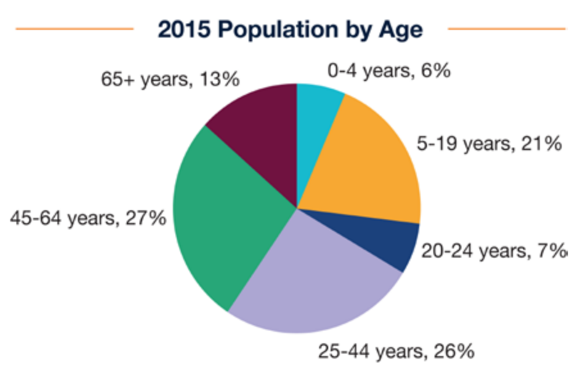
The Cincinnati population is expected to grow 3.2 percent over the coming five years, reflecting a total gain of nearly 70,000 residents. Household expansion will also occur at a pace of 3.6 percent during this time, generating additional demand for housing.

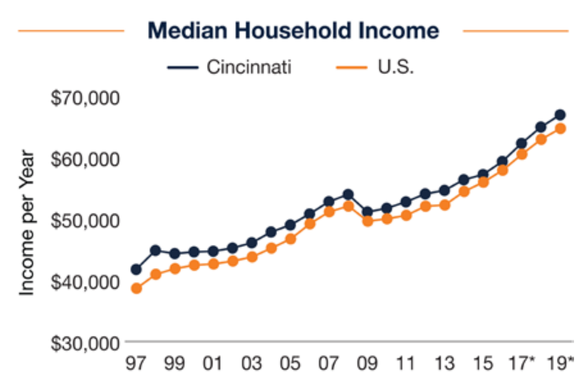
Cincinnati's median age, at 37.6 years, is on par with the U.S. national median of 37.5 years. Roughly 60 percent of the metro's population is considered working age, and this trend is expected to remain unchanged during the next five years.

Educational attainment in the region exceeds the national average, with nearly 89 percent of all adults having completed high school compared with 86 percent nationally. Nearly 30 percent of local residents age 25 and older have attained at least a bachelor's degree, and nearly 11 percent also have earned a graduate or professional degree.

The median household income in the metro, at $57,300 per year, is above the national median. Higher incomes and affordable home prices have increased the homeownership rate in the area to more than 67 percent. The median price of homes in Cincinnati stands at $146,200, well below the national median. Cincinnati's relatively affordable cost of living draws companies and residents to the metro.







Sources: Marcus & Millichap Research Services; Moody's Analytics; U.S. Census Bureau; AGS; Experian

CINCINNATI

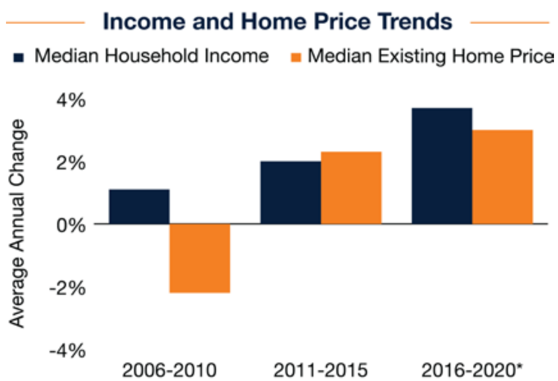
Quality of Life

Cincinnati offers a wide range of cultural and entertainment activities. The Cincinnati Symphony Orchestra is one of the country's finest orchestras. Riverbend, an outdoor concert facility located on the banks of the Ohio River, provides entertainment throughout the summer. The city also boasts a summer opera program, a world-famous zoo and botanical garden, a planetarium and a ballet company. More than 100 museums and galleries are located in the metro.

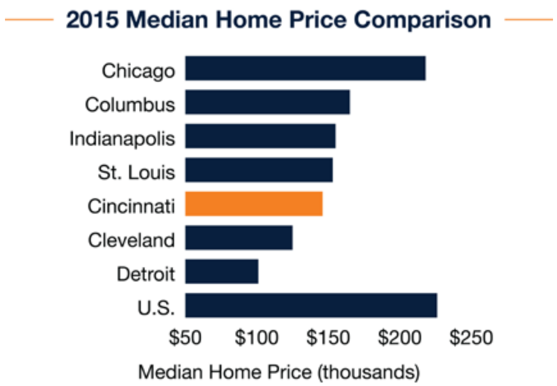
There are several entertainment corridors, including Mount Adams and the expanding Main Street district, where numerous restaurants and clubs can be found.

For the sports enthusiast, Cincinnati offers professional baseball, football, hockey, soccer, tennis, volleyball, car racing and horse racing. In addition, there are many golf courses and parks. Two amusement parks are within a short distance of the city, and skiing is available at Perfect North Slopes 30 minutes from downtown Cincinnati in Indiana.

A number of universities have main campuses in the area, including the University of Cincinnati, Xavier University and Northern Kentucky University. Miami University is located in nearby Oxford.



* Forecast
Sources: Marcus & Millichap Research Services; Economy.com; National Association of Realtors; U.S. Census Bureau



CINCINNATI METRO AREA

Developers Activate Office Sites in the CBD and Northern Cincinnati

Office deliveries address demand for midsize to large floor plates. Employer demand for contiguous space has spurred development of office projects. Several buildings over 100,000 square feet are opening this year in the central business district, from the Mercer Medical Center through to the employment hub in Blue Ash. Buildings under 90,000 square feet are also underway throughout the market to address traditional and medical office building needs. These and numerous other office developments are dotting the Cincinnati skyline. New leases for future space were dominated by mid-range floor plates near 30,000 square feet, primarily in the northern Cincinnati area. Marketwide, office buildings under 10,000 square feet with adjoining space remain highly sought by many tenants. Strong pre-leasing activity for the underway space, along with healthy absorption for existing space, particularly in the Northern Cincinnati Area submarket, are keeping vacancy near historical lows. Heightened deliveries during the past few years will elevate vacancy in 2016. Yet, tenant demand will allow the average asking rent to conservatively tick up, consistent with the past four years.

Positive synergy in office development keeps investors engaged. The local office market appeals to both institutional and private investors, keeping competitive bidding strong. Buyers seeking high-quality buildings primarily traded in the Northern Cincinnati Area submarket down through the city core into the metro's urban northern Kentucky employment hubs. Assets in these areas often traded with initial yields in the mid-6 percent range. Though Class A is often reported in the news, Class B trades remain the prime commodity targeted in these areas, particularly those with easy access to restaurants and necessity shopping for their tenants' employees. Such properties often changed hands with initial yields from mid-7 percent up into the 8-percent range, depending on vacancy and renovations needs. High-net-worth individuals with local expertise in re-tenanting and who desire higher first-year yields purchased properties in areas from Tri-County 275 up into Butler County at 100 to 200 basis points higher. Overall, the gap between asking and selling price remains narrow, encouraging owners to exchange and keeping sales velocity strong.

2016 Annual Office Forecast

2.0% increase in total employment

Employment: This year, total employment will expand by 21,000 workers, including the creation of 2,500 office-using jobs. In 2015, nearly 15,000 positions were added to the employment base, with office-using headcounts growing by 2,400 people.

1.0 million sq. ft. will be completed

Construction: Builders will complete nearly 1.0 million square feet of office space this year, following the delivery of 1.3 million square feet of space in 2015. The core and areas directly north will receive the majority of new inventory.

40 basis point decrease in vacancy

Vacancy: In 2015, the net absorption of office space reached a seven-year peak at nearly 2 million square feet, resulting in a 100-basis-point drop in the vacancy rate. This year, vacancy will rise 40 basis points year over year to 15.2 percent.

1.1% increase in asking rents

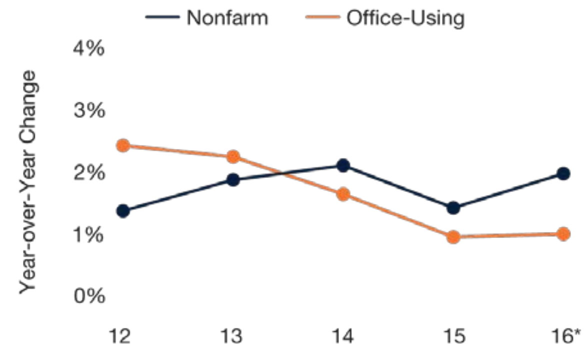
Rents: Despite a slight uptick in vacancy this year, the rate remains historically low, encouraging rent gains. The average asking rent will increase 1.1 percent from the end of 2015 to $16.20 per square foot by the fourth quarter. Last year, rent advanced 1.5 percent.

CINCINNATI METRO AREA

Economy

- Nearly 16,100 jobs were created year over year in the second quarter, a 1.5 percent annual increase. Gains were most notable in the leisure and hospitality sector, which added 7,300 positions, a 6.2 percent rise over the span.
- The headcount expansion included 2,400 office-using positions, rising 0.9 percent from the middle of last year following the addition of 4,100 jobs in these segments during the prior period. Performance in the traditional office-using sectors was mixed over the last 12 months, with a combined increase of 4,000 positions in financial and information services and a reduction of 1,700 workers in the professional and business services.
- The unemployment rate was flat at 4.5 percent year over year in June, a temporary moderation as some sectors made minor cuts. In the previous annual time frame, the unemployment rate dropped 90 basis points.
- Outlook: Total employment will expand by 21,000 positions during 2016, a 2.0 percent annualized gain. Office-using employment will rise by 1.0 percent this year as 2,500 workers are added.

Employment Trends

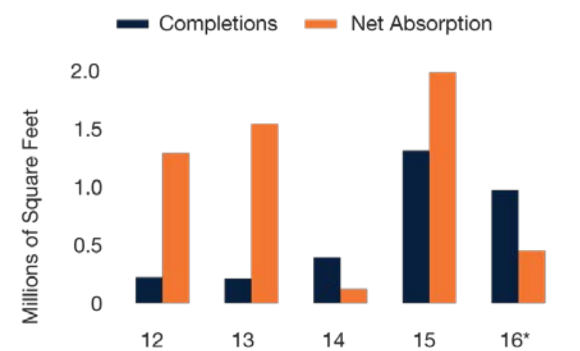


* Forecast
Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; Economy.com

Construction

- Builders completed 1.1 million square feet of office buildings during the past 12 months ending in June, including nearly 425,000 square feet of space in the first six months of the year. These deliveries far outpaced the 870,000 square feet brought online in the prior yearlong period and are at the highest level since 2011.
- GE has moved into its new headquarters, while Mercy Health will occupy its building later this year. Mercy Health's 365,000-square-foot office building and GE's 340,000-square foot space are some of the largest projects slated to be delivered in the metro in recent quarters.
- Area developers have focused on the Northern Cincinnati Area over the last 12 months, bringing more than 610,000 square feet of office space online during the span.
- Outlook: Developers will complete approximately 970,000 square feet of office space this year, targeting the city of Cincinnati and Northern Cincinnati.

Office Construction Trends



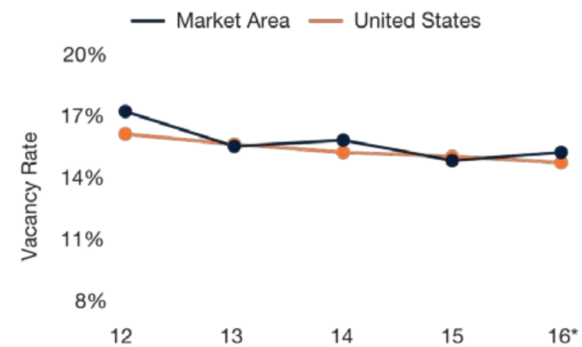
* Forecast
Sources: Marcus & Millichap Research Services; CoStar Group Inc.

CINCINNATI METRO AREA

Vacancy

- The absorption of nearly 860,000 square feet of space was not enough to outweigh deliveries over the last 12 months, and vacancy increased 10 basis points to 15.0 percent at midyear. In the prior four quarters, the vacancy rate plummeted 110 basis points.
- Nearly half of the metro's 10 submarkets outperformed the metrowide average. In Northern Cincinnati, the vacancy rate tightened 150 basis points to 11.9 percent, the lowest rate among submarkets. Vacancy in the core added 50 basis points annually to 14.3 percent.
- Overall vacancy is largely driven by the Class B/C segment, and the rate slid 20 basis points in the last four quarters to 13.7 percent in June. Vacancy at Class A properties increased 70 basis points during the yearlong span to 17.6 percent.
- Outlook: Metro vacancy will rise 40 basis points from the end of 2015 to 15.2 percent in December. Last year, the rate decreased 100 basis points.

Vacancy Rate Trends

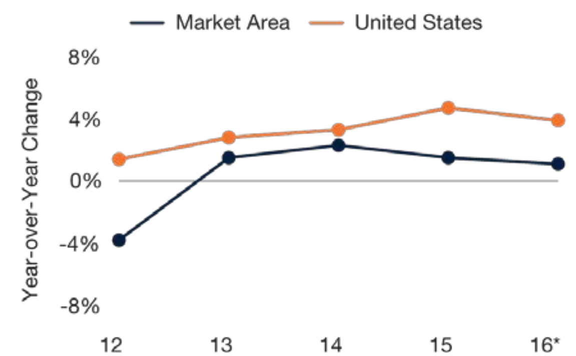


* Forecast
Sources: Marcus & Millichap Research Services; CoStar Group Inc.

Rents

- Quarter over quarter, the average asking rent advanced 1.0 percent to $15.85 per square foot in June. On an annual basis, the average is down 0.3 percent, representing the first year-over-year decline since mid-2013. In the prior yearlong span, the average rent increased 2.4 percent.
- Half of all submarkets posted rent above $16 in the second quarter: the city of Cincinnati, Eastern Cincinnati, Northern Cincinnati, Northern Kentucky and Outlying Warren County.
- Class A asking rent fell 1.7 percent over the last 12 months, reaching $18.47 per square foot. However, the average is up 3.3 percent over the April-to-June period. The average asking rent rose 0.3 percent year over year to $14.48 per square foot in Class B/C properties.
- Outlook: With vacancy staying near historical lows through the remainder of the year, the average asking rent will rise to $16.20 per square foot, climbing 1.1 percent from the end of 2015. Last year, the average asking rent advanced 1.5 percent.

Rent Trends



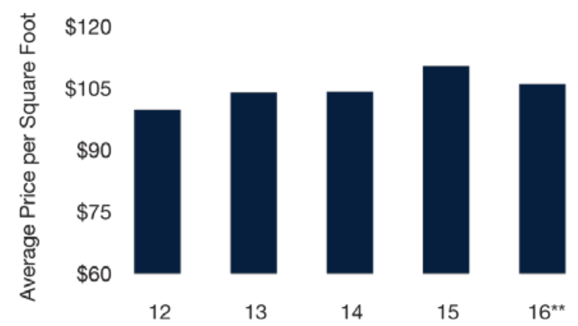
* Forecast
Sources: Sources: Marcus & Millichap Research Services; CoStar Group Inc.

CINCINNATI METRO AREA

Sales Trends**

- Sales of Cincinnati office assets increased 20 percent during the last four quarters. Investors targeted the city of Cincinnati and Northern Cincinnati during the yearlong time frame, with transaction velocity advancing in Northern Kentucky.
- Pricing generally ranged between $50 and $300 per square foot, based primarily on asset quality, location and tenancy. Higher price points per square foot were obtained in the city of Cincinnati, Northern Cincinnati and Northern Kentucky submarkets.
- Cap rates were relatively flat during the past four quarters, holding firm in the high-7 percent to low-8 percent range. Initial yields squeezed as low as 6 percent for Class A assets in the core.
- Outlook: Investors will target the Cincinnati metro, boosting buyer competition for area assets. Opportunity for those seeking stability in returns exists, and investors in search of these deals will target recently delivered and stabilized Class A properties.

Sales Trends



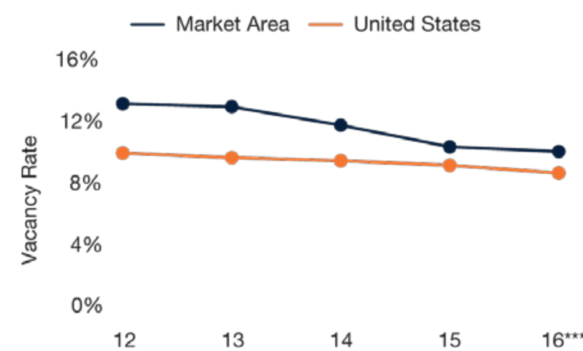
** Trailing 12-month period through 2Q16

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

Medical Office***

- Builders completed roughly 110,000 square feet of medical office space during the 12 months ending in the second quarter. In the annual prior period, nearly 210,000 square feet of space was put in place.
- Average vacancy for medical office buildings in the metro declined 110 basis points to 10.0 percent. In the previous yearlong span, the rate plummeted 140 basis points. Average asking rent ticked down 0.3 percent to $18.62 per square foot, following a 1.2 percent rise in the prior annual period.
- Sales of medical office assets fell during the last 12 months, with the average price reaching nearly $200 per square foot year over year in the second quarter. Also during the annual time frame, the average cap rate compressed 20 basis points to the high-8 percent to low-9 percent area.
- Outlook: Cincinnati's medical office market will remain healthy this year, attracting investors to place capital into area assets.

Medical Office Vacancy



*** 2Q16

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

CINCINNATI METRO AREA

Capital Markets

- The 10-year U.S. Treasury has been trading lower, closing below 1.7 percent, since the Federal Reserve decided to leave the federal funds rate unchanged in September. Policymakers left the door open for a rate increase before the end of December and proposed how interest rates could rise over the coming years. The S&P 500 Index and other U.S. equity indexes continue to hover around all-time highs.
- The Federal Open Market Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities and rolling over maturing Treasury securities at auction. It anticipates doing this until normalization of the level of the federal funds rate is well underway. The committee anticipates holding longer-term securities at sizable levels should help maintain accommodative financial conditions.
- Interest rate volatility has moved over to the commercial loan markets and 10-year fixed-rate loans are now pricing between 3.9 and 4.4 percent. Loan to values range from 60 to 75 percent for commercial properties depending on location, as underwriters remain competitive in an effort to do business. Floating-rate bridge loans for stabilized assets will require LTVs of 70 percent and price with a spread between 275 and 425 basis points over Libor, while repositioning will be underwritten at 80 percent LTV with a 375- to 475-basis-point spread.
- A Federal Reserve survey of lenders indicates that commercial real estate loan standards tightened in the second quarter. Debt providers are likely seeking to balance risk exposure to commercial real estate and take a more conservative lending approach while the current cycle matures, rather than expressing a bearish outlook on commercial property. Some of the greatest tightening occurred for construction loans, a trend that may potentially prevent some early-stage developments from advancing and ultimately minimize the upward pressure of new supply on vacancy rates.

Local Highlights

- A multitude of office buildings are slated for completion this year. The largest is the 365,000-square-foot Mercy Health Headquarters completed earlier in the year. The site will house 500 employees who will be transferred from the Blue Ash regional office.
- The Landings Park development will receive a new 143,000-square-foot Class A speculative office building this year, located in the Blue Ash suburb. Construction at the site began in 2006 and was put on hold during the downturn. This building will complete the park in 2016.
- The Cincinnati Bell Connector, the city's newest electric streetcar, began service earlier this year. The streetcar runs a 3.6-mile loop through central Cincinnati, connecting several neighborhoods such as Findlay Market and Fountain Square, as well as city landmarks like the Great American Ball Park, Aronoff Arts Center, Music Hall and the Main Library. The electric car will benefit residents and office tenants in the downtown area, providing easier access to restaurants, housing and workplaces.

Created on May 2017

POPULATION	1 Miles	3 Miles	5 Miles
2021 Projection			
Total Population	215	28,635	81,255
2016 Estimate			
Total Population	209	27,710	77,936
2010 Census			
Total Population	205	26,977	75,865
2000 Census			
Total Population	276	25,588	69,802
Current Daytime Population			
2016 Estimate	330	28,460	72,999

HOUSEHOLDS	1 Miles	3 Miles	5 Miles
2021 Projection			
Total Households	91	10,578	31,600
2016 Estimate			
Total Households	88	10,203	30,085
Average (Mean) Household Size	2.60	2.60	2.55
2010 Census			
Total Households	87	9,959	29,242
2000 Census			
Total Households	109	9,406	26,521

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
2016 Estimate			
$200,000 or More	7.52%	5.63%	5.73%
$150,000 - $199,999	7.68%	6.82%	6.63%
$100,000 - $149,000	21.68%	18.18%	17.06%
$75,000 - $99,999	15.92%	16.59%	15.45%
$50,000 - $74,999	16.90%	17.52%	17.81%
$35,000 - $49,999	9.35%	10.66%	11.60%
$25,000 - $34,999	9.25%	8.65%	9.06%
$15,000 - $24,999	6.79%	7.78%	8.66%
Under $15,000	9.83%	11.96%	11.69%
Average Household Income	$97,416	$90,368	$89,286
Median Household Income	$79,077	$71,269	$67,813
Per Capita Income	$41,096	$33,395	$34,629

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
Population By Age			
2016 Estimate Total Population	209	27,710	77,936
Under 20	23.42%	26.26%	26.14%
20 to 34 Years	16.55%	16.24%	17.86%
35 to 39 Years	5.87%	6.39%	6.21%
40 to 49 Years	14.02%	14.38%	13.89%
50 to 64 Years	22.80%	21.31%	21.25%
Age 65+	17.35%	15.41%	14.65%
Median Age	43.45	40.80	39.84
Population 25+ by Education Level			
2016 Estimate Population Age 25+	147	19,008	53,022
Elementary (0-8)	5.29%	1.63%	1.48%
Some High School (9-11)	5.46%	6.56%	6.75%
High School Graduate (12)	29.89%	30.68%	30.95%
Some College (13-15)	17.72%	19.42%	19.22%
Associate Degree Only	9.21%	8.72%	8.11%
Bachelors Degree Only	22.03%	21.59%	21.81%
Graduate Degree	9.61%	10.60%	11.12%

Source: © 2016 Experian

Created on May 2017

POPULATION BY TRANSPORTATION TO WORK	1 Miles	3 Miles	5 Miles
▪ 2016 Estimate Total Population			
Bicycle	0.00%	0.00%	0.05%
Bus or Trolley Bus	0.88%	1.16%	0.98%
Carpooled	14.91%	10.09%	8.54%
Drove Alone	78.07%	81.77%	84.38%
Ferryboat	0.00%	0.00%	0.04%
Motorcycle	0.00%	0.06%	0.15%
Other Means	0.00%	0.13%	0.15%
Railroad	0.00%	0.00%	0.00%
Streetcar or Trolley Car	0.00%	0.00%	0.00%
Subway or Elevated	0.00%	0.00%	0.00%
Taxicab	0.00%	0.00%	0.04%
Walked	1.75%	0.71%	1.09%
Worked at Home	4.39%	6.10%	4.57%
POPULATION BY TRAVEL TIME TO WORK	**1 Miles**	**3 Miles**	**5 Miles**
▪ 2016 Estimate Total Population			
Under 15 Minutes	28.95%	22.76%	22.17%
15 - 29 Minutes	28.07%	32.61%	33.16%
30 - 59 Minutes	38.60%	34.37%	35.12%
60 - 89 Minutes	0.88%	1.78%	2.19%
90 or More Minutes	1.75%	1.34%	1.32%
Worked at Home	4.39%	6.10%	4.57%
Average Travel Time in Minutes	26	27	27

Source: © 2016 Experian

Population

In 2016, the population in your selected geography is 209. The population has changed by -24.28% since 2000. It is estimated that the population in your area will be 215.00 five years from now, which represents a change of 2.87% from the current year. The current population is 47.99% male and 52.01% female. The median age of the population in your area is 43.45, compare this to the US average which is 37.68. The population density in your area is 66.31 people per square mile.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 94.30% White, 2.64% Black, 0.03% Native American and 1.19% Asian/Pacific Islander. Compare these to US averages which are: 70.77% White, 12.80% Black, 0.19% Native American and 5.36% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 1.80% of the current year population in your selected area. Compare this to the US average of 17.65%.

Households

There are currently 88 households in your selected geography. The number of households has changed by -19.27% since 2000. It is estimated that the number of households in your area will be 91 five years from now, which represents a change of 3.41% from the current year. The average household size in your area is 2.60 persons.

Housing

The median housing value in your area was $191,477 in 2016, compare this to the US average of $187,181. In 2000, there were 82 owner occupied housing units in your area and there were 27 renter occupied housing units in your area. The median rent at the time was $629.

Income

In 2016, the median household income for your selected geography is $79,077, compare this to the US average which is currently $54,505. The median household income for your area has changed by 45.48% since 2000. It is estimated that the median household income in your area will be $99,434 five years from now, which represents a change of 25.74% from the current year.

The current year per capita income in your area is $41,096, compare this to the US average, which is $29,962. The current year average household income in your area is $97,416, compare this to the US average which is $78,425.

Employment

In 2016, there are 2,369 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 59.12% of employees are employed in white-collar occupations in this geography, and 41.61% are employed in blue-collar occupations. In 2016, unemployment in this area is 4.26%. In 2000, the average time traveled to work was 26.00 minutes.

Source: © 2016 Experian