

TDS OFFICE BUILDING

901 N. FLORIDA AVENUE | ALAMOGORDO, NM 88310

CONFIDENTIAL OFFERING MEMORANDUM



AFFILIATED BUSINESS DISCLOSURE & CONFIDENTIALITY AGREEMENT

CBRE, Inc. operates within a global family of companies with many subsidiaries and/or related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates may represent various clients with competing interests in the same transaction. For example, this Memorandum may be received by our Affiliates, including CBRE Investors, Inc. or Trammell Crow Company. Those, or other, Affiliates may express an interest in the property described in this Memorandum (the "Property") may submit an offer to purchase the Property and may be the successful bidder for the Property. You hereby acknowledge that possibility and agree that neither CBRE, Inc. nor any involved Affiliate will have any obligation to disclose to you the involvement of any Affiliate in the sale or purchase of the Property. In all instances, however, CBRE, Inc. will act in the best interest of the client(s) it represents in the transaction described in this Memorandum and will not act in concert with or otherwise conduct its business in a way that benefits any Affiliate to the detriment of any other offeror or prospective offeror, but rather will conduct its business in a manner consistent with the law and any fiduciary duties owed to the client(s) it represents in the transaction described in this Memorandum.

This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner. Neither the Owner or CBRE, Inc, nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc. If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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EXECUTIVE SUMMARY



Asking Price:
\$1,333,000

Cap Rate:
8.00%

Price PSF:
\$172

THE OFFERING

CBRE, Inc. has been retained by the property owner as the exclusive marketing advisor for the disposition of the single tenant, two-story office building (the "Property") at 901 N. Florida Avenue, Alamogordo, New Mexico 88310.



The offering consists of a single tenant, two-story office building containing 7,751 square feet. The tenant, TDS, has five years remaining on its original triple net lease, expiring June 30, 2023. The lease includes one, five-year option to renew. It is noted that the lease is equipped with 12% rental escalations every five years, the last of which occurs on July 1, 2018. Therefore, the analysis has estimated the year one rent as of July 1, 2018. The tenant is reimbursing the landlord for insurance expenses, as well as paying for real estate taxes, CAM (structural and non-structural) and utilities directly. As such, there are minimal landlord responsibilities. The 0.53-acre site sits at the northwest corner of N. Florida Avenue and E. 9th Street in Alamogordo, New Mexico, with curb cuts along both roadways. Within a three-mile radius of the Property, the population is 27,400+ with a median household income of \$44,700+.

Alamogordo is the economic center of Otero County. The city has a large military presence, as it is located roughly 10 miles from the Holloman Air Force Base. Its economy is largely centered on the military and tourism.

INVESTMENT HIGHLIGHTS

Triple Net Lease, Minimal Landlord Responsibilities



Tenant Maintains Property, Directly Responsible for CAM Including Roof and Structure



Located Within the Economic Center of Alamogordo



Hard Corner Location with Excellent Visibility and Frontage

INVESTMENT CONTACT

Representatives will be available for tours only on a pre-scheduled basis, please do not contact the tenant directly. Inspection inquiries should be directed to:

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PROPERTY DESCRIPTION



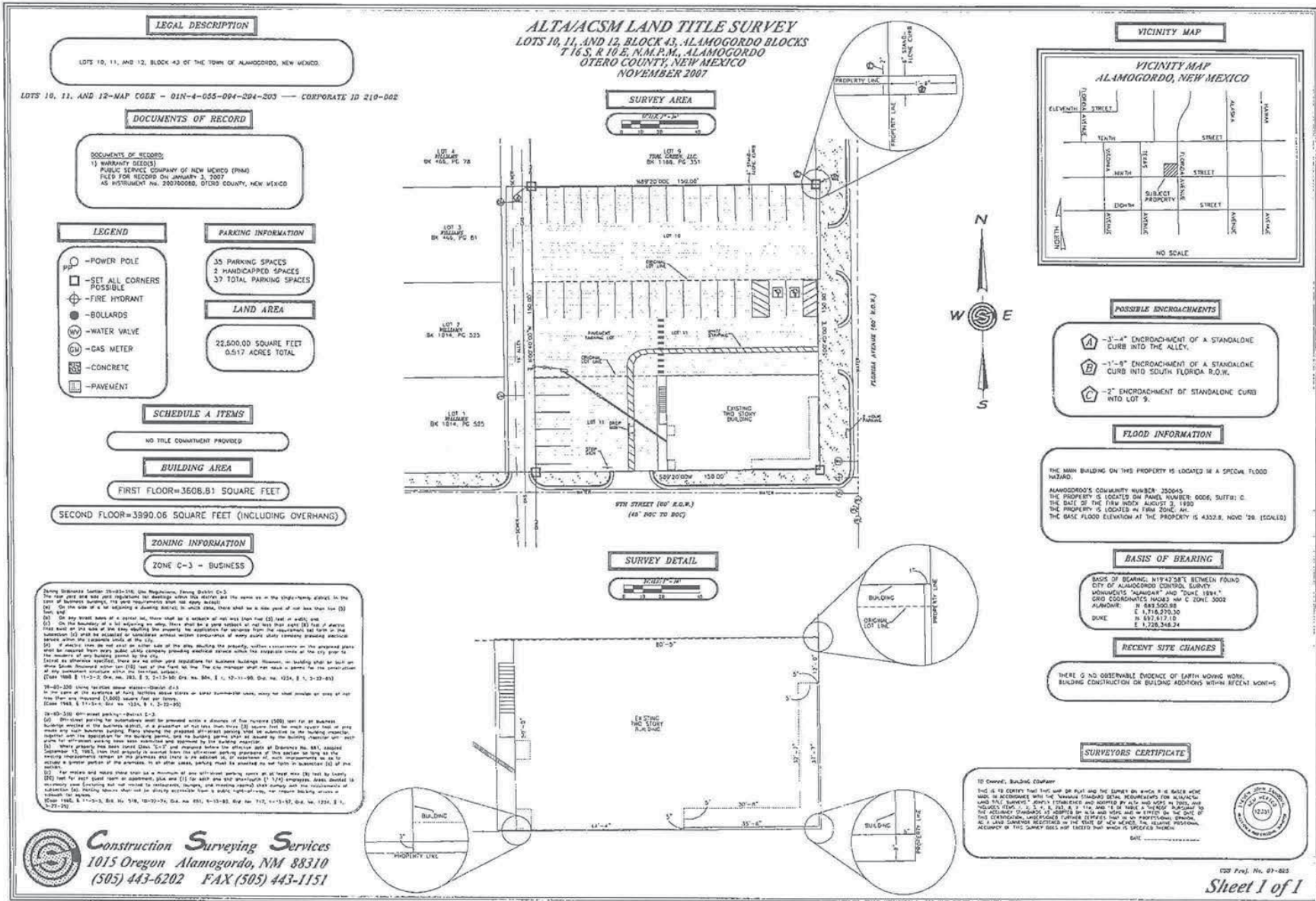
Property	TDS Office Building
Address	901 N. Florida Avenue
County	Otero
Parcel Number	01N4055094294203
Building Size	7,751 Square Feet
Year Built	1975
Parcel Size	0.52 Acres
Zoning	Commercial / Industrial
Number of Floors	Two
Parking	Adequate Surface Parking Spaces
Exterior Walls	Block
Structure	Structural Steel
Roof	Flat
HVAC	Roof Mounted Unit
Fire Protection	To Code



Location Aerial



Site Survey



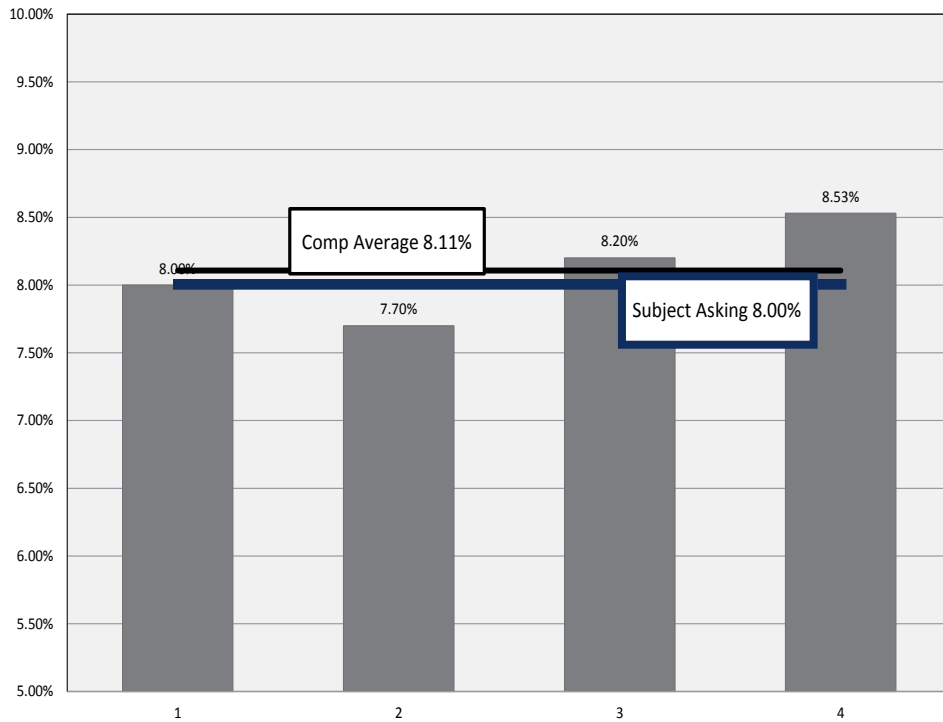
SALE COMPARABLES



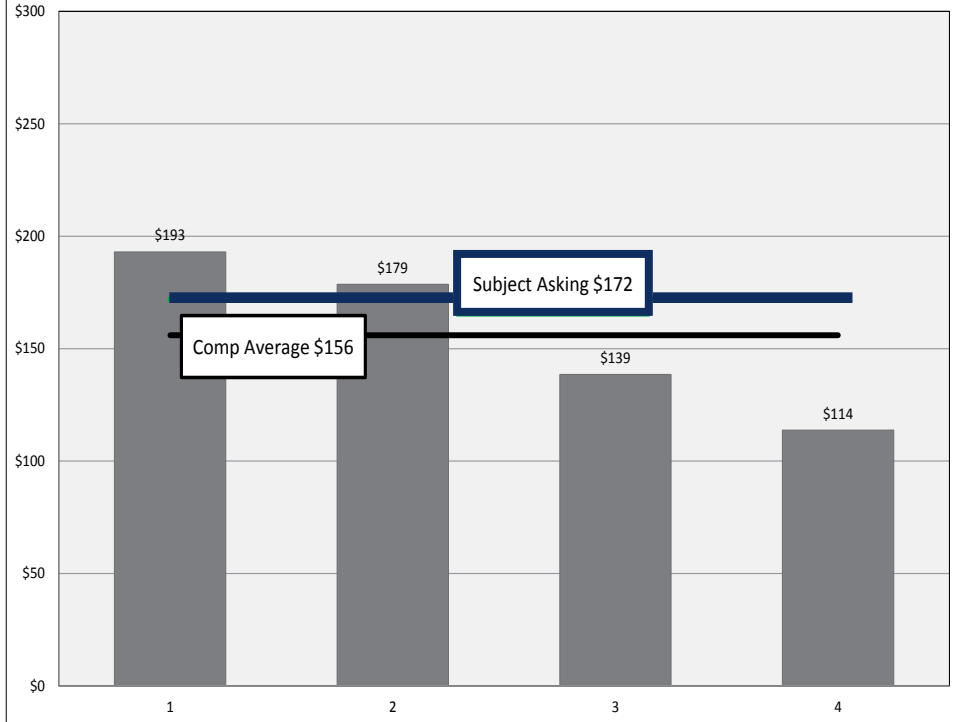
	BUILDING NAME/ ADDRESS	YEAR BUILT	BUILDING SIZE (SF)	SALE DATE	SALES PRICE	PRICE/ SF	CAP RATE	NOI	NOI/ SF	TERM REMAINING (YEARS)	COMMENTS
★	TDS Office Building 901 N Florida Ave Alamogordo, NM	1975	7,751		\$1,333,000	\$172	8.00%	\$106,624	\$13.76	5.0	The tenant, TDS, has five years remaining on its original 15-year triple net lease, expiring June 30, 2023. The lease includes 12% rental escalations every five years (none remaining) and one, five-year renewal option. The tenant is responsible for all operating expenses, and currently reimburses the Landlord for insurance expenses while procuring and paying real estate taxes, CAM (structural and non-structural) and utilities. As such, there are minimal landlord responsibilities.
1	Social Security Administration 3250 Graig Dr McKinney, TX	2006	15,544	3/24/2017	\$3,000,000	\$193	8.00%	\$240,000	\$15.44	4.0	The subject property was a build-to-suit for the GSA in 2006 under strict government guidelines with a 10-year initial lease term and (1) 5-year option to extend. The tenant is currently in their option period with approximately 4 years of term remaining and no further options to renew. The United States Government is the guarantor, which carries one of the strongest credit ratings available with a Aaa rating by Moody's and AA+ by S&P.
2	MDS Communications 545 W Juanita Ave Mesa, AZ	2002	17,920	11/2/2016	\$3,200,000	\$179	7.70%	\$246,400	\$13.75	3.5	Sale consists of a 17,920 SF single tenant office building that sold for \$3.2M. The property was built in 2002 as a build-to-suit for the current tenant MDS Communications with the current lease expiring 04/30/2020 with two, five-year renewal options. There were approx. 3.5 years remaining at the time of sale.
3	New Mexico Human Services Department 1010 18th St NW Albuquerque, NM	2005	25,267	9/26/2016	\$3,500,000	\$139	8.20%	\$287,000	\$11.36	8.3	The property is 100% leased by a single tenant, State of New Mexico Human Services Department. Property was listed with an initial asking price of \$3,700,000 and sold for \$3,500,000 with an actual cap rate at time of sale of 8.20% based on a NOI of \$287,066. The tenant is on a long-term lease through 12/31/2024. The property sold in good condition with no adverse sale conditions reported that had an impact on the transaction.
4	Single Tenant Office Building 3310 N 19th Ave Phoenix, AZ	1983	27,689	3/20/2015	\$3,150,000	\$114	8.53%	\$268,695	\$9.70	5.3	Class B office property sold fully leased to the Arizona Department of Child Safety (DCS) through the end of 2021.
COMPARABLE AVERAGES						\$156	8.11%	\$12.56	5.3		

Average Cap Rate and Price PSF

Average Cap Rate



Average Price PSF



FINANCIAL ANALYSIS



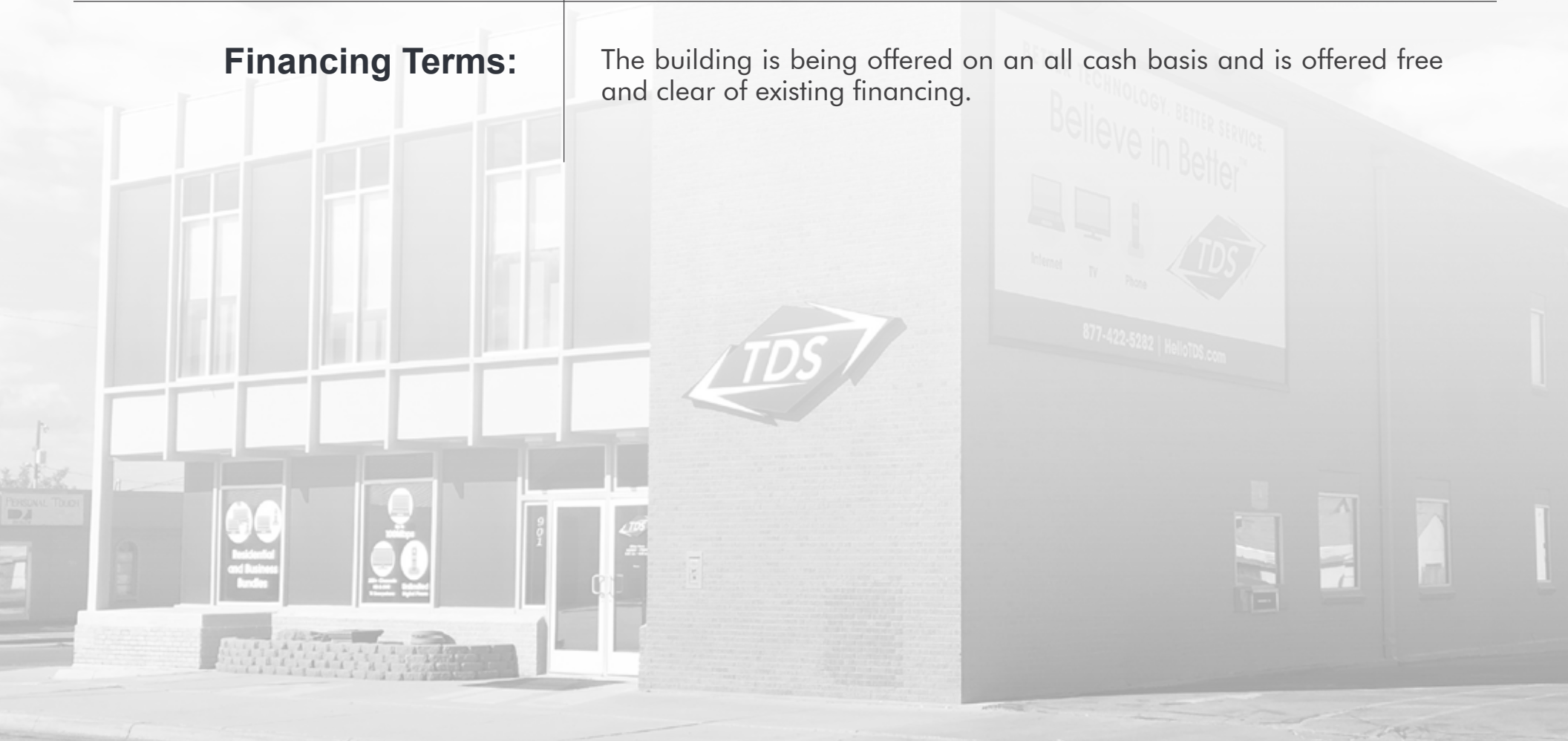
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8.00%

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Financing Terms:

The building is being offered on an all cash basis and is offered free and clear of existing financing.



PRICE:
\$1,333,000

DOWN PAYMENTS:
All Cash Transaction

RENTABLE SQUARE FOOTAGE:
7,751

PRICE PER SQUARE FOOT:
\$172

CAP RATE:
8.00%

Year One Cash Flow Estimates

INCOME		YEAR ONE 7/2018 - 6/2019	PER MONTH	PSF
Base Rent				
	TDS Baja Broadband LLC			
	7/2008 - 6/2023			
	15 Year Lease (5 Years Remain)	100%		7,751 SF
Total Base Rent		\$106,624	\$8,885	\$13.76
Scheduled Base Rental Revenue		\$106,624	\$8,885	\$13.76
EXPENSE REIMBURSEMENT REVENUE				
Insurance		\$1,550	\$129	\$0.20
Common Area Maintenance			Tenant to Procure and Pay Direct	
Real Estate Taxes			Tenant to Procure and Pay Direct	
Total Expense Reimbursement Revenue		\$1,550	\$129	\$0.20
Gross Potential Income		\$108,174	\$9,015	\$13.96
Effective Gross Income		\$108,174	\$9,015	\$13.96
OPERATING EXPENSE ESTIMATES				
Insurance		\$1,550	\$129	\$0.20
Common Area Maintenance			Tenant to Procure and Pay Direct	
Real Estate Taxes			Tenant to Procure and Pay Direct	
Total Common Area Expenses		\$1,550	\$129	\$0.20
Management Fee	0.0%	\$0	\$0	\$0.00
Replacement Reserve	\$0.00	\$0	\$0	\$0.00
Total Expenses		\$1,550	\$129	\$0.20
NET OPERATING INCOME		\$106,624	\$8,885	\$13.76



Lease Abstract

TENANT	TDS Baja Broadband LLC	TERMINATION OPTION	None
GUARANTOR	TDS	RIGHT OF FIRST REFUSAL	Not applicable
LEASE TYPE	Triple Net	ASSIGNMENT RIGHTS	Tenant shall have the right to assign this lease, or sublet the whole or any part of the Property, subject to Landlord's prior consent; however, Tenant shall remain liable for its full performance under the lease.
LEASE COMMENCEMENT	July 1, 2008		
EXPIRATION DATE	June 30, 2023		
LEASE TERM	15 Years (5 Years Remaining)		
YEAR ONE RENT (AS OF JULY 1, 2018)	\$106,624 / \$13.76 per SF		
RENTAL ESCALATIONS	None remaining.		
<p>The rental rate increases 12% to \$106,624 on July 1, 2018. As such, the analysis is based on the year one rental rate beginning on July 1, 2018 and the seller will escrow any difference at the time of closing. It is noted there are no rental escalations remaining during the initial lease term.</p>			
RENEWAL OPTIONS	One, five-year renewal option with a notification period of 180 days. Rent shall increase 12% to \$119,419 / \$15.41 per SF.	OPERATING COSTS	<p>Real Estate Taxes: Tenant will pay to Landlord an amount equal to all real estate taxes, betterments and assessments charged against the building and the property. Landlord may elect to have Tenant pay taxes directly; based on historical income and expense statements, the Tenant is paying real estate taxes directly.</p> <p>Insurance: Tenant shall procure and pay the costs directly for all insurance with respect to the property. Based on operating history, the Tenant is reimbursing the Landlord for all insurance expenses.</p> <p>Utilities: Tenant shall pay for all utilities directly, including trash removal.</p> <p>Common Area Maintenance: Tenant shall maintain the Property and make all repairs and replacements of every kind and character, interior and exterior, ordinary and extraordinary, including, and but not limited to, structural repairs, exterior and roofing repairs, repairs to the parking areas and driveways, and repairs to the plumbing, electrical equipment and mechanical systems and to lights and lighting necessary to preserve and maintain the Property and its appurtenances.</p>
OPTION TO PURCHASE	None	LANDLORD RESPONSIBILITIES	Pays all insurance costs, which are fully reimbursed by the Tenant.

Tenant Overview



The tenant and primary obligor is Telephone and Data Systems, Inc. (TDS). Founded in 1969 and headquartered in Chicago, Illinois, TDS began as a collection of 10 small, rural telephone companies and is now a Fortune 1000 company employing over 10,000 people and serving six million customers nationwide. TDS provides wireless; cable and wireline broadband, TV and voice; and hosted and managed services to its customers through its businesses U.S. Cellular, TDS Telecom, OneNeck IT Solutions LLC, and TDS Broadband Service LLC.

TENANT OVERVIEW	
Tenant Name	TDS
Locations	250+ Service Locations
Employees	10,000+
Founded	1969
NYSE:	TDS
Headquarters	Chicago, IL
Website	http://www.tdsinc.com

MARKET OVERVIEW



ALAMOGORDO / OTERO COUNTY

Alamogordo is the county seat of Otero County, New Mexico. The city covers 19.3 square miles in north, central Otero County and is home to a population of 29,000+ as of 2017, with a median household income of \$44,500+. The city is home to over 1,100 businesses and 12,000 employees. Otero County is the sole county comprising the Alamogordo Micropolitan Statistical Area, which covers over 6,600 square miles and is home to approximately 64,000 residents. It is the third largest county in New Mexico by area.

Alamogordo is the economic center of Otero County, with nearly half the Otero County population living within the city limits. Alamogordo today has very little manufacturing and has a primarily service and retail economy, driven by tourism, a large nearby military installation and a concentration of military retirees. As of 2017, the per capita income in Alamogordo is approximately \$24,500, roughly equal to the per capita income in New Mexico. It is the city nearest to Holloman Air Force Base. The base is also a census designated place, with a population of 3,000+ as of 2017. It hosts a primary school and a middle school. Located approximately 10 miles west of the central business district of Alamogordo, it is the largest employer of Alamogordo residents, and has a major impact on the local economy. An estimated 6,700 military retirees live in the area.

The city is bordered on the east by the Sacramento Mountains and to the west by White Sands National Monument. It is home to the New Mexico Museum of Space History, a state museum with the International Space Hall of Fame. Alamogordo has numerous small parks scattered through the city, as well as Desert Lakes Golf Course and Almeda Park Zoo.

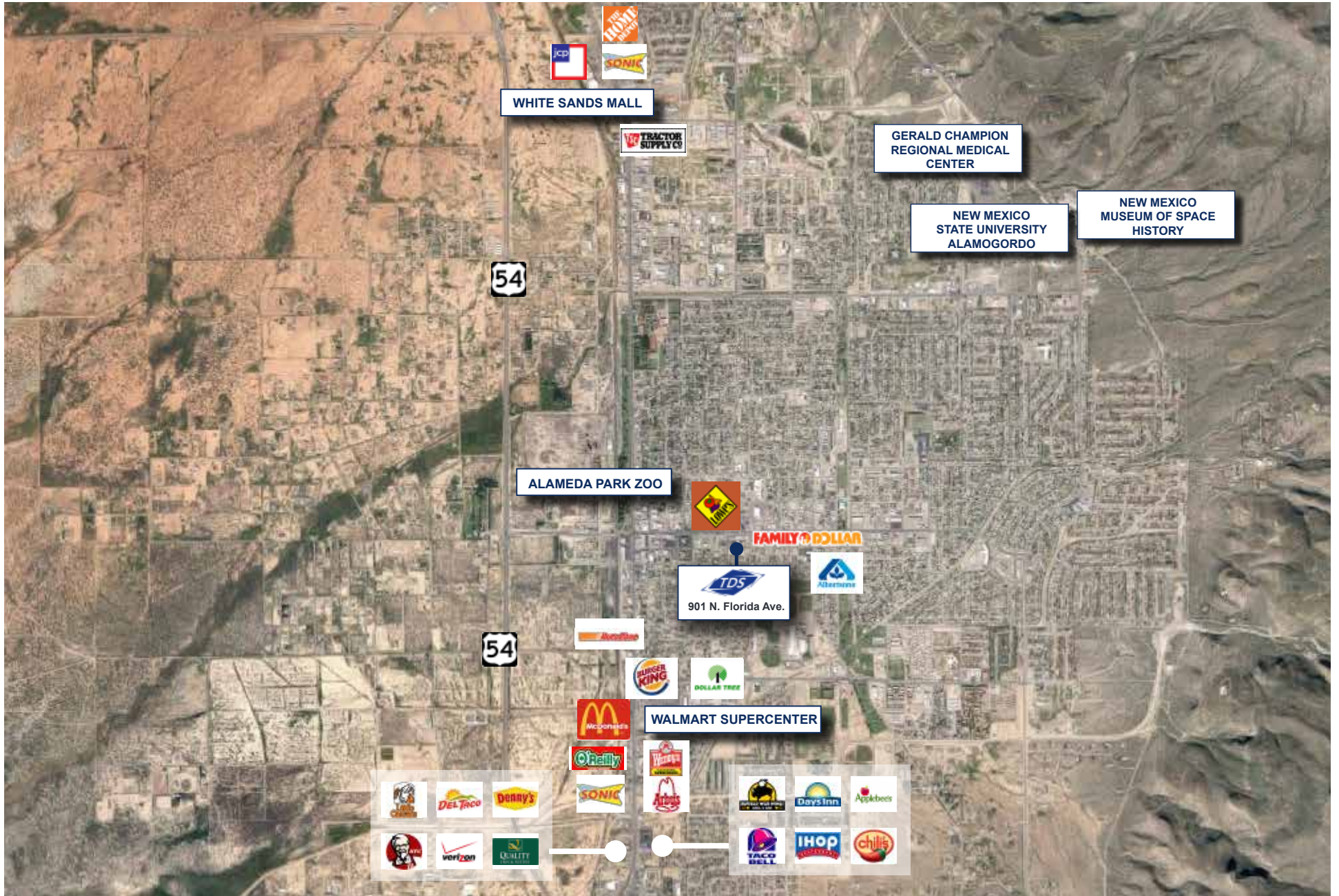
New Mexico State University Alamogordo, established in 1958, is a two-year community college serving the region. As of 2016, it has

approximately 1,800 students. There are two high schools, three middle schools and 11 elementary schools in the Alamogordo Public School District. Gerald Champion Regional Medical Center is a private not-for-profit 99-bed general hospital that serves the Alamogordo area. The hospital is a shared military/civilian facility that is also the hospital for nearby Holloman Air Force Base.

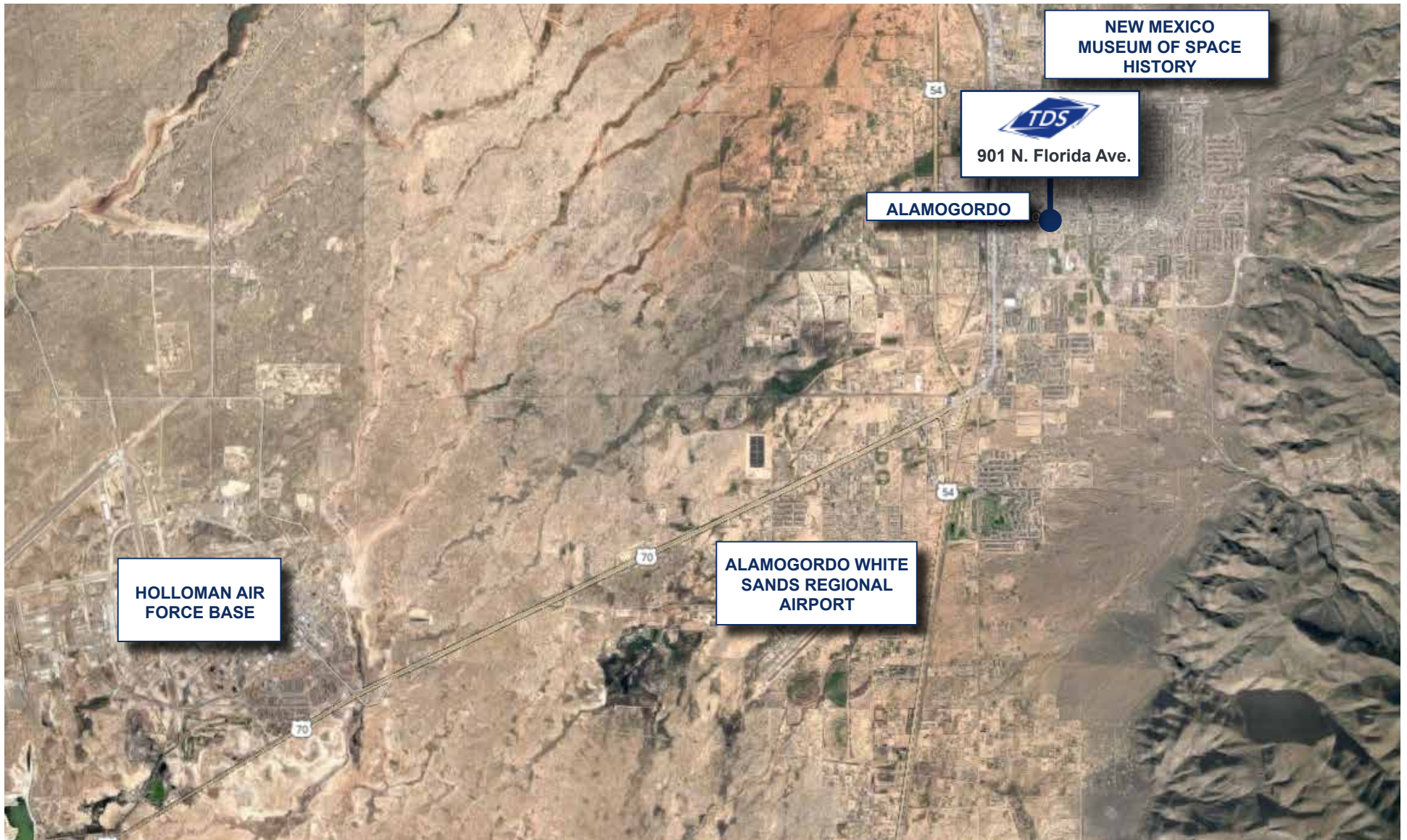
The major intercity surface routes in Alamogordo are U.S. Highways 54, 70 and 82. The major north-south street within the city is White Sands Boulevard. Z-Trans is the mass transit system serving the area. Alamogordo-White Sands Regional Airport is the municipal airport located in the Alamogordo area, primarily used for general aviation. There is daily shuttle van service between Alamogordo and El Paso International Airport, the closest international airport.



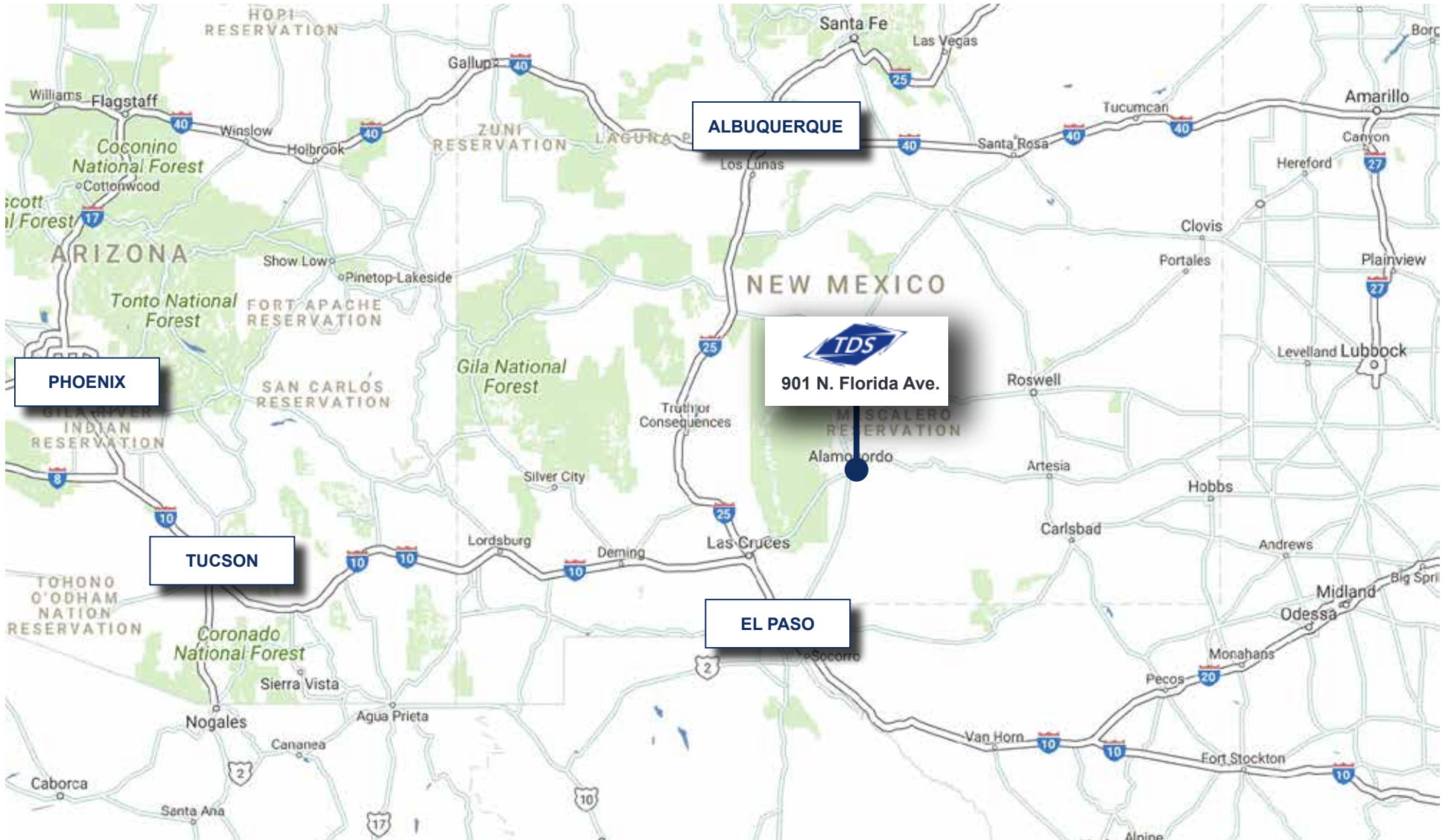
Location Aerial Map



Location Aerial Map

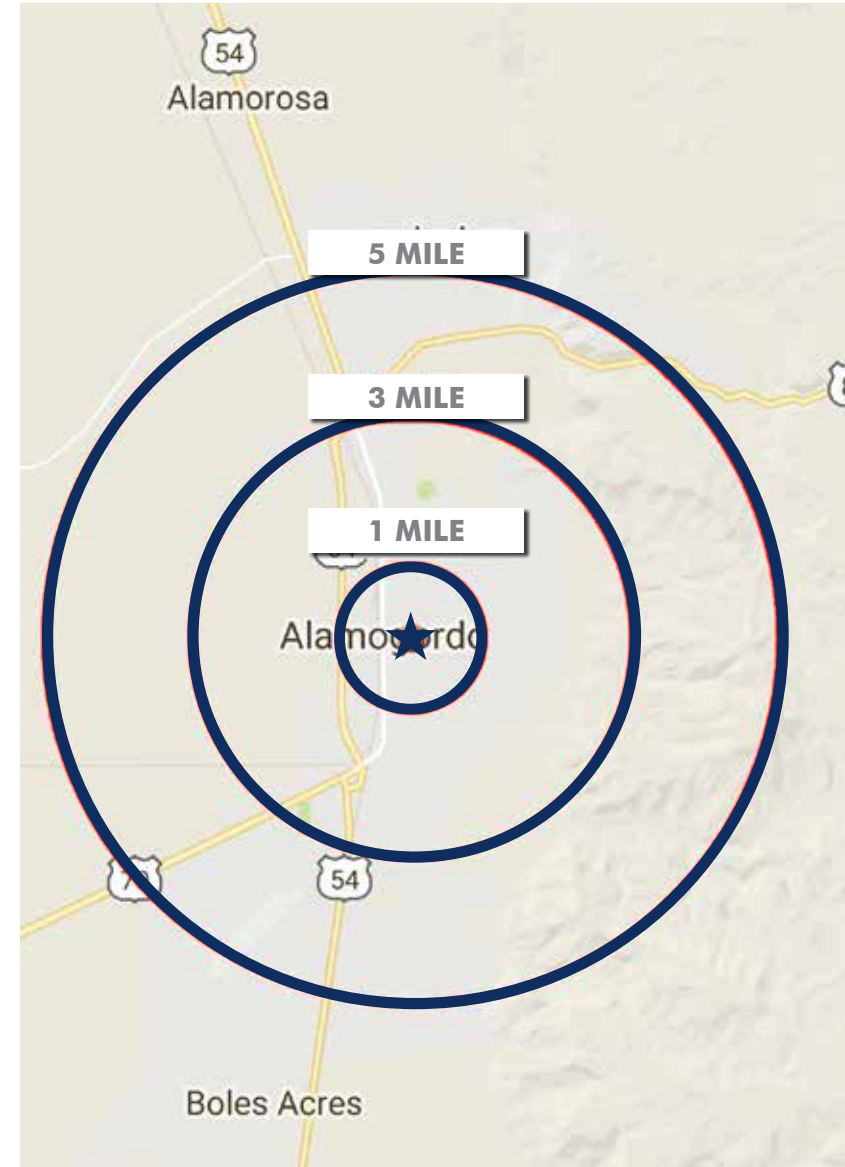


Regional Map



Demographics

	1 MILE	3 MILES	5 MILES
POPULATION			
2017 Population - Current Year Estimate	6,739	27,469	32,236
2022 Population - Five Year Projection	6,367	26,480	31,154
2010 Population - Census	7,433	28,788	33,500
2000 Population - Census	9,255	33,631	38,824
2010-2017 Annual Population Growth Rate	-1.34%	-0.64%	-0.53%
2017-2022 Annual Population Growth Rate	-1.13%	-0.73%	-0.68%
HOUSEHOLDS			
2017 Households - Current Year Estimate	3,001	11,584	13,550
2022 Households - Five Year Projection	2,829	11,136	13,062
2010 Households - Census	3,323	12,187	14,069
2000 Households - Census	3,816	13,009	14,914
2010-2017 Annual Household Growth Rate	-1.40%	-0.70%	-0.52%
2017-2022 Annual Household Growth Rate	-1.17%	-0.79%	-0.73%
2017 Average Household Size	2.22	2.34	2.35
HOUSEHOLD INCOME			
2017 Average Household Income	\$44,030	\$58,018	\$57,481
2022 Average Household Income	\$48,403	\$63,982	\$63,395
2017 Median Household Income	\$32,695	\$44,794	\$44,664
2022 Median Household Income	\$33,164	\$47,125	\$46,990
2017 Per Capita Income	\$19,697	\$24,728	\$24,440
2022 Per Capita Income	\$21,593	\$27,180	\$26,877
HOUSING UNITS			
2017 Housing Units	3,824	13,447	15,847
2017 Vacant Housing Units	823 21.5%	1,863 13.9%	2,297 14.5%
2017 Occupied Housing Units	3,001 78.5%	11,584 86.1%	13,550 85.5%
2017 Owner Occupied Housing Units	1,713 44.8%	7,385 54.9%	8,611 54.3%
2017 Renter Occupied Housing Units	1,288 33.7%	4,199 31.2%	4,939 31.2%
EDUCATION			
2017 Population 25 and Over	4,640	19,075	22,356
HS and Associates Degrees	3,459 74.5%	13,601 71.3%	15,959 71.4%
Bachelor's Degree or Higher	563 12.1%	3,547 18.6%	3,957 17.7%
PLACE OF WORK			
2017 Businesses	599	1,119	1,242
2017 Employees	5,910	11,772	12,653





Offered Exclusively By

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