

An 18, 587 (±) sq. ft.

Suburban Office Building

90% Occupied

1801 KINGWOOD DRIVE



1801 Kingwood Drive, Kingwood (Houston), Texas

—1801 KINGWOOD DRIVE—

CONFIDENTIALITY AND CONDITIONS

This is a confidential Offering Memorandum (“Memorandum”) that is intended solely for your limited use and benefit in determining whether you desire to express any further interest in purchasing 1801 Kingwood Drive, Kingwood (Houston), TX (the “Property”). You are obligated and bound by the Confidentiality Agreement executed in connection of your receipt of this Memorandum.

This Memorandum was prepared by Marathon Realty Advisors LLC (“Broker”) and has been reviewed by the Seller. It contains selected information pertaining to the Property and does not purport to be all-inclusive or to contain all of the information that prospective purchasers may require. It should be noted that all market analysis projections are provided for general reference purposes and are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Seller, and therefore, are subject to material variation.

Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. Neither the Seller nor Broker nor any of their respective officers have made any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitments or obligations shall arise by reason of the Memorandum or its contents.

The Seller and Broker each expressly reserve the right, in their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or 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 Memorandum or making an offer to purchase the Property unless and until such offer is approved by Seller, 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 condition to the Seller’s obligations thereunder have been satisfied or waived.

In the Memorandum, certain documents may be described in summary form. The summaries do not purport to be complete, nor necessarily accurate descriptions of the full agreements involved, nor do they purport to constitute a legal analysis of the provisions of the documents. Interested parties are expected to independently review all such documents.

This Memorandum is provided subject to errors, omissions, changes in terms, or other changes to the information provided herein. Any form of reproduction of this Memorandum is prohibited.

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS	4
RENT ROLL	5
INCOME SUMMARY	6

PROPERTY OVERVIEW

IMPROVEMENTS	7
FLOOR PLANS	8
MAPS/AERIAL	10

—1801 KINGWOOD DRIVE—

STRONG PROFESSIONAL & ENTREPRENEURIAL, TENANCY Entrepreneurs, and corporate executives from the area enjoy convenience, quality office space, and Kingwood presence.

LOCATION The Kingwood Drive address offers identity and the location is convenient for executives and their employment base. The site is approximately ¼ mile from Hwy 59 which provides easy access to the international airport, downtown, the medical center and other parts of Houston via its network of thoroughfares.

UPSIDE Situated within a strong local economy, including the Houston MSA, where office demand and rates are increasing. Houston is noted as one of the top cities in the US in terms of wages, employment and population growth.

HIGH MARKET OCCUPANCY Average office occupancy within the submarket is 92%.

HIGH BUILDING OCCUPANCY Currently at 90% occupied, with only two small suites available.

MASTER-PLANNED COMMUNITY Kingwood is a master-planned development with restrictions, guidelines, and services that help maintain and enhance long-term quality of the location.

STRONG DEMOGRAPHICS Centered in an affluent area with immediate proximity to neighborhoods with average household income over \$106,000.

BELOW MARKET RENTS Approximately 18% of occupied space is leased below market.



ECONOMICS

Size:	~18,587 rentable sq. ft.
Tenancy:	Local/regional/national
Occupancy:	90%
NOI:	\$152,041 (Current)
Lease Type:	Gross
Price:	\$1,875,000

Exclusive Offering by:

Steve Dome Marathon Realty Advisors LLC TEL: 713.864.3232 sdome@marathon-ra.com



—1801 KINGWOOD DRIVE

Tenant	Suite	Size	Mo. Rent	Ann. Rent	ANN Rent per SF	Expiration	Comments
National ATM	100	2,231	3,347	40,158	18.00	9/30/2017	Right to cancel end of 9/30/15
Marth Turner Properties	110	1,531	2,314	27,772	18.14	3/31/2015	
Vacant	120	1,176	0	0	18.00	Vacant	
Wellness Massage	130	731	1,097	13,158	18.00	12/31/2015	
MacFarlane CPA	170	1,374	2,061	24,732	18.00	10/31/2015	
B. Wise	160	896	1,344	16,128	18.00	10/31/2015	
B.Wise expansion	140	696	1,044	12,528	18.00	10/31/2015	
Vacant	180	638	0	0	18.00	Vacant	
Byrd Land	200	2,271	2,984	35,808	15.77	Mo-mo	
Byrd Land	220	1,082	1,207	14,484	13.39	Mo-mo	881sf in lease, should be 1,082sf
Allstate Insurance	225	1,245	1,816	21,788	17.50	10/31/2015	
Kingwood Investments	230	1,816	2,724	32,688	18.00	10/31/2015	
Ted Poe, US Rep.	240	1,825	2,738	32,850	18.00	1/31/2015	
Kingwood Investments	241	456	684	8,208	18.00	10/31/2015	
Kingwood Investments	270	619	929	11,142	18.00	10/31/2015	
TOTALS		18,587	24,287	291,444			

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INCOME STATEMENT	
Current Rental Income	\$291,444
Less Estimated Expenses	<u>139,403*</u>
NET OPERATING INCOME	<u>\$152,041</u>
<i>Potential Adjustments</i>	
Below Market Rents	\$9,979
Vacant Spaces (to 95%)	<u>15,924</u>
PRO FORMA NET OPERATING INCOME	\$177,944 (includes 5% vacancy reserve)

All information contained herein was provided by reliable sources. Marathon Realty Advisors LLC makes no express or implied warranties or guarantees as to its accuracy or completeness. The property is offered “as-is” and is subject to change, prior sale or withdrawal. Purchaser must complete its own investigations to determine the suitability for intended use, and property and market conditions.

*Owner self manages – total expenses were adjusted to estimated market levels.

—1801 KINGWOOD DRIVE—

2012 YR END OPERATING EXPENSES (Actual)	
Equipment Rental	94.74
HVAC - repairs	3,678.90
Cleaning	915.00
Elevator Maintenance	2,026.78
Repair/Maintenance	6,119.19
Utilities	35,964.08
Telecom	720.73
Insurance	11,111.17
Taxes	42,048.63
Supplies	<u>2,824.55</u>
Total	\$105,503.77

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—1801 KINGWOOD DRIVE

Street Address: 1801 Kingwood Drive
Kingwood, Harris County, Texas 77339

Location: Approximately 1.4 miles east of US Hwy 59,
with direct access from east and west bound Kingwood Drive

Surrounding Development: Office and Retail

Master Planned Community: Located in Kingwood, a master-planned community with value enhancing requirements on building designs, signage, landscaping, and property uses.

Site: ~1.142 acres (per HCAD) Generally rectangular. Frontage on Kingwood Drive

Plan: ~18,587 net rentable square, feet per rent roll, on 2 levels with w/elevator, restrooms, mechanical and service rooms. HCAD indicates 18,369 rentable square feet.

Year of Completion: 1983

Floor Plates (~rentable area):

Floor 1 – ~ 9,273 sq. ft.

Floor 2 - ~ 9,314 sq. ft.

Construction: Construction is steel frame and concrete. Window wall and architectural plaster exterior. Built-up tar and gravel roof over concrete deck.

Heating and Air Conditioning: Approximately Seventy Three (73) Tons in package units.

Interior walls: Sheetrock.

Flooring: Carpet, tile, stone, or wood in office and common areas.

Doors: Solid core inside suites, solid core with glass panels in some suite entries.

Ceiling: Suspended acoustical ceiling tiles in office areas and common areas.

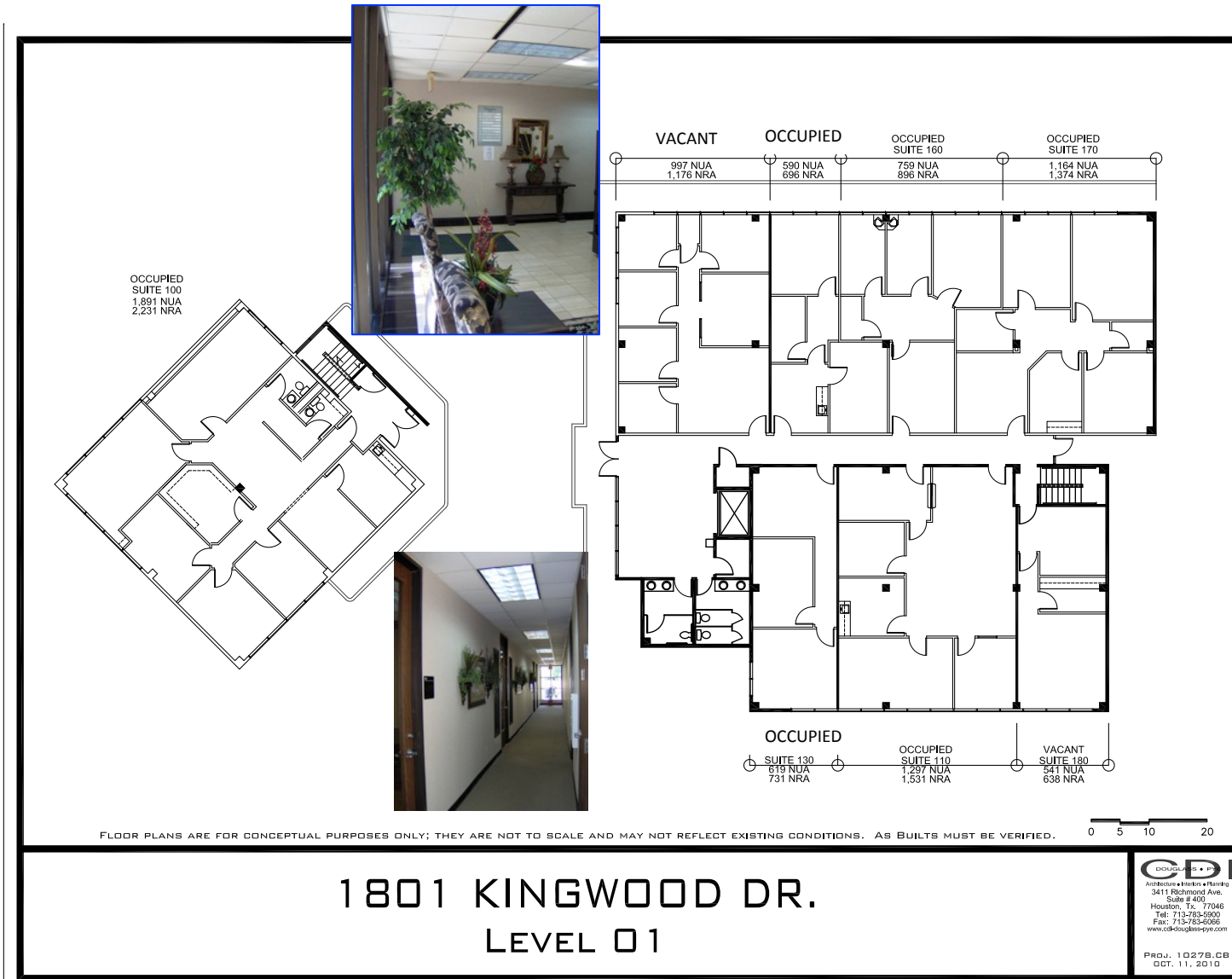
Telecom: Comcast and Embarq provide services to the building.

Parking: Concrete surface parking, with approximately 56 spaces.

Elevator: One Hydraulic passenger elevator.

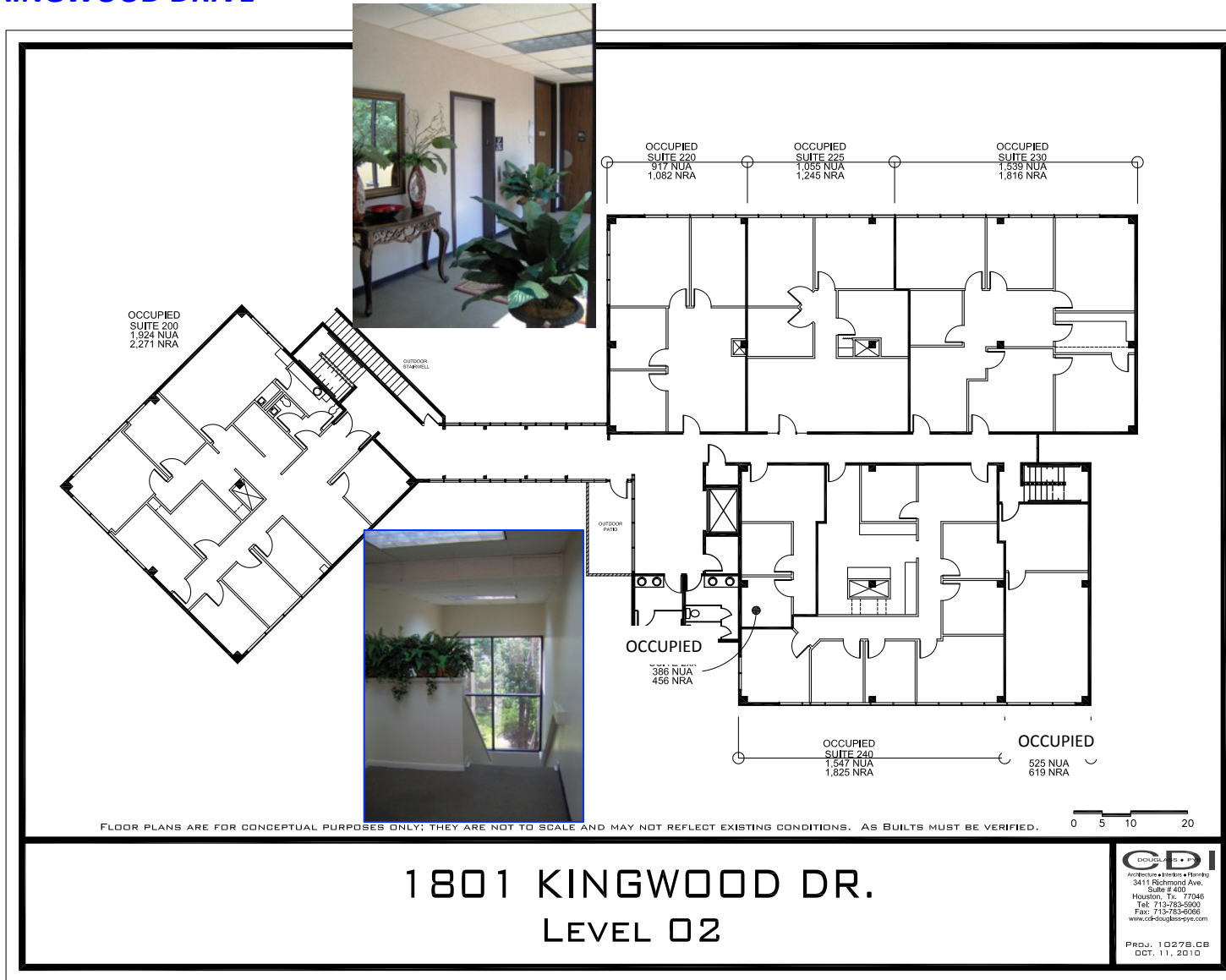
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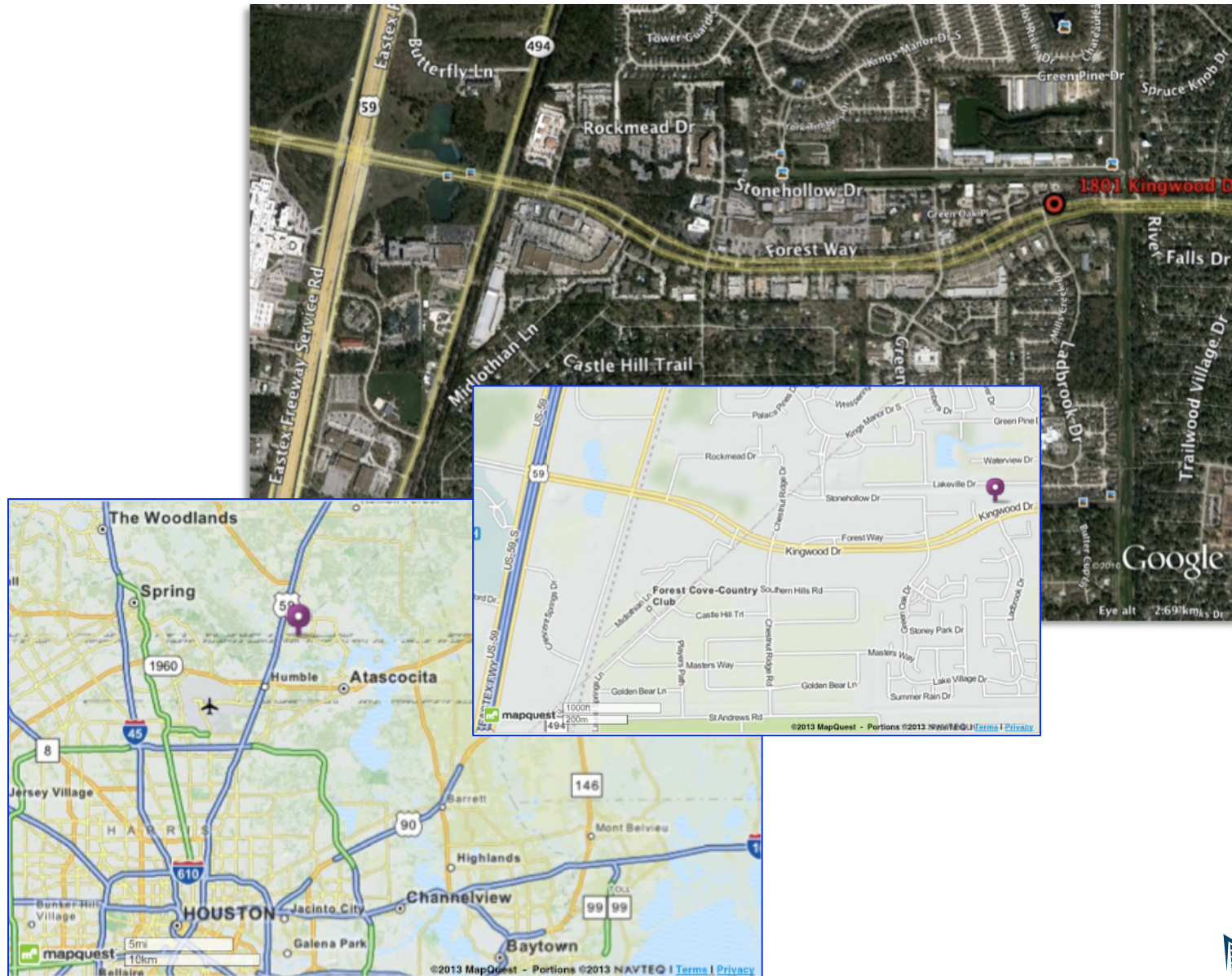
FLOOR PLAN



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Approved by the Texas Real Estate Commission for Voluntary Use

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you,

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.



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