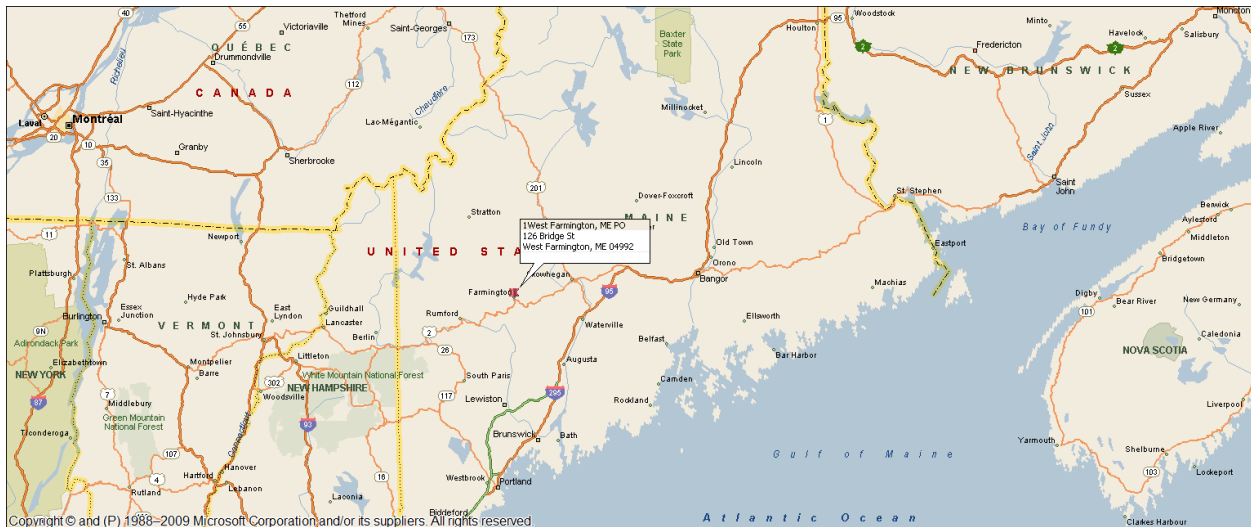


West Farmington, ME Main Post Office
126 Bridge Street, West Farmington, ME 03992-9989
Located in Franklin County
Sales Price: \$ 175,000 CAP Rate 8.50%



Summary: The West Farmington, ME community had 7,760 residents at the 2010 census. The community is home to the University of Maine at West Farmington. The Post Office is open 6-7 hours per day. This Post Office was constructed new for the U S Postal Service. The USPS is responsible for repairs and maintenance to the building. The Landlord is responsible for the roof and structure.

Occupied: 2000

Building Size: 836 sq. ft. **Site Size:** 18,240 sq. ft.

Lease Term: From 2/1/2000 to 1/31/2020.

Annual Rent: The current rent is \$44,152.75/year. The current rent was based on cost recovery to meet specific USPS requirements during the construction of the Post Office. The rent shall decrease to normal market rents upon execution of the renewal option.

Renewal Options: Three options to the USPS are provided with the next rent to be \$11,800 if exercised by the USPS.

Maintenance: USPS Partial Maintenance Rider. The USPS is responsible for normal repairs and maintenance to the building. The USPS pays for all custodial services, pays all utilities, and is responsible for landscaping expenses. The Landlord is responsible for the structure and roof.

Taxes – USPS reimburses for property taxes.

Termination Option – None, except for cause (Landlord default).

Purchase Option – Yes, the USPS next option would be when the lease expires in 2020 with a price of \$94,000. It increases to \$115,000 in 2025 and then to \$130,000 in 2030.

Net Operating Income: A traditional analysis that factors rent and various operating expenses is not applicable to this property. The USPS and the Landlord entered into a lease agreement in 2000 where the USPS requested and the Landlord agreed to amortize over the twenty (20) year base term substantial improvements to the building selected by the USPS for the Main Post Office in West Farmington, NE. The building selected by the USPS was an existing structure that required substantial renovation.

The USPS approved an Addendum to the lease that authorized additional annual rent payments of \$36,104.85 for twenty (20) years, which will end on January 31, 2020. The base rent was approved at \$9,405 per year. The combination of the two rental payments had resulted in the Landlord receiving \$45,509.85 per year. When the Landlord was successful in refinancing the loan to a lower interest rate the USPS benefitted by having the annual rent decrease to \$44,152.75. The Landlord is now receiving incremental amortization rent of \$2895.64 per month based on the terms of the Addendum

When the lease ends on January 31, 2020 the annual rent will reset to the either the amount stated in the renewal options, which are \$11,800 per year, or to a different amount negotiated between the USPS and the Landlord.

A Buyer of this property will benefit from increased rent payments until January 31, 2020. A Buyer considering the purchase of this property should factor in this additional rent from the expected date of purchase through the end of January 2020. The Buyer should then anticipate the new rent will be either \$11,800 per year or some other amount they would negotiate with the USPS.

There is also an Option to Purchase Rider in the lease which allows the USPS to purchase the property at the prices and dates noted above. While the purchase prices are less than the asking price for this property, the buyer would need to factor into their analysis the additional rent of \$2,895.94 per month they would be receiving from date of purchase through the end of January 2020.

We will be pleased to review the valuation process for this leasehold with any prospective buyer of this property.

Note: Information contained herein was obtained from sources deemed reliable, but is provided without any representations nor warranties as to its accuracy by Real Estate Asset Counseling, Inc. or its principals.