

# RANDOLPH

MEDICAL ARTS BUILDING

765 State Route 10 | Randolph, NJ 07869



Confidential Offering Memorandum







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# EXECUTIVE SUMMARY

**RANDOLPH**  
MEDICAL ARTS BUILDING



## OFFERING SUMMARY



Wolf Commercial Real Estate (WCRE | CORFAC International), as an exclusive broker, is pleased to present a 25,671 SF Class A Medical Office NNN investment opportunity. This **Lease Hold Interest** asset is subject to a long-term ground lease with three, ten-year options.

The eight-tenant asset provides investors “sticky tenants” stability with ID Care, infectious disease treatment specialists, occupying 26% of the property. Lehn's Orthodontist opened a state of the art 3,937 SF orthodontist office in 03/2022 and contributed over \$125 psf +- tenant improvements and secured a fifteen(15-year) lease. Alliance Orthopedics committed to a seven (7-year) lease and is contributing \$75 psf +- tenant improvements.

The asset’s paramount tenants establish the value, with the quality construction and location underscoring the value. The asset presents a Core Plus investment with a 10% Cap Rate and 18.64% Internal Rate of Return (IRR) for a seven-year hold.

- Kim Kretowicz, Executive Vice President



# INVESTMENT HIGHLIGHTS

|                      |             |
|----------------------|-------------|
| PRICE                | \$2,973,670 |
| RENTABLE SF          | 25,671 SF   |
| NET OPERATING INCOME | \$297,367   |
| PRICE PER SF         | \$115       |
| CAP RATE YEAR 1      | 10%         |
| IRR                  | 18.64%      |



NNN Class A Medical Outpatient Building (MOB)



Regionally recognized/specialty practice medical tenants offering diverse, complimentary uses



26.7% occupied by ID Care Infectious Disease Treatments; ID Care located property/area and asked owner to develop



Lehnes Orthodontist opened new state-of-the-art office 3/2022 with significant tenant improvement contributions



Alliance Orthopedics opened new state-of-the-art office 6/30/34 with significant tenant improvement contributions



Staggered rent expirations diminish retaining costs and reduce vacancy exposure



Route 10, Randolph/Morris County, NJ Location



**RANDOLPH**  
MEDICAL ARTS BUILDING





## PROPERTY OVERVIEW

|                               |  |
|-------------------------------|--|
| <b>BUILDING CLASS</b>         | <b>Class A Medical Outpatient Building (MOB)</b> |
| <b>RENTABLE BUILDING AREA</b> | <b>25,671 SF</b>                                 |
| <b>NUMBER OF STORIES</b>      | <b>2</b>   |
| <b>YEAR BUILT</b>             | <b>2010</b>                                      |
| <b>NUMBER OF TENANTS</b>      | <b>8</b>   |
| <b>BUILDING OCCUPANCY</b>     | <b>100%</b>                                      |
| <b>LOT SIZE</b>               | <b>5.9 acres</b>                                 |

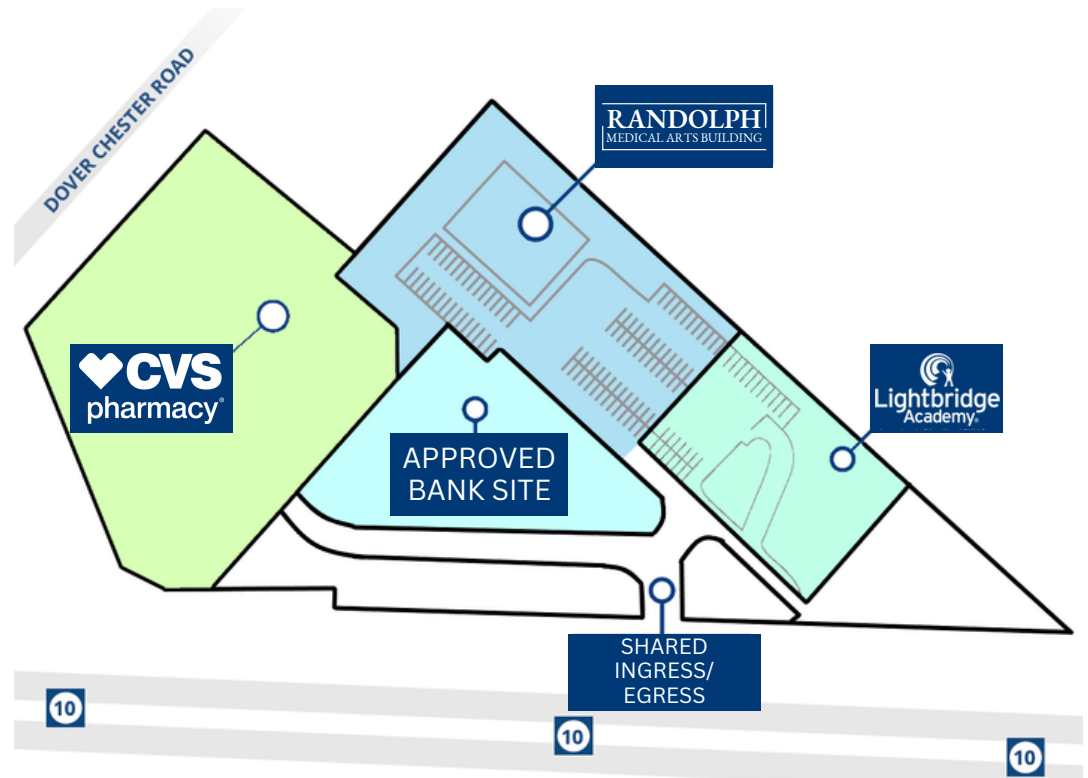




# SITE PLAN



The property is strategically positioned between CVS Pharmacy and a daycare center, creating a synergistic complex. Enjoying excellent visibility, it offers direct access to Route 10, a primary commercial thoroughfare traversing Morris County.



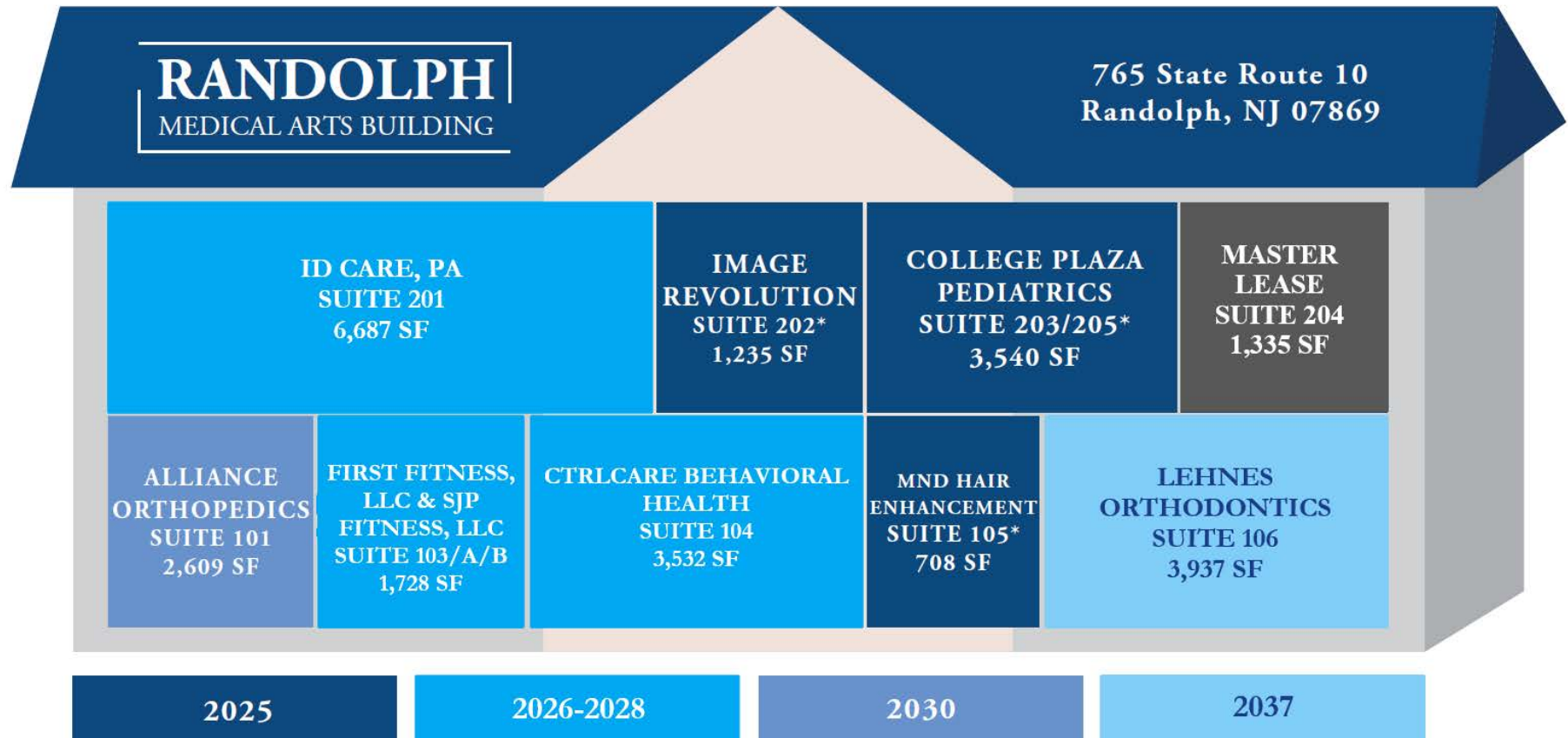
# TENANCY OVERVIEW

**RANDOLPH**  
MEDICAL ARTS BUILDING





# STACKING PLAN



\*Historic renewals



**ALLIANCE ORTHOPEDICS**

**PREMISES**

|                    |                |            |
|--------------------|----------------|------------|
| Space Type/Suite # | Medical Office | Suites 101 |
| Net Leasable       | 2,250 SF       |            |
| Common Area        | 359 SF         |            |
| Total Size         | 2,609 SF       |            |

**LEASE START/EXPIRATION**

|                               |           |  |
|-------------------------------|-----------|--|
| Original Lease Commencement   | 7/1/2023  |  |
| Current Lease/ Amend. Expiry. | 6/30/2030 |  |

**RENTAL TERMS**

|                       |                              |             |
|-----------------------|------------------------------|-------------|
| Current Base Rent     | \$15.00/RSF                  |             |
| Step As Of            | 2/1/2025                     | \$15.30/RSF |
|                       | Every Feb. thereafter +      | \$0.30/RSF  |
| Future Free Rent      | 6 Months*                    |             |
| OpEx & RET Recoveries | NNN                          |             |
| Proportionate Share   | 10.35%                       |             |
| TE                    | Direct w/ Utility Co.        |             |
| Other Utes.           | HVAC & Sewage - PRS of Bldg. |             |

**RENEWAL OPTIONS**

|            |          |               |
|------------|----------|---------------|
| Base Rent  |          |               |
| Opt. 1 a/o | 7/1/2030 | \$17.10/RSF** |
| Opt. 2 a/o | 7/1/2035 | \$18.60/RSF** |
| Opt. 3 a/o |          |               |
| Opt. 4 a/o |          |               |

Tenancy in Building .75 Yrs.

Alliance Orthopedics provides world-class care for many conditions, including back pain, arthritis, sports injuries and vascular concerns. They take a multidisciplinary approach to treatment, understanding each patient in unique and therefore requires a personalized treatment plan. Their staff is comprised of highly trained and experienced orthopedic surgeons, sports medicine providers, chiropractors, physical therapists, occupational therapists and more.

\*Base Rent abated in mos. 1-7, 19, 31, 43, 55, 67 & 79. Seller to credit buyer for the 19th month of Abatement at closing.  
\*\*Continues with \$0.30/RSF annual increases.



**FIRST FITNESS, LLC & SJP FITNESS, LLC**

**PREMISES**

|                    |                |                   |
|--------------------|----------------|-------------------|
| Space Type/Suite # | Medical Office | Suites 103A, 103B |
| Net Leasable       | 1,500 SF       |                   |
| Common Area        | 228 SF         |                   |
| Total Size         | 1,728 SF       |                   |

**LEASE START/EXPIRATION**

|                               |           |  |
|-------------------------------|-----------|--|
| Original Lease Commencement   | 7/19/2023 |  |
| Current Lease/ Amend. Expiry. | 5/31/2027 |  |

**RENTAL TERMS**

|                       |                                    |  |
|-----------------------|------------------------------------|--|
| Current Base Rent     | \$20.83/RSF                        |  |
| Step As Of            | N/A                                |  |
| Future Free Rent      | N/A                                |  |
| OpEx & RET Recoveries | None                               |  |
| Proportionate Share   | Omitted                            |  |
| TE                    | 33% of Shared Submeter w/Suite 104 |  |
| Other Utes.           | HVAC Fixed @ \$2.13/Net SF         |  |

**RENEWAL OPTIONS**

|            |          |             |
|------------|----------|-------------|
| Base Rent  |          |             |
| Opt. 1 a/o | 6/1/2027 | \$22.92/RSF |
| Opt. 2 a/o |          |             |
| Opt. 3 a/o |          |             |
| Opt. 4 a/o |          |             |

Tenancy in Building 2.70 Yrs.

\*Separate Leases for each Tenant providing access to the same space; Analysis assumes they split the cost 50/50.  
\*Full rent once TI request is fulfilled. Seller will perform with sale.

First Fitness LLC is a premier fitness-focused company that works with individuals and groups to achieve their health and wellness goals. First Fitness opened its doors in October 2018 and has grown its client base within the community. Owner and “fitness guru” Kim Cellitti promotes healthy lifestyles by providing individualized programs designed to encourage and engage clients at any fitness level. The small, friendly atmosphere of First Fitness LLC offers an alternative to the large “gym” experience and focuses on providing the education and motivation necessary for clients to reach their personal fitness goals.





**CTRLCARE BEHAVIORAL HEALTH**

**PREMISES**

|                    |                |           |
|--------------------|----------------|-----------|
| Space Type/Suite # | Medical Office | Suite 104 |
| Net Leasable       | 3,066 SF       |           |
| Common Area        | 466 SF         |           |
| Total Size         | 3,532 SF       |           |

**LEASE START/EXPIRATION**

|                               |           |  |
|-------------------------------|-----------|--|
| Original Lease Commencement   | 3/1/2024  |  |
| Current Lease/ Amend. Expiry. | 2/28/2026 |  |

**RENTAL TERMS**

|                       |                                  |  |
|-----------------------|----------------------------------|--|
| Current Base Rent     | \$14.95/RSF                      |  |
| Step As Of            | N/A                              |  |
| Future Free Rent      | N/A*                             |  |
| OpEx & RET Recoveries | \$2,800/mo. Cap**                |  |
| Proportionate Share   | 13.95%                           |  |
| TE                    | \$500/mo. Cap (Electric /HVAC)** |  |
| Other Utes.           | N/A                              |  |

**RENEWAL OPTIONS**

|            |          |             |
|------------|----------|-------------|
| Base Rent  |          |             |
| Opt. 1 a/o | 3/1/2026 | \$14.95/RSF |
| Opt. 2 a/o |          |             |
| Opt. 3 a/o |          |             |
| Opt. 4 a/o |          |             |

Tenancy in Building .08 Yrs.

CTRLCare Behavioral Health is a premier mental health treatment for teens and young adults. They specialize in preteens, teens, and young adults, struggling with mental health issues and the anxiety, depression and other associated problematic technology. With the strong correlation between behavioral health and technology use preoccupation, it's most effective to treat these issues together in a caring, compassionate program setting. CTRLCare has over 10 different locations and serves both New Jersey and Pennsylvania.



**MND HAIR ENHANCEMENT, LLC**

**PREMISES**

|                    |                |           |
|--------------------|----------------|-----------|
| Space Type/Suite # | Medical Office | Suite 105 |
| Net Leasable       | 615 SF         |           |
| Common Area        | 93 SF          |           |
| Total Size         | 708 SF         |           |

**LEASE START/EXPIRATION**

|                               |           |  |
|-------------------------------|-----------|--|
| Original Lease Commencement   | 8/1/2019  |  |
| Current Lease/ Amend. Expiry. | 1/31/2025 |  |

**RENTAL TERMS**

|                       |                            |            |
|-----------------------|----------------------------|------------|
| Current Base Rent     | \$22.88/RSF                |            |
| Step As Of            | Every Feb. thereafter +    | \$0.42/RSF |
| Future Free Rent      | N/A*                       |            |
| OpEx & RET Recoveries | None                       |            |
| Proportionate Share   | Omitted                    |            |
| TE                    | TE-Direct w/ Utility Co.   |            |
| Other Utes.           | HVAC-Fixed @ \$1.95/Net SF |            |

**RENEWAL OPTIONS**

|            |          |              |
|------------|----------|--------------|
| Base Rent  |          |              |
| Opt. 1 a/o | 2/1/2025 | \$23.73/RSF* |
| Opt. 2 a/o |          |              |
| Opt. 3 a/o |          |              |
| Opt. 4 a/o |          |              |

Tenancy in Building 4.67 Yrs.

\*Continues with \$300 annual increases (or \$0.42/RSF).

MND is part of the American Hair Loss Council. MND Hair Enhancement is a specialized private studio that tailors its services to people with hair loss, thinning hair, problem hair, or anyone who is looking for longer, fuller, and healthy hair. Products/Services include: Hair Restoration, Maintenance, Repairs, Color enhance, Style Many forms of attachment methods: adhere, tape, sew, integration, Laser Light Therapy, air Testing - Precise Percentage of Hair Loss, Vitamins & Products, Hair Extensions and Wigs.

\*Base Rent abated in mos. 1-12. (First month free, months 2-12 \$500/mo.) Seller to credit 100% of remaining abatement at closing (\$3,900/mo.).

\*\*Cap increases to \$3,000/mo. in renewal term, and \$1,000 for electric/HVAC.



**LEHNES ORTHODONTICS, PA**

**PREMISES**

|                    |                |           |
|--------------------|----------------|-----------|
| Space Type/Suite # | Medical Office | Suite 106 |
| Net Leasable       | 3,418 SF       |           |
| Common Area        | 519 SF         |           |
| Total Size         | 3,937 SF       |           |

**LEASE START/EXPIRATION**

|                               |           |  |
|-------------------------------|-----------|--|
| Original Lease Commencement   | 7/1/2022  |  |
| Current Lease/ Amend. Expiry. | 6/30/2037 |  |

**RENTAL TERMS**

|                       |                           |             |
|-----------------------|---------------------------|-------------|
| Current Base Rent     | \$9.00/RSF                |             |
| Step As Of            | 7/1/2026                  | \$12.00/RSF |
|                       | 7/1/2029                  | \$13.00/RSF |
|                       | 7/1/2032                  | \$15.00/RSF |
|                       | 7/1/2035                  | \$17.00/RSF |
| Future Free Rent      | N/A                       |             |
| OpEx & RET Recoveries | NNN                       |             |
| Proportionate Share   | 15.62%                    |             |
| TE                    | To be separately metered* |             |
| Other Utes.           | HVAC - PRS of Bldg.       |             |

**RENEWAL OPTIONS**

|            |          |             |
|------------|----------|-------------|
| Base Rent  |          |             |
| Opt. 1 a/o | 7/1/2037 | \$19.00/RSF |
| Opt. 2 a/o | 7/1/2042 | \$21.00/RSF |
| Opt. 3 a/o |          |             |
| Opt. 4 a/o |          |             |

Tenancy in Building 1.75 Yrs.

\*Previously shared a meter with Suite 103; to be separately metered or submetered.

Lehnes Orthodontics has been deemed one of the best orthodontic practices in the state by New Jersey Monthly Magazine for seven consecutive years.

In addition to being orthodontic specialists, Drs. Lehnes and Sittmann are two of only a small percentage of orthodontists in the area that have gone a step beyond to become board-certified Diplomats of the American Board of Orthodontics.



**ID CARE, PA**

**PREMISES**

|                    |                |           |
|--------------------|----------------|-----------|
| Space Type/Suite # | Medical Office | Suite 201 |
| Net Leasable       | 5,741 SF       |           |
| Common Area        | 946 SF         |           |
| Total Size         | 6,687 SF       |           |

**LEASE START/EXPIRATION**

|                               |            |  |
|-------------------------------|------------|--|
| Original Lease Commencement   | 1/1/2009   |  |
| Current Lease/ Amend. Expiry. | 1/31/2026* |  |

**RENTAL TERMS**

|                       |                             |  |
|-----------------------|-----------------------------|--|
| Current Base Rent     | \$21.00                     |  |
| Step As Of            | N/A                         |  |
| Future Free Rent      | N/A                         |  |
| OpEx & RET Recoveries | NNN                         |  |
| Proportionate Share   | 26.54%                      |  |
| TE                    | Direct with Utility Company |  |
| Other Utes.           | HVAC & Sewage PRS of Bldg.  |  |

**RENEWAL OPTIONS**

|            |          |             |
|------------|----------|-------------|
| Base Rent  |          |             |
| Opt. 1 a/o | 2/1/2026 | \$22.00/RSF |
| Opt. 2 a/o |          |             |
| Opt. 3 a/o |          |             |
| Opt. 4 a/o |          |             |

Tenancy in Building 15.25 Yrs.

\*Currently in their first, of two Options to Extend.

ID Care is a leading healthcare enterprise that is nationally recognized for infectious disease specialty services. They continually produce measurable results by providing the highest level of care across infectious diseases, infusion services, wound treatments, and travel care. By collaborating with some of the most renowned healthcare organizations in New Jersey, they are ensuring that every patient and community they serve have access to the highest level of infectious disease care. Many of their partners have adopted their leading-edge epidemiology and antibiotics stewardship program, which has warranted several performance accolades for providing patients with the least amount of antibiotics and the highest level of treatment effectiveness and safety. Besides claiming a well-earned position among the highest performers in antibiotic stewardship in the state, they are making strides alongside our partners to transform even more healthcare institutions across the nation.



# LEASE ABSTRACTS



## IMAGE REVOLUTION HEALTH AND WELLNESS LLC

### PREMISES

|                    |                |           |
|--------------------|----------------|-----------|
| Space Type/Suite # | Medical Office | Suite 202 |
| Net Leasable       | 1,080 SF       |           |
| Common Area        | 155 SF         |           |
| Total Size         | 1,235 SF       |           |

### LEASE START/EXPIRATION

|                               |           |  |
|-------------------------------|-----------|--|
| Original Lease Commencement   | 4/1/2020  |  |
| Current Lease/ Amend. Expiry. | 9/30/2025 |  |

### RENTAL TERMS

|                       |                           |            |
|-----------------------|---------------------------|------------|
| Current Base Rent     | \$19.75/RSF               |            |
| Step As Of            | Every Apr. thereafter+    | \$0.25/RSF |
| Future Free Rent      | N/A*                      |            |
| OpEx & RET Recoveries | None                      |            |
| Proportionate Share   | Omitted                   |            |
| TE                    | Direct w/ Utility Company |            |
| Other Utes.           | HVAC-PRS of Bldg.         |            |

### RENEWAL OPTIONS

|            |           |             |
|------------|-----------|-------------|
| Base Rent  |           |             |
| Opt. 1 a/o | 10/1/2025 | \$20.25/RSF |
| Opt. 2 a/o | 10/1/2030 | \$21.50/RSF |
| Opt. 3 a/o |           |             |
| Opt. 4 a/o |           |             |

|                     |           |
|---------------------|-----------|
| Tenancy in Building | 4.00 Yrs. |
|---------------------|-----------|

\*Base Rent abated in April of 2024. Seller to credit buyer 100% of remaining abatement balance at closing.

\*\*Continues with \$0.25/RSF annual increases.

Image Revolution Health and Wellness Medical Spa is a premier aesthetics center specializing in the latest beauty, skin care, and wellness solutions. Centered in the heart of Randolph, New Jersey, the practice proudly serves patients throughout Morris County and beyond.



**College Plaza  
Pediatrics**

**COLLEGE PLAZA PEDIATRICS, P.C.**

| PREMISES                      |                            |             |
|-------------------------------|----------------------------|-------------|
| Space Type/Suite #            | Medical Office             | Suite 203   |
| Net Leasable                  | 415 SF                     |             |
| Common Area                   | 68 SF                      |             |
| Total Size                    | 483 SF                     |             |
| LEASE START/EXPIRATION        |                            |             |
| Original Lease Commencement   | 6/1/2010                   |             |
| Current Lease/ Amend. Expiry. | 5/31/2024*                 |             |
| RENTAL TERMS                  |                            |             |
| Current Base Rent             | \$20.00/RSF                |             |
| Step As Of                    | N/A                        |             |
| Future Free Rent              | N/A                        |             |
| OpEx & RET Recoveries         | NNN                        |             |
| Proportionate Share           | 1.92%                      |             |
| TE                            | Direct w/ Utility Company  |             |
| Other Utes.                   | HVAC & Sewage PRS of Bldg. |             |
| RENTAL TERMS                  |                            |             |
| Base Rent                     |                            |             |
| Opt. 1 a/o                    | 6/1/2024                   | \$20.00/RSF |
| Opt. 2 a/o                    | 6/1/2025                   | \$20.00/RSF |
| Opt. 3 a/o                    |                            |             |
| Opt. 4 a/o                    |                            |             |
| Tenancy in Building           |                            | 13.83 Yrs.  |

| PREMISES                      |                            |             |
|-------------------------------|----------------------------|-------------|
| Space Type/Suite #            | Medical Office             | Suite 205   |
| Net Leasable                  | 2,624 SF                   |             |
| Common Area                   | 433 SF                     |             |
| Total Size                    | 3,057 SF                   |             |
| LEASE START/EXPIRATION        |                            |             |
| Original Lease Commencement   | 6/1/2010                   |             |
| Current Lease/ Amend. Expiry. | 5/31/2024*                 |             |
| RENTAL TERMS                  |                            |             |
| Current Base Rent             | \$22.00/RSF                |             |
| Step As Of                    | N/A                        |             |
| Future Free Rent              | N/A                        |             |
| OpEx & RET Recoveries         | NNN                        |             |
| Proportionate Share           | 12.13%                     |             |
| TE                            | Direct w/ Utility Company  |             |
| Other Utes.                   | HVAC & Sewage PRS of Bldg. |             |
| RENTAL TERMS                  |                            |             |
| Base Rent                     |                            |             |
| Opt. 1 a/o                    | 6/1/2024                   | \$22.00/RSF |
| Opt. 2 a/o                    | 6/1/2025                   | \$22.00/RSF |
| Opt. 3 a/o                    |                            |             |
| Opt. 4 a/o                    |                            |             |
| Tenancy in Building           |                            | 13.83 Yrs.  |

College Plaza Pediatrics blends up-to-date and innovative diagnostic tools with their unique, collaborative healthcare approach. The doctors frequently receive healthcare awards and accolades and have been nominated as New Jersey’s Favorite Kids’ Docs since inception for 11 years in a row. They hold hospital privileges at Morristown Medical Center’s Goryeb Children’s Hospital.

Services: General Pediatric Health, Prevention & Wellness’, lactation Support, School/ Sports/Camp Eastland Testing & Treatment, Ear Deformity Molding, Growth and Development, Anxiety and Depression, Telemedicine Visits, Asthma Care, Mental Health Consults, School Difficulty, ADHD management, Minor Laceration Repair.

\*Currently in their fifth, of six Options to Extend. Tenant has the option to terminate providing 90 days notice.



**LAND LEASE**

**RANDOLPH TOWNSHIP DEVELOPMENT LLC / ANDRES VITA -  
MICHAEL RUSSONIELLO**

| PREMISES           |              |     |
|--------------------|--------------|-----|
| Space Type/Suite # | Ground Lease | N/A |
| Net Leasable       | -            |     |
| Common Area        | -            |     |
| Total Size         | -            |     |

| LEASE START/EXPIRATION        |            |  |
|-------------------------------|------------|--|
| Original Lease Commencement   | 10/15/2004 |  |
| Current Lease/ Amend. Expiry. | 7/31/2048  |  |

| RENTAL TERMS       |          |           |
|--------------------|----------|-----------|
| Current Base Rent  | \$87,500 |           |
| Step As Of         | 8/1/2023 | \$106,250 |
|                    | 8/1/2028 | \$112,500 |
|                    | 8/1/2033 | \$118,750 |
|                    | 8/1/2038 | \$125,000 |
|                    | 8/1/2043 | \$131,250 |
| Mortgage Rent      | N/A*     |           |
| Supplementary Rent | N/A*     |           |
| Compensatory Rent  | N/A*     |           |
| Percentage Rent    | N/A*     |           |
| Common Area Maint. | Net**    |           |

| RENTAL TERMS        |          |               |
|---------------------|----------|---------------|
| Base Rent           |          |               |
| Opt. 1 a/o          | 8/1/2048 | \$137,500***  |
| Opt. 2 a/o          | 8/1/2058 | \$200,000**** |
| Opt. 3 a/o          | 8/1/2068 | \$250,000**** |
| Opt. 4 a/o          |          |               |
| Tenancy in Building |          | 13.83 Yrs.    |

\*Seller is willing to amend Land Lease to eliminate the possibility of these specific forms of alternative/ additional rent.

\*\*Assumes Ground Lessee pays their proportionate share of Common Facilities Expenses.

\*\*\*Rent increases \$6,250 after 5 years.

\*\*\*\*Rent increases \$25,000 after 5 years.

**SUITE 204 MASTER LEASE**

**DEAL PENDING**

| PREMISES           |                |           |
|--------------------|----------------|-----------|
| Space Type/Suite # | Medical Office | Suite 204 |
| Net Leasable       |                |           |
| Common Area        |                |           |
| Total Size         | 1,335 SF       |           |

| LEASE START/EXPIRATION        |           |  |
|-------------------------------|-----------|--|
| Original Lease Commencement   | 10/1/2023 |  |
| Current Lease/ Amend. Expiry. | 9/30/2024 |  |

| RENTAL TERMS           |                                  |  |
|------------------------|----------------------------------|--|
| Current Base Rent      | \$21.00/RSF                      |  |
| Step As Of             | N/A                              |  |
| Future Free Rent       | N/A                              |  |
| OpEx & RET Recoveries  | NNN                              |  |
| Proportionate Share TE | Actual Direct w/ Utility Company |  |
| Other Utes.            | HVAC & Sewage PRS of Bldg.       |  |

| RENTAL TERMS        |  |           |
|---------------------|--|-----------|
| Base Rent           |  |           |
| Opt. 1 a/o          |  |           |
| Opt. 2 a/o          |  |           |
| Opt. 3 a/o          |  |           |
| Opt. 4 a/o          |  |           |
| Tenancy in Building |  | 0.50 Yrs. |

# FINANCIAL ANALYSIS

**RANDOLPH**  
MEDICAL ARTS BUILDING





# RENT ROLL

| TENANT                                   | SUITE        | RSF   | LEASE COMMENCE | LEASE EXPIRATION | LEASE TYPE (BASE YEAR) | TOTAL MONTHLY RENT | ANNUAL RENT/RSF | RENT ADJUSTMENTS                     | FUTURE FREE RENT*                        | UTILITIES | RENEWAL OPTIONS   |                    |
|--|--------------|-------|----------------|------------------|------------------------|--------------------|-----------------|--------------------------------------|--|-----------|---|--------------------|
| First Fitness, LLC & SJP Fitness, LLC    | 103 A, 103 B | 1,728 | 7/19/21        | 5/31/27          | None                   | \$3,000.00         | \$20.83         | -                                    | N/A                                      | N/A       | TE - 33% of Shared Submeter w/ Suite 104 HVAC - Fixed @ \$2.13/Net SF | One 5-Year Option  |
| CTRLCare Behavioral Health, LLC          | 104          | 3,532 | 3/1/24         | 2/28/26          | \$2,800/mo Cap         | \$4,400.00         | \$14.95         | -                                    | N/A                                      | N/A       | \$500/mo Cap (Electric/HVAC)  | One 2-Year Option  |
| MND Hair Enhancement, LLC                | 105          | 708   | 8/1/19         | 1/31/25          | None                   | \$1,350.00         | \$22.88         | Every Feb. thereafter +              | \$0.42                                   | N/A       | TE - Direct with Utility Company HVAC - Fixed @ \$1.95/Net SF         | One 5-Year Option  |
| Lehnes Orthodontics, PA                  | 106          | 3,937 | 7/1/22         | 6/30/37          | NNN                    | \$2,952.75         | \$9.00          | 7/1/26<br>7/1/29<br>7/1/32<br>7/1/35 | \$12.00<br>\$13.00<br>\$15.00<br>\$17.00 | N/A       | TE - to be Separately Metered HVAC - PRS of Bldg.                     | Two 5-Year Options |
| ID Care, PA                              | 201          | 6,687 | 1/1/09         | 1/31/26          | NNN                    | \$11,702.25        | \$21.00         | -                                    | N/A                                      | N/A       | TE - Direct with Utility Company HVAC & Sewage - PRS of Bldg.         | One 5-Year Option  |
| Image Revolution Health and Wellness LLC | 202          | 1,235 | 4/1/20         | 9/30/25          | None                   | \$2,032.60         | \$19.75         | Every Apr. thereafter +              | \$0.25                                   | N/A       | TTE - Direct with Utility Company HVAC - PRS of Bldg.                 | Two 5-Year Options |
| College Plaza Pediatrics, P.C.           | 203          | 483   | 6/1/10         | 5/31/24          | NNN                    | \$805.00           | \$20.00         | -                                    | N/A                                      | N/A       | TE - Direct with Utility Company HVAC & Sewage - PRS of Bldg.         | One 1-Year Option  |
| College Plaza Pediatrics, P.C.           | 205          | 3,057 | 6/1/10         | 5/31/24          | NNN                    | \$5,604.50         | \$22.00         | -                                    | N/A                                      | N/A       | TE - Direct with Utility Company HVAC & Sewage - PRS of Bldg.         | One 1-Year Option  |
| Alliance Orthopedics                     | 101          | 2,609 | 7/1/23         | 6/30/30          | NNN                    | \$3,261.25         | \$15.00         | 2/1/25<br>Every Feb. thereafter +    | \$15.30<br>\$0.30                        | 6 mos.    | TE - Direct with Utility Company HVAC & Sewage - PRS of Bldg.         | Two 5-Year Options |
| Master Lease                             | 204**        | 1,335 |                |                  | NNN                    | \$2,336.25         | \$21.00         | -                                    | N/A                                      | N/A       | TE - Direct with Utility Company HVAC & Sewage - PRS of Bldg.         | None               |

**PROPERTY TOTAL SF: 25,311**

\*The value of any future free rent will be credited to the buyer at closing, or provided a check for the same.

\*\*Rent to commence day of closing.

# CASH FLOW

| May 2024 - May 2032<br>Year End     | 1<br>MAY-2025  | 2<br>MAY-2026  | 3<br>MAY-2027  | 4<br>MAY-2028  | 5<br>MAY-2029  | 6<br>MAY-2030  | 7<br>MAY-2031  | 8<br>MAY-2032  |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>RENTAL REVENUE</b>               |                |                |                |                |                |                |                |                |
| Potential Base Rent                 | 450,356        | 451,562        | 471,212        | 487,420        | 513,872        | 524,094        | 537,757        | 560,895        |
| Rent Abatement                      | 0              | -3,326         | -3,392         | -3,457         | -3,522         | -3,587         | 0              | 0              |
| <b>Total Rental Revenue</b>         | <b>450,356</b> | <b>448,236</b> | <b>467,821</b> | <b>483,964</b> | <b>510,350</b> | <b>520,506</b> | <b>537,757</b> | <b>560,895</b> |
| <b>OTHER TENANT REVENUE</b>         |                |                |                |                |                |                |                |                |
| Expense Recoveries                  | 286,620        | 291,703        | 299,126        | 308,003        | 321,715        | 333,060        | 349,523        | 361,616        |
| CAM Overage                         | 9,696          | 9,696          | 9,696          | 9,696          | 9,696          | 9,696          | 9,696          | 9,696          |
| <b>Total Other Tenant Revenue</b>   | <b>296,316</b> | <b>301,399</b> | <b>308,822</b> | <b>317,699</b> | <b>331,411</b> | <b>342,756</b> | <b>359,219</b> | <b>371,312</b> |
| <b>OPERATING EXPENSES</b>           |                |                |                |                |                |                |                |                |
| Ground Lease - Rent                 | 106,250        | 106,250        | 106,250        | 106,250        | 109,896        | 112,500        | 112,500        | 112,500        |
| Ground Lease - CAM                  | 18,771         | 19,334         | 19,914         | 20,511         | 21,127         | 21,760         | 22,413         | 23,086         |
| Cleaning - Internal                 | 14,394         | 14,574         | 15,011         | 15,461         | 15,925         | 16,403         | 16,895         | 17,402         |
| Cleaning - External                 | 1,550          | 1,569          | 1,616          | 1,665          | 1,715          | 1,766          | 1,819          | 1,874          |
| Exterminating                       | 1,919          | 1,943          | 2,002          | 2,062          | 2,123          | 2,187          | 2,253          | 2,320          |
| Insurance                           | 10,500         | 10,631         | 10,950         | 11,279         | 11,617         | 11,966         | 12,325         | 12,694         |
| Landscaping                         | 3,273          | 3,314          | 3,413          | 3,516          | 3,621          | 3,730          | 3,842          | 3,957          |
| Management Fees                     | 22,400         | 22,489         | 23,299         | 24,050         | 25,253         | 25,898         | 26,909         | 27,966         |
| Repairs & Maintenance               | 29,969         | 30,343         | 31,254         | 32,191         | 33,157         | 34,152         | 35,176         | 36,232         |
| Sprinkler Monitoring                | 5,260          | 5,326          | 5,486          | 5,650          | 5,820          | 5,994          | 6,174          | 6,359          |
| Elevator                            | 2,487          | 2,518          | 2,594          | 2,671          | 2,752          | 2,834          | 2,919          | 3,007          |
| Snow Removal                        | 21,120         | 21,384         | 22,026         | 22,686         | 23,367         | 24,068         | 24,790         | 25,534         |
| Real Estate Taxes                   | 149,431        | 149,431        | 150,676        | 153,690        | 156,764        | 159,899        | 163,097        | 166,359        |
| Utilities - Electric (HVAC)         | 32,337         | 32,741         | 32,723         | 34,735         | 35,777         | 36,851         | 37,956         | 39,095         |
| Utilities - Electric (Shared Meter) | 14,335         | 14,514         | 14,950         | 15,398         | 15,860         | 16,336         | 16,826         | 17,331         |
| Utilities - Gas                     | 5,124          | 5,188          | 5,344          | 5,504          | 5,669          | 5,839          | 6,014          | 6,195          |
| Utilities - Water & Sewer           | 2,528          | 2,560          | 2,636          | 2,715          | 2,797          | 2,881          | 2,967          | 3,056          |
| Waste Removal                       | 7,657          | 7,753          | 7,985          | 8,225          | 8,472          | 8,726          | 8,988          | 9,257          |
| <b>Total Operating Expenses</b>     | <b>449,305</b> | <b>451,863</b> | <b>459,129</b> | <b>468,260</b> | <b>481,711</b> | <b>493,789</b> | <b>503,863</b> | <b>514,223</b> |
| <b>NET OPERATING INCOME</b>         | <b>297,367</b> | <b>297,772</b> | <b>317,514</b> | <b>333,402</b> | <b>360,051</b> | <b>369,474</b> | <b>393,113</b> | <b>417,984</b> |



# VALUATION ASSUMPTIONS

## GLOBAL ASSUMPTIONS

|                           |                                    |
|---------------------------|------------------------------------|
| Property Address          | 765 State Route 10<br>Randolph, NJ |
| Analysis Start Date       | 5/1/2024                           |
| Analysis Term             | 7 years                            |
| Analysis End Date         | 5/31/2033                          |
| Building Square Fee (RSF) | 25,311                             |
| Occupied SF               | 25,311<br>100.0%                   |
| Vacant SF                 | 0<br>0.0%                          |
| <b>INFLATION RATES</b>    |                                    |
| Fiscal / Calendar         | Calendar                           |
| General                   | 3.0%                               |
| Operating Expenses        | 3.0%                               |
| Real Estate Taxes         | 2.0%<br>2025+                      |
| Market Rent               | 3.0%                               |

## LEASING ASSUMPTIONS

|                     |                |
|---------------------|----------------|
| MLA Name            | Medical Office |
| Renewal Probability | 100%           |
| Lease Term          | 5 Years        |
| Downtime if Vacated | 6 Months       |

### MARKET RENTAL RATE

|                          |               |
|--------------------------|---------------|
| Market Rent (N/R)        | \$21.00/RSF   |
| Rent Increases           | 3.0% Annually |
| Recovery Structure (N/R) | Net           |

### LANDLORD CONCESSIONS

|                           |                          |
|---------------------------|--------------------------|
| Free Rent (N/R)           | 3 mos. (N) /<br>None (R) |
| Tenant Improvements (N/R) | \$25 (N) / \$0 (R)       |

### LEASING COMMISSIONS

|                           |                 |
|---------------------------|-----------------|
| Leasing Commissions (N/R) | 2% (N) / 2% (R) |
|---------------------------|-----------------|

## STABILIZATION COSTS

|                    |        |
|--------------------|--------|
| Stabilization Year | Year 2 |
|--------------------|--------|

### BUDGETED CAPITAL ITEMS

|                          |        |
|--------------------------|--------|
| Deferred Maint.          | N/A    |
| Capital Reserve (\$/RSF) | \$0.15 |

## EXPENSE ASSUMPTIONS

|                           |           |
|---------------------------|-----------|
| Ground Lease (Rent & CAM) | \$125,021 |
| CAM                       | \$119,966 |
| RE Taxes                  | \$149,431 |
| Utilities                 | \$21,987  |
| Insurance                 | \$10,500  |
| Management Fee            | \$22,400  |
|                           | \$444,700 |

## VALUATION & RETURN SUMMARY

| PRICING                   | (TOTAL \$)  | (\$/RSF) |
|---------------------------|-------------|----------|
| Purchase                  | \$2,973,670 | \$117.49 |
| Residual Sale @ 7.0% Cap* | \$5,971,201 | \$235.91 |

### RETURNS

|   |        |
|---|--------|
| Cap Rate on Yr. 1                                 | 10%    |
| Cap Rate on Yr. 3                                 | 10.68% |
| 7-Yr. Avg. Cash on Cash (Unleveraged)             | 10.94% |
| Internal Rate of Return (IRR)<br>- Incl. Residual | 18.64% |

## NOTES TO UNDERWRITING

1. Please refer to Rent Roll / Lease Abstracts for details of each tenants lease terms. However; please note the following exceptions/assumptions:
  - a. Analysis assumes all tenants with Options to Extend, execute all of their Options.
  - b. After all Options are exhausted ID Care, PA and College Plaza Pediatrics, P.C. are assumed to renew per the MLA's, but without requiring Concessions and/or Commissions: Recoveries reset to standard "Net" upon roll to market MLA
  - c. Suite 204 will be Master Leased by Seller up to 12-months. Immediately thereafter, Analysis assumes a new speculative tenant will do a 5 year lease/take occupancy of the suite at a starting rent of \$21.00/SF w/ 3.0% annual increases, no free rent, a \$15/SF Tenant Improvement Allowance and a 7% commission.
  - d. Suite 104 (CTRLCare) assumed in occupancy as of March 1, 2024. Tenant pays a reduced \$500/mo. rent months 2-12 of the lease, which is assumed to be a seller credit (full rent in Analysis).
2. Expenses were based off of the "2023 Projected Operating Statement". Future projections are subject to inflation annually on a calendar year basis. Please note the exceptions/assumptions:
  - a. "Ground Rent" costs provided in the 2024 budget are under review and subject to changes. As such, Analysis is based on the "Ground Rent" costs provided in the 2022 Budget (\$102,500) and are assumed to include a portion of CAM charges (a.k.a. "Common Facilities Expenses) that are shared in relation to the Reciprocal Easement Agreement. Analysis assumes the actual Rent (Analysis defines "Ground Lease - Rent") is based on the schedule provided in the Second Lease Amendment and is set to increase as follows.

Please note Analysis assumes no additional "Supplementary, Compensatory, or Percentage Rent" is due over the analysis term.

| FROM   | # OF MOS | TO      | RENT      |
|--------|----------|---------|-----------|
| 8/1/08 | 120      | 7/31/18 | \$50,000  |
| 8/1/18 | 60       | 7/31/23 | \$87,500  |
| 8/1/23 | 60       | 7/31/28 | \$106,250 |
| 8/1/28 | 60       | 7/31/33 | \$112,500 |
| 8/1/33 | 60       | 7/31/38 | \$118,750 |
| 8/1/38 | 60       | 7/31/43 | \$125,000 |
| 8/1/43 | 60       | 7/31/48 | \$131,250 |

Additionally, the difference between "Ground Rent" and "Ground Lease - Rent" (~\$18k) is assumed to be the portion which is CAM and is being separately defined as "Ground Lease - CAM". This cost is assumed to be subject to inflation beginning in January of 2024. Furthermore, analysis assumes that only the CAM portion is being passed through the tenants.

- b. Analysis assumes "Utilities - Electric" includes both HVAC related costs as well as the Tenant Electric submeter shared between First Fitness (33%) and CTRLCare (Capped \$500/mo.) allocation of these electric expenses assumed based on break-out of recoverable utilities in the 2024 budget.
  - c. Assumes all other expenses are 100% recoverable.
  - d. Analysis includes a non-operating expense, "Annual Reserves", which is assumed to be \$0.15/RSF, subject to inflations annually on a calendar year basis.
3. Analysis includes \$15k/year of CAM overage per 2024 budget.
  4. Residual Sale estimate based on applying a 7.0% cap rate, to the 8th year NOI and excludes selling costs and transfer tax.



# SALES COMPARABLES

|  |  |   |   |   |   |
|--|--|---|---|---|---|
|  |  |  |  |  |  |
|  | <b>800 BUNN DRIVE<br/>PRINCETON, NJ 08540</b>                                      | <b>1520 US HIGHWAY 130<br/>NORTH BRUNSWICK, NJ<br/>08902</b>                        | <b>54 OLD HIGHWAY 22<br/>CLINTON, NJ 08809</b>                                      | <b>465 CRANBURY ROAD<br/>EAST BRUNSWICK, NJ 08816</b>                               | <b>33 NEWTON SPARTA ROAD<br/>NEWTON, NJ 07860</b>                                   |
|  <b>ASSET CLASS</b>       | Medical  | Medical   | Medical/Office  | Medical/Office  | Medical/Office  |
|  <b>SIZE</b>              | 26,551 SF  | 23,500 SF   | 21,360 SF   | 25,671 SF   | 15,000 SF   |
|  <b>SALE DATE</b>       | January 2022   | October 2022  | December 2021   | June 2023   | May 2023  |
|  <b>PRICE</b>           | \$9,200,000  | \$4,600,000   | \$3,550,000   | \$3,600,000   | \$2,860,000   |
|  <b>PRICE/SF</b>        | \$346.50   | \$195.74  | \$166   | \$140   | \$190.67  |
|  <b>CAP RATE</b>        | 6.25%  | 6.5%  | 7.23%   | 7.5%  | 7.4%  |
|  <b>BUILT/RENOVATED</b> | 2010   | 2006  | 1997  | 2004  | 1984  |
|  <b>OCCUPANCY</b>       | 100% Leased  | 100% Leased   | 100% Leased   | 92% Leased  | 93.3% Leased  |

# AREA OVERVIEW

## RANDOLPH MEDICAL ARTS BUILDING





# REGIONAL OVERVIEW

**NEW YORK METROPOLITAN AREA**

Morris County, boasting a population of 492,676 and its advantageous proximity to New York City, possesses an exceptional transportation infrastructure that has proven attractive to Fortune 500 companies. NJ Transit caters to thousands of commuters, a significant portion of whom rely on the MidTown Direct service for convenient access to Manhattan. Extensive bus routes seamlessly connect the county's 39 municipalities to the broader metropolitan area. Moreover, the county benefits from a well-developed road network, featuring vital arteries like Interstates 287 and 80.

Morris County is truly an economic engine for New Jersey and the United States.



## COUNTY OVERVIEW

### MORRIS COUNTY

Morris County, recognized in Forbes' "Top Ten," shines with exceptional healthcare, leading public and private schools (with New Jersey topping the nation), and diverse communities. From quaint small towns to serene suburbs and rural estates, residents enjoy abundant living choices. Positioned along the bustling Northeast Corridor, Morris County offers extensive transportation options, connecting to Manhattan and international airports via commuter rail and buses. It also houses a regional airport with hangars and customs facilities. With educated residents, secure communities, and a wealth of recreational and cultural activities—including a vibrant arts scene and extensive trail network—Morris County promises an enriching lifestyle.

SUSSEX

PASSAIC



WARREN

Hackettstown

MORRIS

Parsippany-Troy Hills

ESSEX

Randolph,

Morristown

N

Easton

UNION COUNTY

SOMERSET COUNTY

HUNTERDON



## LOCAL OVERVIEW

Randolph is a 21 square mile township in Morris County, New Jersey, a suburb of New York City. As of the 2020 United States census, the township's population was 26,504.

Randolph was the number one ranked town in Morris County and fourth overall in the state citing "job growth, high percentage of home ownership good schools, access to local shopping and community safety.

Niche.com ranked Randolph amongst the Top 50 in its 2019 rankings of the "Best Places to Live" in New Jersey.



10

DOVER CHESTER ROAD

CVS  
pharmacy

APPROVED  
BANK SITE

10

Lightbridge  
Academy  
Innovators in Educational Child Care



# MORRIS COUNTY HOSPITALS

Newton

Ogdensburg

Passaic

Wanaque

Oakland

Pompton Lakes

Wayne

Paterson

Hopatcong

Dover

Parsippany

Morris

Cedar Grove

Verona

West Orange

Essex

Orange

Morristown

Park

Livingston

Mendham

Peapack and Gladstone

Bernardsville

Madison

Newark

Washington

High Bridge

Union

Elizabeth



Kindred Hospital  
New Jersey - Morris County

Saint Clare's Health



Saint Clare's Health



Hackettstown Medical Center  
ATLANTIC HEALTH SYSTEM



Goryeb Children's Hospital  
ATLANTIC HEALTH SYSTEM



Morristown Medical Center  
ATLANTIC HEALTH SYSTEM





Source: Advisory.com – Outpatient Scenario Planner



## RANDOLPH MEDICAL MARKET FORECAST DATA AND ANALYTICS NAVIGATOR

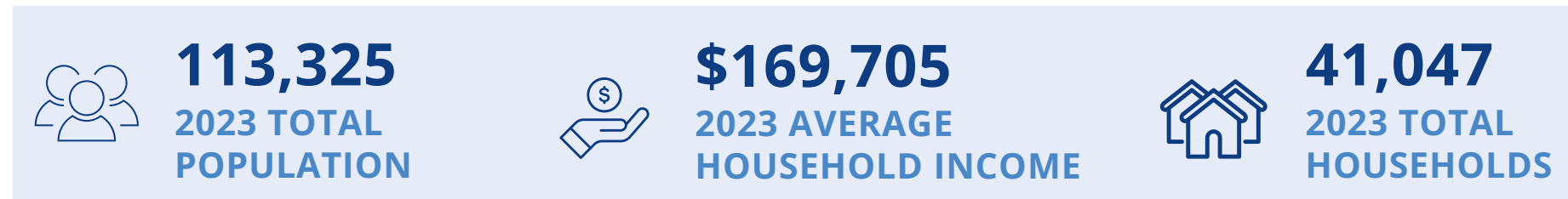
| SERVICE LINES                          | 2020 VOLUME | 2025 VOLUME | 2030 VOLUME | 5 YR GROWTH | 10 YR GROWTH |
|--|-------------|-------------|-------------|-------------|--------------|
| <b>Cardiology</b>                      | 105,456     | 113,066     | 117,136     | 7.2%        | 11.1%        |
| <b>Cosmetic Procedures</b>             | 8,153       | 8,755       | 9,449       | 7.4%        | 15.9%        |
| <b>Dermatology</b>                     | 46,158      | 52,352      | 55,983      | 13.4%       | 21.3%        |
| <b>Endocrinology</b>                   | 2,117       | 2,398       | 2,450       | 13.3%       | 15.7%        |
| <b>ENT</b>                             | 31,448      | 34,793      | 35,142      | 10.6%       | 11.7%        |
| <b>Lab</b>                             | 457,549     | 498,313     | 526,738     | 8.9%        | 15.1%        |
| <b>Miscellaneous Services</b>          | 213,304     | 241,670     | 240,587     | 13.3%       | 12.8%        |
| <b>Nephrology</b>                      | 5,831       | 6,316       | 6,837       | 8.3%        | 17.3%        |
| <b>Neurology</b>                       | 16,767      | 19,566      | 21,087      | 16.7%       | 25.8%        |
| <b>Neurosurgery</b>                    | 925         | 1,105       | 1,173       | 19.6%       | 26.9%        |
| <b>Ophthalmology</b>                   | 93,247      | 109,234     | 119,773     | 17.1%       | 28.4%        |
| <b>Orthopedics</b>                     | 30,577      | 37,885      | 41,066      | 23.9%       | 34.3%        |
| <b>Pain Management</b>                 | 11,725      | 14,820      | 16,530      | 26.4%       | 41.0%        |
| <b>Physical Therapy/Rehabilitation</b> | 254,051     | 314,606     | 336,739     | 23.8%       | 32.5%        |
| <b>Podiatry</b>                        | 17,515      | 21,573      | 25,310      | 23.2%       | 44.5%        |
| <b>Pulmonology</b>                     | 14,415      | 16,259      | 16,955      | 12.8%       | 17.6%        |
| <b>Spine</b>                           | 2,017       | 2,531       | 2,707       | 25.5%       | 34.2%        |
| <b>Thoracic Surgery</b>                | 559         | 709         | 770         | 26.8%       | 37.7%        |
| <b>Urology</b>                         | 10,924      | 11,599      | 12,248      | 6.2%        | 12.1%        |
| <b>Vascular</b>                        | 17,450      | 20,369      | 22,473      | 16.7%       | 28.8%        |



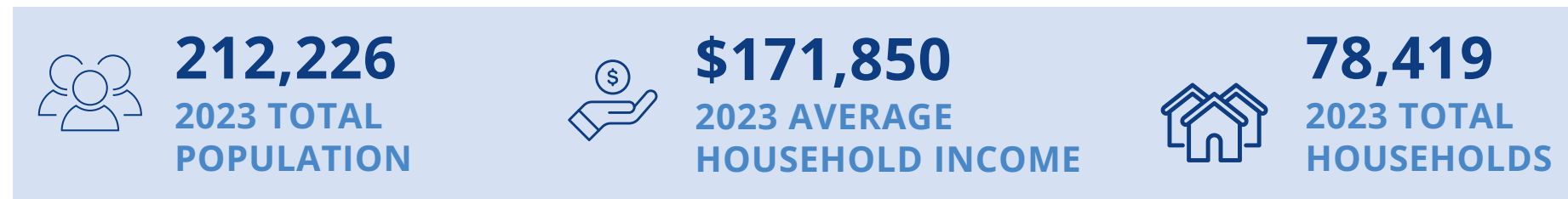
**3 MILE RADIUS**



**5 MILE RADIUS**



**7 MILE RADIUS**



**MORRIS COUNTY**

---

**500,000**  
Residents

---

**300,000**  
Employees

---

**\$100,000**  
Median Household Income Approaching

---

**28 MSF**  
of Office Space

---

**40 MSF**  
of Industrial Space

---

**800**  
Headquarter Locations

---

**\$7,770.95**  
Average Household Amount Spent on Healthcare  
*\*within a 3-mile radius*



# RANDOLPH

## MEDICAL ARTS BUILDING

765 State Route 10 | Randolph, NJ 07869



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Executive Vice President - Healthcare Investment Services

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