



THE LEARNING EXPERIENCE

1940 Route 22 • Bridgewater, NJ 08805

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THE LEARNING EXPERIENCE
Bridgewater , NJ
ACT ID Z0280607

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

Marcus & Millichap

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INVESTMENT OVERVIEW



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1940 Route 22, Bridgewater, NJ • \$4,515,715 • CAP: 7.00%

Tenant: The Learning Experience

Lease Begin: 1/1/2019

Lease End: 12/31/2033

Annual Rent: \$316,100

Term: 15 Year Initial NNN Lease

Options to Extend: Two 5 year options

CURRENT YEARLY INCOME

NOI: \$316,100

CAP Rate: 7.00%

SCHEDULED YEARLY INCOME

YEARS 6-10: \$347,710

YEARS 11-15: \$382,481

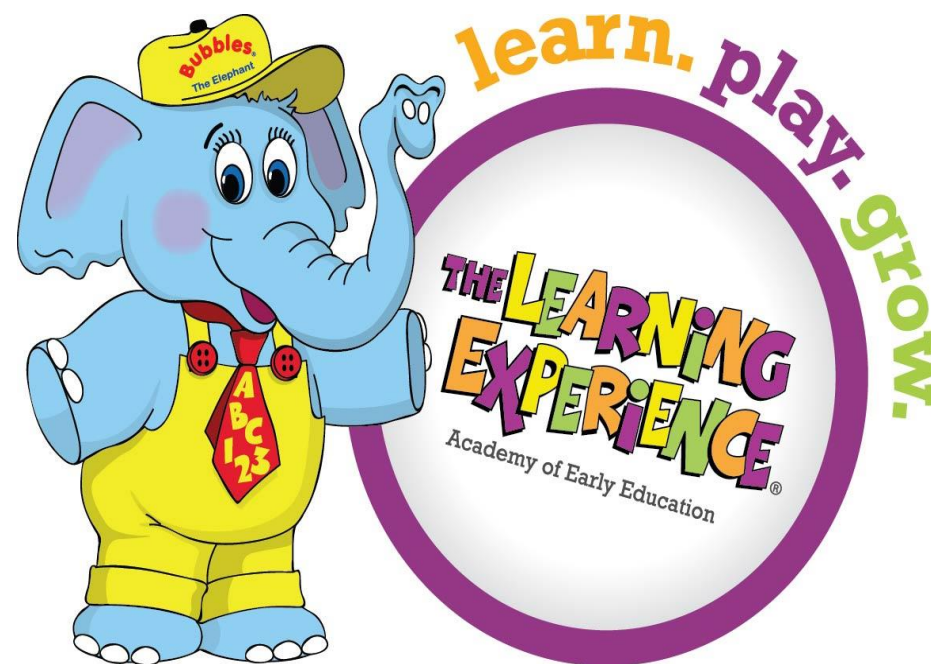
2 -5 Year Options with 10% increase

PROPERTY HIGHLIGHTS

Building Size: 10,900 SF

Lease Type: NNN

Type of Ownership: Fee Simple



EXECUTIVE SUMMARY

OFFERING SUMMARY

Price	\$4,515,715
Net Operating Income	\$316,100
Capitalization Rate – Current	7.00%
Price / SF	\$414.29
Rent / SF	\$29.00
Lease Type	NNN
Gross Leasable Area	10,900 SF
Year Built / Renovated	2018
Lot Size	1.36 acre(s)

FINANCING

Loan Amount	\$3,386,786
Loan Type	Financed - New Loan
Loan to Value	75.00%
Interest Rate / Amortization	4.75% / 25 Years
Annual Loan Payment	\$231,704
Net Cash Flow After Debt Service	7.48% / \$84,396
Cash on Cash Return	7.48%
Total Return	0.00% / \$156,790



MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Pts Intermediate Holdings LLC	8,300
In Venture Commercial Services	2,800
Ethicon Inc	2,500
MetLife	2,393
Janssen Research & Dev LLC	1,800
Software House International	1,800
Sanofi	1,500
Aventis Inc	1,358
Zentry LLC	1,200
Bridgewater Raritan Bd Educatn	1,000
Chubb	1,000
Ortho-Clinical Diagnostics Inc	1,000

DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2017 Estimate Pop	8,054	55,557	125,264
2010 Census Pop	7,977	54,178	120,927
2017 Estimate HH	3,191	21,150	46,826
2010 Census HH	3,107	20,373	44,585
Median HH Income	\$77,410	\$78,441	\$93,014
Per Capita Income	\$41,034	\$44,072	\$50,281
Average HH Income	\$102,162	\$115,184	\$134,013

* # of Employees based on 5 mile radius

INVESTMENT OVERVIEW

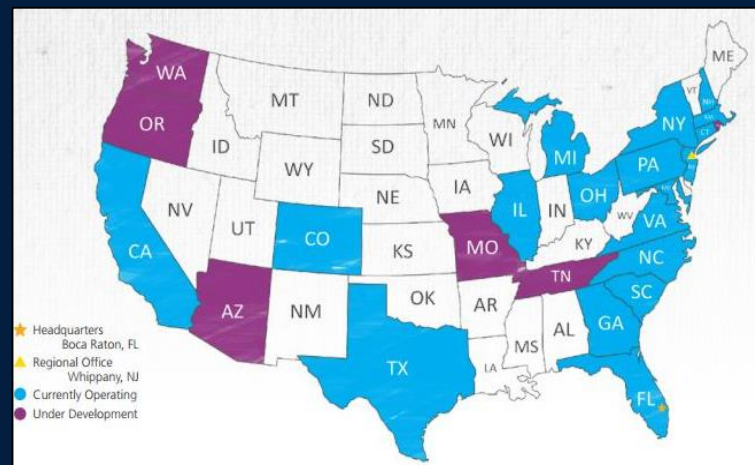
Marcus & Millichap is pleased to exclusively offer a brand new The Learning Experience located in Bridgewater, (Somerset County) New Jersey. The property sits on approximately 1.37 acres and is comprised of roughly 10,900-square feet of building space plus an additional 5,000 square feet playground outside. The brand new Learning Experience is located approximately 30 miles southwest of New York City and is situated on the main roadway which passes through Bridgewater & Bound Brook. Landlord Responsibility limited to maintenance, repair and replacement of all structural portions of building including the foundations, bearing walls, support beams, columns, structural portions of the roof, underground utility lines, and the water tightness of building. Guarantor is The Learning Experience Corp. and the guaranty of rent shall be limited to a maximum liability amount of \$500,000 in the aggregate and this maximum amount shall be reduced by \$100,000 on each anniversary of the Effective Date, until such time as said amount has been reduced to Zero, at which time this Guaranty of Rent shall become null, void, and of no further force or effect.

Within a five-mile radius of Bridgewater, the average household income is \$134,013 among the 125,264 individuals who reside within a five-mile radius of the subject property.

This is a brand new 15-year triple-net (NNN) lease with the rent commencing on January 1, 2019. The property has an initial cap rate of 6.75 percent. The annual rent will be \$316,100 with 10 percent rental increases every five years. There are two, five-year tenant renewal options. The list price of \$4,515,715 represents a 7.00% cap rate.

INVESTMENT HIGHLIGHTS

- Brand New 15-Year NNN Lease
- 2 - (5) Year Options with 10% Increases Every 5 Years
- 2018 Construction; Tenant's Lease Commenced in January 2019
- Located 1 Hour from NYC
- Excellent Demographics - Densely Populated Area with Above Average Household Income
- Limited Corporate Guarantee





Overview	
Tenant Name	The Learning Experience
Website	www.thelearningexperience.com
Headquarter	Boca Raton, FL
No. of Locations	400 +

The Learning Experience was founded in 1980 by the Weissman family in Boca Raton, Florida. After tremendous growth since their first location, The Learning Experience is now an industry leader and one of the fastest growing early education and child care franchises in the nation. 95% of pre-school graduates can read before kindergarten and 70% of franchisees buy additional units. Their proprietary curriculum optimizes learning based on the six stages of early development and incorporates science, technology, engineering and math to promote intellectual growth. The Learning Experience, which was founded in 2001 and boasts 254 childcare centers along with another 154 in the pipeline and its first location outside of the United States in the United Kingdom.

- The Learning Experience



\$48+ Million
Annual Revenue (Inc. 5000)

Ranked #90
Entrepreneur Magazine's 2017 "Franchise 500"

210% Increase
In Revenue Over Past Five Years

- The Learning Experience is considered a high level investment with initial cost amounting to over \$500,000 and an average initial investment of \$2,040,424. Franchisees can expect cost between \$500,000 and \$3,600,000, depending on whether they develop a new center or buy an existing one outright. Additionally, all franchisees should have at least \$150,000 in cash.
- The Learning Experience asks an average tuition of \$860 a month per child. Last year, the corporate office netted nearly \$8.5 million in profit on more than \$21.9 million in revenue.
- in 2017 the average gross sales of centers that had been operational for between two and four years was about \$1.3 million—with figures ranging from \$464,234 to \$2.78 million. Locations that had been operating for longer than four years averaged gross revenue of more than \$1.4 million.
- franchisees can expect their organizations to be put through a 900-point evaluation twice a year to assure compliance with brand and regulatory standards. There is also a 200-plus point evaluation conducted quarterly.



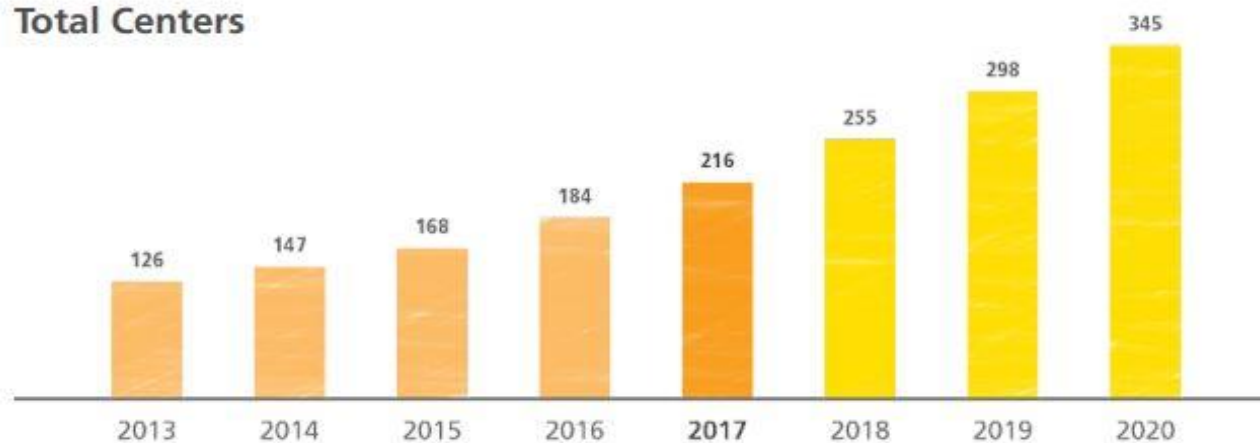
Historical and Future Growth

System Wide Sales

(in thousands)

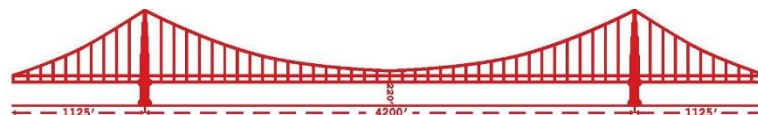


Total Centers



210% Increase
In Revenue Over Past Five Years

The Learning Experience has experienced a 210% increase in revenue over the past five years, and 45% compounded 5-year annual revenue growth. Inc. Magazine named TLE as one of the nation's fastest growing privately held companies in the country. Franchise Times ranked The Learning Experience in their Top 40 "Fast and Serious" list in 2017.



GOLDEN GATE CAPITAL

The Learning Experience Corporation was recently acquired by Golden Gate Capital. Golden Gate Capital is a private equity firm based out of San Francisco, California. As of April 2018, Golden Gate Capital had over \$15 billion in assets under management.

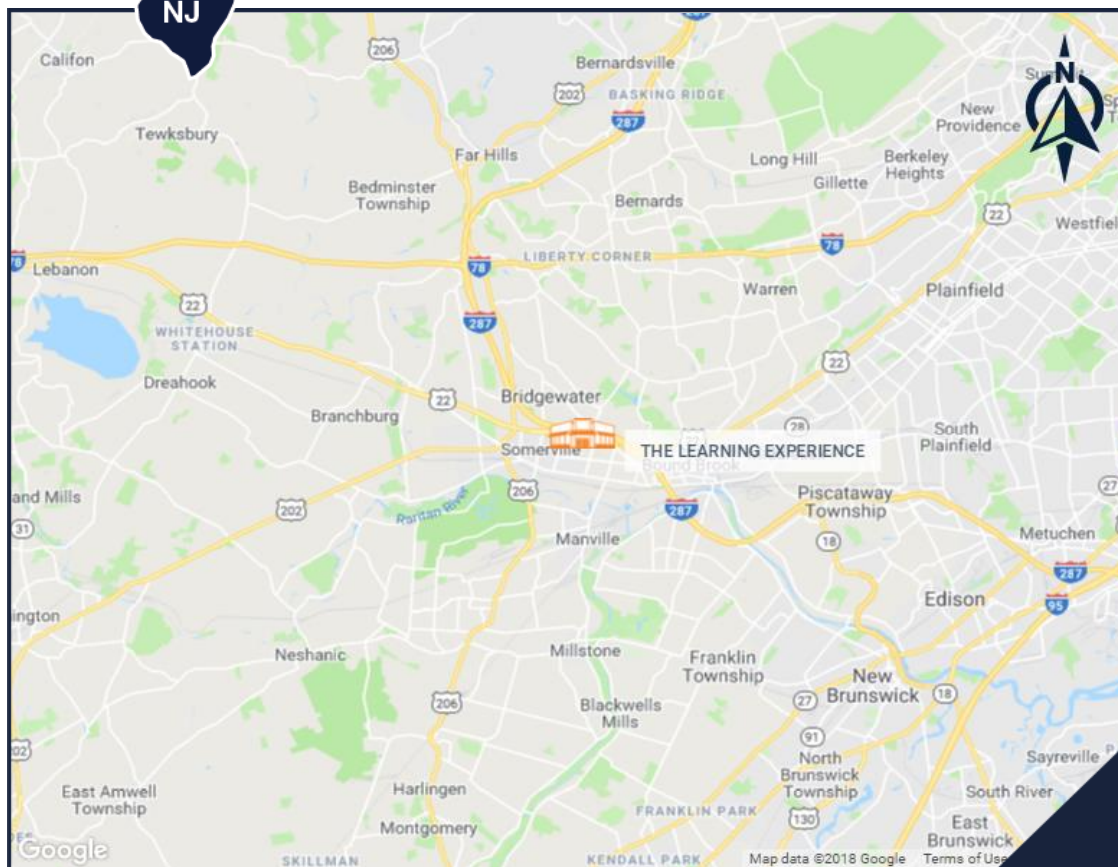
Golden Gate Capital's portfolio includes investments in consumer goods, financial services, industrials, internet technology and business services, software, hardware, telecom and semiconductors. Golden Gate Capital has assumed majority control of a number of financial service firms including Financial American Insurance Group, GGC Real Estate Holdings and Williston Financial Group.

Golden Gate also has experience in multi-unit operation businesses as the owner of brands such as California Pizza Kitchen, Bob Evans, Red Lobster, Mavis, PacSun and Eddie Bauer to name a few.





1940 Route 22 , Bridgewater , NJ 08805



Bridgewater is a borough located in Somerset County, New Jersey. The subject property is approximately 33 miles southwest of New York City. The Raritan River borders Bridgewater along with the municipalities of Hillsborough, Manville, Franklin Township, South Bound Brook, Bound Brook, Green Brook, Branchburg, Bedminster, Bernards Township, Warren Township, Somerville, Raritan, and Middlesex. Bridgewater is home to many communities and sections such as Bradley Gardens, North Branch, Finderne, Thomae Park, Green Knoll, Sunset Lake, Martinsville, Milltown, and Meadow Road Area. The major highways that pass through or near Bridgewater are I-287, I-78, Route 22, Route 202-206, and Route 28. NJ Transit provides rail service on the Raritan Valley Line from Bridgewater Station to New York Penn Station. NJ Transit also provides bus service on bus route 114 to Port Authority Bus Terminal in Midtown Manhattan. Bridgewater Township is serviced by three local airports; Somerset Airport, Solberg-Hunterdon Airport and Central Jersey Regional Airport.

CLOSE PROXIMITY TO:



Major Highway



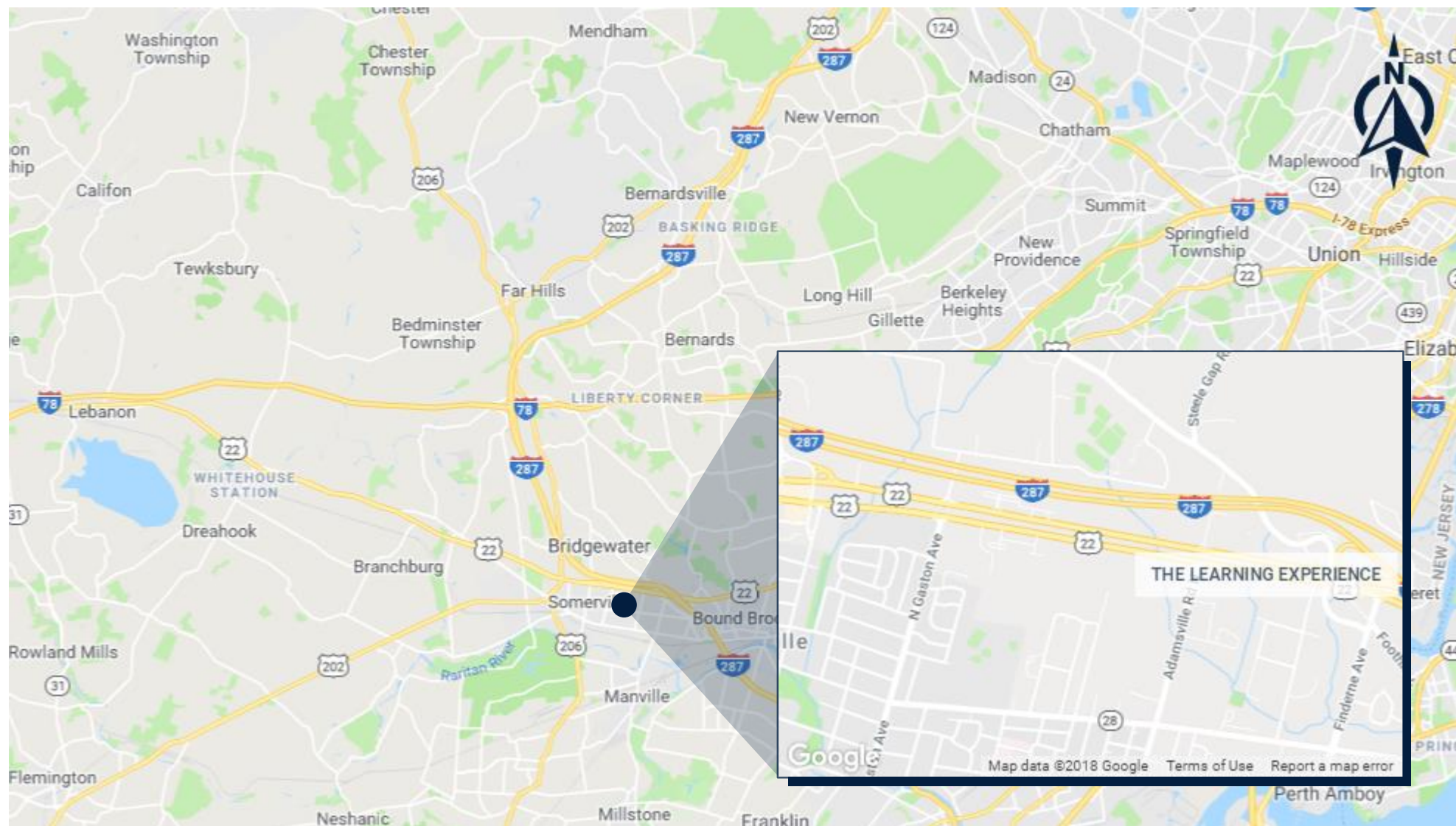
Airport



Railroad



Downtown

1940 Route 22 , Bridgewater , NJ 08805



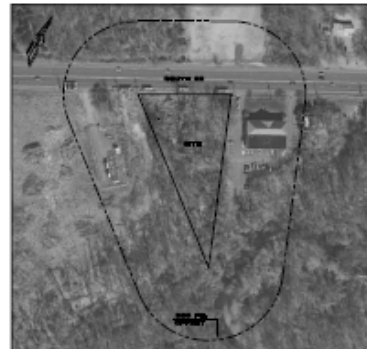
PRELIMINARY & FINAL MAJOR SITE PLAN

FOR

THE LEARNING EXPERIENCE

BLOCK 382 - LOT 4

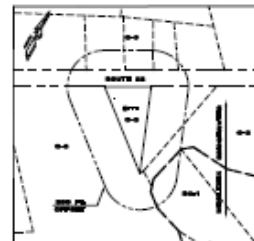
1940 ROUTE 22 EAST
TOWNSHIP OF BRIDGEWATER
SOMERSET COUNTY, NEW JERSEY



AERIAL MAP
SCALE 1" = 100'

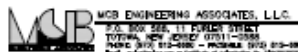


TAX MAP
SCALE 1" = 100'



ZONING MAP
SCALE 1" = 100'

PLANS PREPARED BY:



12/21/2015

PROJECT DESCRIPTION

OWNER	BRIDGEWATER TOWNSHIP	APPLICANT	BRIDGEWATER TOWNSHIP
PROJECT	THE LEARNING EXPERIENCE	PROJECT	THE LEARNING EXPERIENCE
LOCATION	1940 ROUTE 22 EAST, BLOCK 382 - LOT 4	LOCATION	1940 ROUTE 22 EAST, BLOCK 382 - LOT 4
DATE	12/21/2015	DATE	12/21/2015

LIST OF DRAWINGS

1. TITLE SHEET
2. SITE PLAN
3. BASE DEVELOPMENT MAP
4. GRADING & UTILITY PLAN
5. SOIL EROSION & SEDIMENT CONTROL PLAN
6. SITE DETAILS
7. SITE DETAILS
8. SITE DETAILS

REFERENCES

1. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.
2. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.
3. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.
4. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.
5. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.
6. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.
7. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.
8. THE TOWNSHIP OF BRIDGEWATER ZONING ORDINANCE, AS AMENDED.

PROPERTY INFORMATION

OWNER	BRIDGEWATER TOWNSHIP
PROJECT	THE LEARNING EXPERIENCE
LOCATION	1940 ROUTE 22 EAST, BLOCK 382 - LOT 4
DATE	12/21/2015

ANNOYANCE AVOIDANCE BLOCK



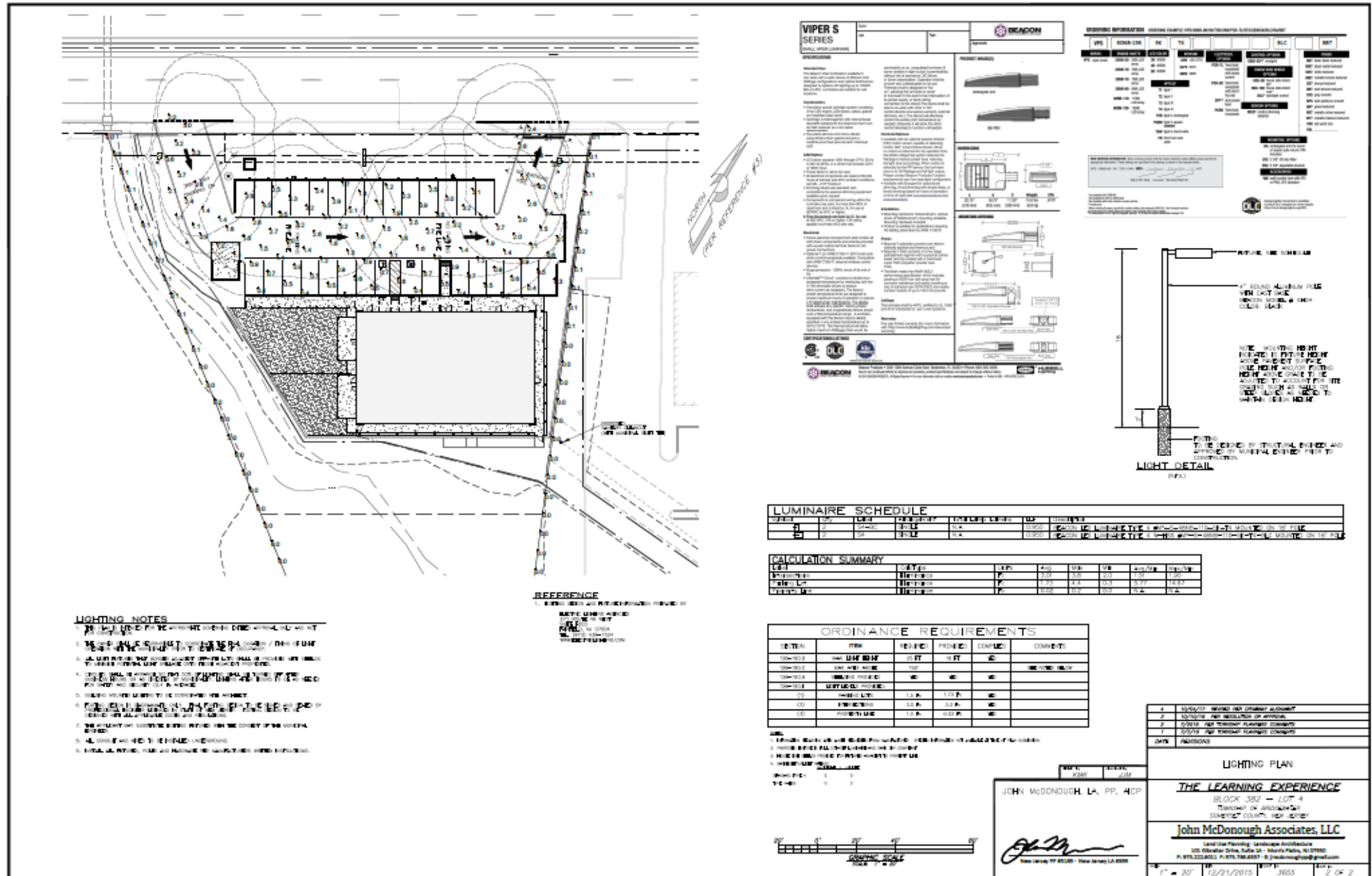
ANNOYANCE AVOIDANCE BLOCK

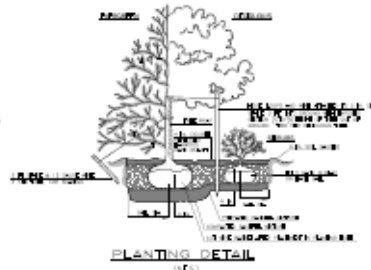
BRIDGEWATER TOWNSHIP PLANNING BOARD APPROVALS	
APPROVED (DATE & SIGNATURE)	DATE
APPROVED (DATE & SIGNATURE)	DATE
APPROVED (DATE & SIGNATURE)	DATE

TOWNSHIP OF BRIDGEWATER SITE PLAN LEGEND

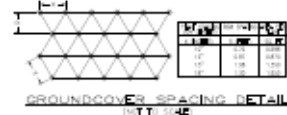
1. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.
2. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.
3. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.
4. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.
5. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.
6. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.
7. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.
8. LOT 4 OF THE TOWNSHIP OF BRIDGEWATER, AS AMENDED.

OWNER	BRIDGEWATER TOWNSHIP
PROJECT	THE LEARNING EXPERIENCE
LOCATION	1940 ROUTE 22 EAST, BLOCK 382 - LOT 4
DATE	12/21/2015



[illegible][illegible][illegible]

PLANTING DETAIL
(N.F.S.)



GROUNDCOVER SPACING DETAIL
(NOT TO SCALE)



JOHN McDONOUGH, L.A., PP, ACP

1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 26

213

John Doe

2	12/24/17	RECEIVED FBI CRIMINAL ALLOCATION
2	12/10/18	FBI NOTIFICATION OF APPROVAL
1	2/5/19	FBI FORWARD PLANNING COMPLETED
3476		ADDITIONAL

LANDSCAPE PLAN

THE LEARNING EXPERIENCE

BLOCK 382 - LOT 4

TOWNSHIP OF ARLINGTON
SOMERSET COUNTY, NEW JERSEY

John McDonough Associates, LLC

Land Use Planning - Landscape Architecture
 6300101 Drive, Suite 2A - Morris Plains, NJ 07950

P: 878.222.8001 P: 878.748.8387 - E: jrodriguez@jpp@gmail.com

1" = 20'	12/21/2015	J665	1 OF 2
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FINANCIAL ANALYSIS



PROPERTY SUMMARY

THE OFFERING	
Property	The Learning Experience
Property Address	1940 Route 22 Bridgewater, New Jersey 08805
Price	\$4,515,715
Capitalization Rate	7.00%
Price/SF	\$414.29

PROPERTY DESCRIPTION	
Year Built / Renovated	2018
Gross Leasable Area	10,900 SF
Zoning	C-2
Type of Ownership	Fee Simple
Lot Size	1.36 Acres

LEASE SUMMARY	
Property Subtype	Net Leased Child Care
Tenant	The Learning Experience
Rent Increases	10% Increase Every 5 Years
Guarantor	Corporate Guarantee
Lease Type	NNN
Lease Commencement	1/1/2019
Lease Expiration	12/31/2033
Lease Term	15
Term Remaining on Lease (Years)	15.0
Renewal Options	2- (5) Year Options
Landlord Responsibility	Roof & Structure
Tenant Responsibility	Taxes, Insurance & CAM
Right of First Refusal/Offer	No

ANNUALIZED OPERATING INFORMATION

INCOME	
Net Operating Income	\$316,100

RENT SCHEDULE				
YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$316,100	\$26,342	\$29.00	7.00%
Year 1-5	\$316,100	\$26,342	\$29.00	7.00%
Year 6-10	\$347,710	\$28,976	\$31.90	7.70%
Year 11-15	\$382,481	\$31,873	\$35.09	8.47%
Option 1	\$420,729	\$35,061	\$38.60	9.32%
Option 2	\$462,802	\$38,567	\$42.46	10.25%



NOTES:

- Landlord Responsibility limited to maintenance, repair and replacement of all structural portions of building including the foundations, bearing walls, support beams, columns, structural portions of the roof, underground utility lines, and the water tightness of building.
- Guarantor is The Learning Experience Corp. and the guaranty of rent shall be limited to a maximum liability amount of \$500,000 in the aggregate and this maximum amount shall be reduced by \$100,000 on each anniversary of the Effective Date, until such time as said amount has been reduced to Zero, at which time this Guaranty of Rent shall become null, void, and of no further force or effect.

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 1,707
debt and equity
financings
in 2017**



**National platform
operating
within the firm's
brokerage
offices**



**\$5.63 billion
total national
volume in 2017**



**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**

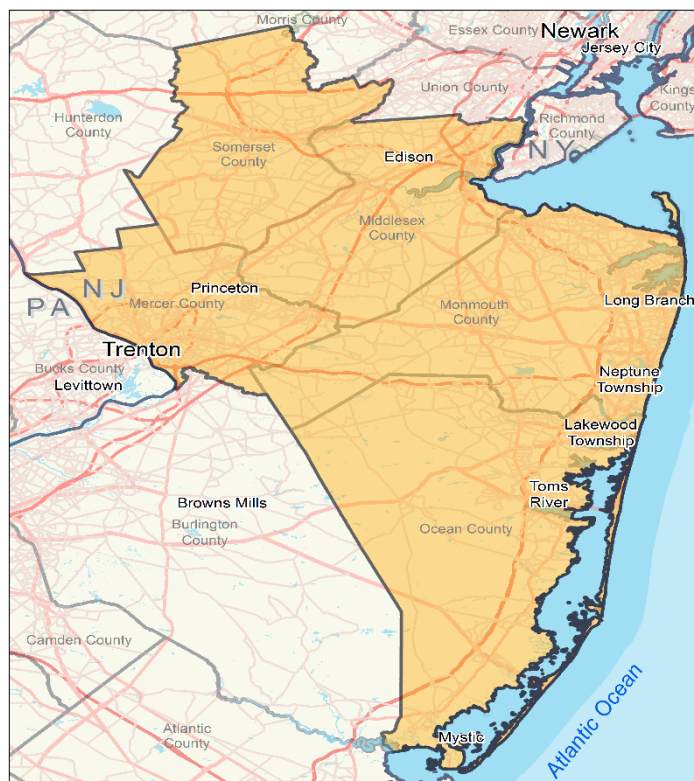
- **Through buyer qualification support**
- **Our ability to manage buyers finance expectations**
- **Ability to monitor and manage buyer/lender progress, insuring timely, predictable closings**
- **By relying on a world class set of debt/equity sources and presenting a tightly underwritten credit file**

MARKET OVERVIEW



CENTRAL NEW JERSEY OVERVIEW

The Central New Jersey region is conveniently located near both the New York City metro and the Philadelphia metro and contains a well-developed interstate network and mass-transit opportunities. Consisting of Mercer, Middlesex, Monmouth, Ocean and Somerset counties, Central New Jersey includes more than 150 municipalities, and the city of Edison in Middlesex County is the largest. The state's capital city, Trenton, is located in Mercer County.



METRO HIGHLIGHTS



DIVERSIFYING EMPLOYMENT

The economy is diversifying from its manufacturing base to include energy, healthcare, pharmaceuticals, tourism, logistics and distribution.



EDUCATED LABOR FORCE

Roughly 40 percent of residents age 25 and older have a bachelor's degree; of these, 16 percent also hold a graduate or professional degree.



HIGH BARRIERS TO ENTRY

Expensive land costs, dense development and strict governmental regulations moderate additional development.



ECONOMY

- Many counties in the region consistently rank among the nation's top 50 for per capita income. Elevated incomes produce strong retail sales and support a healthy service industry.
- New Jersey is home to 20 Fortune 500 companies in diverse industries from healthcare to energy. Three Fortune 500 companies operate out of Central Jersey: Johnson & Johnson in New Brunswick, Chubb in Warren and NRG Energy in Princeton. Kinder Morgan also operates locally.
- Amazon has a fulfillment center in Carteret in Middlesex County; the company has two facilities in the market, growing the region's distribution sector.

DEMOGRAPHICS



* Forecast

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

Tight Labor Market, Enhanced Spending to Continue; Tenants Adapt by Combining Physical and Online Retail

Strengthening economy invigorating consumption. Retail sales will continue to grow this year as discretionary income ascends. Bolstered spending can be linked to advancing wages from a competitive employment market, along with increased take-home pay from the revised tax plan. In 2017, retail sales posted a 4.3 percent increase, with home furnishings playing a primary role in the jump. The category's strong showing can be attributed to the first hike in homeownership since 2009 for those under age 35. Roughly two-thirds of this cohort are first-time homebuyers, leading to more purchases required to fill residences. Electronics and appliances also reported a robust gain as the subset supported the largest increase in holiday retail sales since 2011. This year, retail spending is forecast to post a 4.5 percent advance, buoyed by the continued acceleration of e-commerce growth. Although online stores consistently expand their footprint, the e-commerce sector is just a small part of a much larger retail setting.

Brick-and-mortar personal service keeps online retail at bay. As e-commerce becomes an increasingly popular component of retail sales, brick-and-mortar stores have acclimated to the evolving environment. Physical locations still obtain high levels of personal service and in-store expertise, crucial advantages that Internet vendors simply cannot offer. Auto parts stores have effectively used these assets to their benefit and have proved to be relatively successful amid e-commerce's rising popularity. Even with the Internet's growing use within retail, overall sales among brick-and-mortar stores will continue to improve as consumers value personal service.

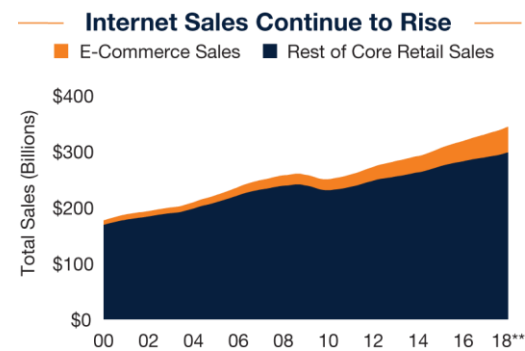


* Through February ** Through January

Growing competition from online stores tamed by modernized retail concepts.

Despite the convenience factor brick-and-mortar stores offer, the digitally driven landscape prompts many retailers to transform business models to combine benefits of both in-store and nonstore retail. The showroom atmosphere, which integrates technology into the traditional shopping experience, provides customers the option to test the merchandise and have it delivered directly to their home. Many brick-and-mortar retailers have shifted to this reduced inventory strategy in an effort to adapt and improve sales. Best Buy has effectively adopted this strategy and exhibited an exemplary performance in combating the progressively widespread practice of purchasing goods on the Internet. In the coming months, more retailers are anticipated to couple these advantages, as well as create omni-channel business models to seamlessly connect sales platforms.

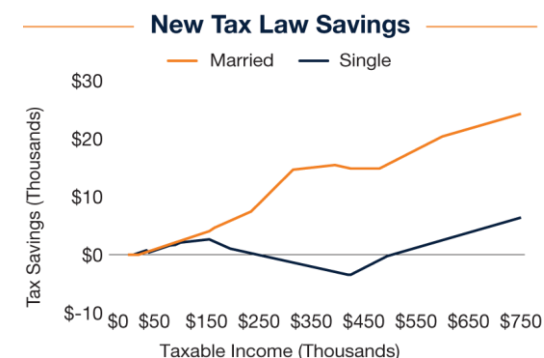
Promising retail metrics support renewed investor interest. Although news media often focus on the downfall of well-established retail brands, 2017 witnessed far more store openings than closures with a net figure of roughly 4,000 stores. Dollar stores continue to perform well due to their inexpensive convenience items crafted to serve low-income households. Grocery stores remain a highly sought-after asset as well, which can be largely attributed to the continued improvement of the overall experience. Dine-in options, wine and cheese bars, and more quality products keep foot traffic high and occupancy strong for owners of these assets. Necessity-based stores, like grocers, have proved to be relatively resistant to the rise of e-commerce.



Tax Reform Boosting Real Estate Prospects; Deductions May Provide Tailwinds

Recently passed tax reform to drive economic growth; corporate capital investment rising. Following the passage of the Tax Cuts and Jobs Act in late 2017, business and consumer confidence rose considerably, boosting prospects for faster growth over the coming year. Numerous firms have committed to paying bonuses to their employees, while several large corporations have announced multibillion dollar investment plans as overseas earnings are repatriated. The combination of these factors, coupled with a national unemployment rate at the lowest level since 2000, will boost economic prospects in the months ahead. Incredibly tight labor markets nationally are beginning to have a significant impact on wage inflation, with average hourly earnings rising 2.7 percent over the past year in January, the fastest annual growth since June 2009.

Key real estate tax provisions remain in place. While early iterations of tax reform highlighted the potential for real estate-related provisions to receive higher levels of scrutiny from lawmakers on Capitol Hill, the final law left the vast majority of the key statutes in place, including the cornerstone tax-deferred 1031 exchange. Lease expenses for businesses also remain fully deductible under new tax provisions, while the deductibility of interest on debt is limited. This could lead to increased use of sale-leasebacks. The strategy aims to increase company profits by positioning expenses to areas that maximize deductibility. This will likely expand the inventory of net-leased assets coming to market. The new 20 percent pass-through deduction, on the other hand, could boost investor demand for these low-management investment options.

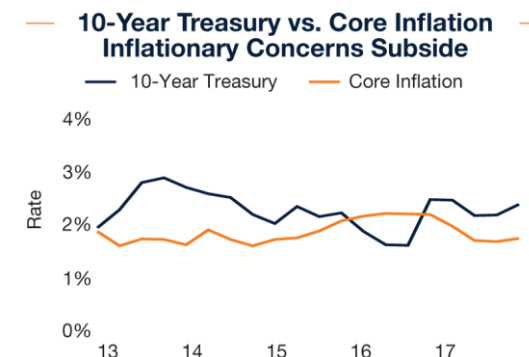
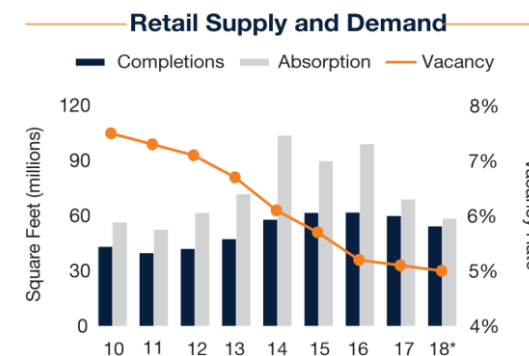


* Forecast

Development Benign as Interest Rates Rise

Rising construction costs prompt contracting pipeline. As the retail marketplace has improved throughout the cycle, builders have largely responded by supplying build-to-suit product for net-leased tenants. As a result, single-tenant structures have routinely made up more than two-thirds of annual deliveries since the recovery began in 2009. Despite rising inventory availability due to several high-profile closings, net absorption has remained positive, generating robust growth in the average asking rent, which rose above 2008 levels for the first time in 2017. Elevated development costs that could be bolstered by the new metal tariffs may trigger further upside in asking rents as tenants vie for the limited space coming online.

Interest rates remain on gradual path upward as growth and inflation rise. Following the passage of tax reform, long-term interest rates have reached the highest yield since 2014 as banks expect a pickup in bond rates and inflation. As the yield curve steepens to reflect economic growth potential, investors will take a more measured approach to capital allocation. Moving forward, the Federal Reserve's intention to reduce its balance sheet will place additional upward pressure on long-term rates as well, while its stated goal of three rate hikes in 2018 will tighten overall liquidity in the marketplace. Nonetheless, cap rate spreads remain at historically positive levels, which may temper the overall effect of higher lending rates, particularly as net-lease transactions typically employ large cash components.



* Forecast

Brand	Locations
Auto Parts	
Bridgestone/Firestone	2,200
O'Reilly Auto Parts	4,984
AutoZone	6,023
Advance Auto Parts	5,203
Pep Boys	973
Dollar Stores	
Dollar General	14,321
Dollar Tree / Family Dollar	14,744
General Retail	
Wal-Mart	11,703
Sherwin-Williams	4,230
AT&T	16,000
Verizon Wireless	2,330
Mattress Firm	3,500
Office Depot/Max	1,404
Pharmacies	
CVS	10,014
Walgreens	8,201
Rite Aid	4,404
Quick Service Restaurants	
Dairy Queen	4,600
Starbucks	28,039
Chipotle	2,374
McDonald's	36,976
Yum Brands	44,352
Burger King	23,742
Wendy's	6,586
Carl's Jr./Hardee's	3,344
Fast Casual	
Chili's	1,682
Darden Restaurants	1,722
Red Lobster	705
Bloomin' Brands	1,491
Applebee's	2,016
Ruby Tuesday	541



Cap rates shown above are representative of transactions that closed in 2017. Actual yields will vary by locations, tenant, lease terms and other considerations. Locations sourced from CreditNtell for public companies and company websites for private companies.

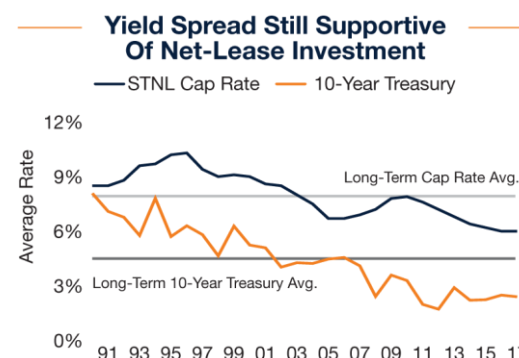
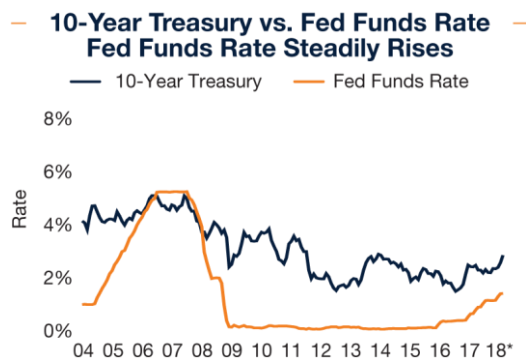
* For transactions closed in 2017
Sources: CoStar Group, Inc.; CreditNtell; company sources

Capital Markets

Fed Normalization Signals Rising Interest Rates; Lenders Take Disciplined Approach

Fed carefully considers tighter policies as new chairman takes the helm. The Federal Reserve has hinted at three to four increases of the fed funds rate during 2018 as it hedges against inflation risk amid accelerated economic growth. The potential for higher inflation could prompt a more aggressive approach; however, the Fed will be cautious about pushing rates up too quickly as it does not want to stall the economy. Inflationary concerns and higher interest rates have driven a recent surge of volatility in the equity markets. Investors are worried that rising interest rates will reduce their stock market returns as the elevated costs of borrowing could cut into corporate profits. Additional uncertainty regarding the new untested leadership of Fed Chairman Jerome Powell contributed to the volatility. His policies have yet to be clarified, though he will likely continue reducing the balance sheet in an effort to move long-term rates higher. Despite increased concerns, the economy remains on strong footing and after several years of steady growth in equity markets, a correction was likely. Investors will remain cautious, however, realigning their strategies as necessary to meet their needs. Commercial real estate will offer some of these investors a compelling alternative with relatively less volatility and competitive yields.

Retail lending environment shifts amid sector uncertainty. National and regional banks have stepped in as key lenders for retail properties as CMBS lending eased amid heightened risk aversion in the sector that has persisted since 2016. In general, credit standards have held steady and the trend should continue into 2018 as lenders search for deals. Many originators are becoming increasingly selective about big-box retail deals as several national retailers have announced closures. Strip centers with grocery-anchored or service-oriented tenants may be favored opportunities moving forward. Construction lending will remain conservative and below-average completions will likely benefit vacancy as the retail landscape evolves.



* Through February

Created on September 2018

POPULATION	1 Miles	3 Miles	5 Miles
■ 2022 Projection			
Total Population	8,043	55,318	127,795
■ 2017 Estimate			
Total Population	8,054	55,557	125,264
■ 2010 Census			
Total Population	7,977	54,178	120,927
■ 2000 Census			
Total Population	7,958	52,791	115,043
■ Current Daytime Population			
2017 Estimate	11,605	73,373	160,677
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2022 Projection			
Total Households	3,233	21,331	48,558
■ 2017 Estimate			
Total Households	3,191	21,150	46,826
Average (Mean) Household Size	2.42	2.59	2.63
■ 2010 Census			
Total Households	3,107	20,373	44,585
■ 2000 Census			
Total Households	3,060	20,170	42,225
■ Occupied Units			
2022 Projection	3,233	21,331	48,558
2017 Estimate	3,373	22,140	48,715
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2017 Estimate			
\$150,000 or More	14.65%	19.64%	26.04%
\$100,000 - \$149,000	22.64%	18.49%	20.40%
\$75,000 - \$99,999	14.24%	13.99%	13.28%
\$50,000 - \$74,999	18.05%	16.85%	14.66%
\$35,000 - \$49,999	9.92%	10.01%	8.71%
Under \$35,000	20.52%	21.02%	16.92%
Average Household Income	\$102,162	\$115,184	\$134,013
Median Household Income	\$77,410	\$78,441	\$93,014
Per Capita Income	\$41,034	\$44,072	\$50,281

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$77,831	\$78,373	\$84,768
■ Consumer Expenditure Top 10 Categories			
Housing	\$23,613	\$23,470	\$24,891
Shelter	\$15,313	\$15,106	\$15,937
Transportation	\$13,241	\$14,108	\$15,829
Personal Insurance and Pensions	\$7,299	\$7,498	\$8,286
Food	\$7,024	\$7,057	\$7,503
Health Care	\$4,706	\$4,579	\$4,903
Utilities	\$4,424	\$4,463	\$4,741
Entertainment	\$2,952	\$3,006	\$3,310
Education	\$2,489	\$2,611	\$3,015
Cash Contributions	\$1,927	\$1,835	\$2,058
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2017 Estimate Total Population	8,054	55,557	125,264
Under 20	22.51%	23.37%	23.90%
20 to 34 Years	20.40%	20.29%	17.49%
35 to 39 Years	7.36%	6.85%	6.25%
40 to 49 Years	14.20%	14.25%	14.60%
50 to 64 Years	19.34%	20.77%	21.90%
Age 65+	16.20%	14.48%	15.86%
Median Age	39.82	39.62	41.79
■ Population 25+ by Education Level			
2017 Estimate Population Age 25+	5,740	38,913	87,862
Elementary (0-8)	2.74%	3.61%	2.88%
Some High School (9-11)	4.74%	5.53%	4.09%
High School Graduate (12)	27.70%	29.98%	25.87%
Some College (13-15)	19.04%	16.79%	16.07%
Associate Degree Only	6.61%	6.68%	6.26%
Bachelors Degree Only	24.61%	22.16%	25.18%
Graduate Degree	13.53%	14.27%	18.64%

Source: © 2017 Experian



Population

In 2017, the population in your selected geography is 125,264. The population has changed by 8.88% since 2000. It is estimated that the population in your area will be 127,795.00 five years from now, which represents a change of 2.02% from the current year. The current population is 49.23% male and 50.77% female. The median age of the population in your area is 41.79, compare this to the US average which is 37.83. The population density in your area is 1,592.33 people per square mile.



Households

There are currently 46,826 households in your selected geography. The number of households has changed by 10.90% since 2000. It is estimated that the number of households in your area will be 48,558 five years from now, which represents a change of 3.70% from the current year. The average household size in your area is 2.63 persons.



Income

In 2017, the median household income for your selected geography is \$93,014, compare this to the US average which is currently \$56,286. The median household income for your area has changed by 36.95% since 2000. It is estimated that the median household income in your area will be \$110,607 five years from now, which represents a change of 18.91% from the current year.

The current year per capita income in your area is \$50,281, compare this to the US average, which is \$30,982. The current year average household income in your area is \$134,013, compare this to the US average which is \$81,217.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 70.81% White, 5.04% Black, 0.03% Native American and 15.91% Asian/Pacific Islander. Compare these to US averages which are: 70.42% White, 12.85% Black, 0.19% Native American and 5.53% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 17.19% of the current year population in your selected area. Compare this to the US average of 17.88%.



Housing

The median housing value in your area was \$384,050 in 2017, compare this to the US average of \$193,953. In 2000, there were 31,211 owner occupied housing units in your area and there were 11,015 renter occupied housing units in your area. The median rent at the time was \$780.



Employment

In 2017, there are 104,451 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 70.05% of employees are employed in white-collar occupations in this geography, and 29.83% are employed in blue-collar occupations. In 2017, unemployment in this area is 4.58%. In 2000, the average time traveled to work was 31.00 minutes.