

STARBUCKS & SEASONS PIZZA

101 West Pulaski Highway | Elkton, MD 21921

OFFERING MEMORANDUM



SUBJECT PROPERTY PHOTO • NEW CONSTRUCTION & RENOVATION

Investment-Grade Tenant | NNN Leases | Corporate Guarantee | Dominant Retail Location
Strong & Diverse Retail Corridor w/Minimal Competition | Excellent Access & Visibility

CBRE

CAPITAL MARKETS
INVESTMENT PROPERTIES

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

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or

to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

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The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate

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

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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\$3,350,000 PURCHASE PRICE

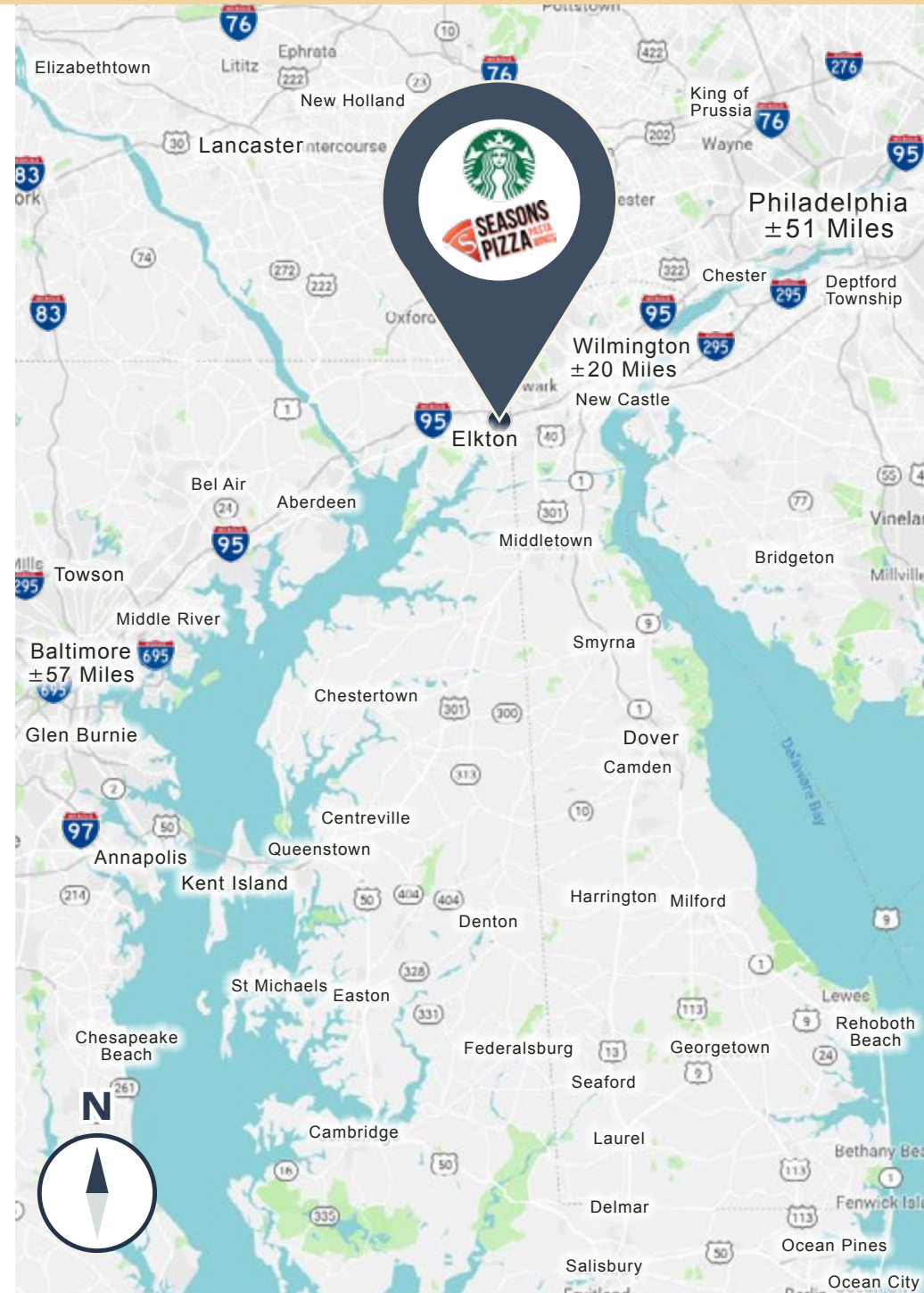


5.43% CAP RATE

THE OFFERING

CBRE is offering to qualified investors the opportunity to purchase the fee simple interest in a two-tenant building with a Starbucks Café and Seasons Pizza restaurant located at 101 West Pulaski Highway in Elkton, Maryland ("The Property"). Starbucks opened at this location in October 2018 and has a primary term of ten (10) years with four (4), 5-year option periods. At closing, Seasons Pizza will enter into a new lease with a primary term of fifteen (15) years, plus four (4), 5-year options. The combined Base Rent will be \$182,000 with 10% increases every five (5) years throughout the primary term and four (4) option periods.

A corporate-operated store since 1995, Seasons Pizza is located at the intersection of West Pulaski Highway (Maryland Highway 40) and South Bridge Street in the central business district of Elkton. This location underwent an extensive remodel (retaining the original Seasons' kitchen) and expansion to accommodate an adjoining Starbucks with drive-thru. Seasons Pizza marked the completion of their renovations with a grand reopening celebration on October 6, 2018. Starbucks opened later that month on October 30, 2018. The 1.1 acre site is visible and accessible to over 75,000 vehicles per day passing thorough the intersection. Average Household Income exceeds \$79,000 in a 3-mile radius. The addition of a national credit tenant to a longstanding regional chain tenant at a major intersection provides an investor with diversity, security, and income growth.





INVESTMENT HIGHLIGHTS

- Investment-Grade Tenant
- NNN Corporate-Guaranteed Lease Opportunity
- Zero Landlord Responsibilities
- Dominant Retail Location
- Strong & Diverse Retail Corridor w/ Minimal Competition
- Excellent Access & Visibility

PROPERTY SUMMARY

PROPERTY ADDRESS	101 W Pulaski Hwy Elkton, MD 21921
BUILDING SIZE (SF)	±2,200 Square Feet - Starbucks ±2,300 Square Feet - Seasons Pizza ±4,500 Square Feet - Total
LAND AREA (ACRES)	±1.06 Acres (±46,173 Square Feet)
OWNERSHIP INTEREST	Fee Simple
ENCUMBRANCES	None, Delivered Free & Clear
NOI	\$182,000

PRICING OVERVIEW

101 W PULASKI HIGHWAY | ELKTON, MD 21921

OFFERING PRICE	\$3,350,000
OFFERING CAP RATE	5.43%
CURRENT ANNUAL RENT	\$182,000
RENTAL INCREASES	10% every 5 Years
TENANTS	Starbucks & Seasons Pizza
ENCUMBRANCES	None, Delivered Free and Clear
LEASE TYPE	NNN
OWNERSHIP	Fee Simple

PROPERTY OVERVIEW

BUILDING SIZE (SF)	±2,200 Square Feet - Starbucks ±2,300 Square Feet - Seasons Pizza ±4,500 Square Feet - Total
LAND AREA (ACRES)	±1.06 Acres (±46,173 Square Feet)
YEAR BUILT	1995/2018 Remodeled
PROPERTY TYPE	Free-Standing, Multi-Tenant Retail
PROPERTY USE	Coffee Cafe, Fast-Casual Dining



SUBJECT PROPERTY PHOTO

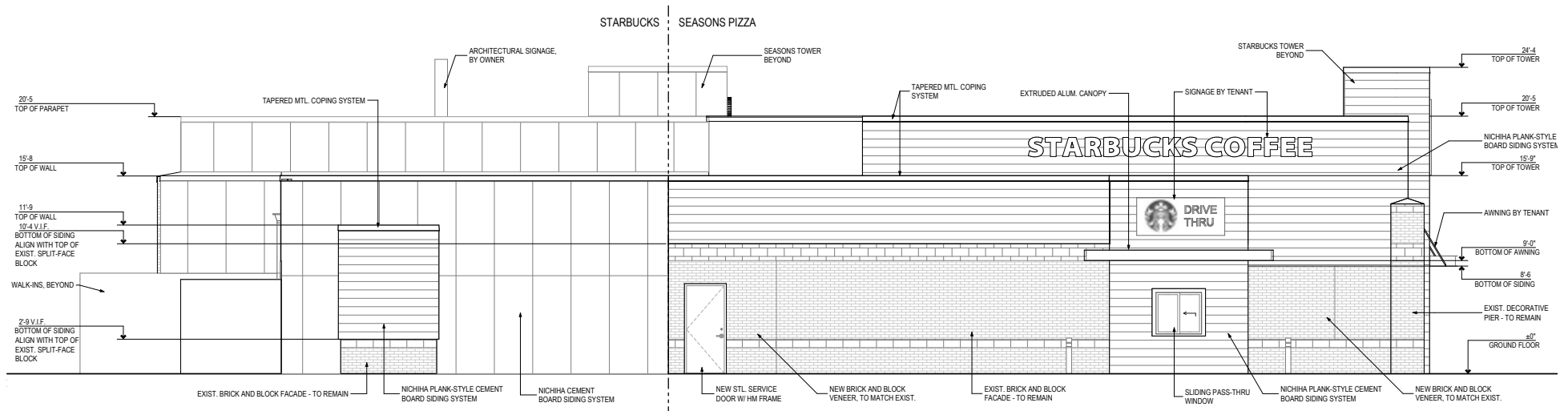
STARBUCKS • 3D INTERIOR RENDERING



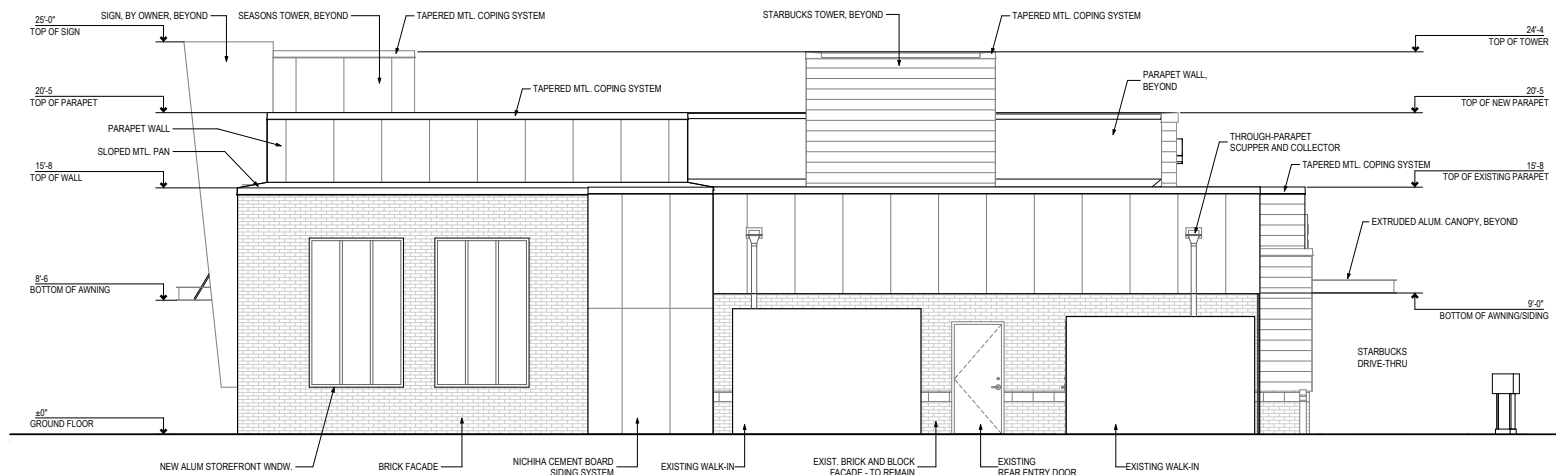
1 EAST ELEVATION AT 213
A.103 SCALE: 1/4" = 1'-0"



ELEVATIONS • WEST & NORTH



1
A.104 WEST ELEVATION
SCALE: 1/4" = 1'-0"



2
A.104 NORTH ELEVATION
SCALE: 1/4" = 1'-0"

SITE PLAN



S Bridges Street ($\pm 33,560$ VPD)

E Pulaski Highway ($\pm 42,580$ VPD)







E Pulaski Highway ($\pm 42,580$ VPD)

S Bridges Street ($\pm 33,560$ VPD)



S Bridges Street (±33,560 VPD)

E Pulaski Highway (±42,580 VPD)



LEASE ABSTRACT



TENANT	Starbucks
GUARANTOR	Starbucks Corporation
LEASE DATE	March 26, 2018
LEASE TYPE	Absolute NNN
PROPERTY ADDRESS	101 W. Pulaski Highway Elkton, MD 21921
BUILDING SF	±2,200 Square Feet
YEAR CONSTRUCTED	1995/2018 Remodel
ACREAGE	±1.06 Acres (±46,173 Square Feet)
RENT COMMENCEMENT	October 30, 2018
TERM EXPIRATION	October 31, 2028
PRIMARY TERM	10 years
OPTIONS	Four (4), 5-year Options
RENT INCREASES	10% every 5 years
ROFR/OFFER	None Known
SUBLET/ASSIGNMENT	Landlord Consent
BUILDING USE	Retail – Quick Service Restaurant
ROOF, PARKING, STRUCTURE, TAXES, INSURANCE, HVAC & UTILITIES	Tenant Responsibility
ALTERNATIONS AND IMPROVEMENTS	Tenant, at its sole cost and expense, shall have the right to remodel and make any additions, alterations or extensions to the Premises.
PERMITTED USE	General Retail
CONDEMNATION	If the whole or part of the Premises shall be taken under eminent domain, the tenant shall have the option to terminate the lease.

SURRENDER	Tenant agrees peaceably to surrender and deliver to landlord the Premises in the state of repair required of tenant pursuant to this lease.
SNDA	Tenant, upon request of Landlord, will subordinate this Lease to any first mortgage which shall now or hereafter affect the Premises, and to any renewal, modification or extension thereof; subject, however, to the following conditions and only if such conditions have been met
ESTOPPEL	Landlord and Tenant agree to execute and deliver an estoppel certificate to the other within 30 days after receipt of such written request.

RENT SCHEDULE

TERM	DATES	ANNUAL RENT	MONTHLY RENT	RENT/SF
1-5	9/1/2018 - 8/31/2023	\$86,000	\$7,167	\$3.26
6-10	9/1/2023 - 8/31/2028	\$94,600	\$7,883	\$3.58
OPTION 1	9/1/2028 - 8/31/2033	\$104,060	\$8,672	\$3.94
OPTION 2	9/1/2033 - 8/31/2038	\$114,466	\$9,539	\$4.34
OPTION 3	9/1/2038 - 8/31/2043	\$125,913	\$10,493	\$4.77
OPTION 4	9/1/2043 - 8/31/2048	\$138,504	\$11,542	\$5.25

TENANT OVERVIEW



Starbucks Corporation (NASDAQ: SBUX) is a global coffee company and coffeehouse chain based in Seattle, Washington. The company was founded in 1985 as a local coffee bean roaster and retailer, and has grown into the largest coffeehouse company in the world. The company operates more than 28,000 stores in 76 countries, including over 14,607 in the United States, as of October 2, 2016.



opening a new store every workday, a pace that continued into the 2000s. The first store outside the United States or Canada opened in the mid-1990s, and overseas stores now constitute almost one third of Starbucks' stores.

In fiscal year 2018, Starbucks' Net revenues for the Americas segment grew 8% over Q4 FY17 to \$4.3 billion in Q4 FY18, primarily driven by incremental revenues from 895 net new store openings over the past 12 months and 4% growth in comparable store sales, partially offset by the absence of revenue related to the sale of its Brazil retail operations to a licensed partner in Q2 FY18. Operating income grew 3% to \$928.5 million in Q4 FY18, up from \$901.5 million in Q4 FY17.

<https://investor.starbucks.com/press-releases/financial-releases/press-release-details/2018/Starbucks-Reports-Q4-and-Full-Year-Fiscal-2018-Results/default.aspx>

GROWTH STRATEGY

Starbucks has a strong presence both in the U.S. and in the global marketplace due in part to its rapid growth over the last few decades. In the 1990s, Starbucks was



REPRESENTATIVE IMAGES

TENANT OVERVIEW



STARBUCKS COMING TO ELKTON, RISING SUN

October 4, 2018

ELKTON — Signs are already up and the opening of Cecil County's first Starbucks is set for Oct. 18, but it won't be the only location of the famous Seattle-based franchise for long.

Come Dec. 10, a second Starbucks location will open inside Martin's Food Store in Rising Sun, according to Christopher Brand, external communications director.

'We're excited about that,' Brand said Thursday. "Obviously this is a very strong brand."

In Elkton, Starbucks will share its location with Seasons Pizza at the corner of U.S. Route 40 and Route 213.

https://www.cecildaily.com/business/starbucks-coming-to-elkton-rising-sun/article_396c8d93-cadb-51c9-bded-9d4ca05b9bb1.html

CONSTRUCTION PHASE



NOVEMBER 2018



SUBJECT PROPERTY PHOTOS

LEASE ABSTRACT



TENANT	Seasons Pizza
GUARANTOR	Seasons Pizza
LEASE DATE	June 27, 2014
LEASE TYPE	Absolute NNN
PROPERTY ADDRESS	101 W. Pulaski Highway Elkton, MD 21921
BUILDING SF	±2,300 Square Feet
YEAR CONSTRUCTED	1995/2018 Remodel
ACREAGE	±1.06 Acres (±46,173 Square Feet)
RENT COMMENCEMENT	Upon Close of Escrow
TERM EXPIRATION	15 Years from Rent Commencement Date
PRIMARY TERM	15 Years
OPTIONS	Four (4), 5-year Options
RENT INCREASES	10% every 5 Years
ROFR/OFFER	None Known
SUBLET/ASSIGNMENT	Landlord Consent
BUILDING USE	Retail – Casual Dining Restaurant
ROOF, PARKING, STRUCTURE, TAXES, INSURANCE, HVAC & UTILITIES	Tenant Responsibility
ALTERNATIONS AND IMPROVEMENTS	Tenant, at its sole cost and expense, shall have the right to remodel and make any additions, alterations or extensions to the Premises.
PERMITTED USE	General Retail
CONDEMNATION	If the whole or part of the premises shall be taken under eminent domain, the tenant shall have the option to terminate the lease.

SURRENDER	Tenant agrees peaceably to surrender and deliver to landlord the premises in the state of repair required of tenant pursuant to this lease.
SNDA	Tenant, upon request of Landlord, will subordinate this Lease to any first mortgage which shall now or hereafter affect the Premises, and to any renewal, modification or extension thereof; subject, however, to the following conditions and only if such conditions have been met
ESTOPPEL	Landlord and Tenant agree to execute and deliver an estoppel certificate to the other within 30 days after receipt of such written request.

RENT SCHEDULE

YEARS	ANNUAL RENT	MONTHLY RENT	RENT/SF
1-5	\$96,000	\$8,000	\$2.67
6-10	\$105,600	\$8,800	\$2.93
11-15	\$116,160	\$9,680	\$3.23
OPTION 1	\$127,776	\$10,648	\$3.55
OPTION 2	\$140,554	\$11,713	\$3.90
OPTION 3	\$154,609	\$12,884	\$4.29
OPTION 4	\$170,070	\$14,172	\$4.72

TENANT OVERVIEW



Seasons Pizza Inc. (“Seasons Pizza”) is a privately-owned, American chain of fast-casual pizza restaurants founded in 2000 in Newark, Delaware. With 28 locations in Delaware, Maryland, New Jersey and Pennsylvania, Seasons Pizza Pasta and Wings is one of the most popular casual dining concepts in the region. The restaurant chain offers table, take-out, and delivery services and an extensive menu ranging from traditional pizzas, pastas, strombolis & calzones to chicken wings, salads and paninis, in addition to weekday specials.



ORGANIC GROWTH STRATEGY

The fast-growing chain has developed its brand using a sustainable and organic regional growth strategy. The majority of Seasons Pizza’s units are based in Delaware, where the company was founded, and Maryland, with a growing number of restaurants in Pennsylvania and New Jersey.

Seasons Pizza’s growth strategy consists of opening an average of two stores each year, primarily through corporate growth rather than franchising.

The company’s conservative strategy has been vital to its overall health in the pizza segment where giant chains are able to offer low, highly competitive prices. By carefully selecting its markets and setting attainable and sustainable goals, has enabled Seasons Pizza to successfully compete against national retailers on a local level. As fiscal year end 2016, the chain experienced an 8% year-over-year growth.



REPRESENTATIVE IMAGES

TENANT OVERVIEW



BIZ BEAT: SEASONS PIZZA TO CELEBRATE REOPENING SATURDAY

October 3, 2018

Seasons Pizza in Elkton has finished its renovation project and plans to hold a grand reopening celebration Saturday Oct. 6 from 11 a.m. to 2 p.m.

Joseph Smith, district manager of five of the Halakos brothers' 30 restaurants, said although the dining room reopened September, Angelo, Demitris and Yiannis Halakos wanted to hold an official grand opening as a way of inviting customers back to see the new interior. Smith pointed to the orange decorative feature hanging from the ceiling with cut outs of the logo and pizza slices. However, there will be excitement inside and out.

"We'll have balloons, face painting and games for the kids," Smith said.

And of course free pizza by the slice.

"From 12 until 1 you can buy a large cheese pizza for \$1," he said.

Smith expects the line for that to be around the building at the corner of Route 213 and U.S. Route 40.

https://www.cecildaily.com/business/biz-beat-seasons-pizza-to-celebrate-reopening-saturday/article_96101946-70dc-593f-8d66-7199614062a1.html

BIZ BEAT: STARBUCKS TO OPEN NEXT TO SEASONS PIZZA

March 7, 2018

Seasons Pizza is still open in spite of the massive construction project at the restaurant at the corner of Route 40 and Route 213 in Elkton. Owner John Mazarakis said he expects the work to be completed by July.

"We started the planning stage about a year ago and engaged in conversation with several prominent coffee concepts," Mazarakis said Thursday. "We finalized an agreement with one."

While rumors are flying fast and furious about the identity of the coffee shop being built into the footprint of the 15-year-old pizza place, Mazarakis said he is contractually bound to silence.

"You've probably heard the rumors and they're probably true," is all he would say.

https://www.cecildaily.com/business/biz-beat-starbucks-to-open-next-to-seasons-pizza/article_45aff7cc-83bf-5317-afc6-92094302aed4.html



SUBJECT PROPERTY PHOTOS

LOCATION OVERVIEW

The town of **Elkton** is the county seat of Cecil County, Maryland. The population was 15,443 at the 2010 census. It was formerly called Head of Elk because it sits at the head of navigation on the Elk River, which flows into the nearby Chesapeake Bay.

Elkton was once known as the “Gretna Green of the West” because of its popularity as a place for eloping couples to marry. (Gretna Green is a parish in the southern county of Dumfries and Galloway, Scotland, and is one of the world’s most popular wedding destinations due to its romantic wedding traditions dating back over centuries, which originated from cross-border elopements stemming from differences between Scottish marriage laws and those in neighboring countries.) However, a state law was passed in 1938 requiring a 48-hour waiting period. To this day, there are several wedding chapels in the town.

Elkton is located in the Delaware Valley and is part of the **Philadelphia-Camden-Wilmington Metro Area** - home to extensive populations of Irish Americans, German Americans, English Americans, Ukrainian Americans, Italian Americans, Polish Americans, Scottish Americans, Scotch-Irish Americans, Greek Americans, African Americans, Asians such as Chinese, Indian, Korean and Vietnamese, Armenians, Arabs and Turks, Indians and Pakistanis, Israelis and Hispanics. Within the Hispanic population, the vast majority are Puerto Ricans, though other groups include Dominicans and Mexicans. There is a significant West Indian community. There is even a small Native American community known as Lenapehoking for Lenni-Lenape Indians of West Philadelphia.

Philadelphia’s suburbs contain a high concentration of malls, the two largest of which have at least 5,000,000 square feet of office space, and at least

600,000 square feet of retail. These are the King of Prussia Mall in King of Prussia, Pennsylvania, which is the largest in the United States (leasable sq. feet of retail space), and the Cherry Hill Mall in Cherry Hill Township, New Jersey, which was the first enclosed mall on the East Coast. Malls, office complexes, strip shopping plazas, expressways, and tract housing are common sights, and more and more continue to replace rolling countryside, farms, woods, and wetlands. However, due to strong opposition by residents and political officials, many acres of land have been preserved throughout the Delaware Valley. Older townships and large boroughs such as Cheltenham, Norristown, Jenkintown, Upper Darby and West Chester retain distinct community identities while engulfed in suburbia. The fastest-growing counties are Chester, Montgomery, Bucks, and Gloucester. Upper Darby, in Delaware County is the largest township in the United States.



LOCATION OVERVIEW

Economy

Elkton has an unemployment rate of 5.2%. The US average is 5.2%.

Elkton has seen the job market increase by 2.1% over the last year. Future job growth over the next ten years is predicted to be 39.0%, which is higher than the US average of 38.0%.

Education

Elkton has 17 schools: 10 public schools and 7 private schools

Elkton schools spend \$13,167 per student (The US average is \$12,383). There are 14 pupils per teacher, 679 students per librarian, and 323 children per counselor.

Population

Elkton's population is 15,782 people. Since 2000, it has had a population growth of 73.95%.

Real Estate

The median home cost in Elkton is \$216,900. Home appreciation the last 10 years has been 5.94%.



AREA MAP

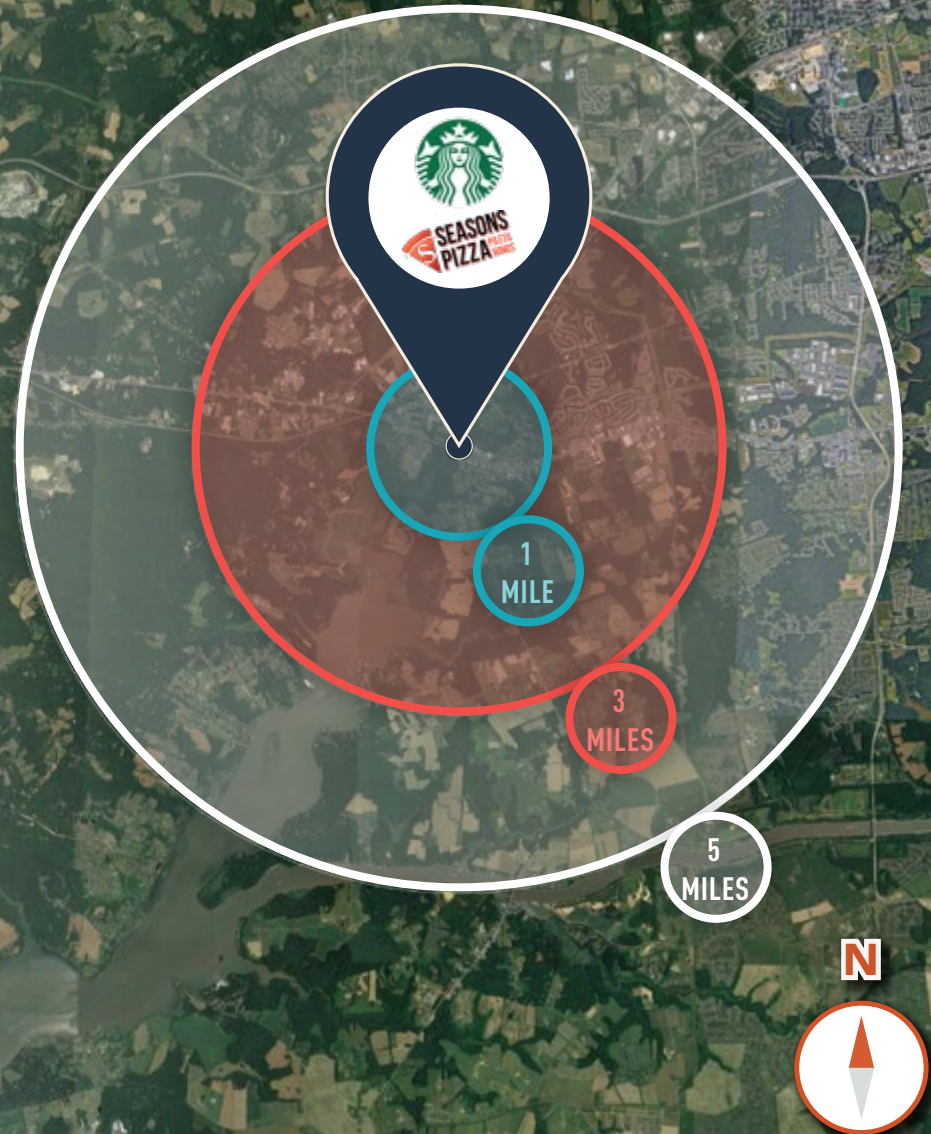


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DEMOGRAPHICS

	0-1 MI	0-3 MI	0-5 MI
Population			
2018 Population - Current Year Estimate	5,947	24,803	57,379
2023 Population - Five Year Projection	5,969	25,253	58,855
2018-2023 Annual Population Growth Rate	0.07%	0.36%	0.51%
Households			
2018 Households - Current Year Estimate	2,183	8,786	20,731
2023 Households - Five Year Projection	2,184	8,922	21,242
2018-2023 Annual Household Growth Rate	0.01%	0.31%	0.49%
Average Household Income			
2018 Average Household Income	\$71,507	\$79,146	\$88,808
2023 Average Household Income	\$87,259	\$93,400	\$100,784
Area Employment			
2018 Businesses	541	1,023	1,913
2018 Employees	5,839	13,034	26,647



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CBRE

CAPITAL MARKETS

INVESTMENT PROPERTIES



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