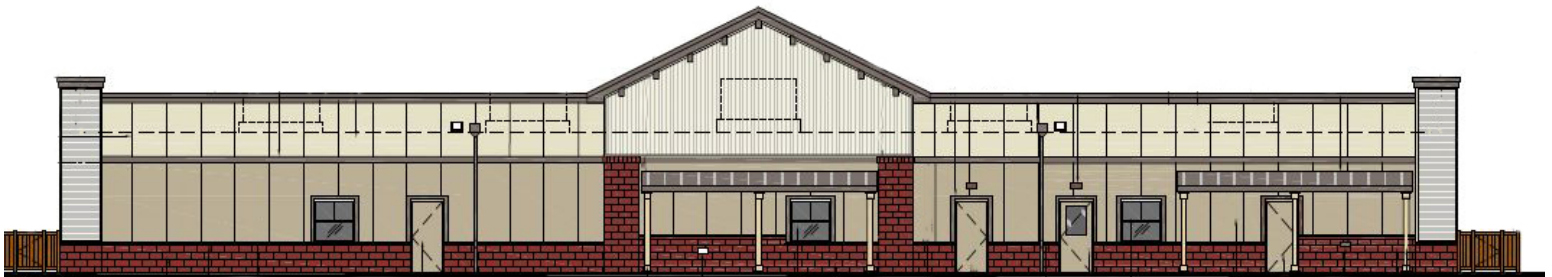


# The Learning Experience

MILL CREEK, WASHINGTON



CAPITAL PACIFIC



## Overview

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# The Learning Experience

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17512 BOTHELL EVERETT HWY, MILL CREEK, WA 98012



REPRESENTATIVE PHOTO



# Investment Summary

LEASEABLE SF

**10,000 SF\***

LAND AREA

**5.05 Acres**

LEASE TYPE

**NNN**

RENT COMMENCEMENT

**7/1/2019 (Estimated)**

YEAR BUILT

**2019****(Under Construction)**

LEASE TERM

**16 Years**

*\*Additional 5,040 SF play area contiguous to the building not included in leaseable SF.*

**\$6,090,000****PRICE****5.75%****CAP**

**THE OFFERING** provides the opportunity to acquire a single tenant early-education childcare operator, The Learning Experience, one of the nation's largest and fastest growing privately-owned childcare networks. The Learning Experience occupies a brand new, 10,000 SF built-to-suit construction and operates on a 16-year NNN lease (estimated commencement is July 2019). The Property benefits from exceptionally strong surrounding demographics and proximity to nearby major transportation routes with frontage on Bothell-Everett Hwy, located within Mill Creek, a high-growth Puget Sound suburb.

**Overview**

# Investment Highlights

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REPRESENTATIVE PHOTO



## The Highlights

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**BRAND NEW BUILT-TO-SUIT CONSTRUCTION.**

**16-YEAR NNN LEASE WITH SCHEDULED 10% RENT INCREASES ROUGHLY EVERY FIVE YEARS.**

**TENANT HAS 250+ LOCATIONS THROUGHOUT THE U.S. WITH 50 UNDER DEVELOPMENT, SHOWING SIGNIFICANT GROWTH.**

**EXTREMELY STRONG SURROUNDING DEMOGRAPHICS WITH 330,000 RESIDENTS WITHIN A 15-MINUTE RADIUS AND CLOSE-IN AVERAGE INCOMES OF \$116,000.**

**LOCATED IN A HIGH-GROWTH PUGET SOUND SUBURB WITH ESTIMATED 100,000 ADDITIONAL RESIDENTS WITHIN THE NEXT 10 YEARS.**

# About the Tenant

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## LESSEE: TLE AT MILL CREEK, LLC

The Learning Experience (T.L.E.) is one of the nation's largest and fastest-growing childcare franchises in the U.S. with over 250+ locations and approximately 50 more under development, including the first international location in 2019. T.L.E. specializes in early education for children ages six weeks to six years old, offering a proprietary curriculum to develop core academic, fitness, and healthy lifestyle skills.

T.L.E. was acquired by Golden Gate Capital in June 2018, a leading private equity investment firm, who plans to accelerate T.L.E.'s growth in the U.S. and abroad. Golden Gate Capital is based out of San Francisco and has a \$15 Billion private equity investment portfolio.

300

LOCATIONS - BUILT  
& IN DEVELOPMENT

22

STATES

20

YEARS IN  
OPERATION

## The Learning Experience in the news

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THE LEARNING EXPERIENCE FRANCHISE HAS BEEN NOTED BY FORBES AS HAVING ONE OF THE STRONGEST TRACK RECORDS. [CLICK HERE FOR ARTICLE.](#)

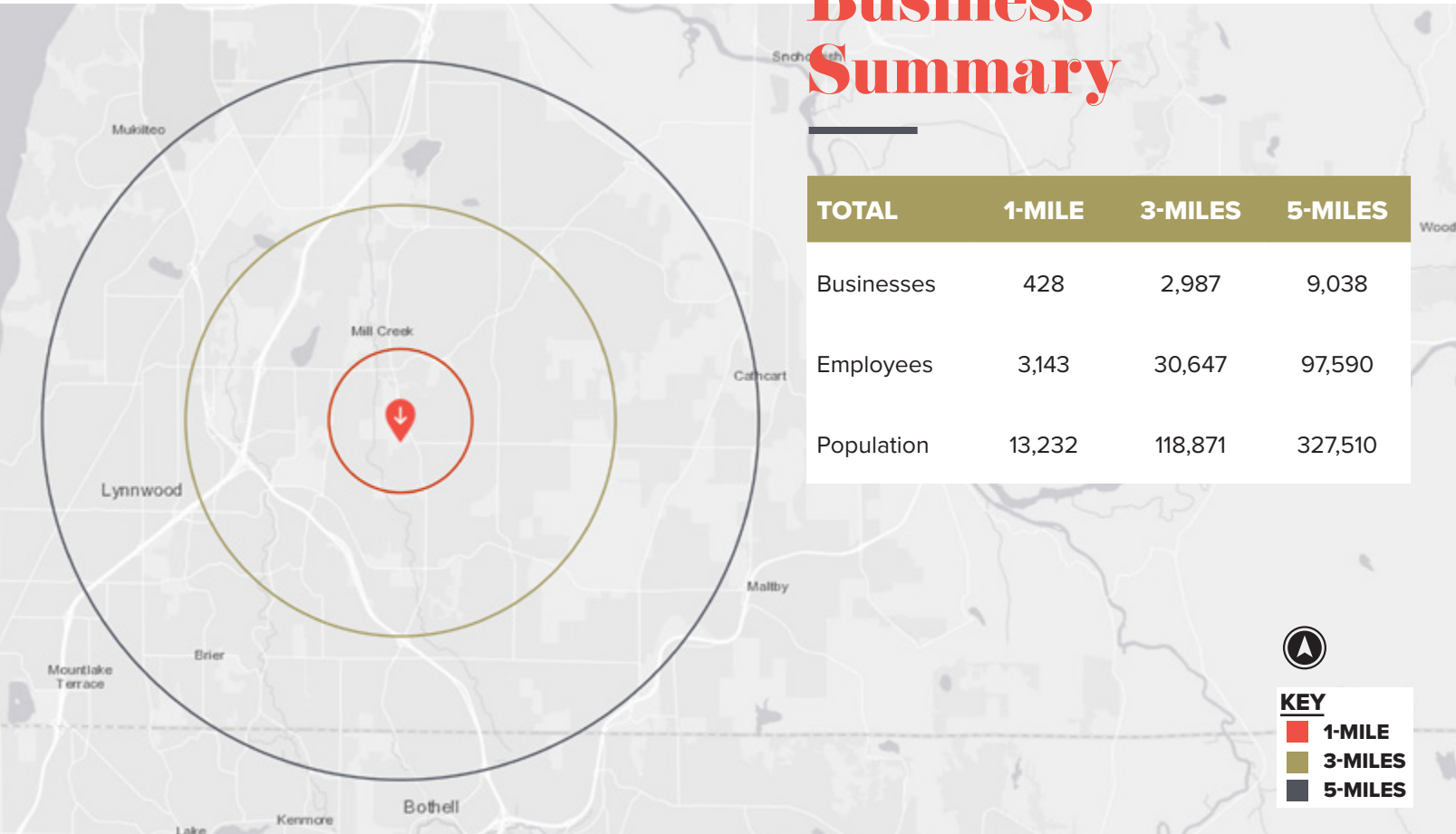



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## Investment Highlights

# Surrounding Retail & Daily Needs

## Business Summary



### MAJOR RETAIL

Albertsons  
Firestone  
Gold’s Gym  
McDonald’s

MOD Pizza  
Mudbay  
QFC  
Rite Aid  
Safeway

Staples  
Starbucks  
T-Mobile



### MILL CREEK TOWN CENTER

Barre 3  
Cold Stone Creamery

Edible Arrangements  
LA Fitness  
Massage Envy  
Pier 1 Imports

Starbucks  
Supercuts

### NEARBY SCHOOLS

Cedar Wood Elementary School  
Fernwood Elementary School  
Lynnwood High School  
Mill Creek Elementary School

North Creek High School  
Washington Preparatory School  
Woodside Elementary School





527



**MILL CREEL  
ELEMENTARY**

**I-5 ON-OFF  
RAMPS 2.5  
MILES NW**



**WOODSIDE  
ELEMENTARY  
SCHOOL**

**CEDAR WOOD  
ELEMENTARY  
SCHOOL**



**36,200  
VPD**

**THE  
LEARNING  
EXPERIENCE**

**I-5/I-405  
INTERCHANGE  
4 MILES NW**

**FERNWOOD  
ELEMENTARY  
SCHOOL  
3 MILES E**

527

**WASHINGTON  
PREPARATORY  
SCHOOL**

**LYNNWOOD  
HIGH SCHOOL  
3 MILE W**



**NORTH CREEK  
HIGH SCHOOL**

**Surrounding Retail & Daily Needs**



# Site Plan



**10,000\***  
**LEASEABLE SF**



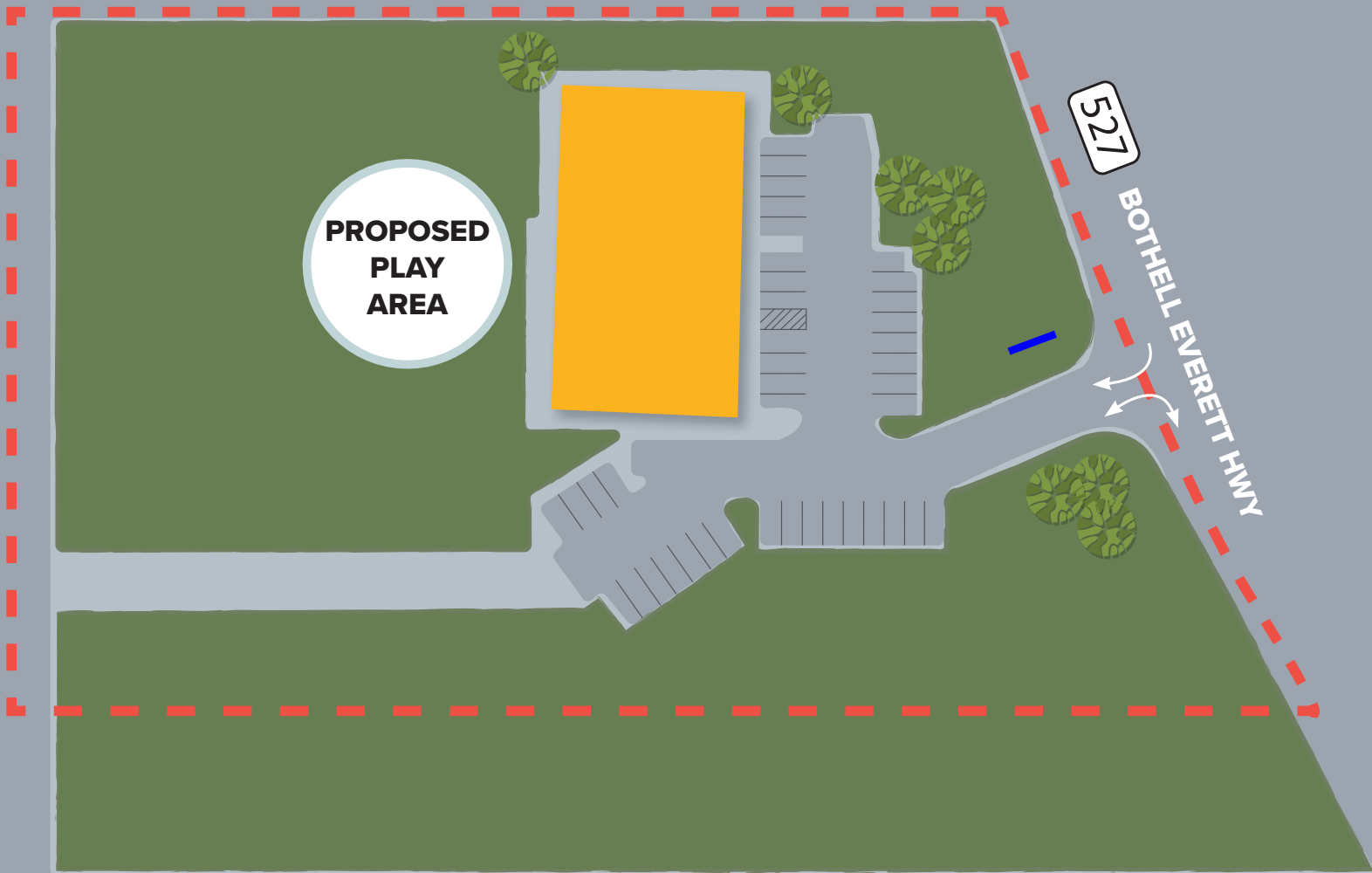
**5.05**  
**ACRES**



**40 SPACES;**  
**4/1,000 SF**

*\*Additional 5,040 SF play area  
contiguous to the building not included  
in leaseable SF.*





SITE PLAN NOT TO SCALE

 PYLON SIGN

## Construction Details

<b>FOUNDATION:</b>	Slab-on-grade.
<b>ROOF:</b>	Metal (10-year warranty).
<b>EXTERIOR:</b>	CMU block and insulated metal paneling.
<b>DOORS:</b>	Aluminum frame with metal awning.
<b>HVAC:</b>	5 roof-mounted units (5-year warranty).
<b>WINDOWS:</b>	Tempered glass with vinyl frames.
<b>FIRE SAFETY:</b>	Fire suppression sprinklers.
<b>LANDSCAPING:</b>	The Property includes low-maintenance deciduous shrubs at the frontage and along the building perimeter, as well as four acres of wetlands and associated buffers that will be preserved.
<b>ENVIRONMENTAL:</b>	ZipperGeo conducted a Phase I ESA in October 2017, and no RECs were identified and no further testing required.



## FRONT ELEVATION



## REAR ELEVATION



## Construction Timeline

**JUNE 2017**

**LEASE EXECUTED**

**OCTOBER 2017**

**APPLICATION  
SUBMITTED**

**APRIL 2018**

**CONSTRUCTION PLANS APPROVED**

**MAY 1, 2019**

**COMPLETION/DELIVERY (EST.)**

**JULY 1, 2019**

**RENT COMMENCEMENT (EST.)**

**Construction**

# Construction Progress

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*Construction progress as of March 3, 2019*








# New Developments

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**1. CREEKSIDE WEST PRELIMINARY PLAT**  
**APPROVED - 10 SINGLE-FAMILY LOTS**

**2. THE FARM MIXED-USE**   
**UNDER REVIEW - 100,000 SF RETAIL/OFFICE  
AND 355 MULTIFAMILY UNITS, 1 5-STORY  
PARKING STRUCTURE**

**3. THREE OAKS PRELIMINARY PLAT**  
**APPROVED - 8 SINGLE-FAMILY LOTS**

**4. SELF-STORAGE**  
**APPROVED -  
90,400 SF, 3-STORY SELF-STORAGE FACILITY.**

**5. PET DAYCARE & BOARDING**  
**UNDER REVIEW - 5,468 SF**

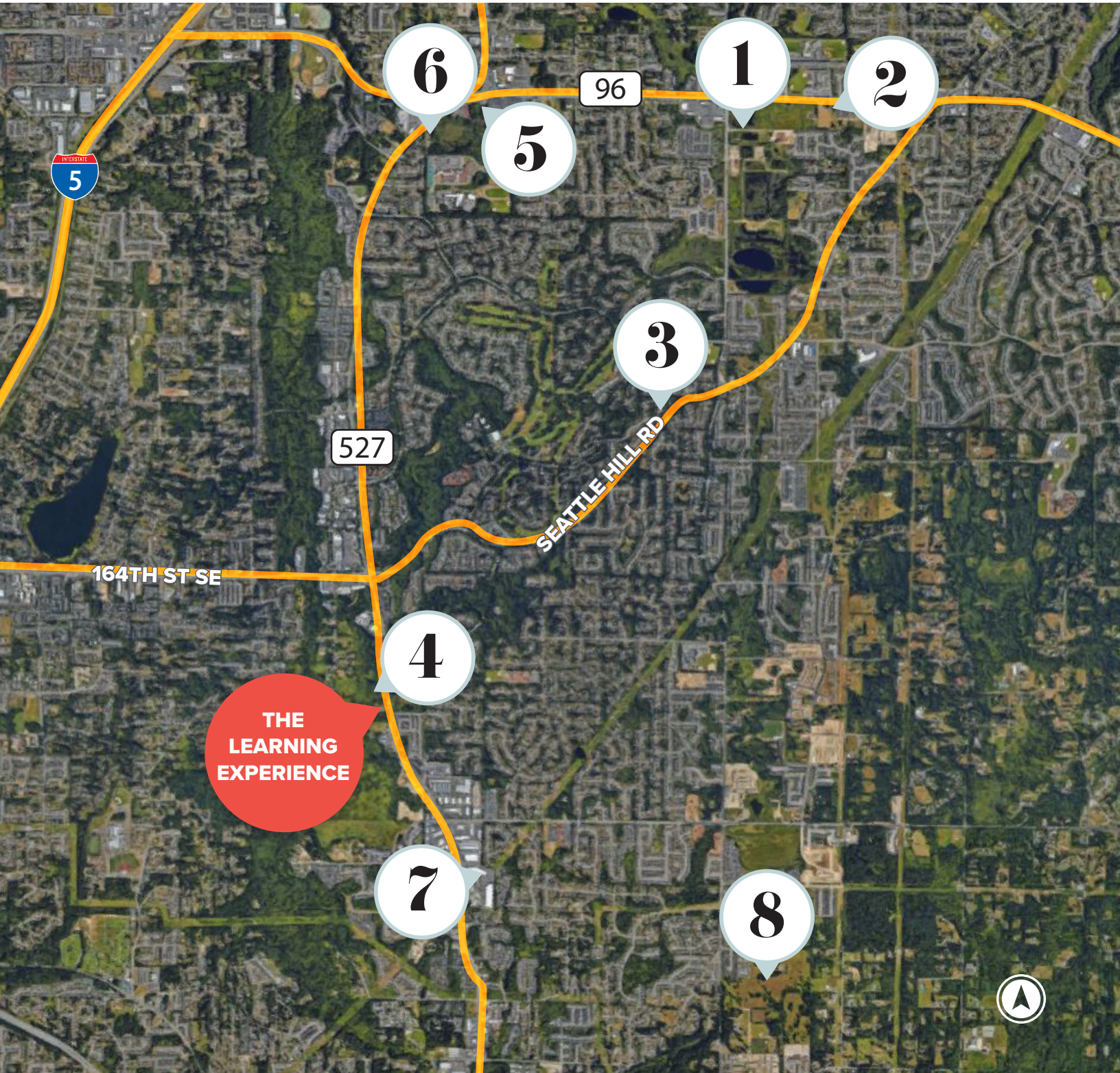
**6. EAST GATEWAY URBAN VILLAGE**  
**UNDER REVIEW - MIXED-USE**

**7. WASHINGTON PREPARATORY**  
**PRIVATE SCHOOL OPENED 2018**  
**\$25M PRIVATE SCHOOL GRADES 6-9**

**8. NORTH CREEK HIGH SCHOOL**  
**OPENED 2017 250,000 SF**  
**1,600 STUDENTS**







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# New Developments



# Financial Summary

<b>PRICE<sup>1</sup></b>	<b>\$6,090,000</b>
<b>CAPITALIZATION RATE</b>	<b>5.75%</b>

## CASH FLOW SUMMARY

### SCHEDULED INCOME

Base Rent for the Period of:	7/1/2019 - 6/30/2020	\$350,000
<b>Total Effective Gross Income (EGI)</b>		<b>\$350,000</b>

### OPERATING EXPENSES

CAMS	NNN
Property Taxes	NNN
Insurance	NNN
<b>Total Operating Expenses</b>	<b>NNN -</b>

<b>NET OPERATING INCOME</b>	<b>\$350,000</b>
-----------------------------	------------------

1) Tenant to receive discounted rent for Months 1-12, not reflected in Analysis; Seller will credit Buyer the delta between base rent of \$35/SF and discounted rent (See Lease Abstract for more info). Based on estimated 7/1/2019 Rent Commencement and 7/1/2019 estimated date of Closing, credit will be \$175,000.



REPRESENTATIVE PHOTO



# Rent Roll

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## THE LEARNING EXPERIENCE ACADEMY

Lease Term: 7/1/2019 - 6/30/2035

Size (SF): 10,000

### RENT SUMMARY

DATE	MONTHLY BASE RENT	% INCREASE	ANNUAL RENT	CAP RATE
7/1/2019	\$29,167		\$350,000	5.75%
7/1/2024	\$32,083	10%	\$385,000	6.32%
7/1/2029	\$35,292	10%	\$423,500	6.95%
<b>OPTIONS</b>				
<b>1</b> 7/1/2035	\$38,821	10%	\$465,850	7.65%
<b>2</b> 7/1/2040	\$42,708	10%	\$512,490	8.42%
<b>CURRENT</b>	<b>\$29,167</b>		<b>\$350,000</b>	<b>5.75%</b>

### Lease Notes

Comments: Rent Commencement is estimated. NNN Lease - Tenant is directly responsible for all non-structural interior and exterior maintenance and repair, including HVAC, payment of utilities and insurance, and reimburses taxes to Landlord. Tenant has 2, 5-year options to be exercised with 180 day's notice. Tenant to receive 12-month discounted rent following rent commencement to be credited to buyer, see Lease Abstract for more information.

# Lease Abstract

## Term

TERM	16 Years from Rent Commencement
LEASE COMMENCEMENT	May 1, 2019 (Estimated)
RENT COMMENCEMENT	July 1, 2019 (Estimated)
	To occur the Later of i) 60 days following Lease Commencement or ii) all conditions per Lease are satisfied.
GUARANTY	Corporate guaranty in the amount of \$1M.*

*\*Guaranty reduces \$200,000 annually.*

## Rent

PERIOD	MONTHLY	ANNUAL	PSF
Years 1-5	\$29,166.67	\$350,000	\$35.00
Years 6-10	\$32,083.33	\$385,000	\$38.50
Years 11-16	\$35,291.67	\$423,500	\$42.35

### OPTIONS

PERIOD	MONTHLY	ANNUAL	PSF
#1. Years 17-21	\$38,820.83	\$465,850	\$46.59
#2. Years 22-26	\$42,707.50	\$512,490	\$51.25



# Rent Abatement

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Tenant to receive abated rent for Months 1-12 of the lease following Rent Commencement, based on the greater of Percentage Rent or the tiered rent schedule shown below; Percentage Rent is based on 15% of Tenant's monthly gross sales.

Tenant to pay the difference in the amount Percentage Rent exceeds the rent schedule for each month outlined below.

Month 1	15% of Base Rent	\$4,375.00
Month 2	20% of Base Rent	\$5,833.33
Month 3	25% of Base Rent	\$7,291.67
Month 4	30% of Base Rent	\$8,750.00
Month 5	40% of Base Rent	\$11,666.67
Month 6	45% of Base Rent	\$13,125.00
Month 7	55% of Base Rent	\$16,041.67
Month 8	60% of Base Rent	\$17,500.00
Month 9	70% of Base Rent	\$20,416.67
Month 10	75% of Base Rent	\$21,875.00
Month 11	80% of Base Rent	\$23,333.34
Month 12	85% of Base Rent	\$24,791.67

**SELLER WILL CREDIT  
BUYER THE DELTA  
BETWEEN BASE RENT OF  
\$35/SF AND TENANT'S  
DISCOUNTED RENT FROM  
CLOSE OF ESCROW TO  
THE END OF TENANT'S  
ABATEMENT PERIOD.**

# Lease Abstract

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## Maintenance Responsibilities

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### TENANT RESPONSIBILITIES

Maintenance, repair, and replacement of the following:

**Interior non-structural elements:** All interior building systems, including plumbing, HVAC, fixtures, interior walls and floors,

**Exterior non-structural elements:** Storefront, doors, windows, and all plate glass

**Landlord's Limited Warranty:** Landlord will guaranty the HVAC for the first 12 months only.

### LANDLORD RESPONSIBILITIES

Maintenance, repair, and replacement of all structural portions, including all lines/pipes/wires outside the Premises, foundation, bearing walls, support beams, columns, structural portions of the roof, underground utility lines, and water tightness of the building, none of which is reimbursable by Tenant.

## Lease Provisions

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### CAMS

Tenant is directly responsible for all interior maintenance and all exterior non-structural expenses, see details under 'Maintenance' below.

### UTILITIES

Tenant pays all utilities directly, including trash removal.

### PROPERTY TAXES

Tenant reimburses 100% of taxes to Landlord.

### INSURANCE

Tenant to directly maintain property and commercial general liability policies.



# Miscellaneous

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## FINANCIAL REPORTING

Tenant to provide a financial statement or P&L no more than once per year; Landlord may request additional statements if in connection to a sale.

## RIGHT OF FIRST REFUSAL

Tenant has a ROFR to purchase the Premises and must exercise their right within 15 days of receipt of notice.



REPRESENTATIVE PHOTO

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## Location

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# Mill Creek, Washington



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**MILL CREEK** is located in Snohomish County and lies between Everett and Lynnwood, approximately 20 miles northeast of Seattle, a high-growth, affluent Puget Sound suburb. Mill Creek is a physically active community with 10 attractive neighborhood and community parks, more than 23 miles of nature trails, and recreational facilities that support diverse recreational opportunities.



# Drive Time

## POPULATION

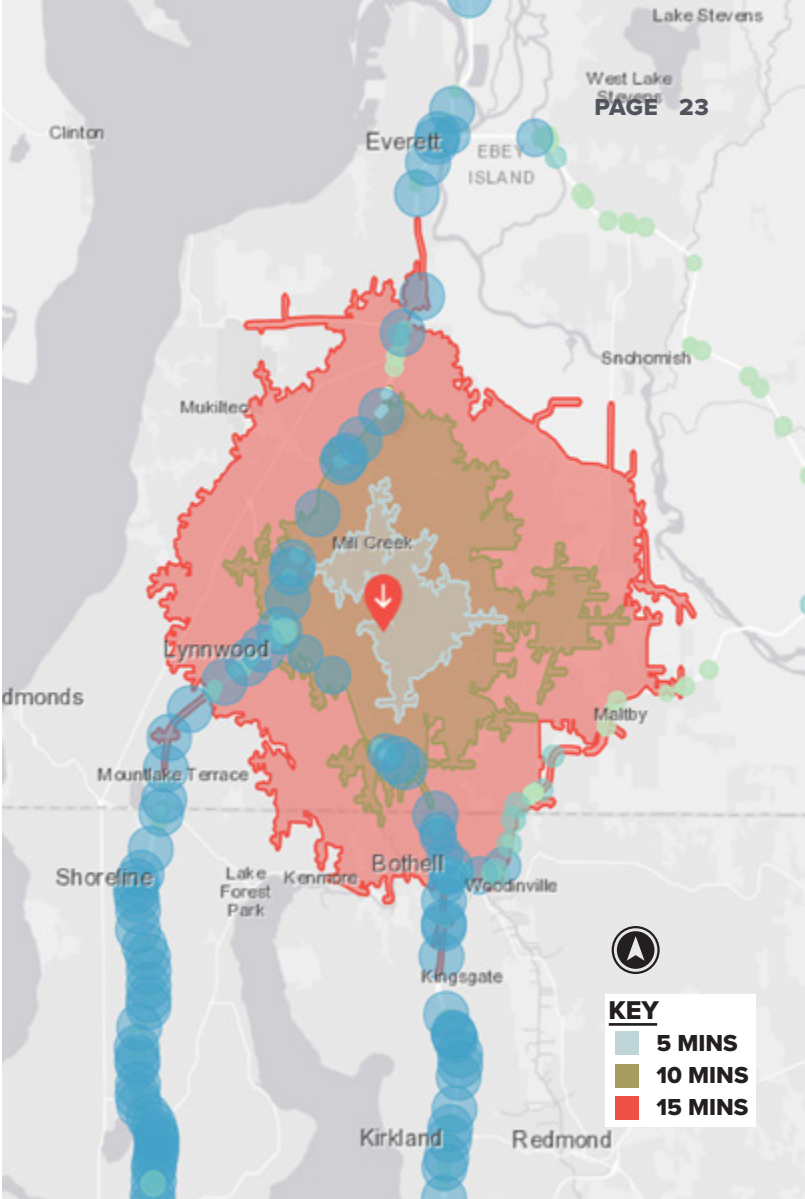


	5 MINS	10 MINS	15 MINS
2010	28,481	97,667	280,591
2018	35,670	123,016	330,747
2023	39,704	137,354	361,692

## 2018 HH INCOME



	5 MINS	10 MINS	15 MINS
Average	\$109,209	\$118,097	\$104,150
Median	\$88,288	\$97,234	\$83,246



# Distance To

Seattle,  
Washington



21 MILES  
27 MINS

Bellevue,  
Washington



17 MILES  
25 MINS

Location



# Contact Us

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**We'd love to hear  
from you.**

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**DAVID GELLNER**

[dgellner@capitalpacific.com](mailto:dgellner@capitalpacific.com)

**PH: 206.693.3349**

**SEAN TUFTS**

[stufts@capitalpacific.com](mailto:stufts@capitalpacific.com)

**PH: 206.693.3352**



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