

OFFERING MEMORANDUM

PETSMART & QDOBA

6910 Eastman Ave, Midland, MI 48642

LANDMARK
INVESTMENT SALES



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CONFIDENTIALITY DISCLAIMER

Landmark Commercial Real Estate Services, LLC d/b/a Landmark Investment Sales ("BROKER") has been retained by the Owner to sell the 100% fee simple title of this asset. The Broker is the exclusive agent for the sale of this asset. The Broker has prepared the Property Information with information provided by the Owner, from sources deemed to be reliable. The Potential Purchaser will conduct its own due diligence of The Property, independently and without reliance upon BROKER of the Owner. Information furnished herein, the Offering Memorandum (the "OM") is intended solely for the Potential Purchaser and its affiliates ("Recipients") for its review of the acquisition of PetSmart & Qdoba at 6910 Eastman, Midland, MI ("Property").

All information in the OM ("Confidential Information") shall be deemed confidential. Confidential Information shall not include any information which is generally available to the public or which becomes available to the Recipients on a non-confidential basis from a source that is or was under no obligation not to disclose such information.

In consideration of Broker and disclosure of the confidential information, the recipient shall not at any time, attempt in any manner to deal directly in any manner or circumvent Broker.

Unless otherwise agreed in writing or required by law, the Recipients will not use, disclose, or reveal any Confidential Information for any purpose other than in connection with the proposed transaction to any persons or entities other than those employees, officers, directors, bankers, advisors, representatives, or agents (collectively, "Representatives") who clearly need such access to perform their employment, fiduciary or contractual duties to the Recipient and to actively and directly participate in the evaluation of the Confidential Information. Additionally, Recipients shall not directly contact anyone directly associated with the Property without the express written consent of the Owner or Broker.

Recipients agree not to contact or initiate contact with the Tenants, at any time, either directly or indirectly. Unless such approval is specifically granted in written from the Owner or Broker.

This agreement shall be governed by the laws of the Michigan, and in any action brought to enforce the terms hereof, Recipients hereby irrevocably consents to jurisdiction and venue in the Circuit Court for the County of Oakland, State of Michigan, or the United States District Court, whichever the Owner may elect. The invalidity or unenforceability of any provision of this agreement as applied to a particular occurrence or circumstance shall not affect the validity of or enforceability of any of the other provisions of this agreement or the applicability of such provisions as the case may be. This agreement shall inure to the benefit of and may be enforced by the Owner and its successors and assigns and shall be binding on the Recipients, its officers, directors, partners, agents, members, representatives and successors in interest. If any portion of this agreement becomes the subject of litigation or arbitration, the prevailing party in such suit or proceeding shall be entitled to reimbursement for its reasonable costs, expenses and attorney's fees incurred, including those incurred in connection with any appeals. A copy of this agreement delivered by facsimile transmission shall be binder on both parties.

Cooperating Broker Policy

Unless otherwise agreed in writing, neither Owner nor BROKER will pay a brokerage fee to, or share a brokerage commission with Recipient (the "Potential Purchaser"), or a related and/or affiliated party to such Recipient, attempting to act as a cooperating broker. In addition, neither the Owner nor BROKER will pay a brokerage fee to, or share a brokerage commission with, a cooperating broker representing the Recipient. The Recipient may elect to be have a cooperating broker represent them in the transaction at their own expense, unless otherwise agreed in writing by BROKER.

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MARKET AERIAL



OFFERING SUMMARY

PROPERTY DETAILS

Address:	6910 Eastman Ave, Midland, MI
Total GLA:	30,587 SF
Occupancy:	84.37%
Available Space:	4,782 SF
Land Area:	3.22 acres
Year Built:	2006

SUMMARY OF PRIMARY TENANTS

TENANT	SF	ANNUAL RENT	PSF	EXP.
PetSmart	22,893	\$187,036	\$8.17	1/31/2028
Qdoba	2,912	\$71,140	\$24.43	1/31/2028

PRICING

In-Place NOI:	\$236,786
Cap Rate:	7.50%
Asking Price:	\$3,157,000

INVESTMENT HIGHLIGHTS

EXCEPTIONAL REAL ESTATE – PAD OF MIDLAND MALL

- The property is very well located on the signalized corner of Eastman Ave & Cinema Dr. This location is the main entrance to Midland Mall (524,000 SF), which is anchored by Target, Barnes & Noble, & Dunham's Sports, and Victoria's Secret.
- Eastman Ave (25,667 CPD) is the busiest thoroughfare in Midland County. The Eastman Ave corridor benefits from direct access to the US-10 highway (24,780 CPD), which is the main east/west highway connecting eastern Michigan and western Michigan.
- **Dynamic Trade Area** - The property sits at the "Main & Main" intersection of the Midland Mall Regional Trade Area. The trade area has very little vacancy and high barriers to entry.
- **New Retailer Activity** - Panda Express is under construction on the pad of the property. They are anticipated to open November 2019. In addition, the following retailers have recently opened in the immediate area: ALDI, Five Below, Panera, Olive Garden, Culver's, ULTA, Noodles, Mattress Firm, Lucky's Steakhouse, and Old Chicago.

LONG TERM NNN LEASES – BELOW MARKET RENTS

- PetSmart (exp. 1/31/2028) has been a tenant at the property since 2006. This is a profitable store with below market rent of \$8.17 PSF. Recent lease transactions for similar size spaces in the market (in inferior locations) are \$10.50 PSF+.
- Southwind Restaurants, LLC dba QDOBA (exp. 1/31/2028) is a multi-store QDOBA operator in mid-Michigan. They have been a tenant at the property since 2008. Their current rent is well below market of \$24.83 PSF. Their lease provides 5.00% increases every five (5) years beginning 2/1/2023. Recent lease transactions for similar restaurant users have been in the \$35.00-\$40.00 PSF range.

GREAT DEMOGRAPHICS, INCOMES, AND HIGH EDUCATION LEVELS

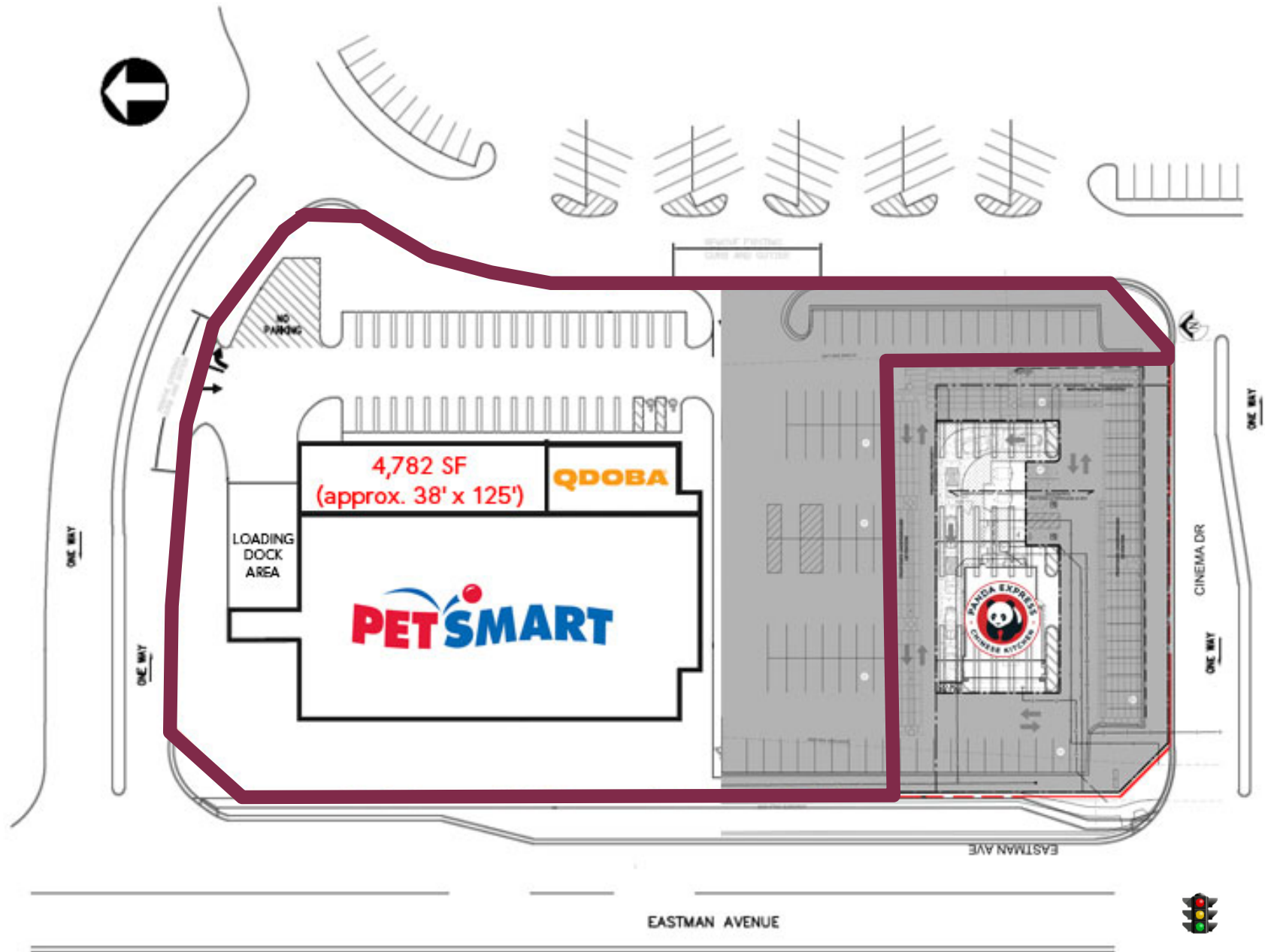
- Avg. household incomes in the immediate one mile radius exceeding \$125,900/yr.
- Midland County's unemployment rate is exceptionally low at 2.70% (as of May 2019). Midland has a highly educated workforce with 62.6% having a four year college degree or higher within one mile of the site.
- Forbes Magazine rated Midland (pop. 42,000) as one of the "Best Small Cities in America to Raise a Family".

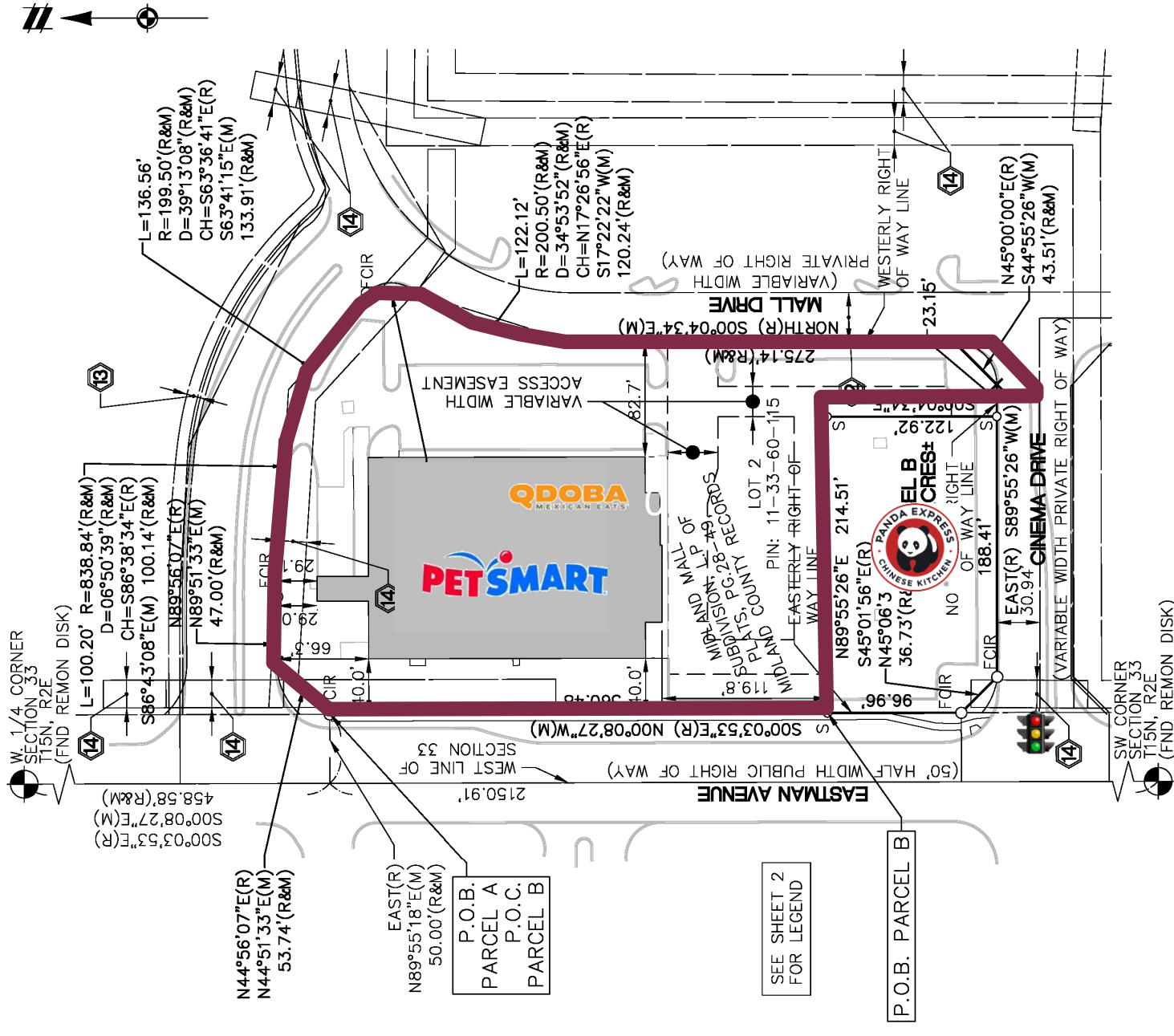
RENT ROLL

Tenant Name	Pro-Rata Share	Square Feet	Commencement Date	Expiration Date	Minimum Rent			Rent Schedule	Step Rent
					Monthly	Annual	psf		
PetSmart	74.85%	22,893	8/13/2006	1/31/2028	\$ 15,586	\$ 187,036	\$ 8.17	Current Term: 1/31/18 - 1/31/28 Option 1: 2/1/28 - 1/31/33 Option 2: 2/1/33 - 1/31/38 Option 3: 2/1/38 - 1/31/43	\$8.17/sf 8.99/sf 9.89/sf 10.89/sf
Qdoba	9.52%	2,912	11/20/2008	1/31/2028	5,928	71,140	24.43	Current Term: 2/1/18 - 1/31/23 Current Term: 2/1/23 - 1/31/28 Option 1: 2/1/28 - 1/31/33 Option 2: 2/1/33 - 1/31/38	24.43/sf 25.65/sf 26.93/sf 28.28/sf
Vacant	15.63%	4,782			-	-	-		
Total	100.00%	30,587			\$ 21,515	\$ 258,176	\$ 8.44		
Vacant	15.63%	4,782							
Occupied	84.37%	25,805							



SITE PLAN





PROFORMA

Tenant Name	Pro-Rata Share	Square Feet	Minimum Rent			Reimbursements				Total Gross Revenue	psf	Commencement Date	Expiration Date
			Monthly	Annual	psf	CAM	Real Estate Taxes	Insurance	Total Reimb.				
PetSmart	74.85%	22,893	\$ 15,586	\$ 187,036	\$ 8.17	\$ 24,111	\$ 44,327	\$ 4,304	\$ 72,742	\$ 259,777	\$ 11.35	8/13/2006	1/31/2028
Qdoba	9.52%	2,912	5,928	71,140	24.43	4,181	5,638	547	10,367	81,507	27.99	11/20/2008	1/31/2028
Vacant	15.63%	4,782	-	-	-	-	-	-	-	-	-	-	-
Total	100.00%	30,587	\$ 21,515	\$ 258,176	\$ 8.44	\$ 28,292	\$ 49,966	\$ 4,851	\$ 83,108	\$ 341,284	\$ 11.16		
Vacant	15.63%	4,782											
Occupied	84.37%	25,805											

	Estimated In Place	
	Annual	psf
Revenue		
Base Rental	\$ 258,176	\$ 8.44
CAM Reimbursement	28,292	0.92
Real Estate Tax Reimbursement	49,966	1.63
Insurance Reimbursement	4,851	0.16
Total Gross Revenue	\$ 341,284	\$ 11.16
Operating Expenses		
CAM	\$ 29,286	\$ 0.96
Real Estate Taxes	59,225	1.94
Insurance	5,750	0.19
Management Fee (3.00% of TGR)	10,238	0.33
Total Operating Expenses	\$ 104,498	\$ 3.42
Net Operating Income	\$ 236,786	\$ 7.74



VIEW EAST



PETSMART



In March of 2015, PetSmart was bought out by a private equity consortium led by BC Partners for \$8.7 billion. BC Partners is a private equity firm specializing in buyouts and acquisitions financing in Europe and the United States. Michael J. Massey was named the new president and CEO, replacing David Lenhardt who joined PetSmart in 2000 and acted as CEO since 2013. Michael Massey has more than 25 years of experience in the retail industry, including as CEO and president of Collective Brands Inc., the owner of Payless ShoeSource. Massey is focused on growing the company's sales, market share, and profit. Opportunities of improvement include cutting costs, enhancing customer connections with the company, provide training to associates to better serve the customers, and increasing the emotional relationship many patrons have with PetSmart.

FOUNDED	1986
HEADQUARTERS	Phoenix, AZ
STOCK TICKER	N/A
WEBSITE:	www.petsmart.com

LOCATIONS	TOTAL EMPLOYMENT
1,600	55,000

PETSMART



Tenant	PetSmart, Inc.		
Guaranty	PetSmart, Inc.		
Square Feet	22,893 SF		
Lease Commencement Date	1/31/2006		
Lease Expiration Date	1/31/2023		
Option Periods	Four (4) five (5) year options		
Rent	Current – 1/31/2028	\$187,035.81	\$8.17
	Option 1 2/1/2028 – 1/31/2033	\$205,808.07	\$8.99
	Option 2 2/1/2033 – 1/31/2038	\$226,411.77	\$9.89
	Option 3 2/1/2038 – 1/31/2043	\$249,304.77	\$10.89
CAM/Operating Expenses	Tenant pays prorata share of CAM expenses including 10% admin fee of total CAM subject to 5% annual cap on increases, excluding snow and ice removal, utilities, security.		
Real Estate Taxes	Tenant pays prorata share		
Insurance	Tenant pays prorata share		
Administrative Fee	10% of CAM, increases capped at 5% annually excluding uncontrollables		
Percentage Rent	None		
Co-Tenancy	None		

QDOBA



QDOBA Mexican Eats is a leading fast-casual Mexican chain with more than 750 restaurants located across the United States and in Canada. Committed to using quality, freshly prepared ingredients, the brand makes a range of menu items in its restaurants' kitchens daily. Guests are encouraged to experience QDOBA's delicious flavors by enjoying one of the brand's signature entrées or by customizing their burritos, tacos, burrito bowls, salads, quesadillas, nachos and tortilla soup to fit their personal tastes. In 2019, QDOBA was voted the "Best Fast Casual Restaurant" as part of the USA Today 10Best Reader's Choice Awards.

FOUNDED	1995
HEADQUARTERS	San Diego, CA
STOCK TICKER	N/A (PRIVATE)
WEBSITE:	www.qdoba.com

TOTAL REVENUE	LOCATIONS	TOTAL EMPLOYMENT
\$245.8M	750	1,113

QDOBA



Tenant	Southwind Restaurants, LLC d/b/a Qdoba Mexican Eats		
Guaranty	Southwind Restaurants, LLC		
Square Feet	2,912 SF		
Lease Commencement Date	6/23/2008		
Lease Expiration Date	9/30/2028		
Option Periods	Two (2) five year options		
Rent	Current 2/1/2018 – 1/31/2023	\$71,140.16	\$24.43
	Current 2/1/2023 – 1/31/2028	\$74,697.17	\$25.65
	1 st Option 2/1/2028 – 1/31/2033	\$78,432.03	\$26.93
	2 nd Option 2/1/2033 – 1/31/2038	\$82,353.63	\$28.28
CAM/Operating Expenses	Tenant pays prorata share		
Real Estate Taxes	Tenant pays prorata share		
Insurance	Tenant pays prorata share		
Administrative Fee	Tenant pays prorata share		
Percentage Rent	None		
Co-Tenancy	None		

VIEW NORTHEAST



MIDLAND, MI

REGIONAL ECONOMY & QUALITY OF LIFE

- Midland was rated one of the Top 100 Places to Live in U.S. by Livability
- With a population of 42,000, *Forbes* named Midland one of the “Best Small Cities in America to Raise a Family”
- Meanwhile, Midland County is in the top 10% of per-capita income in the state, with a median family income of \$63,299
- Midland is home to one of the top medical centers in Michigan: a 328-bed hospital at MidMichigan Medical Center
- One of its most revered locations is Dow Gardens, a 110-acre botanical paradise with more than 1,500 plant and flower varieties that is open throughout the year

LONGSTANDING, STABLE WORK FORCE

- **Dow Chemical Company** was founded in Midland in 1897, and Midland is currently home to Dow’s Worldwide HQ – its largest employer – with over 6,000 Midland County employees
- Midland County boasts an unemployment rate of just **2.70%** as of May 2019
- Over 47% of occupations in Midland are in management, business, science, and arts



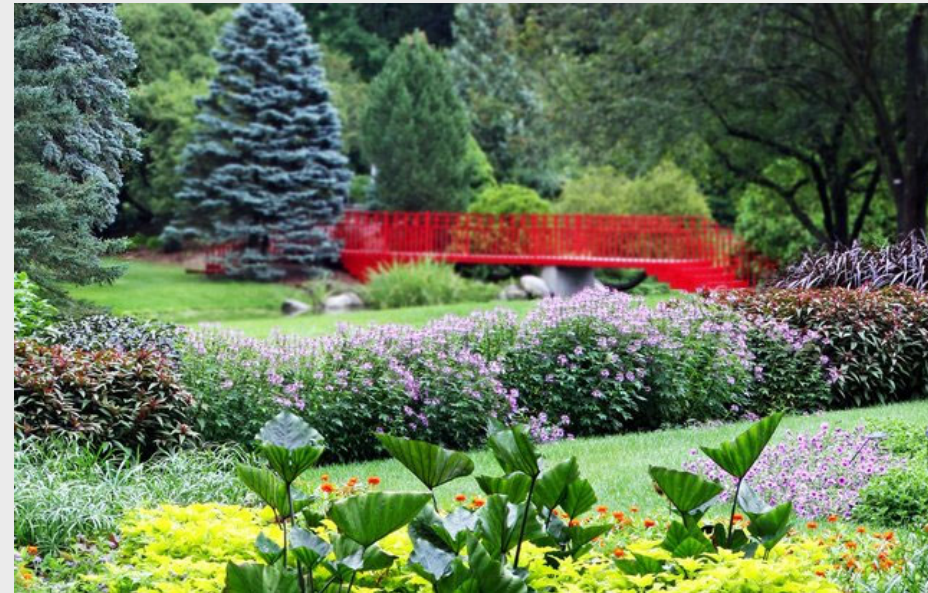
2.70%
UNEMPLOYMENT RATE
(as of May 2019)



48,744
PEOPLE
(5-mile radius)



\$97K
AVG. HH INCOME
(5-mile radius)



Dow Gardens – over 138,000 guests from across the country visit each year.



Dow Chemical Headquarters

MARKET NARRATIVE

HEALTH CARE & EDUCATION

MIDMICHIGAN HEALTH

- MidMichigan Health is a non-profit health system, headquartered in Midland, Michigan, affiliated with Michigan Medicine, the health care division of the University of Michigan.
- MidMichigan Health covers a 23-county region with medical centers in Midland, Alpena, Alma, Clare, Gladwin, Mt. Pleasant and West Branch.
- MidMichigan Physicians Group provides urgent care and medical offices in more than 30 specialties and subspecialties including cardiology, hematology/oncology, orthopedics, vascular surgery, family medicine and more.
- Currently, MidMichigan has more than 7,800 employees, volunteers and physicians and provided \$90 million in community benefits in fiscal year 2017.

HEALTH & EDUCATION

- Midland County ranks #8 in the state in health outcomes, #6 in health factors
- Over 94% of Midland residents have earned a high school diploma
- 42% have earned a college degree or higher
- Midland Public Schools have over 1,100 staff members, and 8,000 students.



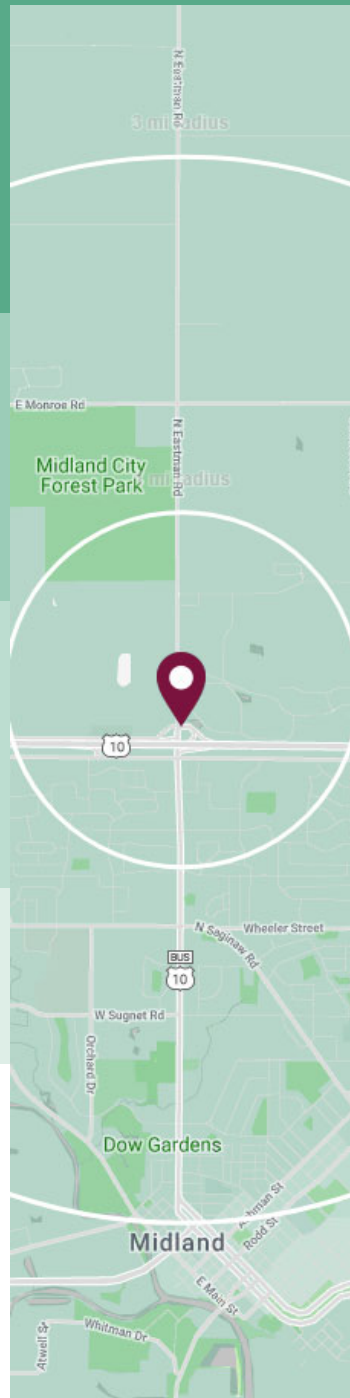
MidMichigan Medical Center; 328 bed hospital in Midland, MI



Northwood University – enrollment of 1,351 students

DEMOGRAPHICS

MIDLAND, MI



POPULATION

	1 MILE	3 MILE	5 MILE
2019 Estimated Population	1,950	30,101	48,744
2024 Projected Population	1,924	29,780	48,244
2010 Census Population	1,994	30,268	48,568
2000 Census Population	2,122	30,107	47,866
Projected Annual Growth 2019 to 2024	-0.3%	-0.2%	-0.2%
Historical Annual Growth 2000 to 2019	-0.4%	-	-

HOUSEHOLDS

2019 Estimated Households	766	12,858	21,253
2024 Projected Households	782	13,137	21,730
2010 Census Households	734	12,149	19,874
2000 Census Households	739	11,479	18,778
Projected Annual Growth 2019 to 2024	0.4%	0.4%	0.4%
Historical Annual Growth 2000 to 2019	0.2%	0.6%	0.7%

RACE

2019 Est. White	87.6%	90.0%	90.3%
2019 Est. Black	1.5%	2.6%	2.6%
2019 Est. Asian or Pacific Islander	8.5%	4.5%	4.1%
2019 Est. American Indian or Alaska Native	0.4%	0.3%	0.3%
2019 Est. Other Races	2.0%	2.6%	2.7%

INCOME

2019 Est. Average Household Income	\$125,959	\$109,845	\$97,047
2019 Est. Median Household Income	\$95,208	\$79,928	\$73,148
2019 Est. Per Capita Income	\$49,508	\$47,174	\$42,533

BUSINESS

2019 Est. Total Businesses	370	1,548	2,437
2019 Est. Total Employees	5,891	117,370	132,608

OUR TEAM

**FOUNDED IN DETROIT. BUILT NATIONWIDE.
8 MILLION SQUARE FEET AND OVER \$1 BILLION SOLD**



DANIEL H. KUKES

PRINCIPAL

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Daniel Kukes is a Principal and Co-Founder of Landmark Investment Sales. Daniel specializes in the sale of retail shopping centers, medical office, and single tenant net lease investment properties across all property types. He currently represents some of the nation's largest institutional real estate funds, private equity group, and high net worth investors in acquiring and listing investment properties all over the country. Since 2010, Daniel has closed deals totaling over 8,000,000 SF valued at over \$1,000,000,000. Daniel joined Landmark in 2009 as an Associate Broker. He began his real estate career at NAI Farbman where he focused on shopping center leasing and retail tenant representation. After five years at NAI Farbman, Daniel joined DAP Investments as a partner responsible for retail development, acquisitions and leasing. While there, he developed several single tenant and shopping center projects in Michigan and Illinois. Daniel is a graduate of Michigan State University with a Bachelor of Arts degree in Pre-Law & Society.



KEVIN J. BAKER

PRINCIPAL

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Kevin Baker is a Principal and Co-Founder of Landmark Investment Sales. Kevin specializes in the sale of retail shopping centers and single tenant net lease investment properties across all property types. He currently represents some of the nation's largest institutional funds, private equity funds, and high net worth investors in listing investment properties all over the country. Since 2010, Kevin has closed deals totaling over 8,000,000 SF valued at over \$1,000,000,000. Prior to 2010, Kevin worked extensively at Landmark as a broker specializing in tenant representation and landlord representation completing in excess of 100 lease & sale transactions. Kevin joined Landmark in 2005 as a Sales Associate. Prior to Landmark, Kevin attended Michigan State University and University of Michigan-Dearborn where he studied finance. Kevin began his real estate career in 2001 when he founded Baker Real Estate Holdings, specializing in acquisition and management of a student housing portfolio at Michigan State University.



LOUIS J. CIOTTI

SENIOR DIRECTOR

lciotti@landmarkcres.com

Louis J. Ciotti has been an integral part of the real estate industry since 2005. He has successfully represented owners, investors, developers, tenants, banks and capital funds. Louis' successful concentration in the investment sales arena earned him the title of "Senior Director" of Landmark Investment Sales. Throughout the course of his career he has maintained a strong, loyal work ethic that his clients consistently depend on. His persistence, high-ethical moral standards have made him a "go to" trusted broker to his clients. Louis' business dealings have grown nationwide with completed transactions in over 15 states which include retail tenant representation, big box retail requirements, investment sales, and Note sales through financial institutions.

Louis is someone you want to work with to help facilitate your needs and to best guide you through the challenges of transactions. He has the ability to recognize client's objectives and develop strategies to achieve them, resulting in a network of satisfied clients.