

TWO-TENANT RETAIL BUILDING IN THE DETROIT MSA | TREMENDOUS DENSITY | BRAND NEW 10-YEAR LEASES

ACTUAL LOCATION



FAMILY DOLLAR

**JIMMY
JAZZ**

17830 & 17860 Vernier Road – Harper Woods, MI
Offering Memorandum



Family Dollar & Jimmy Jazz

FAMILY DOLLAR

JIMMY JAZZ

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Summary

Investment Summary

Family Dollar & Jimmy Jazz



The Offering

JLL Capital Markets, Net Lease Advisory is pleased to exclusively offer the opportunity to acquire a two-tenant retail property leased to Family Dollar and Jimmy Jazz (the "Property") in the Detroit, MI MSA. Family Dollar has been at this location since 2009 and in March of 2019, they extended their lease 10 years, demonstrating a commitment to the location. Jimmy Jazz just executed a brand new 10-year lease. Rent will commence in May 2020 and their lease will feature attractive, 2.00% annual rental increases. Both tenants have two (2), five (5) year options that remain. The Property benefits from surrounding retailers such as Lowe's, The Home Depot and McDonald's. Additionally, mall traffic in and around the area contributes to the 24,450 vehicles that pass the Premises daily.

Harper Woods is a city along the Eastern portion of Michigan that covers approximately 2.61 square miles. It is home to 14,236 people and it is conveniently located between up and coming Detroit, MI and affluent Grosse Pointe, MI. The area consists of a younger population with a median age resting at 38 years old and an estimated average household income of \$65,601 – an ideal target audience for Family Dollar's footprint, one that offers essentials for everyday low prices. Harper Woods residents enjoy easy access to Interstate 94, which is the connector between Harper Woods and Detroit – a CBD that is just 12 miles away.

Family Dollar is a discount retail store that offers a range of merchandise from household cleaners, brand name foods, health and beauty aids, toys, apparel and home décor. This concept for a self-serve, cash-and-carry neighborhood discount store in low to middle income neighborhoods proved so successful that today Family Dollar is a chain with over 8,000 stores from Maine to California. Family Dollar has approximately 11 distribution centers around the United States.

Jimmy Jazz is premier lifestyle, streetwear and footwear retailer for men, women and kids. The company operates roughly 170 locations and offers brands including Nike, Jordan, Adidas, Polo Footwear, Levi's and Decibel, among others. Jimmy Jazz receives daily updates and releases on the latest inventory from designers, ensuring that they are showcasing the latest styles and colors, and keeping up with the fashion trends.



\$3,200,000
Asking Price

\$232,536
NOI (outlined on page 5)

7.25%
Cap Rate

FINANCIAL INFORMATION

PROPERTY INFORMATION

TENANT	Annual Rent	Rent/SF	Lease Expiration	Rental Increases	Size (SF)	Acreage	Year Built / Renovated
Family Dollar	\$178,200	\$18.16	6/30/2029	22.00% in the option period	9,814		2009
Jimmy Jazz	\$81,630	\$15.00	4/30/2030	2.00% annual	5,442		2020
TOTAL RENT	\$259,830				15,256	0.72	

Net Operating Income Breakdown

FAMILY DOLLAR & JIMMY JAZZ	Year 1 May 2020	Year 2 May 2021	Year 3 May 2022	Year 4 May 2023	Year 5 May 2024
<u>Revenue</u>					
Scheduled Gross Rent	\$259,830	\$261,463	\$263,128	\$264,826	\$266,559
<u>Operating Expenses</u>					
Insurance	\$4,577	\$4,714	\$4,856	\$5,001	\$5,151
Landscaping	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052
Snow Removal	\$8,700	\$8,961	\$9,230	\$9,507	\$9,792
Total Operating Expenses	\$16,877	\$17,383	\$17,905	\$18,442	\$18,995
<u>Real Estate Tax</u>	\$10,417	\$10,730	\$11,051	\$11,383	\$11,724
Net Operating Income	\$232,536	\$233,350	\$234,172	\$235,001	\$235,840

Assumptions and Notes:

- Expenses were calculated based on the proportionate share of the area around the outparcel (~ 114,000 SF), which is roughly 10% of the total exterior property
- Expenses are increased by 3% each year
- The summer real estate tax bill is estimated to be approximately 80% of the winter tax bill
- We do not have access to general ledgers / budgets to obtain exterior security/housekeeping, low sweeping, pavement, salary/wages
- Insurance was calculated using an estimate of \$0.30 PSF



Investment Highlights



Family Dollar & Jimmy Jazz both have new 10-year leases in place and future rental increases of 22.00% and 2.00%, respectively; each tenant also has two (2), five (5) year options remaining



The two-tenant building is surrounded by nationally recognized retailers such as Lowe's, The Home Depot and McDonald's, further increasing traffic in and around the area



The location benefits from a 3-mile population of over 163,741 and an average household income of \$68,589



Harper Woods is located in the Detroit MSA and is situated just 12 miles from the city's CBD



The Property is situated along Eight Mile Road – one of the main thoroughfares that has exposure to over 24,450 VPD

Family Dollar Overview



Family Dollar Overview

Founded in 1958 by Leon Levine, Family Dollar is a discount retail store that offers a range of merchandise from household cleaners, brand name foods, health and beauty aids, toys, apparel and home décor. This concept for a self-serve, cash-and-carry neighborhood discount store in low to middle income neighborhoods proved so successful that today Family Dollar is a chain with over 8,000 stores from Maine to California. Family Dollar has approximately 11 distribution centers around the United States.

Family Dollar has approximately 11 distribution centers around the United States. Family Dollar offers many items at \$1 or less, but most items in the store are priced below \$10, which attracts low budget shoppers. The average size of a Family Dollar store is approximately 7,000 square feet, the relatively small footprint allows the Family Dollar to operate in rural areas and small town, as well as in large urban neighborhoods. Within these markets, the stores are in shopping centers or as free-standing building and all are convenient to the Company's customer base.

In 2015 Family Dollar became a wholly-owned subsidiary of Dollar Tree making it one of the largest discount chains in the United States. Dollar Tree purchased Family dollar for approximately \$9 B, the combined organization will operate more than 14,000 stores in 48 states and five Canadian provinces, with sales exceeding \$19 billion annually and employs over 145,000 associates. "This is a transformational opportunity for our business to offer broader, more compelling merchandise assortments, with greater values, to a wider array of customers," Dollar Tree CEO Bob Sasser said. "This acquisition will extend our reach to low-income customers, while strengthening and diversifying our footprint." Since the merger, Family Dollar stores have seen improvements in store layouts, new exclusive brands, and have focused on the expansion of frozen and refrigeration departments.



Corporate Overview

Parent	Dollar Tree
Ticker	DLTR (NYSE)
Credit Rating	BBB- Stable (S&P)
# of Retail Locations	8,000
Headquarters	Matthews, SC
Company Website	www.familydollar.com

REPRESENTATIVE INTERIOR PHOTO



Lease Abstract



LEASE DETAIL

Address	17830 Vernier Road, Harper Woods, MI 48225
Tenant	Family Dollar Stores of Michigan, LLC
Parcel Size	2.62 Acres
Building Size	9,814 SF
Year Built	2009
Annual Rent	\$178,200
Rent / SF	\$18.16
Lease Type	Fee Simple – NN
Roof & Structure	Landlord Responsibility
Rent Commencement	1/28/2010
Lease Expiration	6/30/2029
Lease Term Remaining	9.5 Years
Remaining Options	Two (2), Five (5) Year Options

RENT SCHEDULE

Period	Start Date	End Date	Annual Rent	% Increase
Current Term	4/22/2019	6/30/2029	\$178,200	
Option Term 1	7/1/2029	6/30/2034	\$217,800	22.00%
Option Term 2	7/1/2034	6/30/2039	\$239,580	10.00%

TENANT RESPONSIBILITY DETAIL

Maintenance & Repairs	Tenant will maintain and repair all interior, non-structural portions of the demised premises. Tenant shall also be responsible for maintaining, repairing and replacing the HVAC System (except for the last 2 Years of Term).
Insurance	Tenant will, at Tenant's option, obtain and keep in force a commercial property insurance policy covering the Tenant's personal property in the Demised Premises during the term; Tenant will obtain and keep in force a commercial general liability insurance policy; Tenant will reimburse landlord for tenant's share of any increase in the insurance premium the first full year.
Taxes	Tenant will timely pay all operating license fees for the conduct of its business, and ad valorem taxes levied upon its trade fixtures, inventory and other personal property; Tenant will reimburse Landlord for Tenant's proportionate share of any increase in real estate taxes over and above the taxes for the base year.
Utilities	Tenant will pay directly to the utility providers all charges for all Utilities used by Tenant in the Demised Premises, except for water and sanitary sewer service.
CAM	Tenant shall reimburse landlord for their share of any increase in CAM costs over the first lease year; With the exception of snow removal costs as defined and addressed below, notwithstanding the foregoing, in no event will the amount of Tenant's payments for such costs in any lease year exceed 105% of the amount of Tenant's payments for such costs in the prior lease year.

LANDLORD RESPONSIBILITY DETAIL

Maintenance & Repairs	Landlord will maintain and repair and replace when necessary all exterior portions of the demised premises, including the roof, exterior walls, canopy, gutters, downspouts, and also all structural portions of the demised premises; Landlord will also keep the parking, service and access areas maintained, including the removal of snow, ice, trash, and in a good state of repair and properly lighted.
Taxes	Landlord shall timely and fully pay all real estate taxes levied against the Shopping Center.
Utilities	Landlord will pay to the utility provider all water service charges as measured by the common meter and applicable sewer charges, subject to Tenant reimbursement.
Insurance	Landlord will obtain and keep in force a commercial property insurance policy covering the demised premises and commercial general liability insurance.
CAM	Landlord shall be responsible for maintaining the Common Areas.

Jimmy Jazz Overview



Jimmy Jazz Overview

Jimmy Jazz began over 25 years ago when Founder & CEO, James Khezrie, saw an opportunity for popular men's wear in New York City. He opened the first store in Manhattan, and the rest is history. Today, Jimmy Jazz and its subsidiaries have over 170 stores on major streets and malls throughout the United States, including more than 30 in the New York Metro area.

Each Jimmy Jazz store features premier lifestyle, streetwear and footwear brands including Nike, Jordan, Adidas, Polo Footwear, Levi's and Decibel, among others. The company receives daily updates and releases on the latest inventory from designers, ensuring that they are showcasing the latest styles and colors, and keeping up with the fashion trends. Their products are available for men, women, and kids.

In addition to their exceptional retail stores, Jimmy Jazz offers the latest in-demand brands through their e-commerce site – JimmyJazz.com. The shopping website is updated on a daily basis with the most current urban lifestyle content available, making their web store an all-in-one destination for shopping and entertainment.



Corporate Overview

Ownership	Private
# of Locations	170
US Headquarters	Secaucus, NJ
Company Website	jimmyjazz.com



Lease Abstract

LEASE DETAIL

Address	17860 Vernier Rd, Harper Woods, MI 48225
Tenant	Jimmy Jazz Eastland LLC
Guarantor	E&J Lawrence Corp
Parcel Size	2.62 Acres
Building Size	5,442 SF
Year Built / Renovated	2020
Annual Rent	\$81,630
Rent / SF	\$15.00
Lease Type	NN - Gross
Roof & Structure	Landlord Responsibility
Rent Commencement	5/1/2020
Lease Expiration	4/31/2030
Lease Term Remaining	10 Years
Remaining Options	Two (2) Five (5) Year Options

RENT SCHEDULE

Period	Start Date	End Date	Annual Rent	% Increase
Current Term	5/1/2020	4/30/2021	\$81,630	
Current Term	5/1/2021	4/30/2022	\$83,263	2.00%
Current Term	5/1/2022	4/30/2023	\$84,928	2.00%
Current Term	5/1/2023	4/30/2024	\$86,626	2.00%
Current Term	5/1/2024	4/30/2025	\$88,359	2.00%
Current Term	5/1/2025	4/30/2026	\$90,126	2.00%
Current Term	5/1/2026	4/30/2027	\$91,929	2.00%
Current Term	5/1/2027	4/30/2028	\$93,767	2.00%
Current Term	5/1/2028	4/30/2029	\$95,643	2.00%
Current Term	5/1/2029	4/30/2030	\$97,555	2.00%
Option Term 1	5/1/2030	4/30/2035	\$99,507	2.00% Annual
Option Term 2	5/1/2035	4/30/2040	\$109,863	2.00% Annual



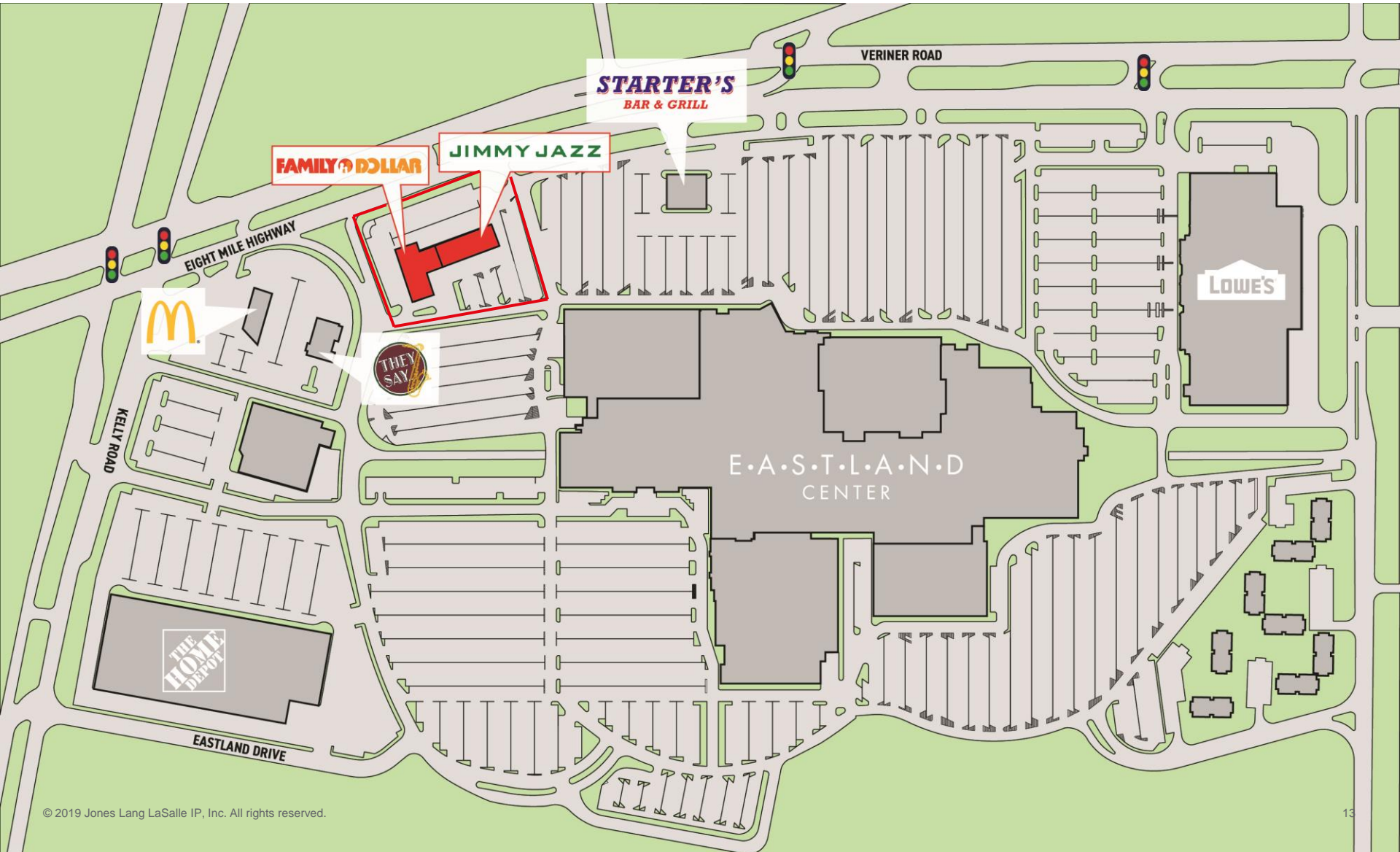
TENANT RESPONSIBILITY DETAIL

Maintenance & Repairs	Tenant will maintain and repair all interior, non-structural portions of the Premises including but not limited to the heating, hot water, electrical, air-conditioning and other mechanical installations exclusively serving the Premises, whether or not located within the Premises; the plumbing and sewer systems serving the Premises, whether or located within the Premises; the exterior and interior portions of all doors including door checks and hardware; all windows including hardware and other appurtenances, and all other glass, the floor slab and ceiling.
Insurance	Tenant shall, at its own expense, keep in full force and effect commercial general liability insurance with "personal injury", contractual liability and, if Tenant serves or sells any alcoholic beverages, host and liquor liability coverage, with minimum single limits of not less than TWO MILLION DOLLARS (\$2,000,000.00) per occurrence, written on an occurrence basis, plus umbrella coverage of at least ONE MILLION DOLLARS (\$1,000,000.00)
Utilities	Tenant shall pay for all utilities on the premises

LANDLORD RESPONSIBILITY DETAIL

Maintenance & Repairs	Landlord shall maintain, at Landlord's sole cost and expense, all exterior portions of the Premises, including the roof, exterior walls, canopy, gutters, downspouts, and also all structural portions of the Premises whether interior or exterior, including the foundation. Landlord will keep the parking, service and access areas (and other exterior areas, if any) maintained, including the removal of snow, ice, trash, weeds and debris, and in a good state of repair and properly lighted.
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Site Plan

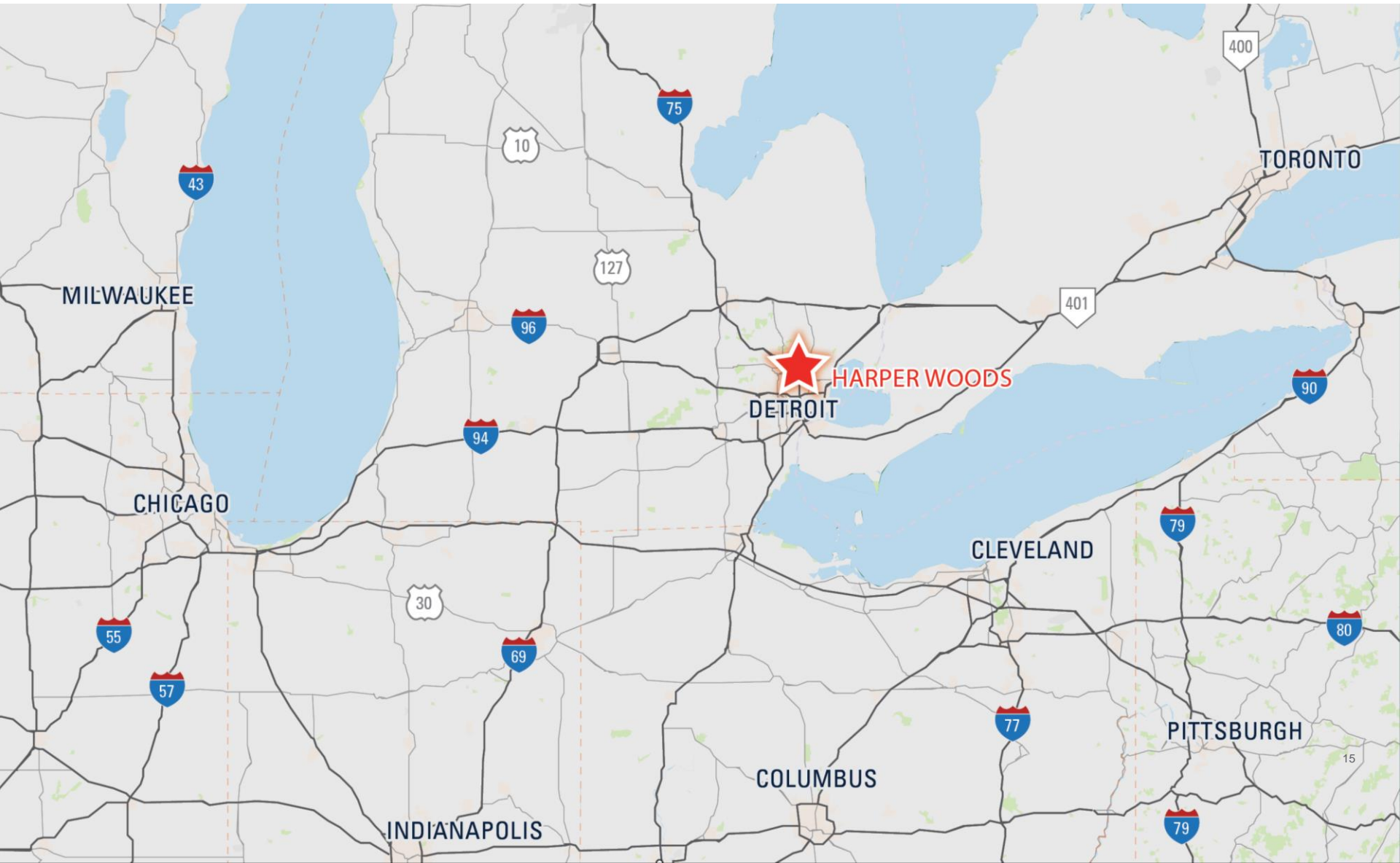


Surrounding Retail & Amenities

Family Dollar & Jimmy Jazz | Harper Woods, MI



Market Overview



Market

Harper Woods, Michigan

Harper Woods is a city along the Eastern portion of Michigan that covers approximately 2.61 square miles. It is home to 14,236 people and it is conveniently located in Wayne County between up and coming Detroit, MI and affluent Grosse Pointe, MI. The area consists of a younger population with a median age resting at 38 years old and an estimated average household income of \$65,601. These residents are led by their city council who is proud to provide service to their community while always being ethical and responsible.

Harper Woods is served by two public school districts – Harper Woods and Grosse Pointe, and two charter schools – Chandler Park and Starr Academy. It is also home to higher education institutes such as: Macomb Community College, University of Phoenix-Detroit Campus, Wayne State, and Marygrove College. This young generation within proximity to an up and coming city in Detroit, should result in a positive economic trend moving forward.

Harper Woods offers residents easy access via I-94, which connects the immediate area to Detroit which is approximately 12 miles away. Furthermore, Detroit City airport is located just 10 minutes from Harper Woods offering residents convenient access to a variety of destinations. Additionally, Detroit Metropolitan Airport (DTW), which is just 30 minutes away, is one of the world's leading air transportation hubs with more than 34.7 million annual passengers and offers more than 1,100 flights per day to and from four continents. Wayne County Airport Authority's airports are responsible for more than 86,000 jobs throughout the state.

Wayne County is home to General Motors, Compuware and other global companies, as well as major medical centers, research universities and governmental offices. The vibrant economy of Wayne County is the result of a diverse employer base; from Fortune 500 Companies to thriving start-ups. Wayne County has the highest concentration of automotive research and technical centers in the world.



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Demographic Information

	1-mile Radius	3-mile Radius	5-mile Radius
POPULATION			
2010 Census	18,233	170,571	348,233
2019 Estimate	17,979	163,741	332,862
2024 Projection	17,915	161,915	328,828
ESTIMATED HH INCOME			
Average HH Income	\$62,027	\$68,589	\$70,370
Median HH Income	\$49,340	\$50,208	\$48,638
HOUSEHOLDS			
2010 Census	7,230	65,118	133,090
2019 Estimate	7,253	63,732	129,582
2024 Projection	7,272	63,438	128,820

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