



## CHIPOTLE & HEARTLAND DENTAL

High Point, North Carolina

CONFIDENTIAL OFFERING MEMORANDUM

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# INVESTMENT OVERVIEW

## Executive Summary

### PROPERTY SUMMARY

Address	4008 Brian Jordan Place High Point, NC 27265
Ownership	Fee Simple
Class	A
Year Built	2015
Building Size	±6,400 SF
Parcel Size	±0.86 Acres
Tenancy	Multi
Occupancy	100%
Tenants	Chipotle and Heartland Dental
Traffic Count	±34,000 VPD

### INVESTMENT SUMMARY

NOI	\$220,480
Cap Rate	6.25%
List Price	\$3,529,000
Lease Type	NNN
Term Remaining	Chipotle: 5.75 Yrs Heartland Dental: 8.85 Yrs
Year 1 Cash on Cash Return*	6.49%
Year 1 Return on Equity Build-up*	7.38%
Total Year 1 Return*	13.87%

*\*Based on 10-year analysis and proposed financing terms on page 5*

### PROPERTY HIGHLIGHTS

- 100% Occupied by Corporate Guaranteed Tenants.
- Chipotle remains one of the most desired retail tenants with over 2,600 locations in the US and Worldwide. For 2019, the company reported revenue of \$5.59 billion, net income of \$350.1 million, nearly twice the company's net income in 2018.
- Heartland Dental is the largest dental support organization with over 900 locations in 37 states.
- High-quality and recent construction provided a Landlord with little to no CAPEX responsibilities/expenses in the near future.
- Exceptional location within Palladium Deep River development offering direct park access from both Wendover Ave (34,000 VPD) and Eastchester Dr (48,000 VPD), two of the most highly trafficked and recognized roadways in the heart of High Point, NC.
- Excellent demographics with strong access to population density and future growth, including 118,000 residents with an average household income in excess of \$77,000 within a 5-mile radius.
- Very desirable retail and residential market surrounded by a strong trade area that includes High Point University (±5,000 students).

# INVESTMENT OVERVIEW

## Rent Roll & Assumptions

### RENT ROLL

Tenant	Square Feet	Lease Commencement	Lease End Date	BASE RENT			OPEX				Total Annual
				\$/SF	Monthly	Annual	Taxes	Insurance	CAM/Mngnt	Total Recovery	
Chipotle	2,250	6/8/2016	6/30/2026	\$35.00	\$6,562.50	\$78,750	\$6,248	\$1,806	\$5,970	\$14,025	\$92,775
Heartland Dental	4,150	8/1/2019	7/31/2029	\$35.00	\$12,104.17	\$145,250	\$11,525	\$3,332	\$12,188	\$27,044	\$145,250
TOTAL PROPERTY	6,400			\$35.00	\$18,667	\$224,000	\$17,773	\$5,138	\$18,159	\$41,070	\$238,025

### TENANT NOTES

		Rent Increases	Option Periods
Chipotle	Tenant is responsible for taxes, insurance, CAM, utilities, and management fees up to 10% of Common Area Charges	8% every 5 years (avg)	4 - (5) Yr
Heartland Dental	Tenant is responsible for taxes, insurance, CAM, utilities, and management fees up to 15% of the Expenses for the Premises	10% every 5 years	3 - (5) Yr

### ASSUMPTIONS

Analysis Start Date	At 1/1/2021	Management Fee	4% of Effective Gross Revenue
Rent Increases	Scheduled rent bumps highlighted in RED. Option period renewals highlighted in BLUE	Reserve Allowance	\$0.15/SF



# INVESTMENT OVERVIEW

## 10-Year Cash Flow

### OPERATING INCOME

	SIZE (SF)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Chipotle	2,250	\$82,125	\$85,500	\$85,500	\$85,500	\$85,500	\$87,750	\$90,000	\$90,000	\$90,000	\$90,000
Heartland Dental	4,150	\$145,250	\$145,250	\$145,250	\$151,302	\$159,775	\$159,775	\$159,775	\$159,775	\$166,432	\$175,752
Tenant Reimbursements		\$41,070	\$41,891	\$42,729	\$43,583	\$44,455	\$45,344	\$46,251	\$47,176	\$48,120	\$49,082
<b>Scheduled Gross Income</b>		<b>\$268,445</b>	<b>\$272,641</b>	<b>\$273,479</b>	<b>\$280,385</b>	<b>\$289,730</b>	<b>\$292,869</b>	<b>\$296,026</b>	<b>\$296,951</b>	<b>\$304,552</b>	<b>\$314,834</b>

### OPERATING EXPENSES

	\$/SF	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Taxes	\$2.78	\$17,773	\$18,128	\$18,491	\$18,861	\$19,238	\$19,623	\$20,015	\$20,416	\$20,824	\$21,240
Insurance	\$0.80	\$5,138	\$5,241	\$5,346	\$5,452	\$5,562	\$5,673	\$5,786	\$5,902	\$6,020	\$6,140
CAM	\$2.09	\$13,356	\$13,623	\$13,896	\$14,173	\$14,457	\$14,746	\$15,041	\$15,342	\$15,649	\$15,962
Management Fee	4.00%	\$10,738	\$10,906	\$10,939	\$11,215	\$11,589	\$11,715	\$11,841	\$11,878	\$12,182	\$12,593
Reserve Allowance	\$0.15	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960
<b>Total Operating Expenses</b>	<b>\$7.49</b>	<b>\$47,965</b>	<b>\$48,858</b>	<b>\$49,631</b>	<b>\$50,662</b>	<b>\$51,806</b>	<b>\$52,716</b>	<b>\$53,644</b>	<b>\$54,497</b>	<b>\$55,635</b>	<b>\$56,896</b>

<b>Net Operating Income</b>		<b>\$220,480</b>	<b>\$223,783</b>	<b>\$223,847</b>	<b>\$229,723</b>	<b>\$237,924</b>	<b>\$240,153</b>	<b>\$242,382</b>	<b>\$242,454</b>	<b>\$248,917</b>	<b>\$257,938</b>
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**Cap Rate** 6.25%

**Asking Price** \$ 3,529,000

### DEBT OVERVIEW\*

Initial Equity	\$ 882,250	LTV	75%	Amortization (Years)	25
Loan Amount	\$ 2,646,750	Interest Rate	3.75%	Loan Term (Years)	10

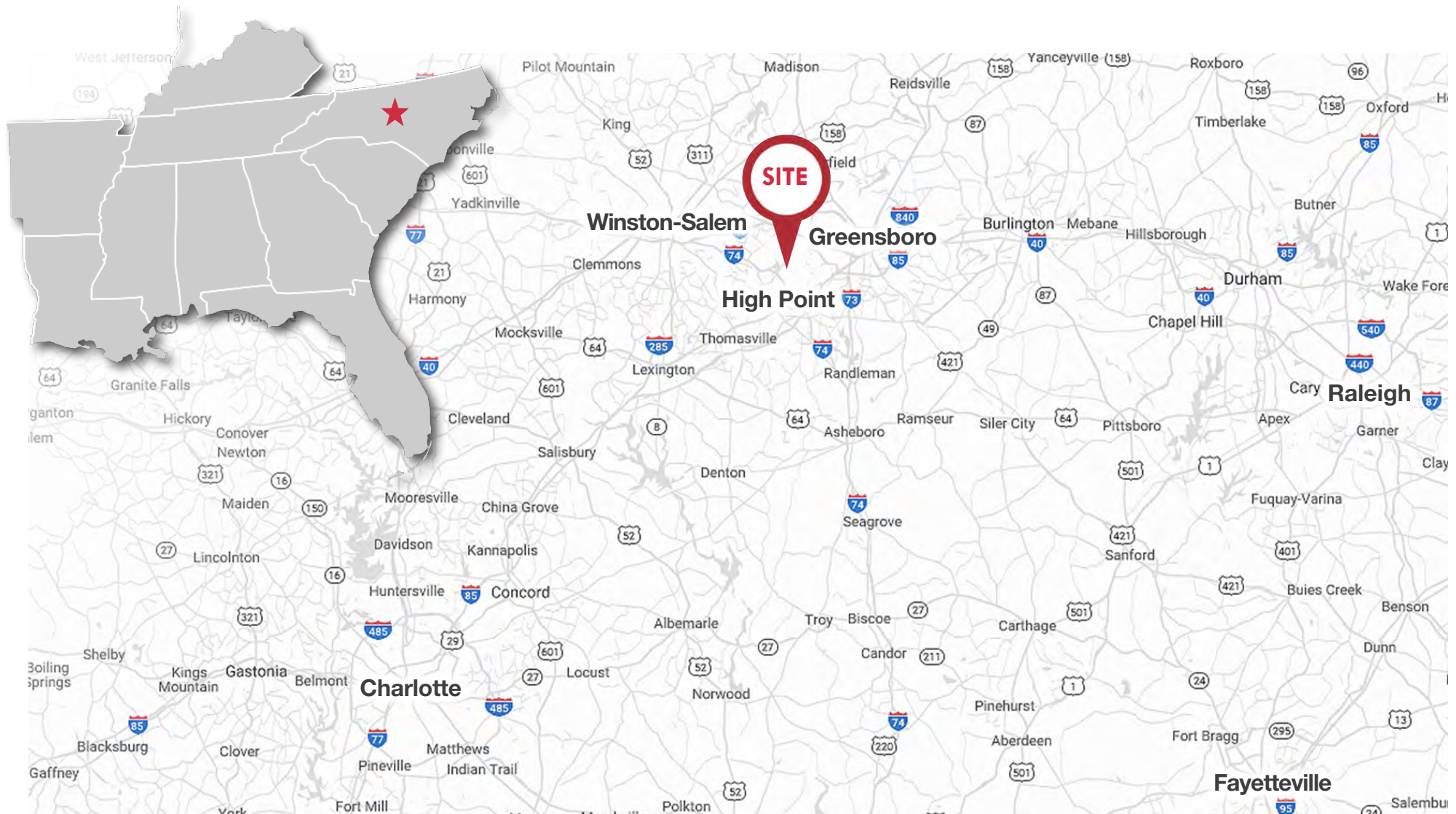
\*Property will be delivered free and clear of debt

### SCHEDULE OF PROSPECTIVE CASH FLOWS

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Debt Service	-\$163,293	-\$163,293	-\$163,293	-\$163,293	-\$163,293	-\$163,293	-\$163,293	-\$163,293	-\$163,293	-\$163,293
Annual Cash Flow	\$57,187	\$60,490	\$60,554	\$66,430	\$74,631	\$76,859	\$79,089	\$79,160	\$85,624	\$94,645
<b>Annual Cash on Cash Return</b>	<b>6.49%</b>	<b>6.86%</b>	<b>6.86%</b>	<b>7.53%</b>	<b>8.46%</b>	<b>8.71%</b>	<b>8.96%</b>	<b>8.97%</b>	<b>9.71%</b>	<b>10.73%</b>
EOY Principal Balance	-\$2,581,598	-\$2,513,960	-\$2,443,741	-\$2,370,844	-\$2,295,166	-\$2,216,600	-\$2,135,037	-\$2,050,362	-\$1,962,457	-\$1,871,198
Annual Equity Build-up	\$65,152	\$67,638	\$70,218	\$72,897	\$75,678	\$78,566	\$81,563	\$84,675	\$87,905	\$91,259
<b>Annual Equity Return on Equity Build-up</b>	<b>7.38%</b>	<b>7.67%</b>	<b>7.96%</b>	<b>8.26%</b>	<b>8.58%</b>	<b>8.91%</b>	<b>9.24%</b>	<b>9.60%</b>	<b>9.96%</b>	<b>10.34%</b>
<b>Total Annual Return</b>	<b>13.88%</b>	<b>14.52%</b>	<b>14.82%</b>	<b>15.79%</b>	<b>17.04%</b>	<b>17.62%</b>	<b>18.21%</b>	<b>18.57%</b>	<b>19.67%</b>	<b>21.07%</b>

# PROPERTY OVERVIEW

## Regional Map



### DISTANCE FROM SITE:

High Point, NC

**7 Miles**

Greensboro, NC

**10 Miles**

Winston-Salem, NC

**20 Miles**

Raleigh, NC

**90 Miles**

Charlotte, NC

**90 Miles**

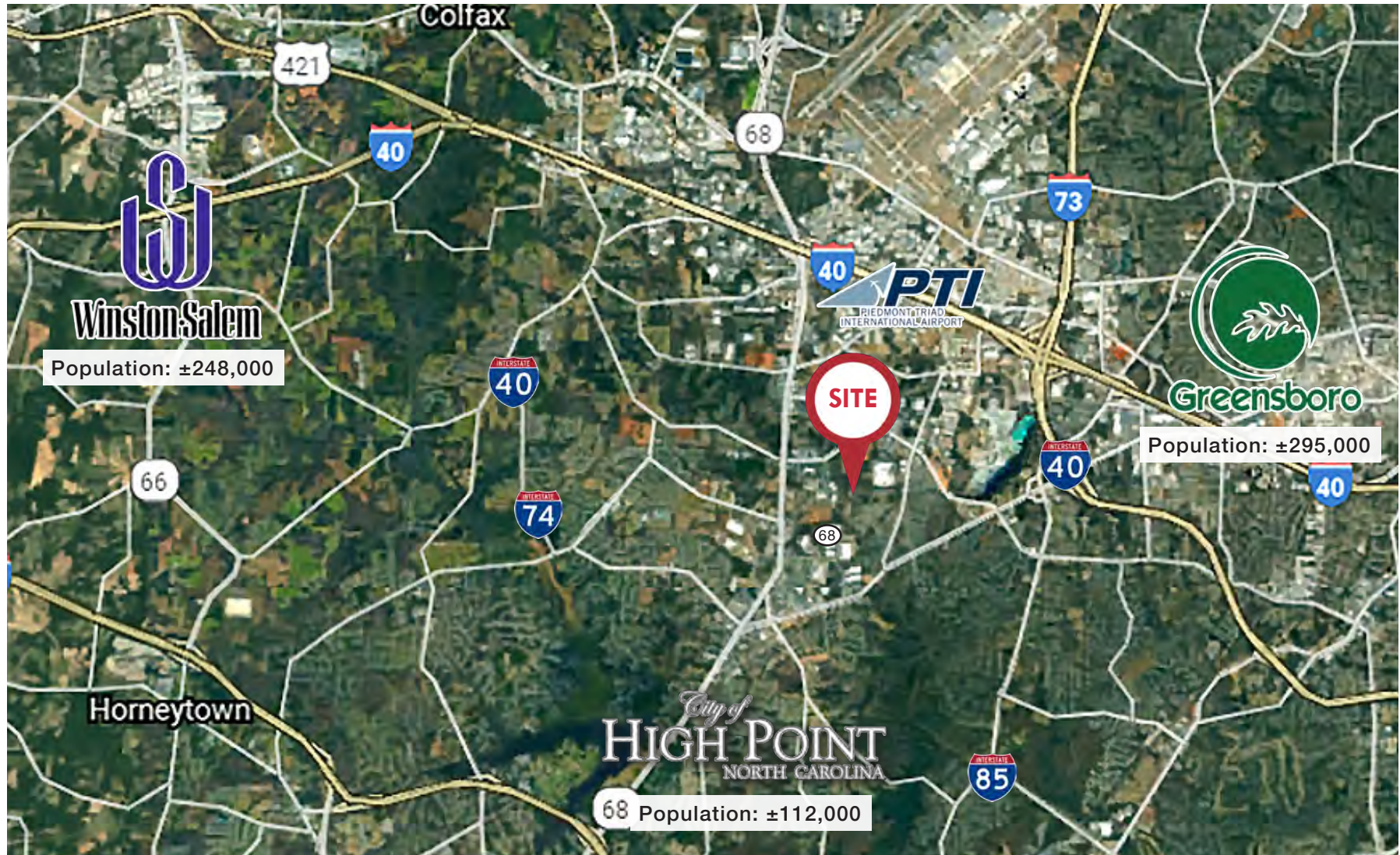
Fayetteville, NC

**101 Miles**



# PROPERTY OVERVIEW

## Market Map



### DISTANCE FROM SITE:

High Point, NC  
7 Miles

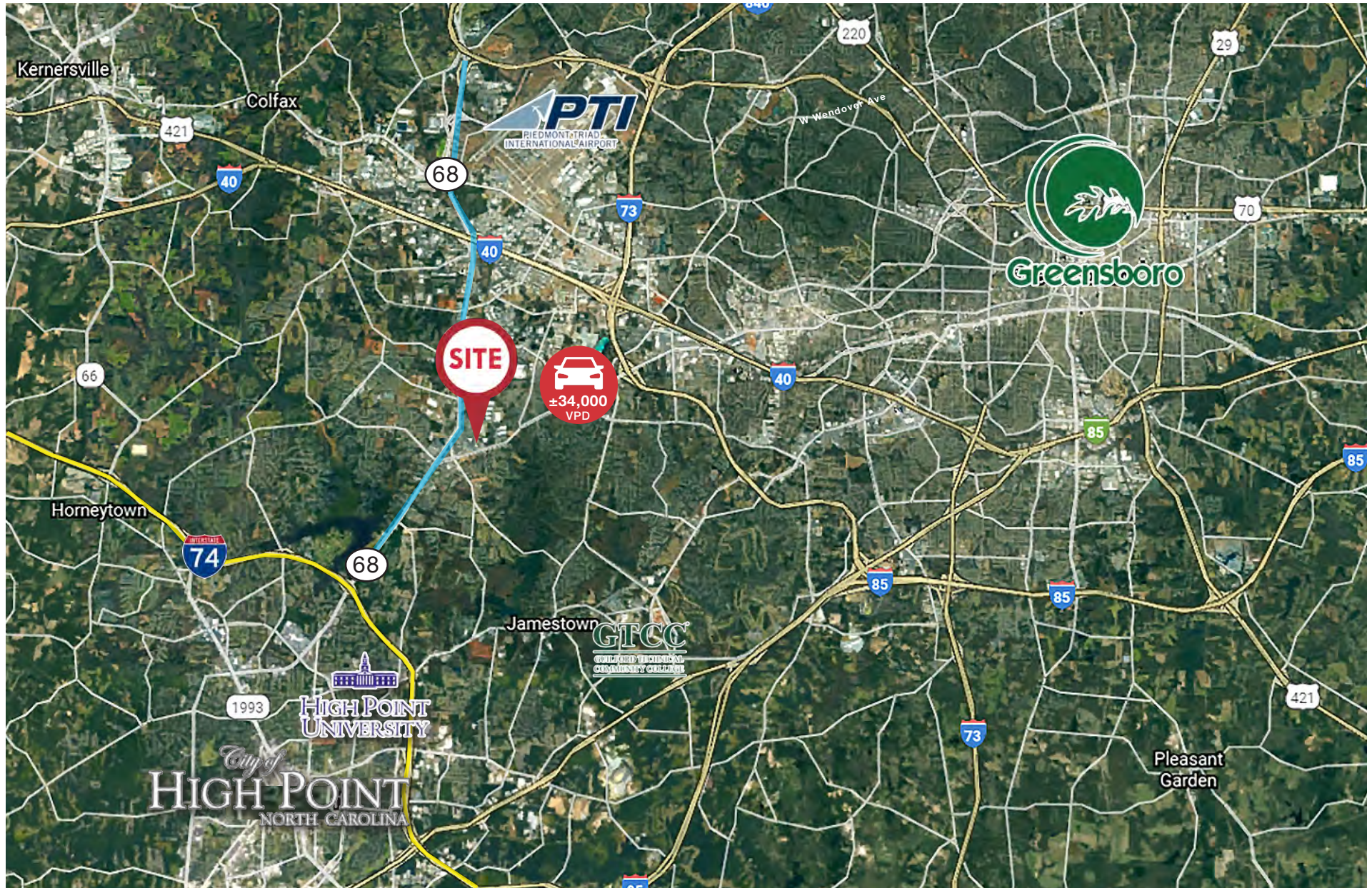
Greensboro, NC  
10 Miles

Winston-Salem, NC  
20 Miles



# PROPERTY OVERVIEW

Submarket Map





# PROPERTY OVERVIEW

## Site Map





# PROPERTY OVERVIEW

## Property Photos





# INVESTMENT OVERVIEW

## Lease Summaries



Tenant	Chipotle Mexican Grill of Colorado, LLC	Heartland Dental, LLC
Tenant Trade Name	Chipotle	Dental Care at Palladium
Lease Guarantor	Chipotle Mexican Grill, Inc	N/A
Tenant Classification	Corporate	Corporate
Lease Type	NNN	NNN
Original Lease term	10 Years	10 Years
Rent Commencement Date	June 8, 2016	August 1, 2019
Lease Expiration Date	June 30, 2026	July 31, 2029
Term Remaining	±5.75 Years	±8.85 Years
Options	4 - (5) Year Options	3 - (5) Year Options
Increases	7% Every 5 Yrs (avg)	10% Every 5 Yrs
Property Taxes	Tenant is Responsible	Tenant is Responsible
Insurance	Tenant is Responsible	Tenant is Responsible
Common Area Maintenance	Tenant is Responsible	Tenant is Responsible
Property Management	10% of Common Area Charges	15% Annual Expenses
Roof	Landlord is Responsible	Landlord is Responsible
Structure	Landlord is Responsible	Landlord is Responsible
Parking Lot	Landlord is Responsible	Tenant is Responsible
Option to Terminate	None	One time right on 60th month

# TENANT OVERVIEW

## Chipotle and Heartland Dental



Chipotle Mexican Grill, Inc. (NYSE: CMG) is cultivating a better world by serving responsibly sourced, classically-cooked, real food with wholesome ingredients without artificial colors, flavors or preservatives. Chipotle had over 2,650 restaurants as of June 30, 2020, in the United States, Canada, the United Kingdom, France and Germany and is the only restaurant company of its size that owns and operates all its restaurants.

With more than 91,000 employees passionate about providing a great guest experience, Chipotle is a longtime leader and innovator in the food industry. Chipotle is committed to making its food more accessible to everyone while continuing to be a brand with a demonstrated purpose as it leads the way in digital, technology and sustainable business practices. Steve Eells, founder and former executive chairman, first opened Chipotle with a single restaurant in Denver, Colorado in 1993.

[WWW.CHIPOTLE.COM](http://WWW.CHIPOTLE.COM)

Founded	1993
Headquartered	Newport Beach, CA
Publicly Traded	NYSE:CMG
Number of Locations	±2,650 worldwide
Number of Employees	±91,000
Revenue (2019)	\$5.59 billion



Heartland Dental was founded in 1997 by Rick Workman, DMD, who opened his first two dental offices in Effingham, IL. Today, Heartland Dental is the nation's largest dental support organization providing non-clinical, administrative support services to 1,400 supported dentists, in over 840 locations, across 37 states.

Heartland Dental partners with its supported dentists to deliver high-quality care across the full spectrum of dental services, and is majority owned by KKR, a leading global investment firm. Heartland Dental makes it their mission to partner with existing dental practices, recruit new and tenured dentists and those looking for dental jobs, and support them by taking on their administrative and management duties. This allows dentists to focus more on patient care and also gives them time for their personal life.

[WWW.HEARTLAND.COM](http://WWW.HEARTLAND.COM)

Founded	1997
Headquartered	Effingham, IL
Number of Locations	840
National Footprint	37 States
Number of Dentists Supported	±1,400



# MARKET OVERVIEW

## Market Analysis



## HIGH POINT, NORTH CAROLINA



### LOCATION

- Located in the **Piedmont Triad region** of North Carolina, High Point is mainly found in Guilford County, with portions spilling into neighboring Randolph, Davidson, and Forsyth counties.
- High Point is currently the ninth-largest municipality in North Carolina, and the 259<sup>th</sup> largest city in America with a population of ±112,000.
- The property is in Guilford County, with a population of over ±500,000, and sits within a mile of the City of Greensboro with a population of ±295,000.



### COMMERCE

- Once synonymous with furniture, hosiery, and Hatteras Yachts, High Point has diversified its economy as a center for distribution and logistics, customer service, banking, manufacturing, photography and pharmaceuticals.
- The **High Point Market** remains a centerpiece to the city's economy and the city's most recognized industry. Its bi-annual trade show is the largest furniture and furnishings industry event in the world.
- The city is sometimes referred to as the *Home Furnishings Capital of the World*, with an official slogan "North Carolina's International City" due to the Furniture Market that attracts 100,000 exhibitors and buyers from around the world.



### HIGHER EDUCATION

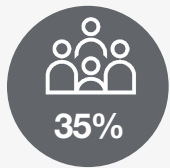
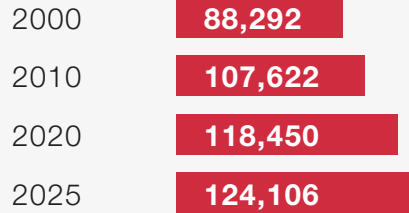
- **High Point University** is a four-year, liberal arts private institution that was founded in 1924.
- It has a total undergraduate enrollment of ±4,467
- High Point University ranked #1 in the 2019 edition of Best Colleges is Regional Colleges South for the seventh consecutive year. The University received a perfect overall score of 100 in the ranking.
- High Point is divided into eight schools and colleges. Graduate programs include the Earl N. Phillips School of Business, School of Education and Norcross Graduate School.
- **Guilford Technical Community College** maintains a High Point campus with a mission to provide access to lifelong learning opportunities for personal growth, workforce productivity, and community service.
- GTCC serves ±35,000 students annually at seven locations.

# MARKET OVERVIEW

## Demographics

### POPULATION GROWTH

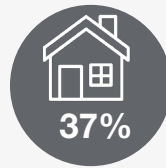
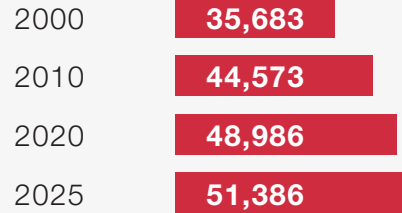
5-Mile



Growth since 2000

### HOUSEHOLD GROWTH

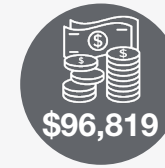
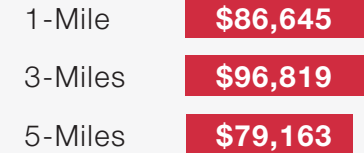
5-Mile



Growth since 2000

### AVERAGE HOUSEHOLD INCOME

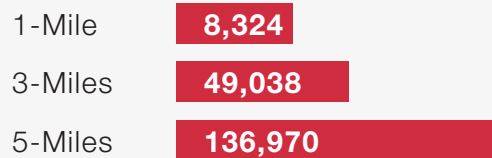
2020



3-Mile Average Household Income

### DAYTIME POPULATION

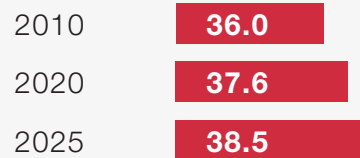
2020



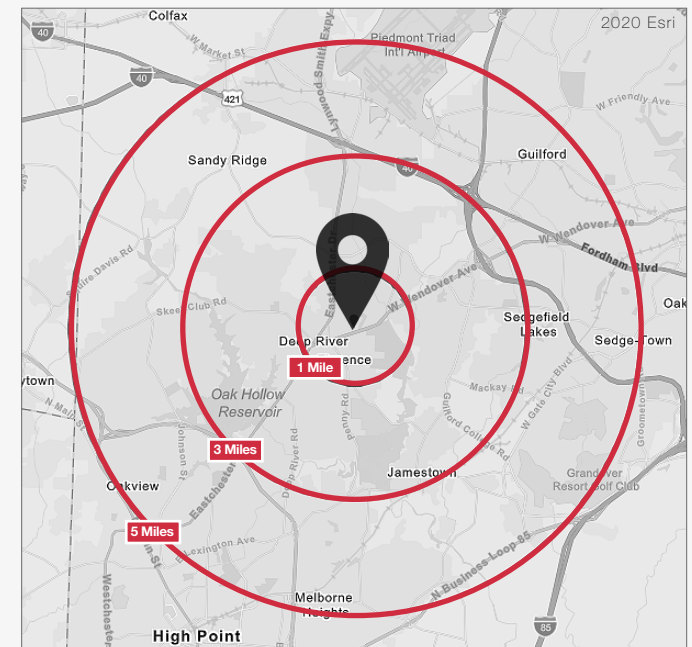
2020 (5-Mile)

### MEDIAN AGE

5-Mile



2020 (5-Mile)



4008 Brian Jordan Pl  
High Point, NC 27265



# DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of the property located at 4008 Brian Jordan Place, High Point, NC 27265 ("Property"). It has been prepared by Furman Capital Advisors ("Agent"). This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in the Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Owner or Agent. The material is based in part upon information supplied by the Owner and in part upon financial information obtained from sources it deems reliable. The Owner, nor their officers, employees, or agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Owner.

Owner and Agent expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed by all parties and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to the Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Agent or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or cause of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the creation of this Offering Memorandum.



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