

Marcus & Millichap

EXCLUSIVE OFFERING

 **KinderCare**[®]
LEARNING CENTERS
99 Leesville Rd. Moodus, CT 06469



EXCLUSIVE OFFERING

TABLE OF CONTENTS

Investment Analysis.....04

Tenant Overview.....09

Location Overview.....12







01

INVESTMENT ANALYSIS

INVESTMENT OVERVIEW



LEASE SUMMARY

| | |
|------------------------|-------------------------------------------------------|
| Tenant | KinderCare |
| Guarantor | Corporate |
| Lease Type | NN |
| Gross Leasable Area | 5,481 SF |
| Lot Size | 1.8 Acres |
| Year Build / Renovated | 1990 |
| Roof and Structure | Landlord is responsible |
| Base Lease Term | One Year Base Term |
| Lease Commencement | July-90 |
| Lease/ Rent Expiration | February-25 |
| Term Remaining | 4.5 Years |
| Rent Increases | CPI Increases in Option Periods (Not to exceed 7%) |
| Options | Three, (5) Year Options |
| Option Notice | (90) Days prior to Lease expiration |

PROPOSED NEW FINANCING

| | |
|-------------------------------------------|------------|
| Equity (35%) | \$297,579 |
| Loan to Value (65%) | \$552,646 |
| Annual Debt Service | (\$34,458) |
| Net Cash Flow After Debt Service (11.28%) | \$33,560 |
| Debt Service Coverage Ratio | 1.97 |

*Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.



\$850,225
PRICE

8.00%
CAP

\$68,018
RENT

ANNUALIZED OPERATING DATA

| Term | Dates | Base Rent | PSF | Increase |
|------------------------|----------------------|-----------|---------|----------|
| Years 1-5 (Current) | 9/1/2019 - 2/28/2025 | \$57,780 | \$10.54 | - |
| Option Terms | | | | |
| Years 6-10 (Option 1) | 3/1/2025 - 2/28/2030 | \$61,825 | \$11.28 | 7% |
| Years 11-15 (Option 2) | 3/1/2030 - 2/28/2035 | \$66,152 | \$12.07 | 7% |
| Years 16-20 (Option 3) | 3/1/2035 - 2/28/2040 | \$70,783 | \$12.91 | 7% |

BUILDING INCOME & EXPENSES

| | | |
|------------------------------|------------------------------------------|-----------------|
| Base Rent | | |
| | KinderCare Rent | \$57,780 |
| | Apartment Unit (12-Mo. Lease) Rent | \$12,600 |
| | Total Base Rent | \$70,380 |
| Tenant Reimbursements | | |
| | KinderCare Real Estate Tax Reimbursement | \$9,448 |
| | Effective Gross Income | \$79,828 |
| Landlord Expenses | | |
| | Real Estate Taxes | \$11,810 |
| Net Operating Income | | \$68,018 |



INVESTMENT HIGHLIGHTS



PRICE: \$850,225 | CAP: 8.00% | RENT: \$68,018

About the Investment:

- KinderCare Learning Centers, LLC Lease with over (4) Years of Lease Term & additional Apartment Unit under a (12)-Month Lease Agreement
- Double Net (NN) Lease with Minimal Landlord Responsibilities
- Strong Roots in Submarket having Operated at this Site for over (30) Years
- Attractive Rental Increases of up to Seven Percent (7%) in Option Periods

About the Location:

- Centralized Location | Just (30) minutes away from Downtown Hartford, CT (121K Population)
- Frontage along CT Route 151 | KinderCare sits along Leesville Road which sees Average Traffic Counts of approximately 3,700 Vehicles Per Day
- Upper Middle-Class Demographics | Average Household Income is \$120K in a (5)-mile radius & 80K Residents within a (10)-mile radius
- Major Economic Drivers | Subject Site is located just over thirteen miles from Wesleyan University, a highly ranked private university with enrollments of approximately 3,000 students

About the Tenant & Brand:

- Background – KinderCare Education is America's largest private provider of early education and childcare with more than 36,000 teachers and staff serving 186,000 children in 40 states and in Washington, D.C. every day,
- Tenant Status – KinderCare Operates Over 1,500 Early Learning Centers and 600+ Champion Sites with Nearly 1,400 Locations Being Accredited Centers - More Than Any Other Provider
- Track Record – The company is one of the largest private employers in Oregon with a 2017 revenue of \$1.6 Billion in a growing industry.
- Essential Retail – KinderCare has remained open throughout the COVID-Pandemic & it is implementing new Back to School Solutions to continue social, emotional, and academic growth of its students



LEASE ABSTRACT



| | |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tenant | KINDERCARE EDUCATION LLC, D/B/A KINDERCARE |
| Guarantor | Corporate |
| Square Footage | 5,481 SF |
| Security Deposit | Tenant Deposit of \$1,000 |
| Commencement Date | July 1, 1990 |
| Expiration Date | February 28, 2025 |
| Initial Term | One Year |
| | |
| Option Notice | Tenant to provide notice (90) days prior to Lease expiration |
| Estoppel/SNDA | Tenant agrees to subordinate this Lease |
| | |
| Taxes | Tenant is responsible for 80% of the Property's Real Estate Taxes |
| Insurance | Tenant is responsible for PRS of Insurance Expenses |
| CAM | Tenant is responsible for PRS of CAM Expenses |
| Utilities | Tenant is responsible for Utilities expenses |
| Roof & Structure | Landlord is responsible for repairs & replacement of Roof and Structure |
| HVAC (Maint & Replacement) | Tenant is responsible for repairs & replacement of HVAC |
| | |
| Exclusive | <p>1.) Landlord shall not sell, lease, or manage a child care and/or learning facility within a (3) mile radius of the Subject Property</p> <p>2.) Landlord shall not sell, lease, or manage properties with the following uses within (3) miles of the Subject Property - sale of alcoholic beverages for off-site consumption; gambling establishment; sale of adult rated materials; drug dispensary; animal day care / vet; correctional facility</p> |
| Go Dark | Tenant shall have option to cease operations, however, shall not be relived of its obligations to pay all amounts due under this Lease |
| Permitted Use | Tenant shall use the Premises for the operation of a child care & learning facility |
| ROFR | Tenant shall have Right of First Refusal to match any acceptable offer to Landlord may receive during sale of this property within a (15) days notice |
| Assignment Note | <p>1.) Tenant shall not assign Lease without Landlord's consent; in event of assignment Tenant will remain liable for its obligations under this Lease</p> <p>2.) Tenant shall have right to assign Lease to any entity affiliated with Tenant that is under common control with Tenant or to a REIT to which a majority of the assets of the Tenant are transferred"</p> |

SITE OVERVIEW





02

TENANT OVERVIEW

TENANT DESCRIPTION



Portland, OR
Headquarters

36,000+/-
Employees

1969
Founded

1,500+/-
Locations

kindercare.com
Website

History

KinderCare Learning Centers is an American operator of for-profit child care and early childhood education facilities founded in 1969 and currently owned by KinderCare Education based in Portland, Oregon. The company provides educational programs for children from six weeks to 12 years old. KinderCare is the third-largest privately held company headquartered in Oregon. In 39 states and the District of Columbia, some 200,000 children are enrolled in more than 1,600 early childhood education community centers, over 600 before-and-after school programs, and over 100 employer-sponsored centers.





KinderCare Education Offers K-6 Families Back to School Solutions

August 13, 2020



<https://www.businesswire.com/news/home/20200813005586/en/KinderCare-Education-Offers-K-6-Families-School-Solutions>

As families across the country navigate the complexities of this back to school season, many face the challenge of balancing learning and care in a way that's safe and manageable for the entire family. KinderCare Education, the nation's largest private provider of early childhood and school-age education and care, is leading the way with flexible programs designed to support families with best-in-class curriculum and industry-leading health and safety practices.

"We know families face unique challenges during this back to school season as they balance work with their children's care and education," said Tom Wyatt, CEO of KinderCare. "As one of the only nationwide early childhood education companies that continued operating throughout the pandemic, we're uniquely suited to bring that expertise to support families with school-age children. Our programs offer families flexible solutions that provide a safe place for children to continue to learn and grow."

ABSTRACT

Continued Education

- KinderCare Education, the nation's largest private provider of early childhood and school-age education and care, is leading the way with flexible programs designed to support families with best-in-class curriculum and industry-leading health and safety practices

Adaptive Uses

- KinderCare centers now support K-6 learning. Trained teachers support students as they learn online or outside of their regular classroom through their school curriculum and offer project-based activities for children to do outside of their virtual classroom in subjects such as STEM, art, physical activity, and more

Safe Learning Environments

- With enhanced health and safety protocols developed in partnership with the CDC and a panel of medical and pediatric experts, KinderCare provides the safest environment possible for children.



03

LOCATION OVERVIEW

 **KinderCare**
LEARNING CENTERS
99 Leesville Rd., Moodus, CT 06469



Nathan Hale-Ray Middle School
(360 Total Enrolled Students)



East Haddam Elementary School
(306 Total Enrolled Students)

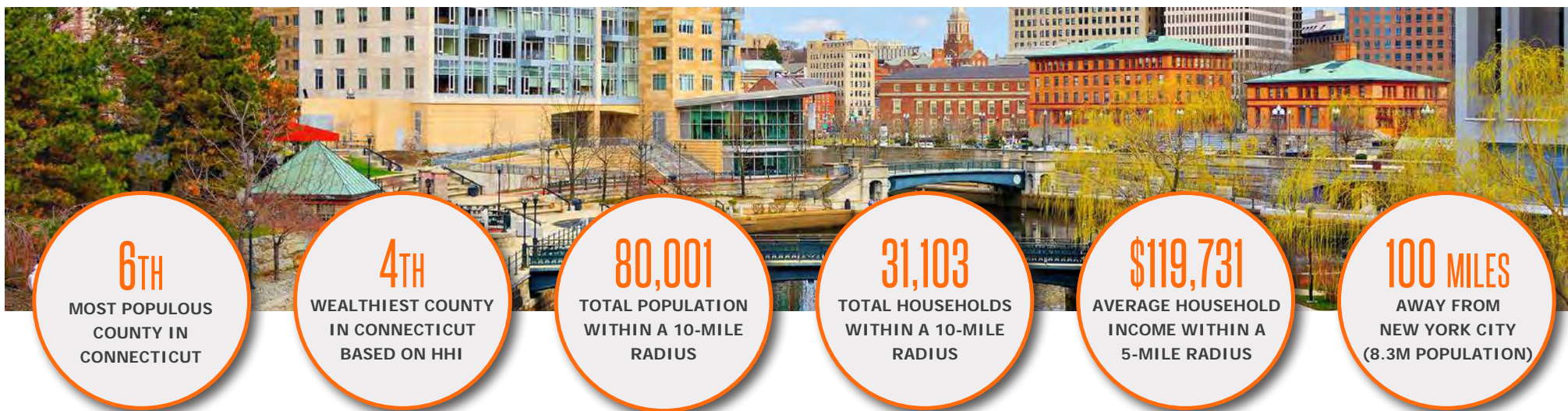


Nathan Hale-Ray High School
(330 Total Enrolled Students)



Leesville Road (3,692 VPD)
Falls Road (5,786 VPD)

MOODUS, CONNECTICUT



Moodus is a city located in Middlesex County, Connecticut, along the Connecticut River, in the central part of the state, 16 miles (26 kilometers) south of Hartford. Originally a busy sailing port and then an industrial center, it is now largely residential with its downtown—mainly Main Street—serving as a popular retail, dining, and bar district somewhat close to Wesleyan University. Middletown, Connecticut is considered the southernmost city in the Hartford-Springfield Knowledge Corridor Metropolitan Region, which features a combined metro population of 1.9 million.



WESLEYAN UNIVERSITY:

- Wesleyan University has produced distinguished alumni in the arts and sciences, literature, politics and government, business, journalism, and academia.
- Wesleyan's 46 undergraduate academic departments offer over 900 courses each semester and more than 900 individual tutorials



MIDDLESEX HOSPITAL:

- The Middlesex Hospital is a non-profit, acute care community hospital. This hospital employs over 3,100 people and has 381 active medical staff, 77 courtesy medical staff and 142 allied health professionals.
- Middlesex hospital has been designated four times as one of the nations Top 100 Hospitals.



ECONOMIC HUB OF MIDDLESEX COUNTY:


- The city is very business-friendly and is supported by the strong Middlesex County Chamber of Commerce, which has won several awards including the Governor's Laurel Award for Responsible Social Involvement and the President's White House Citation for Private Sector Initiatives





PGA TOUR TRAVELERS CHAMPIONSHIP:

- Middlesex County is also home to some of the top events and tourist attractions in Connecticut, including the Travelers Championship golf tournament.
- The championship is a professional golf tournament played every June at TPC at River Highlands in Cromwell, CT.

REGIONAL MAP

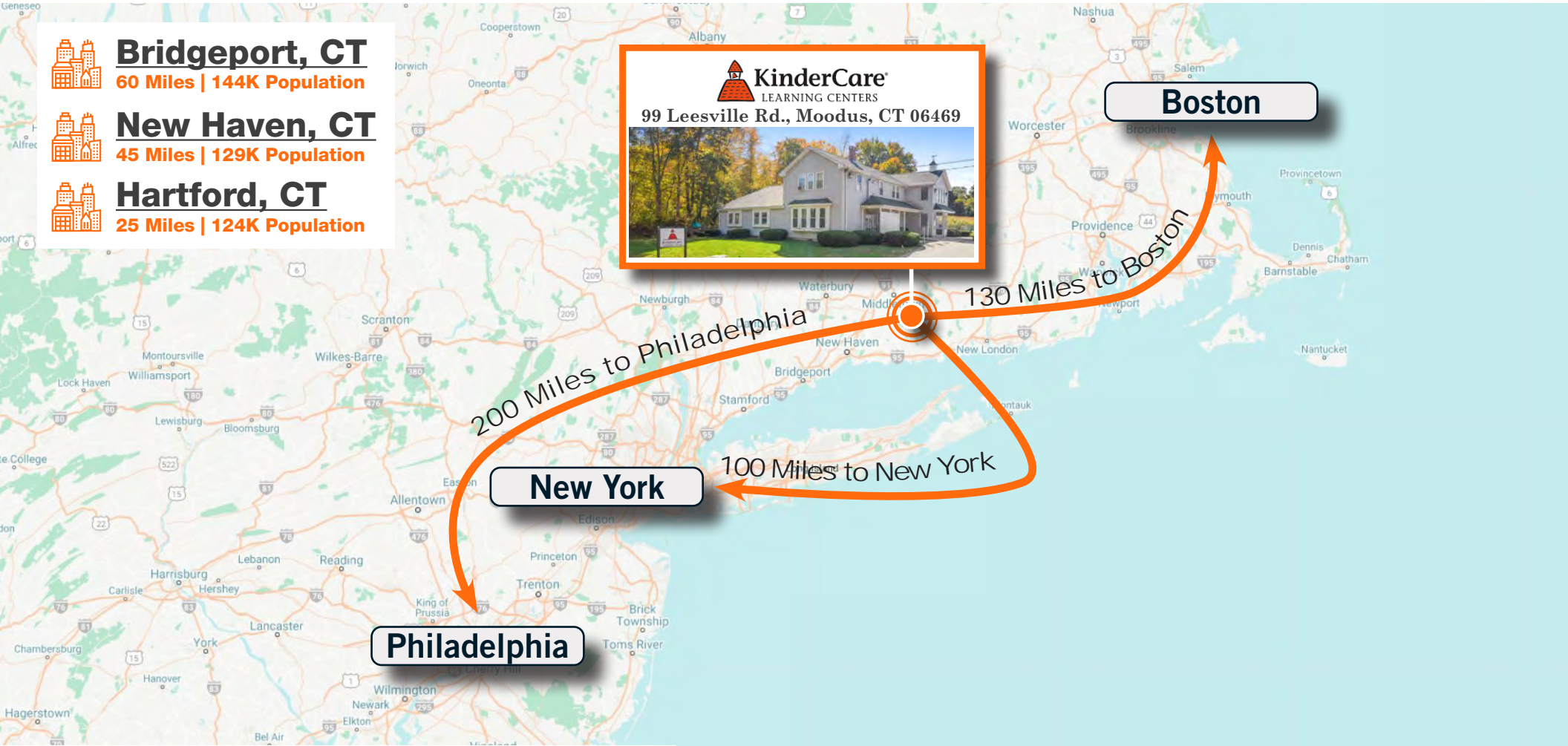
**Bridgeport, CT**
60 Miles | 144K Population

**New Haven, CT**
45 Miles | 129K Population

**Hartford, CT**
25 Miles | 124K Population

**KinderCare**
LEARNING CENTERS

99 Leesville Rd., Moodus, CT 06469



Moodus, Connecticut

| RADIUS | 3 MILE | 5 MILE | 10 MILES |
|-------------------|-----------|-----------|-----------|
| Average HH Income | \$109,764 | \$119,731 | \$117,055 |
| Median HH Income | \$92,642 | \$98,525 | \$96,882 |
| Population | 5,684 | 13,994 | 80,001 |
| Households(#) | 2,221 | 5,369 | 31,103 |

MIDDLESEX COUNTY, CT

Local Economy - Middlesex County

Middlesex County is included in the Hartford-East Hartford-Middletown metropolitan statistical area known as Greater Hartford. The Middlesex region continues to be a great place to live, work and play. Led by a strong manufacturing community, a number of tourist destinations, outstanding healthcare infrastructure, and its beautiful landscape, the county has something for everyone.

TOP 10 EMPLOYERS

| Rank | Employer Name | # of Employees | Industry |
|------|--------------------------------|----------------|-----------------------|
| 1 | Middlesex Hospital | 1,000 - 4,999 | Hospitals |
| 2 | Connecticut Valley Hospital | 1,000 - 4,999 | Hospitals |
| 3 | International Society | 1,000 - 4,999 | Organizations |
| 4 | Middlesex Hospital Mental Hlth | 1,000 - 4,999 | Mental Health Clinics |
| 5 | Connecticut State Police | 1,000 - 4,999 | Government |
| 6 | Whiting Forensic Institute | 1,000 - 4,999 | Physicians & Surgeons |
| 7 | Wesleyan University | 500 - 999 | Schools-Universities |
| 8 | Lee Co USA | 500 - 999 | Manufacturers |
| 9 | Whelen Engineering | 500 - 999 | Manufacturers |
| 10 | VNA Community Health Care | 500 - 999 | Home Health Service |

TOP 10 EMPLOYERS



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