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CBRE

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I. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Offering

David Hesano, of the CBRE Net Lease Property Group, and Tim Guest are pleased to exclusively market this new single-tenant fast-casual restaurant investment in Ann Arbor, MI. As the home to the University of Michigan, Ann Arbor is affluent, well-educated, and consistently in great investor demand. Newly opened, this freestanding Chipotle, with drive-thru, serves the west side of the Ann Arbor market. The former QSR building on this site was completely renovated to accommodate the newest Chipotle build-out. The previous building was stripped to the metal structure and completely rebuilt including a new concrete floor, walls, roof, HVAC and more.

Access to Stadium Blvd. is provided via two dedicated ingress/egress points. Chipotle is located on the west side of Stadium Blvd. near W. Liberty St. These are both major streets that serve to interconnect the commercial, residential, and education districts within the Ann Arbor market. There is also a nearby interchange that gives easy access to western Ann Arbor from I-94. Although heavy with QSR, this area is underserved by fast-casual and casual dining retailers due to the lack of available space.

Beyond Chipotle, this trade area features major retailers including both Kroger, Plum Market, LA Fitness, TJ Maxx, Sierra Trading Post, and Five Below. The three mile population is 88,506 with an average household income of \$106,789.

Investment Highlights

- **Asking price of \$3,294,000 (4.25% cap rate)**
- Brand New Ten (10) Year Corporate Lease
- Completely reconstructed, everything new except for the steel structure
- Drive-Thru Lane Equipped
- Located in the extremely desirable west side of Ann Arbor, MI.
- Limited landlord responsibilities
- Rental increases of \$12,500 every five years



Property Facts

| | |
|---------------------|--|
| PROPERTY ADDRESS | 2295 W. Stadium Blvd. Ann Arbor, MI |
| YEAR RENOVATED | 2021 |
| TOTAL BUILDING AREA | 2,522 SF |
| LAND AREA | 0.90 Acres |

PROPERTY PHOTOS



LEASE ABSTRACT

| | |
|---|---|
| Tenant | Chipotle |
| Guarantor | Chipotle Mexican Grill, Inc. |
| Lease Type | Double-Net |
| Rent Start Date | March 22, 2021 |
| Expiration Date | April 30, 2031 |
| Year One Rent (Years 1-5) | \$140,000.00 |
| Initial Lease Term | Ten (10) year initial term |
| Percentage Rent | None |
| Rental Abatements | None |
| Escalations | \$12,500 rent escalations every five (5) years during the initial term and option periods |
| Renewal Options | Four (4), five (5)-year renewal options |
| Right of First Refusal | None |
| Option to Purchase | None |
| Assignment & Subletting Rights | No assignment by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease whether arising before or after the Assignment. |



OPERATING COSTS:

| | |
|---|--|
| Taxes | Tenant shall pay the real estate taxes and assessments levied and assessed upon the premises and all such taxes and assessments shall be payable by Tenant directly to the taxing authority. |
| Tenant Insurance | Tenant shall, at its own cost and expense, procure commercial general liability insurance in an amount not less than \$3,000,000. Tenant shall also procure and maintain "Special Form" property insurance. If alcoholic beverages are sold or consumed at the premises, Tenant shall procure and maintain dram shop or other liquor liability coverage. Tenant shall also procure and maintain business interruption insurance and standard broad form all risk property insurance. |
| Utilities | Tenant shall be solely responsible for all utility charges |
| Tenant Repair, Maintenance and Replacement | Tenant shall repair and maintain all part of the Premises not Landlord's responsibility in the lease, including all HVAC equipment. |
| Landlord Repair, Maintenance and Replacement | Landlord, at its sole cost and expense, shall maintain in good order, condition and repair (including replacement) fire safety systems, foundations, subflooring, all unexposed plumbing, footings, walls, all structural elements, and the roof. |
| Estoppel | Upon fifteen (15) days notice from either party |

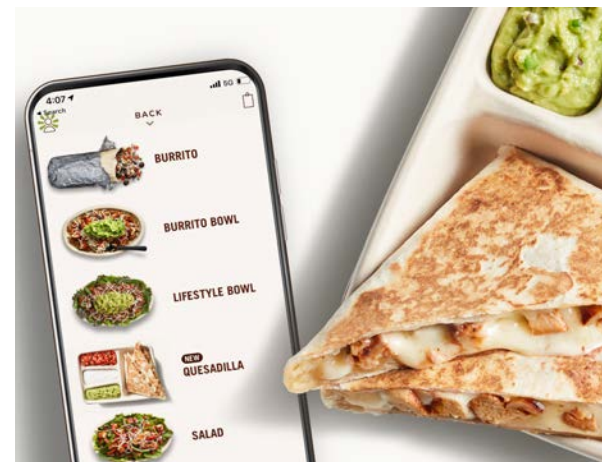




II. TENANT & LOCATION OVERVIEW

Chipotle Mexican Grill, Inc.

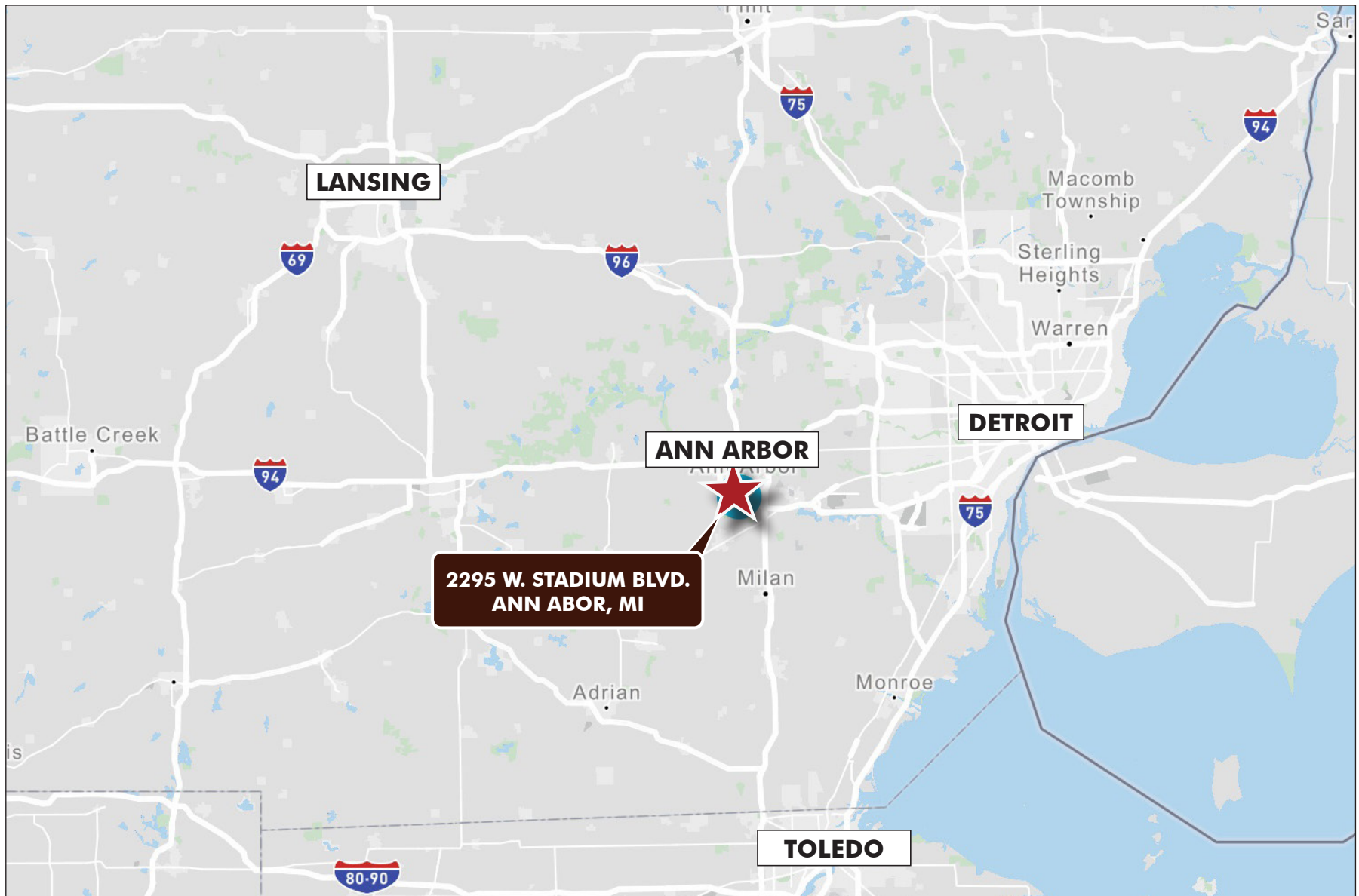
Headquartered in Newport Beach, CA, Chipotle Mexican Grill is an international fast casual restaurant with over 2600 locations. Chipotle is publicly held and is traded on the NYSE under the CMG symbol. All of the Chipotle restaurants are corporately owned and there are not any franchised locations. Chipotle maintains a simple menu of five items that can be customized according to the tastes of the individual customer. By maintaining a focused but high-quality menu, Chipotle has distanced itself from competitors and maintains the position as the market leader in fast-casual Mexican dining. Annual sales for 2020 were nearly \$6B with a net income of over \$355M.

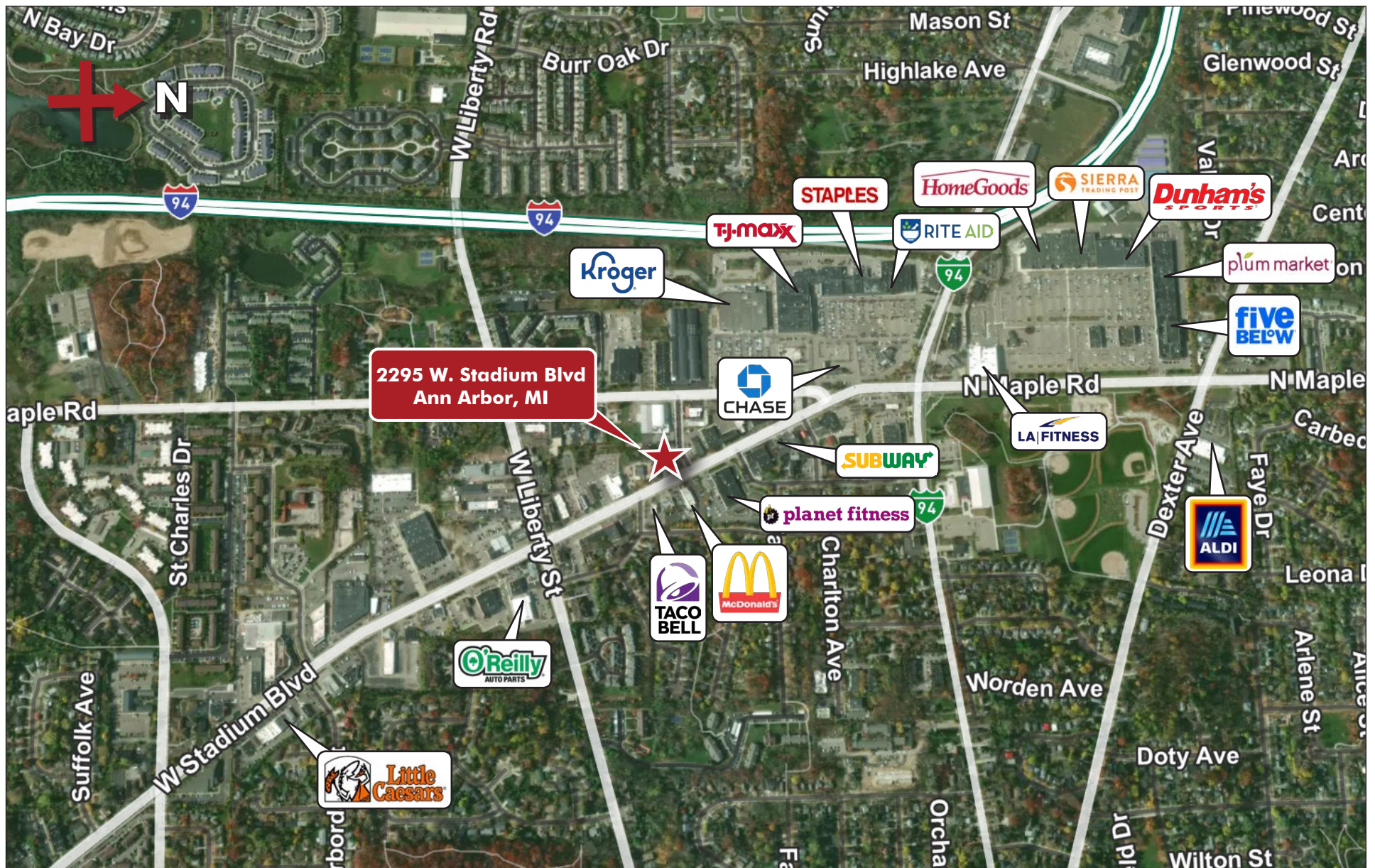




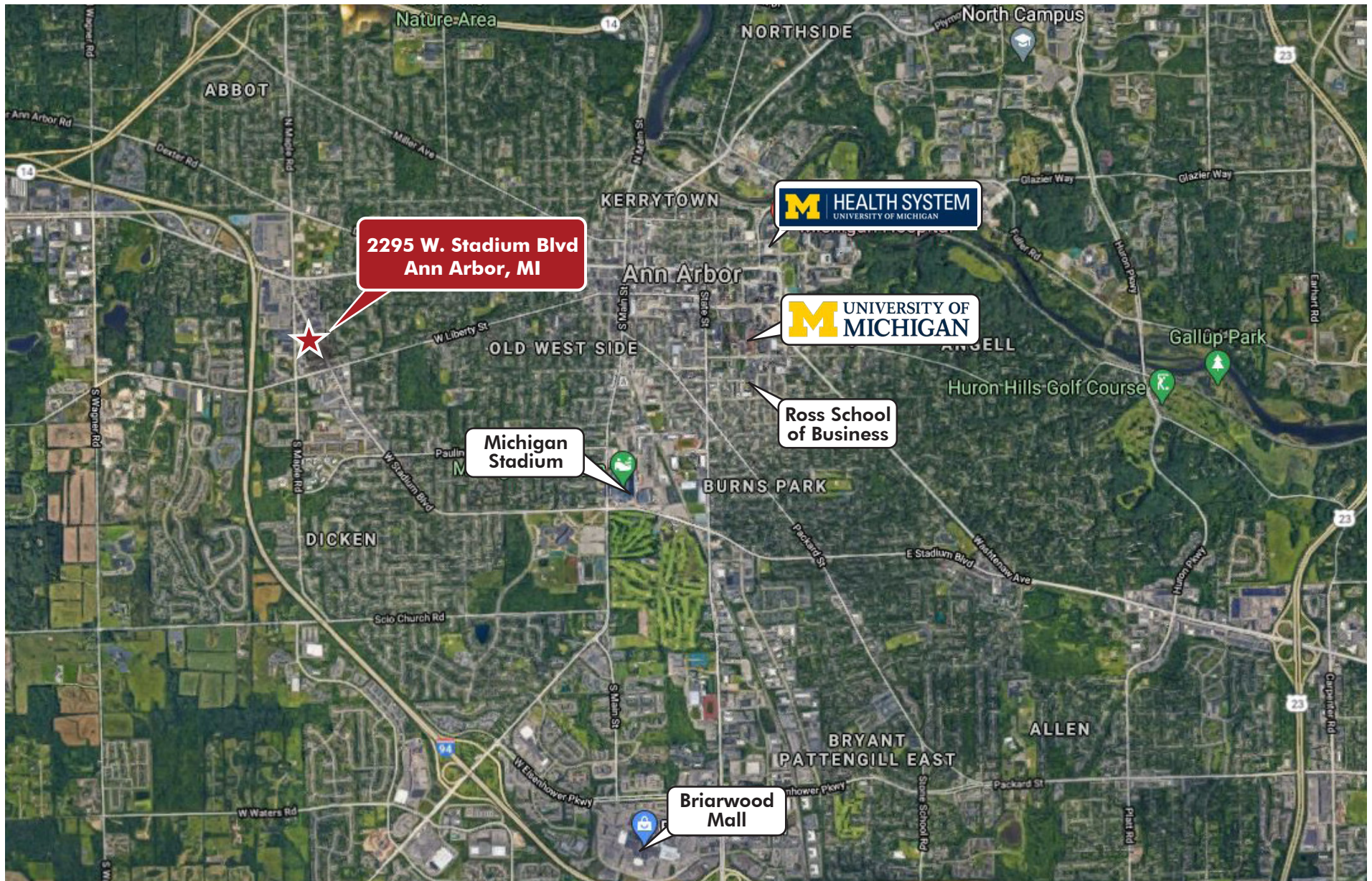
Ann Arbor, MI

The subject property is located in the city of Ann Arbor, Michigan. The average household income in the five (5) mile radius is just over \$105,000 with a per capita income just below \$45,000. Ann Arbor, MI is the county seat of Washtenaw County and principal city of the Ann Arbor Metropolitan Statistical Area (MSA) and is also included as a major city in the Detroit-Warren-Ann Arbor Combined Statistical Area (CSA). Ann Arbor is additionally home to the University of Michigan, which significantly shapes Ann Arbor's economy employing over 50,000 employees and with its research and development money attracting employers involved in high tech, health services and biotechnology. Ann Arbor is regarded year after year as one of, if not the, best cities to live in Michigan, and in some cases, the United States. Residents are generally well-educated, high-earning, and overall greatly satisfied with the quality of life their home city has to offer.





MACRO AERIAL MAP





III. FINANCIAL ANALYSIS

YEAR ONE CASH FLOW ESTIMATES

Year One Cash Flow Estimates

| | |
|-----------------------|-------------|
| Price | \$3,294,000 |
| Rentable Square Feet | 2,522 |
| Price per Square Foot | \$1,306.11 |
| CAP Rate | 4.25% |

| | Year One 11/2020 - 10/2021 | Monthly | Per SF |
|-------------------------------------|-------------------------------|--------------------|----------------|
| Base Rent | | | |
| <i>Chipotle</i> | | | |
| <i>10 Years Remaining</i> | \$140,000.00 | \$11,666.67 | \$55.51 |
| Total Base Rent | \$140,000.00 | \$11,666.67 | \$55.51 |
| Scheduled Base Rental Revenue | \$140,000.00 | \$11,666.67 | \$55.51 |
| Percentage Rent | \$0.00 | \$0.00 | \$0.00 |
| Expense Reimbursement Revenue | | | |
| Insurance | \$0.00 | \$0.00 | \$0.00 |
| Common Area Maintenance | \$0.00 | \$0.00 | \$0.00 |
| Real Estate Taxes | \$0.00 | \$0.00 | \$0.00 |
| Total Expense Reimbursement Revenue | \$0.00 | \$0.00 | \$0.00 |
| Gross Potential Income | \$140,000.00 | \$11,666.67 | \$55.51 |
| Effective Gross Income | \$140,000.00 | \$11,666.67 | \$55.51 |
| Operating Expense Estimates | | | |
| Insurance | \$0.00 | \$0.00 | \$0.00 |
| Common Area Maintenance | \$0.00 | \$0.00 | \$0.00 |
| Real Estate Taxes | \$0.00 | \$0.00 | \$0.00 |
| Total Common Area Expenses | \$0.00 | \$0.00 | \$0.00 |
| Management Fee | 0.0% | \$0.00 | \$0.00 |
| Replacement Reserve | \$0.00 | \$0.00 | \$0.00 |
| Total Expenses | \$0.00 | \$0.00 | \$0.00 |
| Net Operating Income | \$140,000.00 | \$11,666.67 | \$55.51 |





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