

OFFERING MEMORANDUM



JCPenney

1860 W Michigan Ave, Jackson, MI 49202

| Marcus & Millichap |

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success.

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SECTION 1

Executive Summary

OFFERING SUMMARY

INVESTMENT HIGHLIGHTS

Marcus & Millichap



OFFERING SUMMARY

| | | |
|---|---|---|
|  |  |  |
| Listing Price | Cap Rate | Price/SF |
| \$2,356,782 | 9.15% | \$24.31 |

FINANCIAL

| | |
|---------------|-----------------|
| Listing Price | \$2,356,782 |
| Down Payment | 25% / \$589,196 |
| NOI | \$215,646 |
| Cap Rate | 9.15% |
| Price/SF | \$24.31 |
| Rent/SF | \$2.58 |

OPERATIONAL

| | |
|------------------|----------------------|
| Lease Type | Double Net |
| Guarantor | Corporate Guarantee |
| Lease Expiration | 01/31/2028 |
| Rentable SF | 96,937 SF |
| Lot Size | 9 Acres (392,040 SF) |
| Year Built | 1973 |



JCPENNEY

1860 W Michigan Ave, Jackson, MI 49202

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to offer for sale this JCPenney, a single-tenant retail property located at 1860 W Michigan Ave in Jackson, Michigan. The property was constructed in 1973 on a nine-acre parcel with ample parking and 96,937 square feet of total rentable space. The parcel is currently in the process of being split into an outparcel. This will be available separately and will create upside potential for an investor/developer. The tenant is corporately guaranteed by JCPenney Corporation with a historical occupancy of 50 years. There are six years of term remaining on a double-net lease with a low rental rate of \$2.58/SF. There is a 31.8% rent increase scheduled in 2025 and each of the two five-year option periods also contain a rent increase.

JCPenney is a midscale American department store chain with 689 locations in the United States (49 states) and Puerto Rico. In addition to selling conventional merchandise, JCPenney offers large fine jewelry departments, The Salon by InStyle, and Sephora inside the stores. JCPenney stores often house several leased departments such as Seattle's Best Coffee, optical centers and portrait studios.

The asset is strategically located near the Interstate-94 and US-127 interchange with freeway visibility and a combined traffic count of over 66,000 vehicles per day. The area benefits from a dense retail market with 6.8 million square feet of retail in a five-mile radius. There are over 75,500 full-time residents with an average household income exceeding \$59,500 per year within five miles of the asset.

The subject property is positioned nine minutes from Downtown Jackson and is connected to Westwood Mall and Walmart Supercenter. Two miles away is Jackson Crossing, a 656,000 square foot regional shopping mall including tenants such as Target, TJ Maxx, Kohl's, Michael's, Bed Bath & Beyond and Best Buy. Other nearby national retailers include The Home Depot, Kroger, ALDI, Big Lots, among many others.

JCPenney is an excellent opportunity to acquire a stable property in a core retail corridor with significant rental increases.

INVESTMENT HIGHLIGHTS

- 31.8% Rent Increase in 2025 | Two Five-Year Options with Rent Increases
- Corporate Guarantee by JCPenney Corporation | Double-Net Lease
- Historical Occupancy of 50 Years
- Outparcel is Available for Separate Purchase
- Close Proximity to Interstate-94 (41,136 VPD)
- Dense Retail Market | 6.8 Million SF in Five Miles
- Connected to Westwood Mall and Walmart Supercenter
- Jackson Crossing Two Miles Away (+656,000 SF Mall Anchored by Target, TJ Maxx, Kohl's and Others)



SECTION 2

Property Information

JCPENNEY TENANT OVERVIEW

INTERIOR PHOTOS

PARCEL MAP

PROPERTY AERIALS

RETAIL MAP

LOCAL MAP

REGIONAL MAP

Marcus & Millichap

Tenant Summary

Penney OpCo, LLC is a midscale American department store chain with 689 locations in United States and Puerto Rico.

TENANT

Penney OpCo, LLC

| | |
|--------------|--------------|
| HEADQUARTERS | DATE FOUNDED |
| Plano, TX | 1902 |
| LOCATIONS | NYSE |
| 689 | JCP |

jcpennney.com



JCPenney®

Penney OpCo, LLC (formerly known as JCPenney Company, Inc) is a midscale American department store chain with 689 locations in United States (49 states) and Puerto Rico. In addition to selling conventional merchandise, JCPenney offers large Fine Jewelry departments, The Salon by InStyle, and Sephora inside JCPenney. JCPenney stores often house several leased departments such as, Seattle's Best Coffee, optical centers, and portrait studios.

Most JCPenney stores are located in suburban shopping malls. Before 1966, most of its stores were located in downtown areas. As shopping malls became more popular during the later half of the 20th century, JCPenney began relocating and developing stores to anchor the malls. In more recent years, the chain has continued to follow consumer traffic, echoing the retailing trend of opening some freestanding stores, including some next door to competitors. Certain stores are located in power centers. The company has been an Internet retailer since 1998. It has streamlined its catalog and distribution while undergoing renovation improvements at store level.

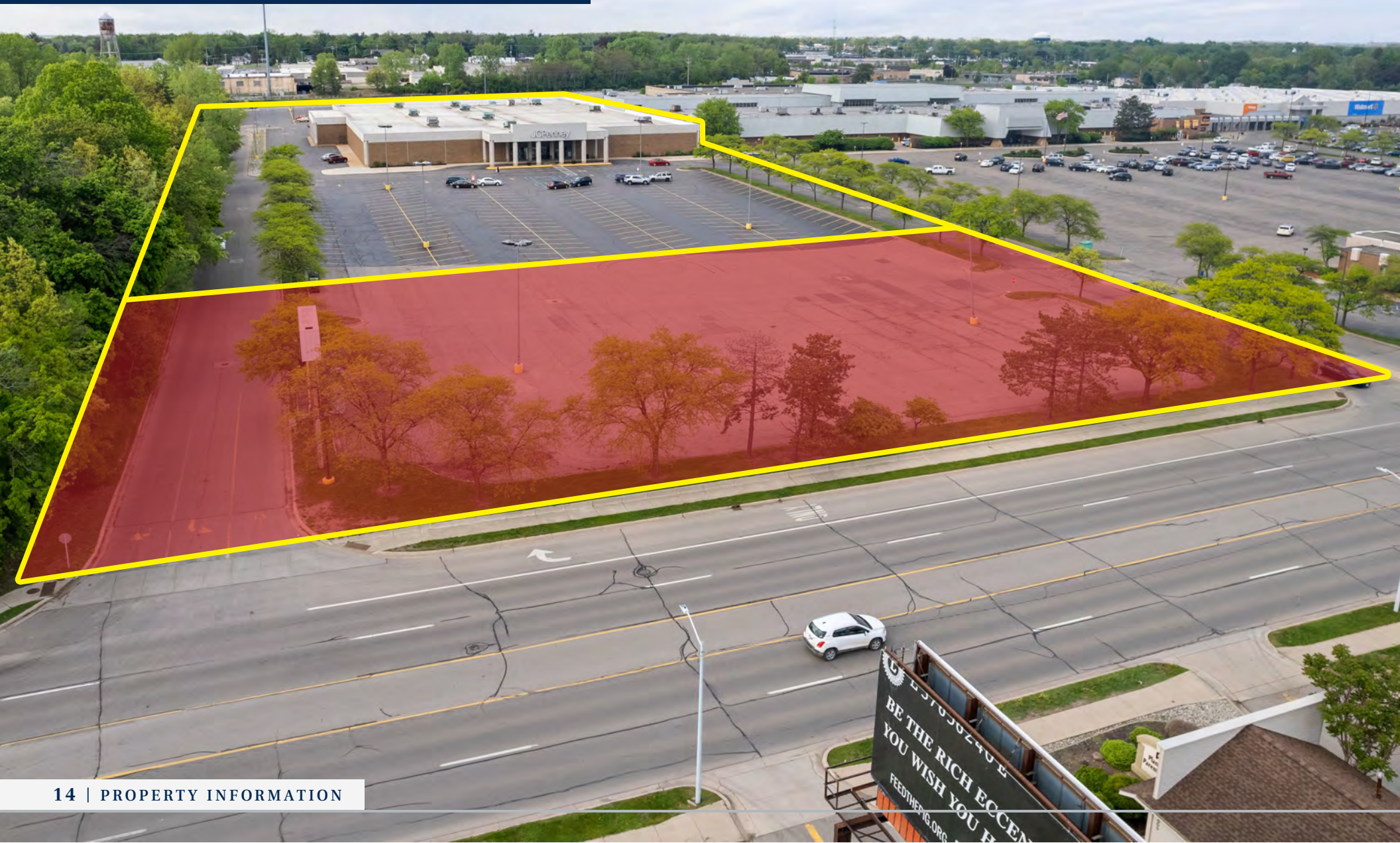
In May 2020, JCPenney filed for Chapter 11 bankruptcy protection and in September 2020, Brookfield Asset Management and Simon Property Group agreed to purchase JCPenney for around \$800 million in cash and debt.





JCPenney PARCEL MAP

Outlot is available for purchase separately for \$500,000



JCPenney



Westwood Mall

Applebee's AMERICAN EAGLE OUTFITTERS Buckle
CHAMPS maurices rue21

Walmart

Comerica

McDonald's



Jackson
CROSSING
656,568 SQUARE-FEET

KOHL'S TJ-maxx **BED BATH & BEYOND**
BEST BUY **TARGET** **Bath & Body Works** **ULTA**
DOLLAR TREE **CITITRENDS** **PartyCity**

Kroger **THE HOME DEPOT** **ALDI**
BIG LOTS! **Goodwill** **JOANN** **RITE AID**

HENRY FORD HEALTH
JACKSON HOSPITAL

DOWNTOWN JACKSON

MICHIGAN AVE
13,765 VPD

JCPenney

Walmart

Comerica

Westwood Mall

Applebee's **AMERICAN EAGLE OUTFITTERS** **Buckle**
CHAMPS **maurices** **rue21**

LOS TRES AMIGOS

Tim Hortons
McDonald's

LET'S PIZZA **JIMMY JOHN'S**

Vermeulen's
Home Furnishings

AIRPORT RD
20,959 VPD

meijer

Michaels
Where Creativity Happens
OfficeMax
PETSMART
GFS
gordon food service

LOWE'S

US-127
24,959 VPD

I-94
52,699 VPD

INTERSTATE
94

U.S.
127

JACKSON
AIRPORT

Jackson
CROSSING

656,568 SQUARE-FEET

KOHL'S TJ-maxx

BEST BUY
TARGET Party City
BED BATH & BEYOND

DOLLAR TREE
CITITRENDS

Bath & Body Works
ULTA BEAUTY
five BELOW

THE HOME DEPOT

Merchants Crossing

Kroger
BIG LOTS!

DISC TRADERS
ORIENTAL SPRINGS
MALIBU TAN

ALDI
goodwill

JOANN

RITE AID

MICHIGAN AVE
13,765 VPD

JCPenney

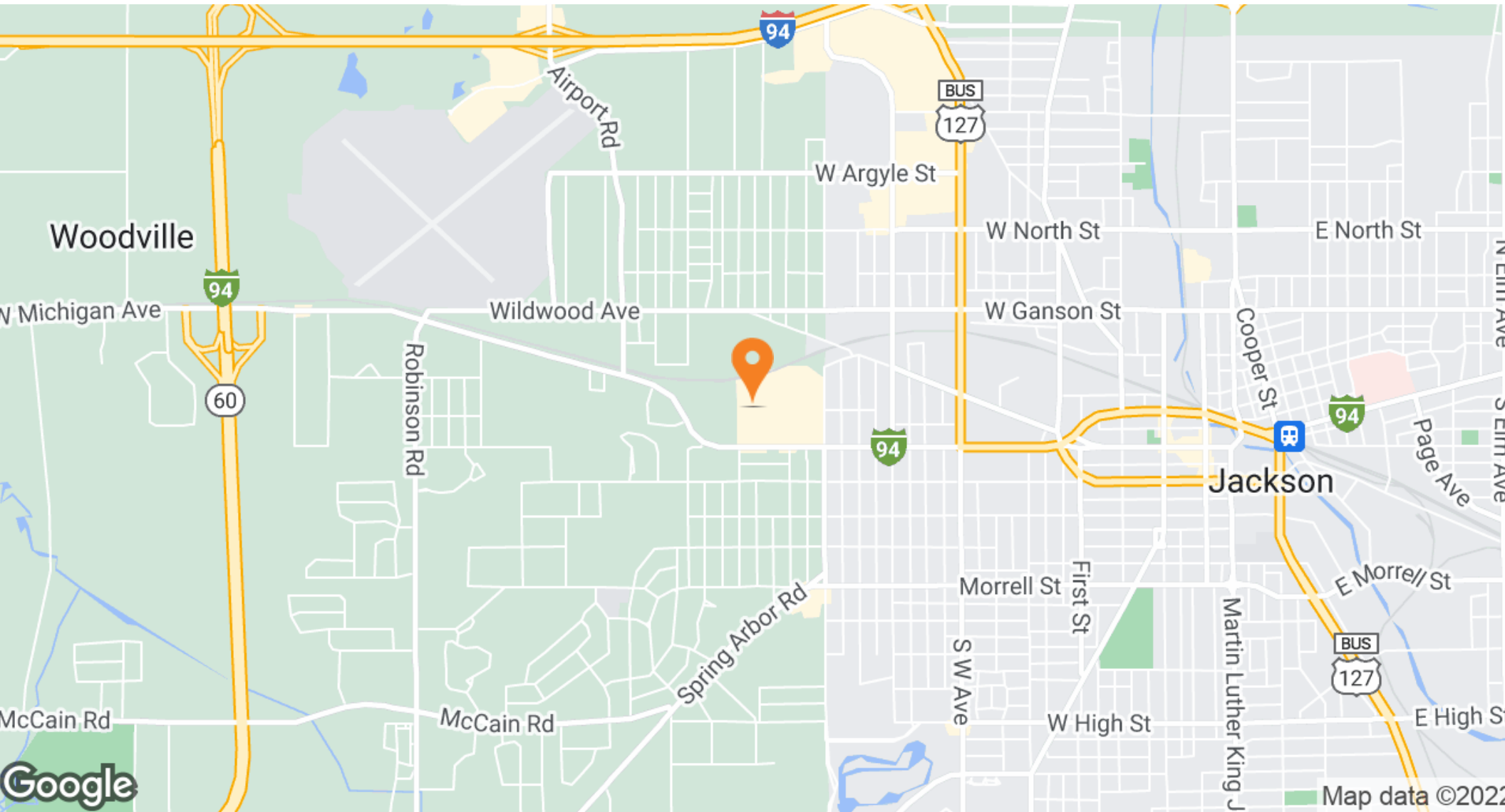
Westwood Mall

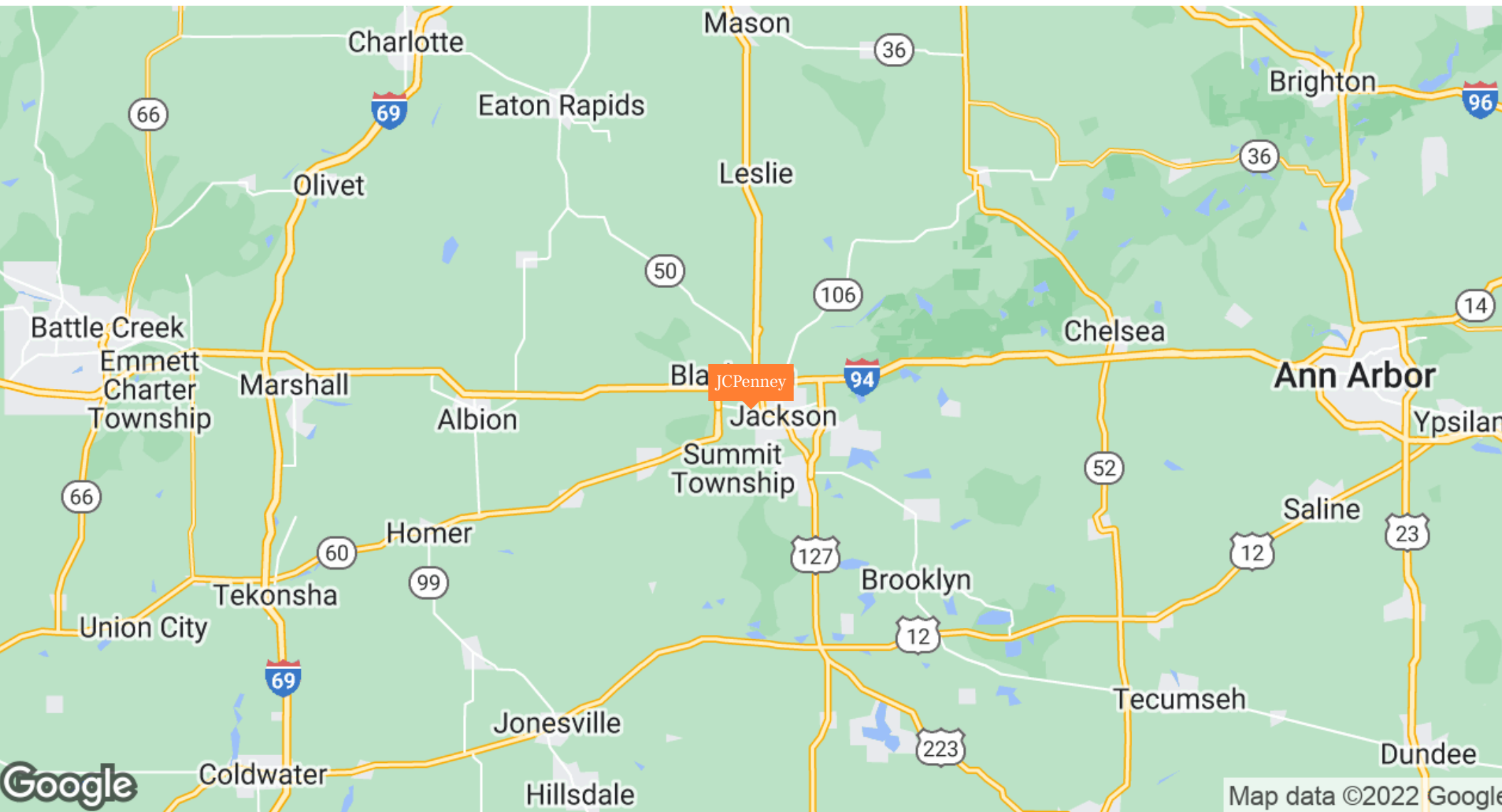
Walmart



J.C. Penney
BIRDS-EYE AERIAL

LOCAL MAP // JCPenney





SECTION 3

Financial Analysis

FINANCIAL DETAILS

Marcus & Millichap

| THE OFFERING | |
|---------------------|-------------|
| Price | \$2,356,782 |
| Capitalization Rate | 9.15% |
| Price/SF | \$24.31 |

| PROPERTY DESCRIPTION | |
|------------------------|------------|
| Year Built / Renovated | 1973 |
| Gross Leasable Area | 96,937 SF |
| Type of Ownership | Fee Simple |
| Lot Size | 9.00 Acres |

| LEASE SUMMARY | |
|-------------------------------|----------------------------|
| Tenant | JCPenney Corporation, Inc. |
| Rent Increases | In Options |
| Guarantor | Corporate Guarantee |
| Lease Type | Double Net |
| Lease Commencement | 06/28/1972 |
| Lease Expiration | 01/31/2028 |
| Renewal Options | (2) 5-Year Options |
| Term Remaining on Lease (Yrs) | 6 Years |
| Landlord Responsibility | All Else |
| Tenant Responsibility | Taxes, CAM, Roof, & HVAC |

| RENT SCHEDULE | | | | |
|---------------|-------------|--------------|---------|----------|
| YEAR | ANNUAL RENT | MONTHLY RENT | RENT/SF | CAP RATE |
| Current | \$250,000 | \$20,833 | \$2.58 | 9.15% |
| 2/1/2025 | \$329,639 | \$27,470 | \$3.40 | 12.53% |
| Option 1 | \$387,811 | \$32,318 | \$4.00 | 15.00% |
| Option 2 | \$425,646 | \$35,471 | \$4.39 | 16.60% |

*** Base term blended cap rate is 11.00%**

**** Tenant pays the greater of \$250,000 per year in base rent, or 3.5% of gross sales through January 31, 2025.**



Tenant reimbursement of taxes shall not exceed \$57,000 per calendar year.

| ANNUALIZED OPERATING INFORMATION | | |
|----------------------------------|--|-----------|
| INCOME | | |
| Base Rental Income | | \$250,000 |
| Operating Expense Reimbursement | | \$57,000 |
| Gross Income | | \$307,000 |
| Operating Expenses | | \$91,354 |
| Net Operating Income | | \$215,646 |
| OPERATING EXPENSES | | |
| Taxes | | \$57,136 |
| Insurance | | \$22,979 |
| Maintenance | | \$11,240 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total Expenses | | \$91,354 |
| Total Expenses/SF | | \$0.94 |

NOTE:

Tenant reimbursement of taxes shall not exceed \$57,000 per calendar year through January 31, 2025.

Taxes are based on Actual Billed in 2021.

SEV: \$2,517,500
TV: \$1,014,000
NHMR: 45.5525

OPERATING INFORMATION

| | |
|-----------------------------|------------|
| Year 1 Net Operating Income | \$215,646 |
| Rent/SF | \$2.58 /SF |
| Gross Leasable Area | 96,937 SF |

FINANCING

| | |
|----------------------------------|-------------|
| New Acquisition Financing | \$1,767,587 |
| Loan To Value | 75.00% |
| Interest Rate | 5.00% |
| Amortization Period | 20 |
| Loan Term | 5 |
| Loan Constant | 7.92% |
| Annual Debt Service Payment | (\$139,983) |
| Debt Service Coverage | 1.54 |
| Debt Yield | 12.20% |
| Net Cash Flow After Debt Service | \$75,662 |

LEASE SUMMARY

| | |
|--------------------|---|
| Tenant: | JCPenney Corporation, Inc. |
| Guarantor: | Corporate Guarantee |
| Credit Rating: | S&P: D |
| Rent Commencement: | 06/28/1972 |
| Lease Expiration: | 01/31/2028 |
| Options: | (2) 5-Year Options |
| Lease Type: | Double Net |
| Base Rent: | \$2.58 /SF \$0.21 /SF/Month \$250,000 Annual Rent |
| Rent Increases: | In Options |

SECTION 4

Market Overview

CITY OF JACKSON

DEMOGRAPHICS

Marcus & Millichap



JACKSON

michigan

CITY POPULATION
32,188

City Of JACKSON

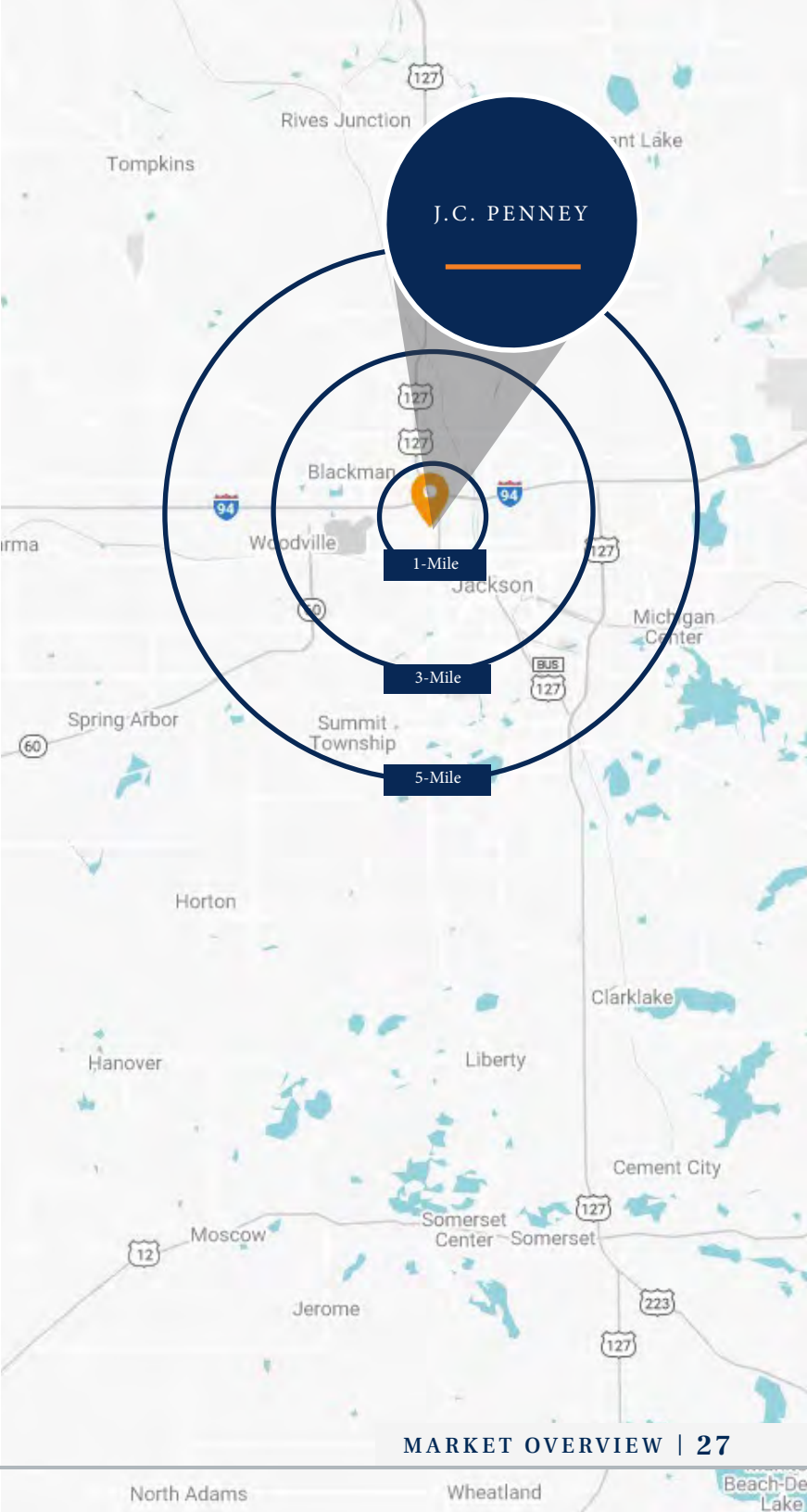
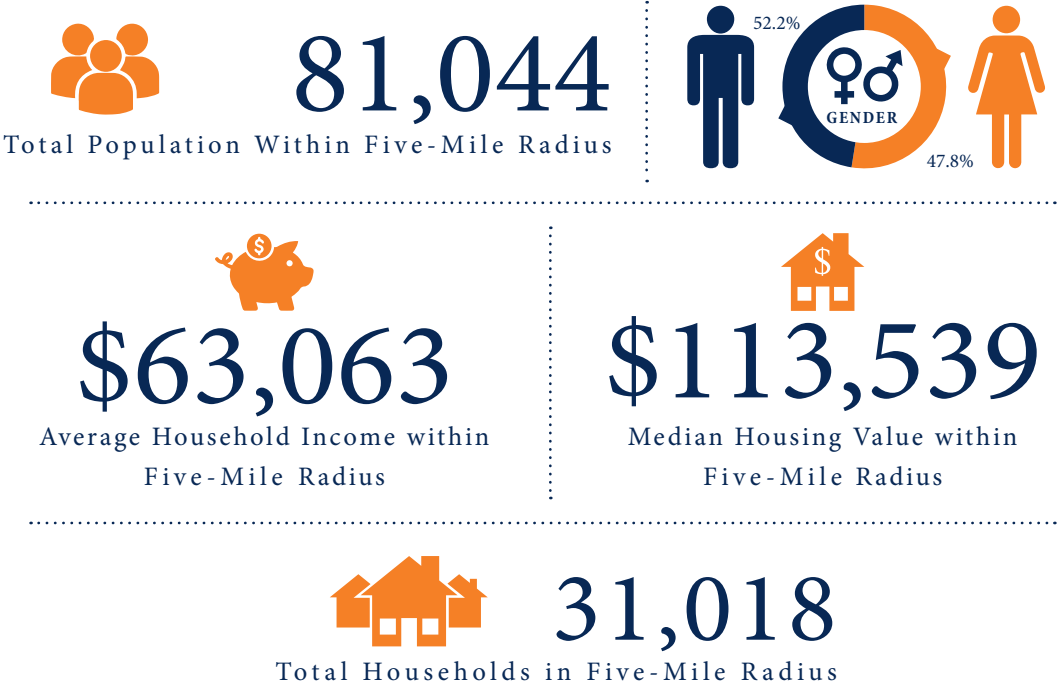
The City of Jackson is the only city and county seat of Jackson County in the U.S. state of Michigan. As of the 2020 Census, the city population was 32,188. Located along Interstate-94 and U.S. Route 127, it is approximately 40 miles west of Ann Arbor and 35 Miles south of Lansing. Jackson is the core city of the Jackson Metropolitan Statistical Area, which includes all of Jackson County and population of 160,366.

Founded in 1829, the city was named after U.S. President Andrew Jackson. Michigan's first prison, Michigan State Prison (or Jackson State Prison), opened in Jackson in 1838 and remains in operation today.

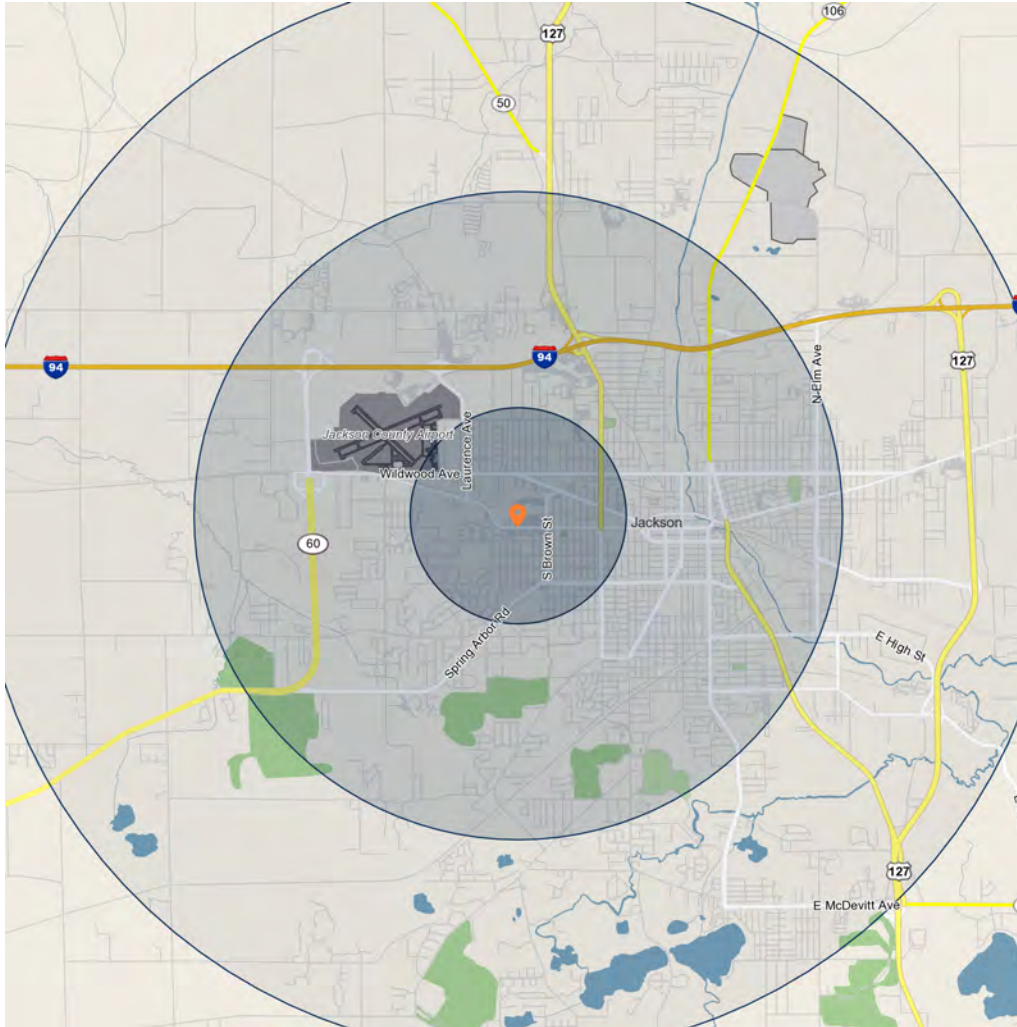
At the beginning of the twentieth century, Jackson became an early automotive manufacturing center that attracted southerners and immigrants to the city's numerous factories, which saw its population increase significantly. - Today, the auto parts industry remains one of the largest employers of skilled machine operators in Jackson County. The city was also an early site for the moped parts industry.



DEMOGRAPHICS // J.C. Penney



DEMOGRAPHICS // JCPenney



POPULATION

| | 1 Mile | 3 Miles | 5 Miles |
|-----------------|--------|---------|---------|
| 2026 Projection | 8,378 | 49,133 | 79,389 |
| 2021 Estimate | 8,485 | 50,338 | 81,044 |
| 2010 Census | 8,558 | 51,661 | 83,492 |
| 2000 Census | 8,671 | 55,659 | 84,195 |

HOUSEHOLD INCOME

| | | | |
|------------|----------|----------|----------|
| Average | \$58,864 | \$54,130 | \$63,063 |
| Median | \$47,916 | \$39,561 | \$43,838 |
| Per Capita | \$26,245 | \$23,149 | \$25,346 |

HOUSEHOLDS

| | | | |
|-----------------|-------|--------|--------|
| 2026 Projection | 3,739 | 20,922 | 30,608 |
| 2021 Estimate | 3,765 | 21,263 | 31,018 |
| 2010 Census | 3,776 | 21,628 | 31,431 |
| 2000 Census | 3,781 | 21,780 | 30,932 |

HOUSING

| | | | |
|-------------------|-----------|----------|-----------|
| Median Home Value | \$105,095 | \$99,576 | \$113,539 |
|-------------------|-----------|----------|-----------|

EMPLOYMENT

| | | | |
|---------------------------------|--------|--------|--------|
| 2021 Daytime Population | 11,989 | 61,291 | 89,351 |
| 2021 Unemployment | 7.03% | 8.24% | 7.65% |
| Average Time Traveled (Minutes) | 20 | 20 | 21 |

EDUCATIONAL ATTAINMENT

| | | | |
|---------------------------|--------|--------|--------|
| High School Graduate (12) | 27.94% | 31.92% | 33.64% |
| Some College (13-15) | 28.12% | 26.21% | 25.66% |
| Associate Degree Only | 10.86% | 9.45% | 8.94% |
| Bachelor's Degree Only | 16.31% | 14.41% | 13.88% |
| Graduate Degree | 7.55% | 6.38% | 6.57% |

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