

1010 E. MICHIGAN AVENUE

SALINE, MICHIGAN 48176

CONFIDENTIAL OFFERING MEMORANDUM



AFFILIATED BUSINESS DISCLOSURE & CONFIDENTIALITY AGREEMENT

CBRE, Inc. operates within a global family of companies with many subsidiaries and/or related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates may represent various clients with competing interests in the same transaction. For example, this Memorandum may be received by our Affiliates, including CBRE Investors, Inc. or Trammell Crow Company. Those, or other, Affiliates may express an interest in the property described in this Memorandum (the "Property") may submit an offer to purchase the Property and may be the successful bidder for the Property. You hereby acknowledge that possibility and agree that neither CBRE, Inc. nor any involved Affiliate will have any obligation to disclose to you the involvement of any Affiliate in the sale or purchase of the Property. In all instances, however, CBRE, Inc. will act in the best interest of the client(s) it represents in the transaction described in this Memorandum and will not act in concert with or otherwise conduct its business in a way that benefits any Affiliate to the detriment of any other offeror or prospective offeror, but rather will conduct its business in a manner consistent with the law and any fiduciary duties owed to the client(s) it represents in the transaction described in this Memorandum.

This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner. Neither the Owner or CBRE, Inc. nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc. If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.



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CBRE



01 // EXECUTIVE SUMMARY

THE OFFERING

CBRE, Inc. has been retained by the property owner as the exclusive marketing advisor for the disposition of the **single tenant, net leased Subway Restaurant Building** (the “Property”) at **1010 East Michigan Avenue in Saline, Michigan 48176.**

Subway has been a tenant in the property since its initial construction in 2014 for this 2,103 square foot single-tenant building on a 0.66-acre parcel. The subject property was a relocation store for Subway in 2014 when they moved to this site. Subway recently extended their lease early for an additional 12 years, through October 2026 (9.75 years remaining). Subway is on a triple net (NNN) lease in which they are responsible for procuring and paying for all operating

expenses directly with the landlord only responsible for the roof and structure replacements. The lease calls for annual escalations of 1% as well as three, five-year renewal options with a notification period of 180 days.

The guarantor on the lease is Subway Real Estate, LLC which is considered to be a corporate lease. The SUBWAY brand is the world’s largest submarine sandwich chain with more than 44,000 locations around the world. The company is privately held and their international headquarters are in Milford, Connecticut.

The subject property is an outparcel to The Oaks Shopping Center consisting of 50,000 square feet and anchored by ACE and Dollar Tree. Additionally, the Property sits directly across from the Faurecia Saline plant consisting of over one million square feet of manufacturing space. The Subway Property sits in a major retail corridor and is surrounded by many additional regional and national tenants along with experience traffic counts of 28,000+ vehicles per day along Michigan Avenue.

Asking Price:
\$860,000

Cap Rate:
5.52%

Property Summary	
Total Rentable Square Feet	2103
Number of Buildings	One
Percentage Leased as of February 2017	100%
In-Place Calendar Year 2/2017-1/2018 Net Operating Income	\$47,474
Year Built	2014

INVESTMENT HIGHLIGHTS

- Unique Investment Type, Single Tenant, Free-Standing Subway Building
- Tenant Recently Exercised Lease Renewal, 9+ Years Remain
- Located Within Ann Arbor Metropolitan Statistical Area, 10 Miles South of Downtown Ann Arbor and the University of Michigan, with a 2015 Student Population of 43,000+
- Strong Demographics, Property is Located in a Growing Market
- Attractive Rental Escalations of 1% per Year
- Minimal Landlord Responsibilities
- Asset Equipped with Drive-Thru and Located at a Signalized Intersection
- Corporate Guaranty, Subway Real Estate, LLC
- Above Average Store Sales



SUBWAY

INVESTMENT CONTACT

Representatives will be available for tours only on a pre-scheduled basis. Inspection inquiries should be directed to:

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02 // PROPERTY DESCRIPTION

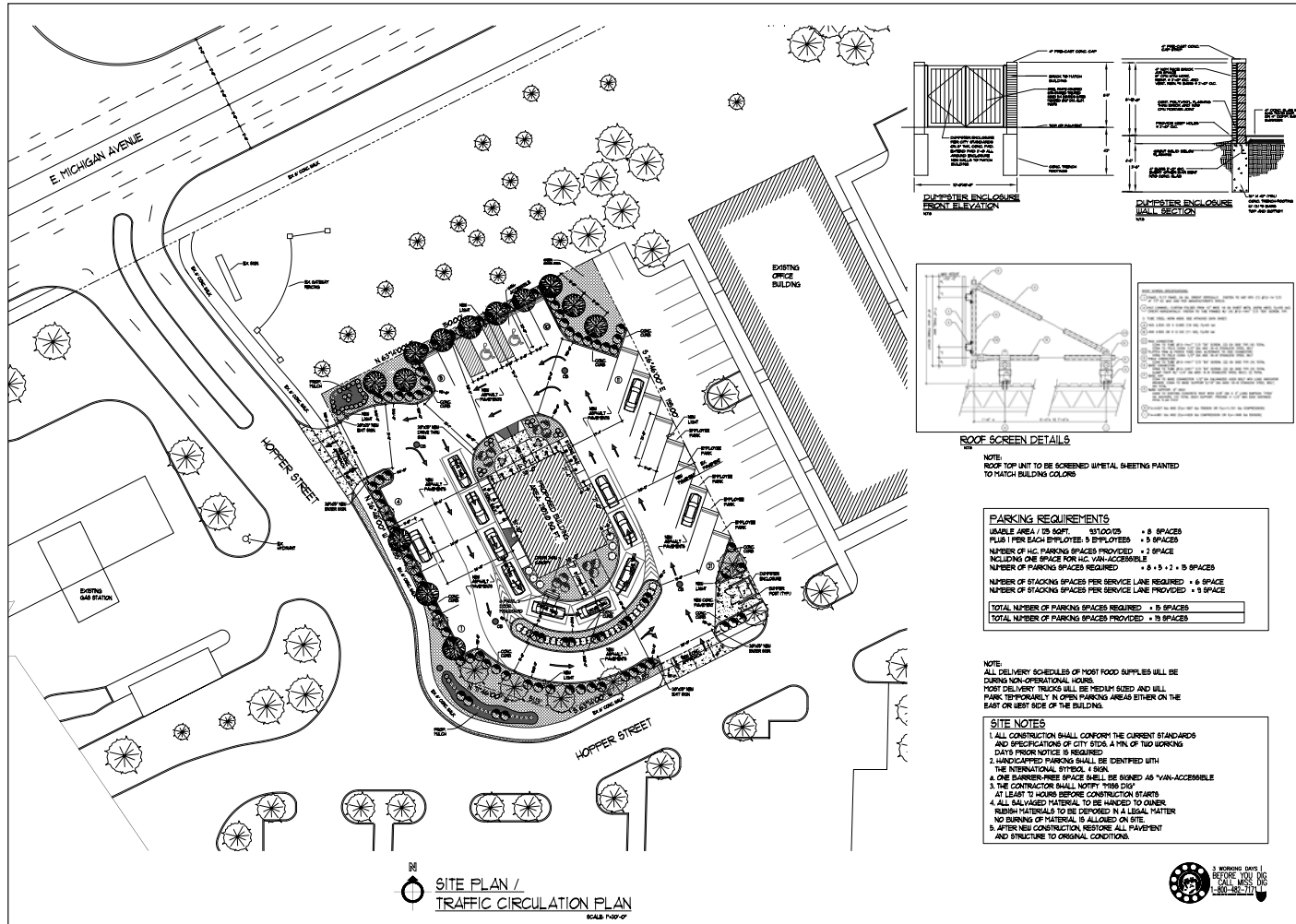
PROPERTY DESCRIPTION

The Property is located in the city of Saline, approximately 10 miles south of Ann Arbor, home to the University of Michigan, with a 2015 student population of 43,000+. The Subway Building is highly visible and benefits from accessibility along West Michigan Avenue. The Subject Property is located in the Washtenaw, West of US-23 submarket consisting of 1,233 retail assets consisting of 12.8 million square feet of retail space with an average rental rate in the submarket of \$19.82 per square foot NNN and a current vacancy rate of 1.9%.



Site Summary	
Property	Subway
Address	1010 East Michigan Avenue Saline, Michigan 48176
County	Washtenaw
Parcel Number	18-12-31-490-004
Building Size	2,103
Year Built	2014
Parcel Size	0.66 Acres
Zoning	Commercial
Number of Floors	One
Parking	Adequate Parking Spaces
Frontage	Along Michigan Avenue
Ingress / Egress	Multiple
Exterior Walls	Dryvit
Structure	Structural Steel
Roof	Rubber Membrane
Foundation	Reinforced Concrete
HVAC	Roof Mounted Units
Sprinkler	To Code

SITE PLAN



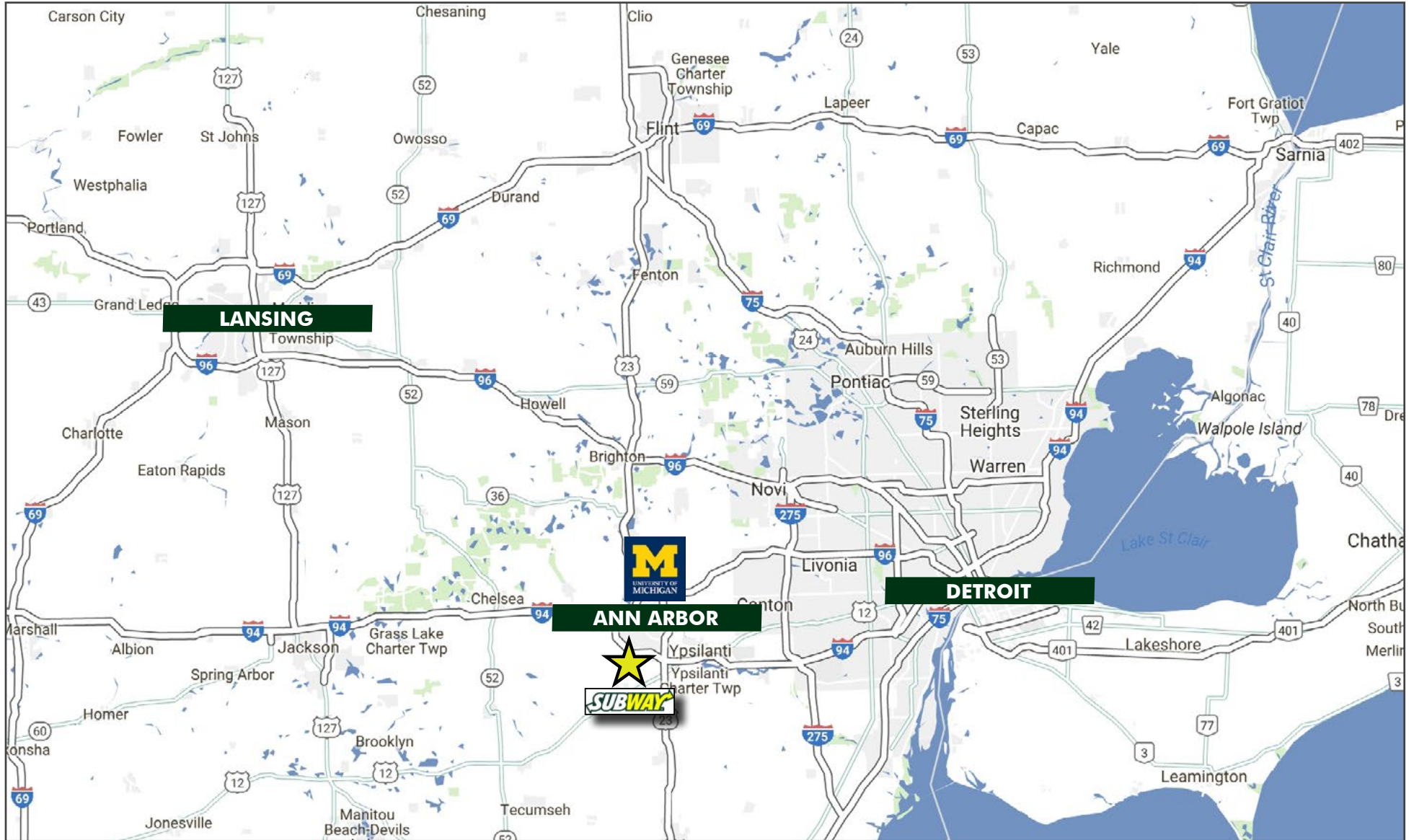
PROPERTY AERIAL



LOCATION AERIAL



REGIONAL MAP





03 // LOCATION OVERVIEW

LOCATION OVERVIEW

The Subject Property is located along the south side of Michigan Avenue, west of South Industrial Drive. The subject property is an outparcel The Oaks Shopping Center consisting of 50,000 square feet and anchored by ACE and Dollar Tree. The property sits directly across from the Faurecia Saline plant consisting of over one million square feet of manufacturing space. The Subject Property is located in the Washtenaw, West of US-23 submarket consisting of 1,233 retail assets consisting of 12.8 million square feet of retail space. The average rental rate in the submarket is \$19.82 per square foot NNN (tenant responsible for reimbursing for CAM, taxes and insurance) with an current vacancy rate of 1.9%.

CITY OF SALINE

Saline is strategically located in Southern Michigan's east-west metropolitan corridor. Saline is located approximately 10 miles south of Ann Arbor and offers the highest quality in community amenities including top-notch hospitals, schools, and recreation facilities. It is part of the Ann Arbor metropolitan area which is consistently rated as one of the top ten areas for quality of life each year. The Saline community has over 8,000 residents and covers 4.14 square miles. Saline enjoys an abundance of parks, museums, walking paths, retail shops and various types of businesses. Saline was ranked the 67th best place to live out of 1,300 rated cities in the United States in a 2009 CNN/Money Magazine poll – the third time in three polls that Saline has made the top 100. Saline was also ranked as one of CNN/Money's list of best places to retire.

There are roughly 250,000 working-age people that live within a 20-minute commute to the City of Saline, and more than 1.5 million live within a 45-minute commute. This includes excellent concentrations of both skilled and unskilled workers; and an unparalleled selection of experienced managers, as well as management trainees from several area universities, colleges, and vocational training schools.

WASHTENAW COUNTY, MICHIGAN

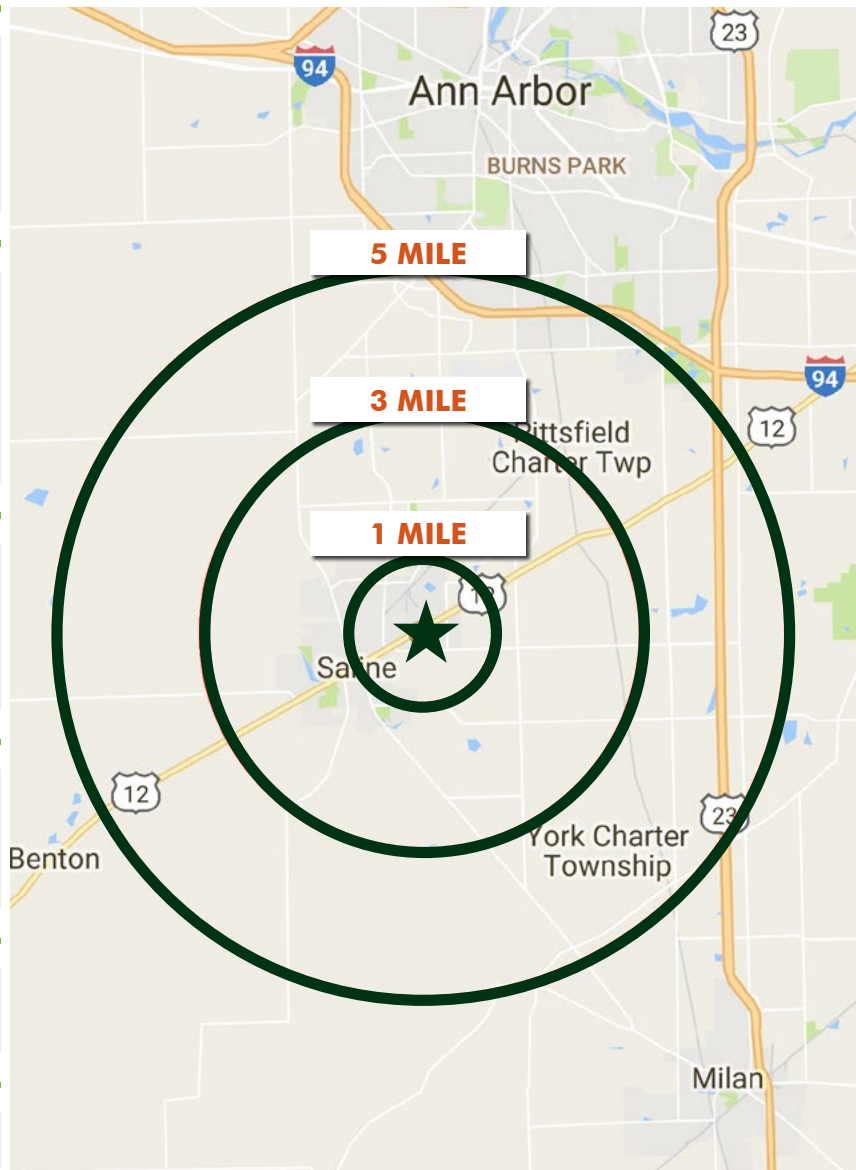
Washtenaw County comprises the entirety of the Ann Arbor Metropolitan Statistical Area. The county covers 722 square miles in central Michigan and is comprised of six cities, two villages, six charter townships, and numerous general law townships and unincorporated communities. Ann Arbor, Michigan's sixth most-populous city, serves as the anchor of the region as well as the county seat of Washtenaw County.

Washtenaw County has a current population of 361,157 with a median household income of \$60,944, both increasing since 2010 with future increases projected. The Ann Arbor region has a diverse economic base. Major employers, as presented in the following table, are primarily in the education, healthcare and automotive sectors.

Washtenaw County is home to the University of Michigan (student population of 43,000+ in 2015), Eastern Michigan University (student population of 21,000+ in 2015), Washtenaw Community College, Concordia University Ann Arbor, and the Ann Arbor campus of the Thomas M. Cooley Law School. The county operates 10 parks, one golf course and one recreation center.

The Property's location provides convenient access to Southeastern Michigan's extensive transportation infrastructure, with major highways in Washtenaw County including I-94, US-12, US-23 and M-14. Washtenaw County is bordered by Livingston County to the north, Oakland and Wayne and Counties to the east, Monroe County to the south, and Ingham, Jackson and Lenawee Counties to the west, all of which provide access to additional routes and destinations throughout the state.

	1 Mile	3 Miles	5 Miles
POPULATION			
2016 Population - Current Year Estimate	2,984	21,579	43,537
2021 Population - Five Year Projection	3,031	22,352	45,424
2010 Population - Census	2,955	20,738	40,536
2000 Population - Census	2,913	17,036	35,367
2010-2016 Annual Population Growth Rate	0.16%	0.64%	1.15%
2016-2021 Annual Population Growth Rate	0.31%	0.71%	0.85%
HOUSEHOLDS			
2016 Households - Current Year Estimate	1,327	7,933	16,812
2021 Households - Five Year Projection	1,343	8,200	17,519
2010 Households - Census	1,323	7,650	16,002
2000 Households - Census	1,231	6,001	13,060
2010-2016 Annual Household Growth Rate	0.05%	0.58%	0.79%
2016-2021 Annual Household Growth Rate	0.24%	0.66%	0.83%
2016 Average Household Size	2.25	2.70	2.51
HOUSEHOLD INCOME			
2016 Average Household Income	\$84,757	\$118,487	\$110,200
2021 Average Household Income	\$93,536	\$127,575	\$118,975
2016 Median Household Income	\$56,409	\$100,670	\$88,071
2021 Median Household Income	\$66,410	\$105,649	\$97,630
2016 Per Capita Income	\$36,970	\$44,466	\$42,589
2021 Per Capita Income	\$40,634	\$47,753	\$45,894
HOUSING UNITS			
2016 Housing Units	1,409	8,301	17,655
2016 Vacant Housing Units	82 5.8%	368 4.4%	843 4.8%
2016 Occupied Housing Units	1,328 94.3%	7,933 95.6%	16,812 95.2%
2016 Owner Occupied Housing Units	951 67.5%	6,520 78.5%	12,115 68.6%
2016 Renter Occupied Housing Units	377 26.8%	1,413 17.0%	4,697 26.6%
EDUCATION			
2016 Population 25 and Over	2,086	14,719	30,326
HS and Associates Degrees	841 40.3%	5,203 35.3%	10,822 35.7%
Bachelor's Degree or Higher	1,127 54.0%	9,100 61.8%	18,280 60.3%
PLACE OF WORK			
2016 Businesses	324	900	2,387
2016 Employees	6,652	13,309	38,827





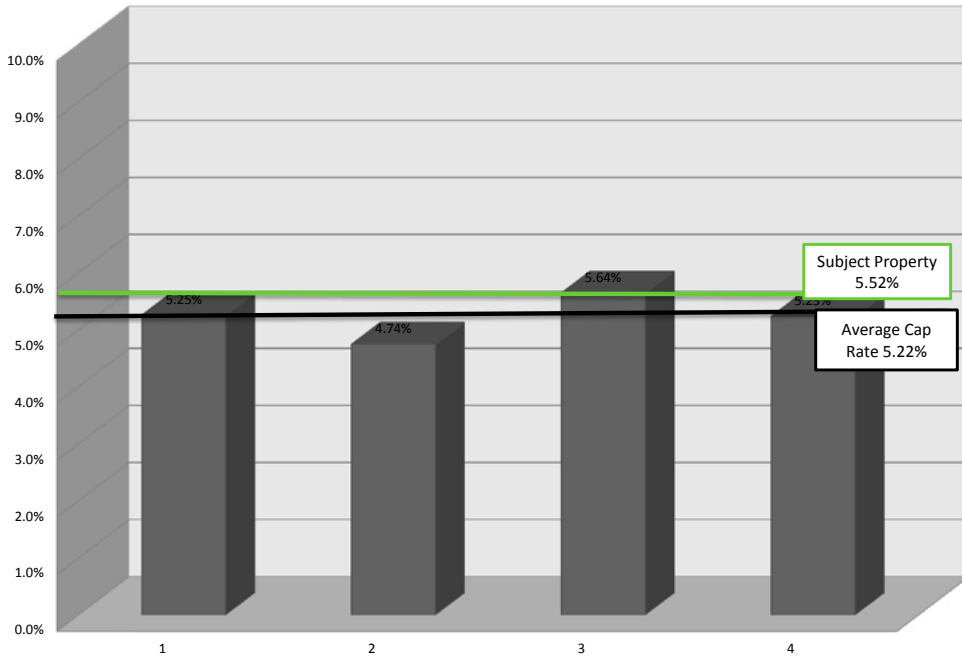
04 // SALE COMPARABLES

SALE COMPARABLES

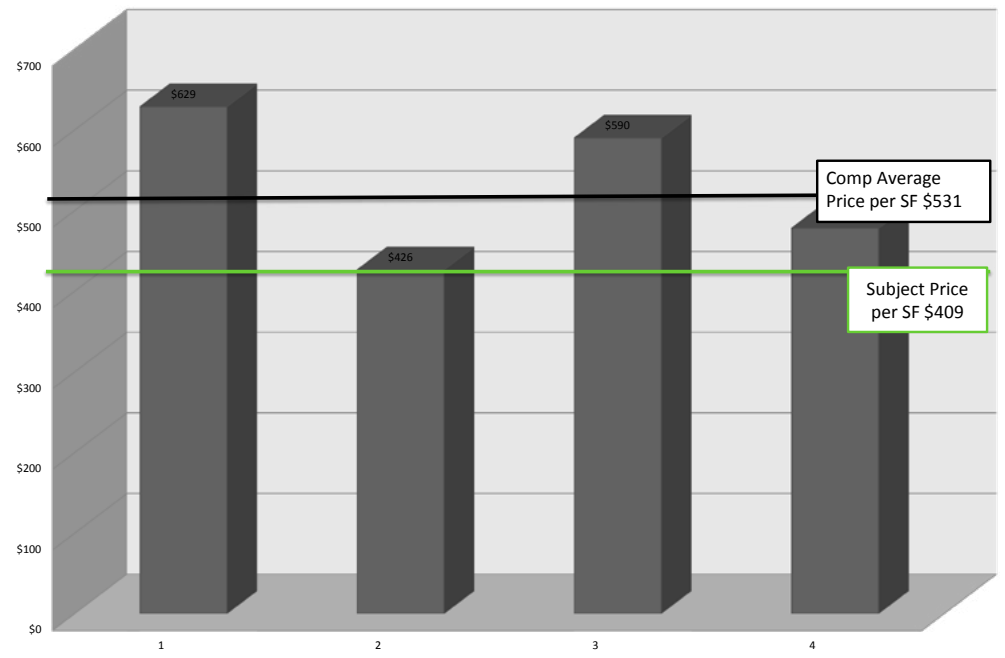
	Property Name Address	Year Built	Building Size	Sale Date	Sales Price	Price / SF	Occupancy	Cap Rate	Term Remaining(Years)	Comments
★	 Subway 1010 E. Michigan Avenue Saline, Michigan	2014	2,103		\$860,000	\$409	100%	5.52%	9.75	Subway extended the lease through October 2, 2026 leaving 9.75 years remaining on the current lease term.
1	 Subway 411 State Road 930 W New Haven , IN	2011	2,159	On Market	\$1,357,000	\$629	100%	5.25%	10	Subway is on a new 10-year lease for this sale leaseback opportunity with a "seasoned operator". The lease includes scheduled rental increases.
2	 Subway 2727 West Alameda Avenue Denver , CO	1981	1,783	6/10/2016	\$760,000	\$426	100%	4.74%	10	The Subway operator will sign a new 10 Year lease upon the close of escrow. The lease will be an absolute NNN lease with 10% rental increases every five years. Subway will have three, five-year options with 10% Increases.
3	 Subway 10175 NW Glencoe Road North Plains, OR	2003	1,950	4/23/2015	\$1,150,000	\$590	100%	5.64%	10	This is the sale of a single-tenant Subway with a drive-thru. According to the broker, Subway recently signed a ten-year lease renewal in March of 2015 at \$33.28/SF (NNN). There were also three, five-year renewal options. The lease is guaranteed by Subway Real Estate Corporation. No vacancy and credit was utilized in the estimate of the capitalization rate.
4	 Taco Bell 13865 Eureka Rd. Southgate, MI	1992	2,135	5/7/2014	\$1,020,000	\$478	100%	5.23%	13.08	Taco Bell just signed a new extension through August 31, 2027 and has 13.08 years remaining on their current ground lease with three, five-year renewal options remaining.
Comparable Averages						\$531		5.22%	11	Average Remaining Term

SALE COMPARABLES - AVERAGES

Average Cap Rate



Average Price PSF





05 // FINANCIAL ANALYSIS

Asking Price:
\$860,000

Cap Rate:
5.52%

Price PSF:
\$409

FINANCING TERMS:

The Subway building is being offered on an all cash basis. This asset is being offered free and clear of existing financing.



YEAR ONE CASH FLOW ESTIMATES

PRICE:
\$860,000

DOWN PAYMENTS:
All Cash Transaction

RENTABLE SQUARE FOOTAGE:
2,103

PRICE PER SQUARE FOOT:
\$409

CAP RATE:
5.52%

INCOME		YEAR ONE 2/2017 - 1/2018		PSF	
Base Rent					
Subway					
10/2014 - 10/2026					
9.75 Years Remain	100.0%	2,103 SF	\$48,000	\$4,000	\$22.82
Total Base Rent			\$48,000	\$4,000	\$22.82
Scheduled Base Rental Revenue					
			\$48,000	\$4,000	\$22.82
EXPENSE REIMBURSEMENT REVENUE					
Insurance - Tenant to Procure and Pay Direct					
			\$526	\$44	\$0.25
Common Area Maintenance - Tenant to Procure and Pay Direct					
			\$4,206	\$351	\$2.00
Real Estate Taxes - Tenant to Procure and Pay Direct					
			\$17,062	\$1,422	\$8.11
Total Expense Reimbursement Revenue			\$21,794	\$1,816	\$10.36
Gross Potential Income					
			\$69,794	\$5,816	\$33.19
Effective Gross Income					
			\$69,794	\$5,816	\$33.19
OPERATING EXPENSE ESTIMATES					
Insurance - Tenant to Procure and Pay Direct					
			\$526	\$44	\$0.25
Common Area Maintenance - Tenant to Procure and Pay Direct					
			\$4,206	\$351	\$2.00
Real Estate Taxes - Tenant to Procure and Pay Direct					
			\$17,062	\$1,422	\$8.11
Total Common Area Expenses			\$21,794	\$1,816	\$10.36
Replacement Reserve	\$0.25		\$526	\$0	\$0.25
Total Expenses			\$22,320	\$1,816	\$10.61
NET OPERATING INCOME			\$47,474	\$4,000	\$22.57

LEASE ABSTRACT

TENANT:	Subway	
GUARANTOR:	Subway Real Estate LLC	
LEASE TYPE:	NNN	
COMMENCEMENT DATE:	10/2014	
EXPIRATION DATE:	10/3/2026	
LEASE TERM:	9.75 Years Remain	
CURRENT RENT:	\$22.82 per SF	
RENT ESCALATIONS:	10/2016: \$22.82 per SF 10/2017: \$23.05 per SF 10/2018: \$23.28 per SF 10/2019: \$23.51 per SF 10/2020: \$23.75 per SF 10/2021: \$23.99 per SF 10/2022: \$23.99 per SF 10/2023: \$24.23 per SF 10/2024: \$24.47 per SF 10/2025: \$24.72 per SF 10/2026: \$24.96 per SF	
RENEWAL OPTIONS:	The tenant has three, five-year renewal options with a notification period of 180 days. The rental rate is to be increased by 3% annually in the option periods.	
RIGHT OF FIRST REFUSAL:	If the Landlord decides to sell the Center at any time during the course of this lease then the Tenant shall have the first right of refusal to purchase of said unit.	
		<p>TERMINATION OPTION:</p> <p>Tenant’s liability shall not exceed 12 months base rent and additinoal rent or, if less, the base rent and additional rent for the remainder of the term, which ever is less but hshall in no event exceed \$40,000. In addition, tenant may, at tenant’s opton, terminate this lease at any time with a sum equal to 12 months Base Rent and Additional Rent or if less. Base Rent and Additinoal Rent for the remainder of the term with 30 days notice.</p>
		<p>TENANT REPAIRS:</p> <p>Tenant shall, at its expense, maintain in good condition, the doors, windows and interior of the Premises, including - electrical wiring and fixtures, plumbing, heating, and air conditioning equipment presently in place or added by Tenant or Landlord. Tenant shall, at Tenant’s expense, make all repairs required as a result of damage caused by Tenant, its agents, employees or business invitees.</p>
		<p>LANDLORD REPAIRS:</p> <p>Landlord shall, at Landlord’s expense, but subject to partial reimbursement, maintain the exterior or the Building, including the roof, walls, foundations, walks, driveways, parking areas, and the structural portion of the Premises in good condition and repair. Such maintenance shall include, but not be limited to, the removal of snow and/or ice.</p>
		<p>REIMBURSEMENT METHOD:</p> <p>According to the current owner, the Tenant procures and pays for all operating expenses directly. However, the lease states that the Landlord is to pay for said operating expenses and bill back to the tenant. This include the condo association fees, the landlord receives the bill and then forwards to the tenant so that the tenant can pay the expense directly.</p>

OFFERED EXCLUSIVELY BY

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