

OFFERING MEMORANDUM

Creo Montessori School

HIGLEY PARK COMMONS

20,757 SF Single-Tenant Investment Opportunity



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Montessori
School
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20,757 SF Single-Tenant
Investment Opportunity

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Creo
Montessori Community



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DISCLAIMER

THIS CONFIDENTIAL PROPERTY INFORMATION PACKAGE (Package) is intended solely for your own limited use in considering the pursuit of negotiations for the property Higley Park Commons, located at 1461 - 1525 S. Higley Road, Gilbert, AZ 85296 (Property) and is not intended to be an offer for the sale of the Property.

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Orchid Lane

Seton Avenue

SUBJECT PROPERTY

Martingale Road

Higley Road

Sinova Avenue

Ray Road





The Offering

Kidder Mathews is pleased to offer for sale Higley Park Commons which is a collection of 53,786 square foot multitenant buildings located at address: 1461 – 1525 S Higley Road in Gilbert, Arizona. The asset features seven (7) freestanding, single-story and mezzanine buildings with flexible suite sizes suitable for a variety of service, retail, medical, and office uses. Constructed in 2007, Higley Park Commons represents a unique investment opportunity in a rapidly growing trade-area of the Phoenix MSA.

Presently, the project is 74% leased to a mix of six (6) tenants consisting of local credit. This asset has been professionally managed and leased with consistent prospective tenant activity and several new opportunities in the “pipeline” with the existing tenants having significant lease term remaining. In addition to offering a stabilized in-place tenant mix, this unique opportunity includes value-add upside through lease-up of existing vacant suites; specifically, the 6,406 square foot space in Building 2 and the 7,545 square foot space in Building 4, which both feature end-cap opportunities. Furthermore, Higley Park Commons is well-positioned to be the price-leader within the trade-area with the ability to capture tenants looking to expand or start businesses near Phoenix-Mesa Gateway Airport, ASU Polytech Campus, and DMB’s new Eastmark Development.

PROPERTY DESCRIPTION

Property	1475 S Higley Road, Gilbert, AZ 85296
Property Type	Office and educational
Stories	Single story
Buildings	Three (3)
Year Built	2007
Occupancy	100%
Parking Ratio	5.0/1,000
Zoning	Shopping Center (SC) Town of Gilbert
APN	304-28-794, 304-28-793, 304-28-792

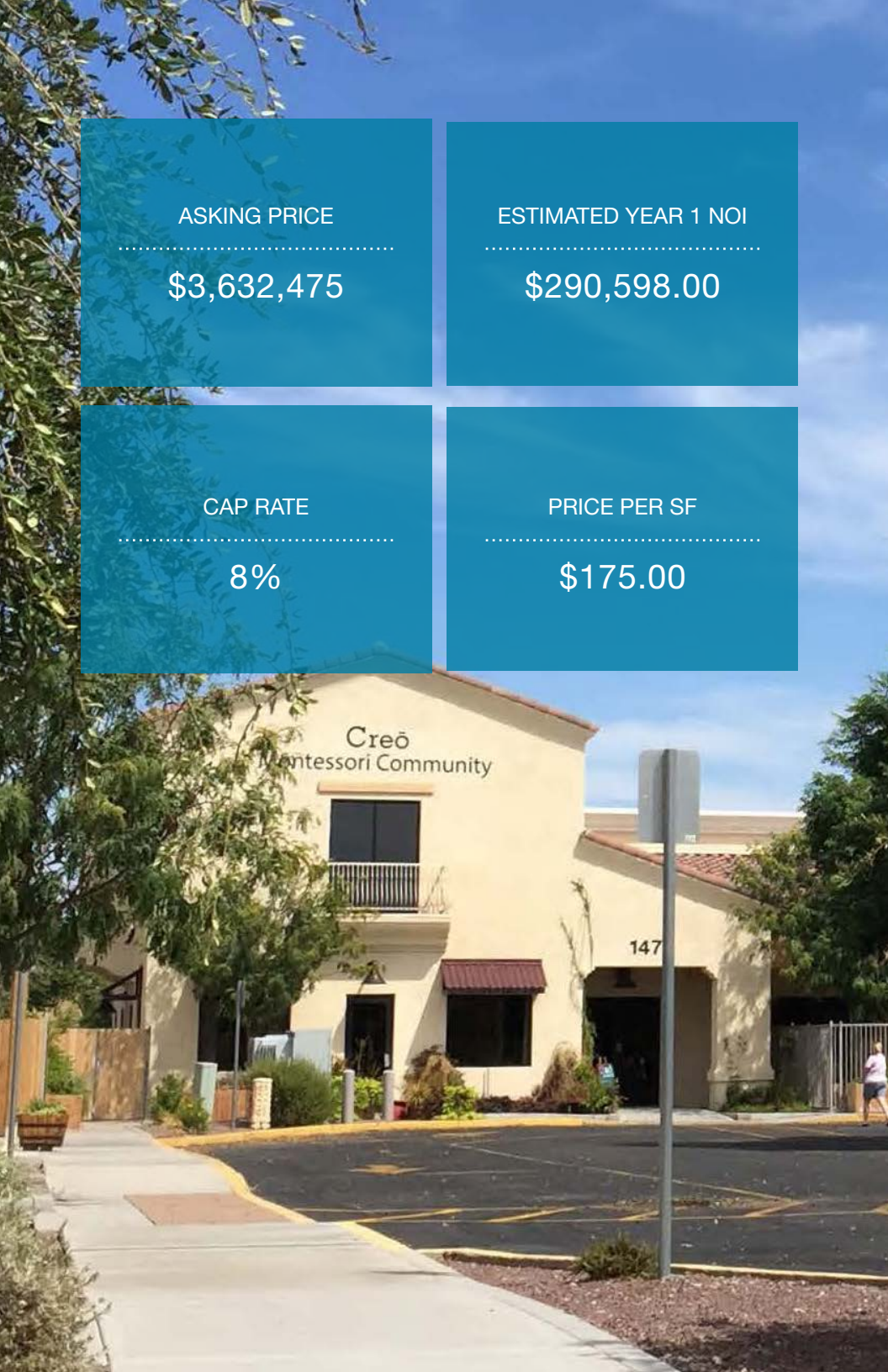
*Platted as condominiums. Association fees included in NNN projections.

ASKING PRICE
.....
\$3,632,475

ESTIMATED YEAR 1 NOI
.....
\$290,598.00

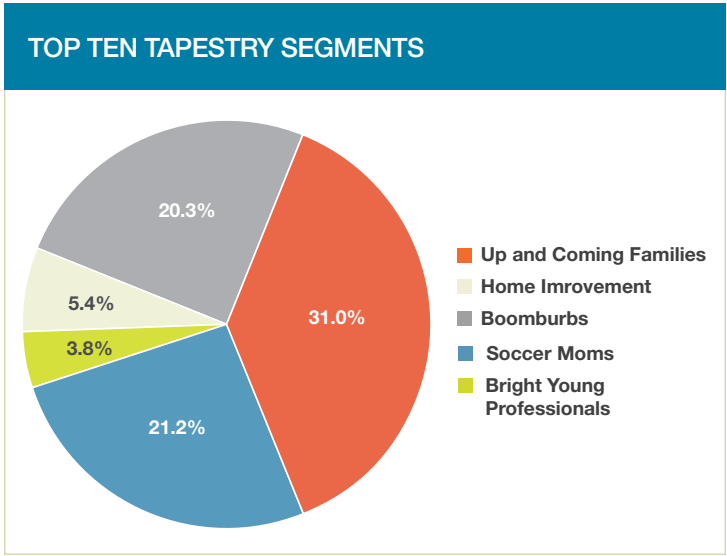
CAP RATE
.....
8%

PRICE PER SF
.....
\$175.00



DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
Population	14,042	90,501	231,664
Average HH Income	\$92,190	\$103,022	\$95,024
Households	4,869	29,281	77,465

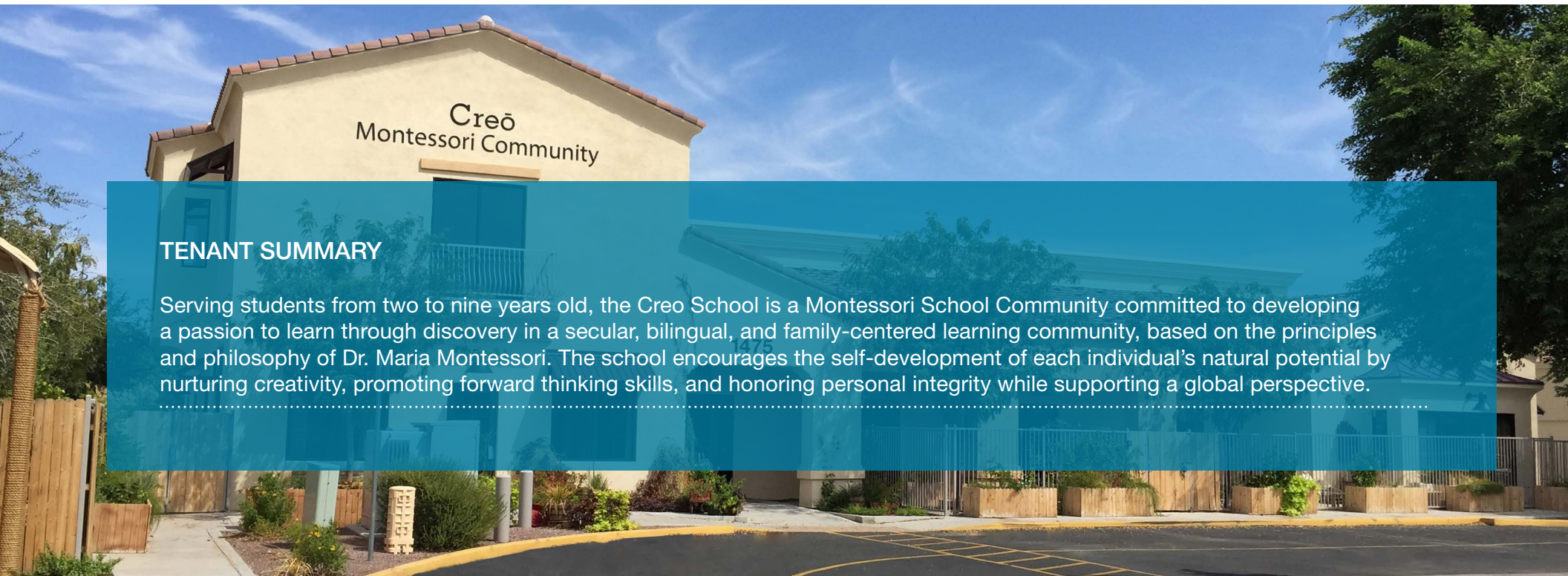


INVESTMENT SUMMARY

Asking Price	\$3,632,475
Number of Tenants	One (1)
Occupancy	100%

*Assumes a \$7,140,000 loan
** Financial models and assumptions available upon request

SUITE #	TENANT NAME	SF	% OF PROPERTY	LEASE TERM / EXP DATE	ESCALATION DATE	PER SF RATE	MONTHLY RENT / ANNUAL RENT	LEASE TYPE	RENEWAL OPTIONS
Building 8	Creo Montessori School	8,369	15.56%	8/1/2014 7/31/2020	8/1/2015	\$14.00	\$9,763.83	NNN	
					8/1/2016	\$14.50	\$117,166.00		
					8/1/2017	\$15.00			
					8/1/2018	\$15.50			
					8/1/2019	\$16.00			
Building 9	Creo Montessori School	6,194	11.51%	8/1/2014 7/31/2020	8/1/2015	\$14.00	\$7,226.33	NNN	
					8/1/2016	\$14.50	\$86,716.00		
					8/1/2017	\$15.00			
					8/1/2018	\$15.50			
					8/1/2019	\$16.00			
Building 10	Creo Montessori School	6,194	11.51%	8/1/2016 7/31/2020	8/1/2016	\$14.00	\$7,226.33	NNN	
					8/1/2017	\$14.50	\$86,716.00		
					8/1/2018	\$15.00			
					8/1/2019	\$15.50			
TOTAL		20,757	100.00%			\$752.74	\$24,216.50 \$290,598.00		



Creo
Montessori Community

TENANT SUMMARY

Serving students from two to nine years old, the Creo School is a Montessori School Community committed to developing a passion to learn through discovery in a secular, bilingual, and family-centered learning community, based on the principles and philosophy of Dr. Maria Montessori. The school encourages the self-development of each individual's natural potential by nurturing creativity, promoting forward thinking skills, and honoring personal integrity while supporting a global perspective.

LOOKING SOUTH



Property Overview

SITE PLAN



AERIAL OVERVIEW



VAL VISTA & WARNER CROSSING CENTER

TARGET
 THE HOME DEPOT
 Domino's Pizza
 STAPLES
 Pásala bien. petco
 Walgreens

GILBERT GATEWAY TOWN CENTER

Applebee's
 STAPLES
 Walmart
 Chick-fil-e
 WORLD MARKET
 SUBWAY
 Starbucks
 Best Western
 McDonald's

SUBJECT PROPERTY

SANTAN VILLAGE

Starbucks
 macy's
 Chipotle
 BEST BUY
 BARNES & NOBLE BOOKSELLERS
 Harkins Theatres
 SEPHORA
 Famous Dave's
 sunglass hut
 COSTCO WHOLESALE
 OLD NAVY
 OfficeMax
 Walmart
 BANANA REPUBLIC

PHOENIX-MESA GATEWAY AIRPORT

**LOCATION AERIAL &
REGIONAL MAP**





Market Overview

ABOUT GILBERT

Located within Maricopa County, the dynamic community of Gilbert is situated just 24 miles southeast of Phoenix, in the Southeast Valley trade-area, within the larger Phoenix metro. Incorporated in July 1920, Gilbert was primarily a farming community fueled by railroad and construction of the Roosevelt Dam and the Eastern and Consolidated Canals. Encompassing nearly 75 square miles, Gilbert has experienced a rapid transformation from an agriculture-based community to an economically-diverse suburban center. Gilbert began to take its current shape during the 1970s when the Town Council approved a strip annexation that encompassed 53 square miles of county land and in the last three decades, Gilbert has grown at an extremely high-rate, increasing in population from only 5,717 in 1980 to well over 200,000 (as of the 2010 census). Concurrent with the town’s population growth, Gilbert has developed and transitioned rapidly to its present status as a modern suburb of the Phoenix Metropolitan and is currently the most populous incorporated town in the United States.

Gilbert is served by two area freeways—the Santan Freeway portion of Loop 202 and US-60. Several regional arterials also service the area, including Williams Field Road, Chandler Boulevard, and Gilbert Road. Additionally, the town benefits from its close proximity to Phoenix Mesa Gateway Airport in addition to Phoenix Sky Harbor International Airport, only a 25 minute drive. Recently, a park-and-ride facility was constructed in downtown Gilbert for bus service and future commuter rail service. In addition to excellent transportation services, Gilbert offers its residents an attractive amenity base to including recreational facilities, municipal swimming pools, two community centers and 14 parks. Additionally, Gilbert boasts three state-of-the-art hospitals – Banner Gateway Medical Center, Gilbert Hospital, and Mercy Gilbert Medical Center – and recently celebrated the groundbreaking of Banner MD Anderson Cancer Center, a nationally respected cancer treatment facility.

Gilbert is a beautiful town with the great combination of small-town friendliness and big-city business sense. The community has received national attention for its friendly atmosphere, excellent schools, and unmatched expansion. Over the past 20 years, Gilbert has been named one of the fastest growing towns in the country and even with this growth, in 2009, Gilbert was named the safest municipality in Arizona. In 2010, Business Week named the town one of the best places to raise a family and CNN Money ranked the town as the 31st best place to live in the United States. With attractive demographics, award-winning amenities, strategically identified business incentives and high profile developments, Gilbert offers immediate, attainable economic opportunity for industry-leading companies.

TOP EMPLOYERS IN GILBERT

Employers	# of Employees
Gilbert Unified School District	3,649
Banner Health	2,219
Dignity Health	1,500
Town of Gilbert	1,297
B&H Drywall	997



ECONOMIC OVERVIEW

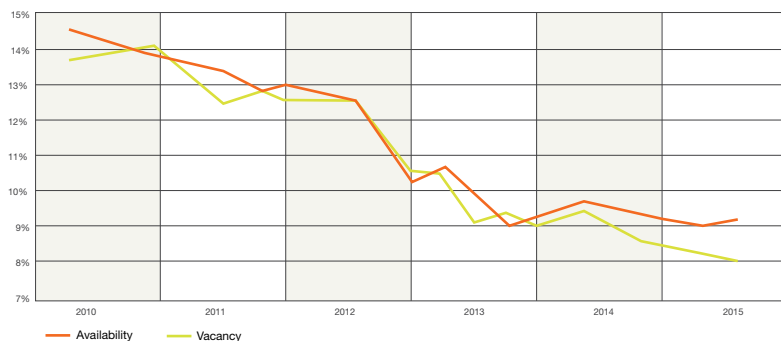
The Phoenix-metro economic recovery continues to move forward. In fact, the Phoenix job base has grown by roughly 6% from recessionary levels and is outpacing the U.S. benchmark. Additionally, the metro's unemployment rate has fallen below the U.S. average and most private sectors are outperforming national levels in terms of employment growth. The health services and education sectors have had the most substantial job gains in the recovery period with growth in the latter a function of strong demographics as well as the presence of Arizona State University's (60,000 enrollment) impact as it aims to become a top research university with plans to recruit nearly 10,000 new hires into its research enterprises over the next 5 years. Similarly, within the construction sector, more than 10,000 jobs have been added metro-wide as a result of the significant rebound in the housing market as Phoenix continues to post some of the strongest home price gains in the country.

While the metro is home to six (6) Fortune 500 companies (Avnet, Freeport-McMoRan, US Air, Republic Services, PetSmart, Insight), another driving force within pockets of the Phoenix metro is technology with the most notable area being the Price Corridor in Chandler where Intel recently completed its mammoth \$5 billion semiconductor fabrication facility. Additionally, Intel is upgrading existing area facilities and has hired more than 2,000 employees at its Ocotillo campus

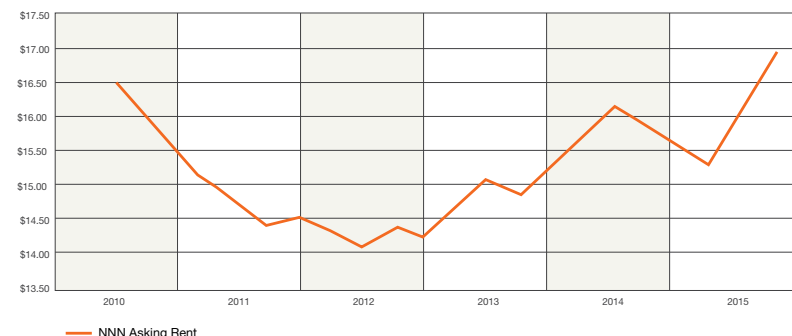
in the past 3 years. Nearby, GM will be hiring over 1,000 new employees for its Information Technology Innovation Center and Apple has purchased a building where it plans to expand its production of sapphire-glass creating 2,000 jobs. In conjunction with technology, the metro has experienced significant job gains in sectors such as semiconductors, alternative energy, and aerospace - all of which should generate income multiplier effects that cascade through the rest of the local economy. Accordingly, over the near to mid-term, Phoenix's projected total annual employment growth is anticipated to be among the strongest markets in the nation.

With respect to the retail asset-class within the East Valley Market, EOY-2014 inventory in the submarket totals nearly 10mm SF while the Gilbert submarket has approximately 13mm SF. Net absorption in Q-2 2015 for the East Valley trade-area was 27,910 SF, up from 53,660 in the prior quarter. Current vacancy rates are 7.9% and slightly above 6.3% for the larger East Valley. Overall, the retail asset-class in the greater Phoenix metro is experiencing a solid recovery as limited new construction, strong job and population growth, and improving dynamics in the housing market are helping drive down vacancies across all retail subtypes. Vacancies have already compressed nearly 250 basis points since the peak, which is among the strongest compression rate in the country and by 2015, it's anticipated these improving fundamentals will help push rent growth above 6%.

AVAILABILITY & VACANCY RATE



NNN ASKING RENT PER SF



AREA DEMOGRAPHICS

CENSUS 2010 SUMMARY			
	1 Mile	3 miles	5 Miles
Population	10,911	78,885	208,408
Households	3,765	25,509	70,023
Families	2,773	19,890	53,391
Average Household Size	2.90	3.08	2.97
Owner Occupied Housing Units	2,982	19,156	51,308
Renter Occupied Housing Units	783	6,353	18,715
Median Age	29.3	29.8	31.6

2015 SUMMARY			
	1 Mile	3 miles	5 Miles
Population	14,042	90,501	231,664
Households	4,869	29,281	77,465
Families	3,538	22,541	58,708
Average Household Size	2.88	3.08	2.98
Owner Occupied Housing Units	3,627	20,848	54,049
Renter Occupied Housing Units	1,243	8,434	23,416
Median Age	31.2	31.1	32.6
Median Household Income	\$81,453	\$85,935	\$79,806
Average Household Income	\$92,190	\$103,022	\$95,024

2020 SUMMARY			
	1 Mile	3 miles	5 Miles
Population	16,675	100,882	253,477
Households	5,817	32,779	84,753
Families	4,194	25,014	63,964
Average Household Size	2.87	3.07	2.98
Owner Occupied Housing Units	4,345	23,380	59,341
Renter Occupied Housing Units	1,472	9,399	25,412
Median Age	32.0	31.4	33.1
Median Household Income	\$87,601	\$93,347	\$87,941
Average Household Income	\$102,729	\$115,237	\$107,513

TRENDS: 215-2020 ANNUAL RATE			
	1 Mile	3 miles	5 Miles
Population	3.50%	2.20%	1.82%
Households	3.62%	2.28%	1.81%
Families	3.46%	2.10%	1.73%
Owner Households	3.68%	2.32%	1.89%
Median Household Income	1.47%	1.67%	1.96%



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