

OFFERING MEMORANDUM.



Smithfield Landing - Starbucks, Chipotle & Buffalo Wild Wings Smithfield, NC | Raleigh MSA

TheMaffiaTeam





Disclaimer

Newmark Cornish & Carey (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

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Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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This property is listed in conjunction with North Carolina-licensed real estate broker Carolina Holdings, Inc.



Property Information

The Investment

Smithfield Landing is an attractive, new retail development 100% leased to three national tenants expected to be completed in September of 2015 with rent commencements in December of 2015. The property is leased to publicly traded, national tenants Starbucks (S&P Rated A-), Chipotle (NYSE: CMG), and Buffalo Wild Wings (Nasdaq: BWLD). All leases are corporately guaranteed with 10-year initial lease terms. The property benefits from being located in a highly desirable retail location, just off of the Interstate-95/ Highway 210 off ramp, which has an estimated 38,000 AADT on I-95 at this exit. It is also a block away from the Carolina Premium Outlets, which is a major regional shopping destination in the Raleigh MSA drawing over 7 million visitors.

Property Highlights

- ◆ Excellent National Credit Tenant Mix with Combined 2014 Revenue of \$22 Billion
 - ◆ Starbucks - \$16.4 Billion in Revenue with 21,366 Locations
 - ◆ Chipotle - \$4.1 Billion in Revenue with 1,783 Locations
 - ◆ Buffalo Wild Wings - \$1.5 Billion in Revenue with 1,082 Locations
- ◆ Brand New Ground Up Construction with Roof Warranty
- ◆ Adjacent to Carolina Outlet Mall, a Regional Destination for Over 7 Million Visitors

Location

Located on the northeast corner of South Equity Drive and Outlet Center Drive in Smithfield, North Carolina.

Lot Size

Approximately 2.50 Acres or 108,900 square feet.

Improvements

Two buildings totaling approximately 9,048 square feet are expected to be completed in September of 2015. **Starbucks** with a drive-thru and **Chipotle Mexican Grill** will occupy a two-tenant 4,477 square foot building and **Buffalo Wild Wings** will occupy a single-tenant 4,571 square foot building.

Financial Analysis | Pricing

Projected Gross Revenue

	Year 1	Year 6
Scheduled Base Rental Revenue	\$261,504	\$279,421
Total Reimbursement Revenue	\$52,931	\$59,739
Effective Gross Revenue	\$314,435	\$339,160

Annual Expenses

Common Area Maintenance	\$20,358	\$23,601
Insurance	\$3,167	\$3,671
Taxes	\$29,406	\$32,467
Total Operating Expenses	\$52,931	\$59,739

Net Operating Income

	\$261,504	\$279,421
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CAP Rate

	5.50%	5.88%
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Price: \$4,755,000 (5.50% Return)



Financing

The property will be delivered free and clear of permanent financing.

Note

The net income is an estimate and does not provide for all potential costs and expenses (i.e. maintenance, repair, etc.) that may be required of the owner. Any reserves set forth herein are merely estimates and not based on any experience, physical inspection, or prior knowledge. All prospective purchasers are strongly advised to make an independent investigation to determine their estimate of costs and expenses prior to entering into an agreement to purchase.

Financial Analysis | Assumptions



General & Market Leasing Assumptions

General Assumptions	
Analysis Start Date	Nov-15
Total Rentable Area	9,048
General Inflation per Annum	3%
General Expense Growth per Annum	3%
Real Estate Tax Growth per Annum	2%
General Vacancy Loss	None-Actual
End of Term	Option



Financial Analysis | Cash Flow Projection

	Year:	1	2	3	4	5	6	7	8	9	10
	Begins:	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Dec-2019	Dec-2020	Dec-2021	Dec-2022	Dec-2023	Dec-2024
	Ends:	Nov-2016	Nov-2017	Nov-2018	Nov-2019	Nov-2020	Nov-2021	Nov-2022	Nov-2023	Nov-2024	Nov-2025
STATISTICS											
Net Rentable Area in SF		9,048	-	-	-	-	-	-	-	-	-
Avg Base Rental Revenue PSF/mo.		\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.57	\$2.57	\$2.57	\$2.57	\$2.57
Total Operating Expenses PSF/yr.		\$6.03	\$6.18	\$6.33	\$6.49	\$6.65	\$6.81	\$6.98	\$7.15	\$7.33	\$7.51
Absorption & Turnover Vacancy		-	-	-	-	-	-	-	-	-	-
General Vacancy		-	-	-	-	-	-	-	-	-	-
Potential Gross Revenue											
Base Rental Revenue		\$261,504	\$261,504	\$261,504	\$261,504	\$261,504	\$279,421	\$279,421	\$279,421	\$279,421	\$279,421
Scheduled Base Rental Revenue		\$261,504	\$261,504	\$261,504	\$261,504	\$261,504	\$279,421	\$279,421	\$279,421	\$279,421	\$279,421
Expense Reimbursement Revenue		\$52,931	\$54,225	\$55,552	\$56,912	\$58,307	\$59,739	\$61,206	\$62,711	\$64,255	\$65,838
Total Potential Gross Revenue		\$314,435	\$315,729	\$317,056	\$318,416	\$319,811	\$339,160	\$340,627	\$342,132	\$343,676	\$345,259
General Vacancy		-	-	-	-	-	-	-	-	-	-
Effective Gross Revenue		\$314,435	\$315,729	\$317,056	\$318,416	\$319,811	\$339,160	\$340,627	\$342,132	\$343,676	\$345,259
Operating Expenses											
Taxes - \$3.25		\$29,406	\$29,994	\$30,594	\$31,206	\$31,830	\$32,467	\$33,116	\$33,778	\$34,454	\$35,143
Insurance - \$0.35		3,167	3,262	3,360	3,460	3,564	3,671	3,781	3,895	4,012	4,132
CAM - \$2.25		20,358	20,969	21,598	22,246	22,913	23,601	24,309	25,038	25,789	26,563
Total Operating Expenses		\$52,931	\$54,225	\$55,552	\$56,912	\$58,307	\$59,739	\$61,206	\$62,711	\$64,255	\$65,838
NET OPERATING INCOME		\$261,504	\$261,504	\$261,503	\$261,502	\$261,505	\$279,421	\$279,420	\$279,421	\$279,421	\$279,420



Rent Roll

Tenant	Sq. Ft.	Monthly Rent	Annual Rent	Term	Est. Commence. Date	First Rental Increase	Rental Increase Amount	Options	Option Increases
Starbucks	2,077	\$6,250	\$75,000	10 yrs.*	Dec-15	After Year 5	\$80,300	4 @ 5 yrs.	10% every 5 yrs.
Chipotle	2,400	\$6,400	\$76,800	10 yrs.	Dec-15	After Year 5	\$82,560	4 @ 5 yrs.	Opt 1: \$89,760 Opt 2: \$98,736 Opt 3: \$108,600 Opt 4: \$119,472
Buffalo Wild Wings	4,571	\$9,142	\$109,704	10 yrs.	Dec-15	After Year 5	\$116,561	4 @ 5 yrs.	10% every 5 yrs.
TOTAL	9,048	\$21,792	\$261,504						

*Starbucks has a one-time right to terminate after year 5 of the lease with 120 days notice and pay a termination fee equal to 12 months of rent, unamortized brokerage and TI allowance. The total estimated termination fee is \$153,695

Tenant Information



Starbucks Corporation operates as a roaster, marketer, and retailer of specialty coffee worldwide. Its stores offer coffee and tea beverages, packaged roasted whole bean and ground coffees, single

serve products, and juices and bottles water. The company's stores also provide fresh food offerings; ready-to-drink beverages; and various food products, including pastries, and breakfast sandwiches and lunch items, as well as beverage-making equipment and accessories. In addition, it licenses the rights to produce and distribute Starbucks branded products to The North American Coffee Partnership with the Pepsi-Cola Company, as well as licenses its trademarks through licensed stores, grocery, and national food service accounts. The company offers its products under the Starbucks, Teavana, Tazo, Seattle's Best Coffee, Starbucks VIA, Starbucks Refreshers, Evolution Fresh, La Boulange, and Verismo brand names. Starbucks is the largest coffeehouse company in the world ahead of UK rival Costa Coffee, with 21,536 stores in 64 countries and territories, including 12,218 in the United States, 1,716 in China, 1,330 in Canada, 1,079 in Japan and 808 in the United Kingdom. Starbucks Corporation was founded in 1985 and is based in Seattle, Washington. Starbucks Corporation's common stock trades on the NASDAQ Global Select Market ("NASDAQ") under the symbol "SBUX".

For the quarter ended March 29, 2015, Starbucks Corporation reported revenue of \$4.563 billion with net income of \$495 million and total stockholder equity of \$6.008 billion. As of June 10, 2015 market capitalization was \$79 billion. Starbucks is rated "A-" by Standard & Poor's.



Chipotle Mexican Grill, Inc (NYSE: CMG) operates fresh Mexican food restaurants in the fastest growing segment of the restaurant industry: "fast casual." Chipotle opened its first store in 1993 in Colorado,

and today there are approximately 1,700 restaurants across the US with some in Canada, France, Germany, and the UK. They use high-quality raw ingredients, classic cooking methods and distinctive interior design with food quality that is more in line with full service restaurant, coupled with the speed and convenience of fast food.

For the quarter ended March 31, 2015, Chipotle reported revenue of \$1.09 billion with a net income of \$122.64 million and total stockholder equity of \$2.13 billion.

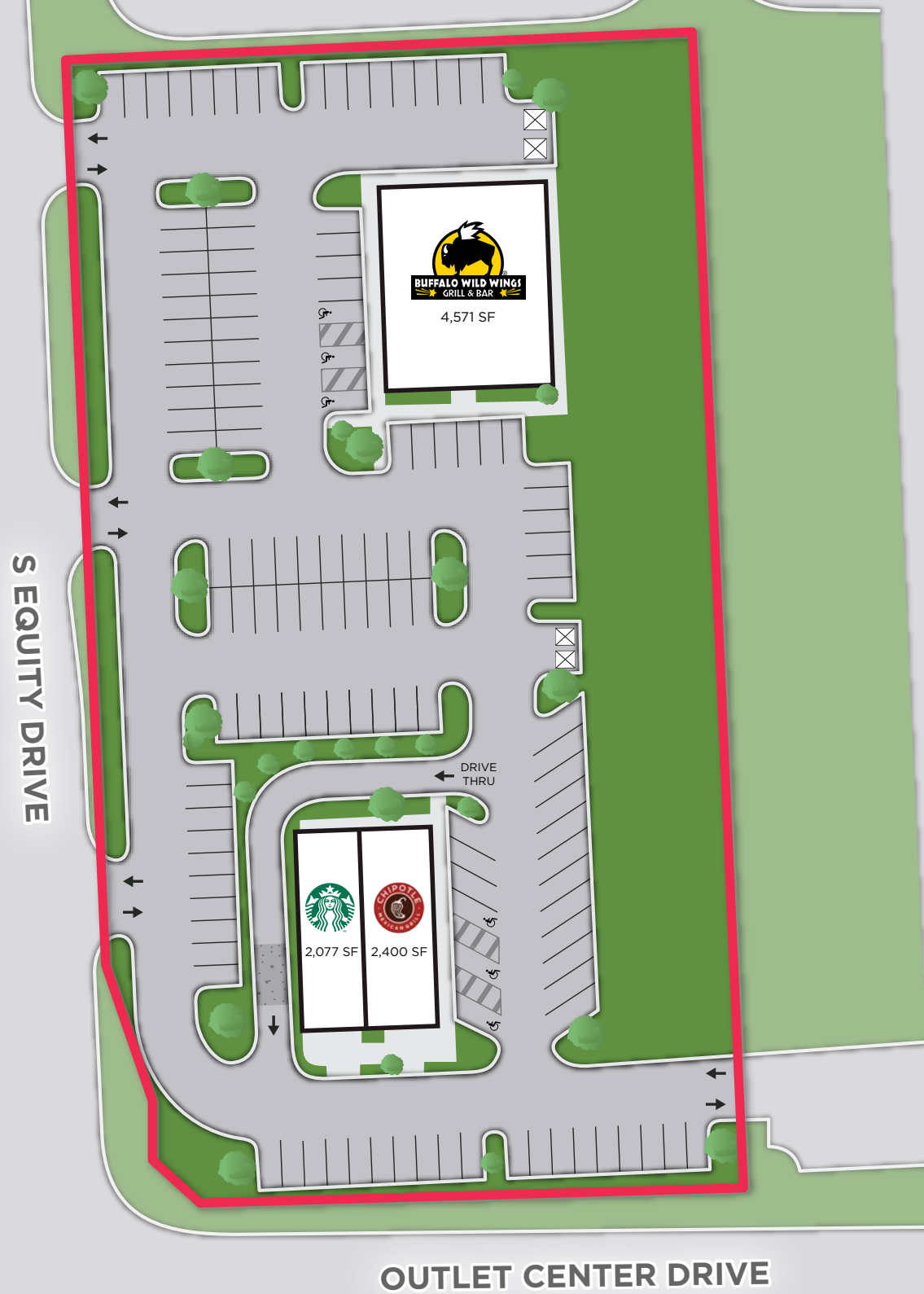


Buffalo Wild Wings, Inc. (Nasdaq: "BWLD"), engages in the ownership, operation, and franchise of restaurants in the United States. The company provides quick casual and casual dining services

and serves bottled beers, wines, and liquor. As of February 2013, there were approximately 1,080 Buffalo Wild Wings locations in the United States, as well as in Canada, Mexico, and the Philippines.

For the quarter ended March 31, 2015, Buffalo Wild Wings reported revenue of \$440.59 million with net income of \$29.06 million and total stockholder equity of \$601.89 million.

Site Plan



SMITHFIELD
Cinemas

Holiday Inn
Express
& Suites

Comfort
INN

Best
Western

COLD STONE
CREAMERY
SUBWAY

BAYMONT
INN & SUITES

SLEEP
INN

San Marcos
Mexican Restaurant

TEX★S
STEAKHOUSE & SALOON

Outlet Center Dr. (12,000 AADT)

SMITHFIELD LANDING



Aerial | Mid-Range View

Waffle House

Checkers
BURGERS • FRIES • COLAS

golden corral
Buffet & Grill

Zaxby's

Dunkin' Donuts

SHEETZ
FRESH FOOD
MADE TO ORDER

Ruby Tuesday

Burger King

Cici's Pizzeria

BAYMONT
INN & SUITES

Best Western

COLD STONE
CREAMERY
AMERICA'S FAVORITE
COMFORT SHOPS
SUBWAY

SMITHFIELD
COUNTRY

SUNOCO

TEXAS
STEAKHOUSE & SALOON

Comfort INN

Holiday Inn
Express
& Suites

SMITHFIELD LANDING

BUFFALO
WILD WINGS

CHIPOTLES
MEXICAN BURGERS

Starbucks

SLEEP
INN

Bob Evans

OUTBACK
STEAKHOUSE

FAIRFIELD
INN
Marriott

Outlet Center Dr. (12,000 AADT)

E. Market Street (17,000 AADT)

I-95 (38,000 AADT)

Aerial | North View

Smithfield-Selma
Senior High School



US RT 70



US RT 301 / N. Brightleaf Blvd.



I-95 (38,000 AADT)
E. Market Street (17,000 AADT)
70

Outlet Center Dr. (12,000 AADT)

Aerial | West View



DOWNTOWN

Johnston
Community College

Johnston
Medical Mall

Johnston
UNC Healthcare

US RT 301 / N. Brightleaf Blvd.

I-95 (38,000 AADT)

E. Market Street (17,000 AADT)

Outlet Center Dr. (12,000 AADT)

SMITHFIELD
LANDING



Waffle
House

Dunkin'
Donuts

Zaxby's

Ruby
Tuesday

BAYMONT
INN & SUITES

Best
Western

COLD STONE
CREAMERY

SAS
SUBWAY

SMITHFIELD
CORPORA

Comfort
INN

Holiday Inn
Express
& Suites

RAC Rent-A-Center

Bob Evans

OUTBACK
STEAKHOUSE

FAIRFIELD
INN

CAROLINA PREMIUM OUTLETS



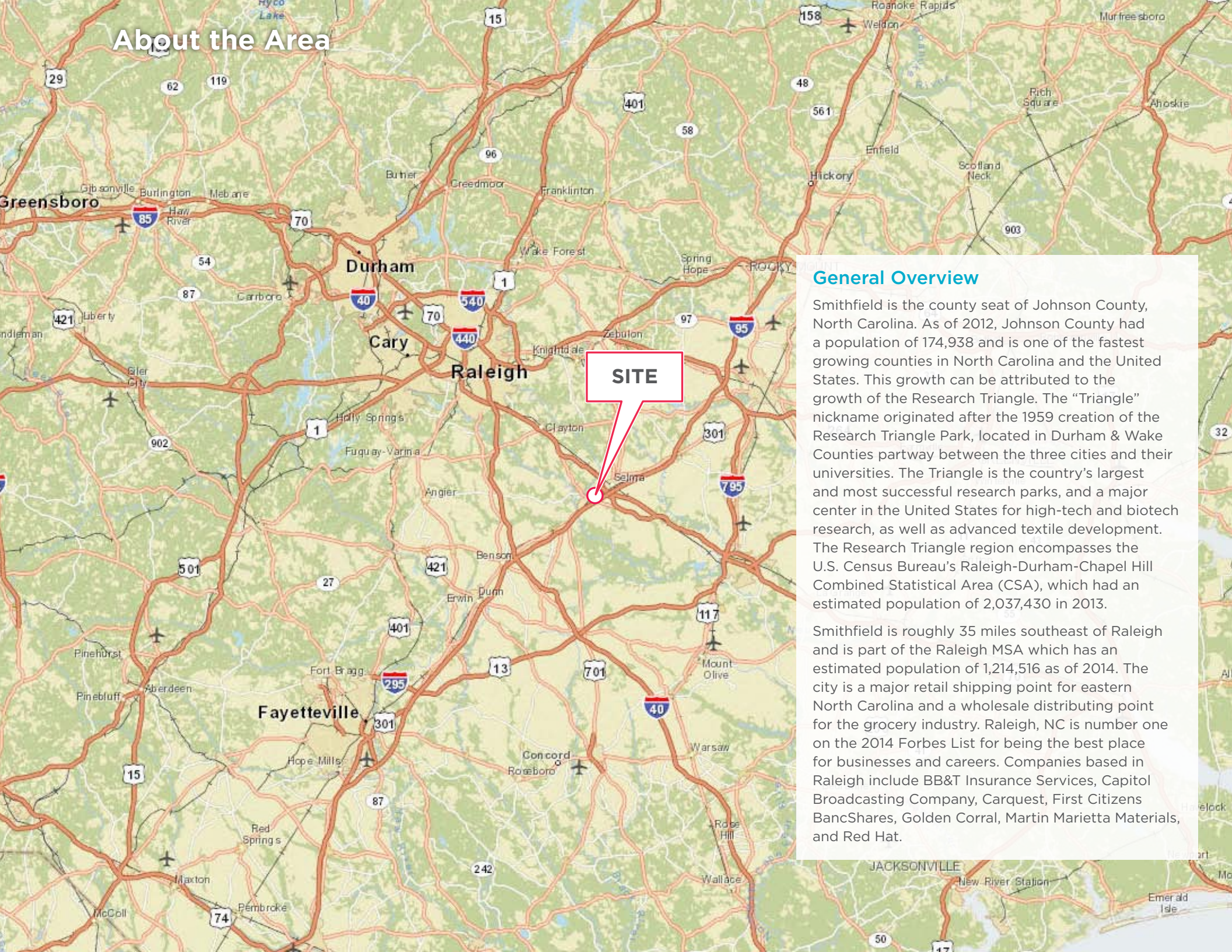
DOLLAR GENERAL

CITITRENDS



Auto
Zone

About the Area



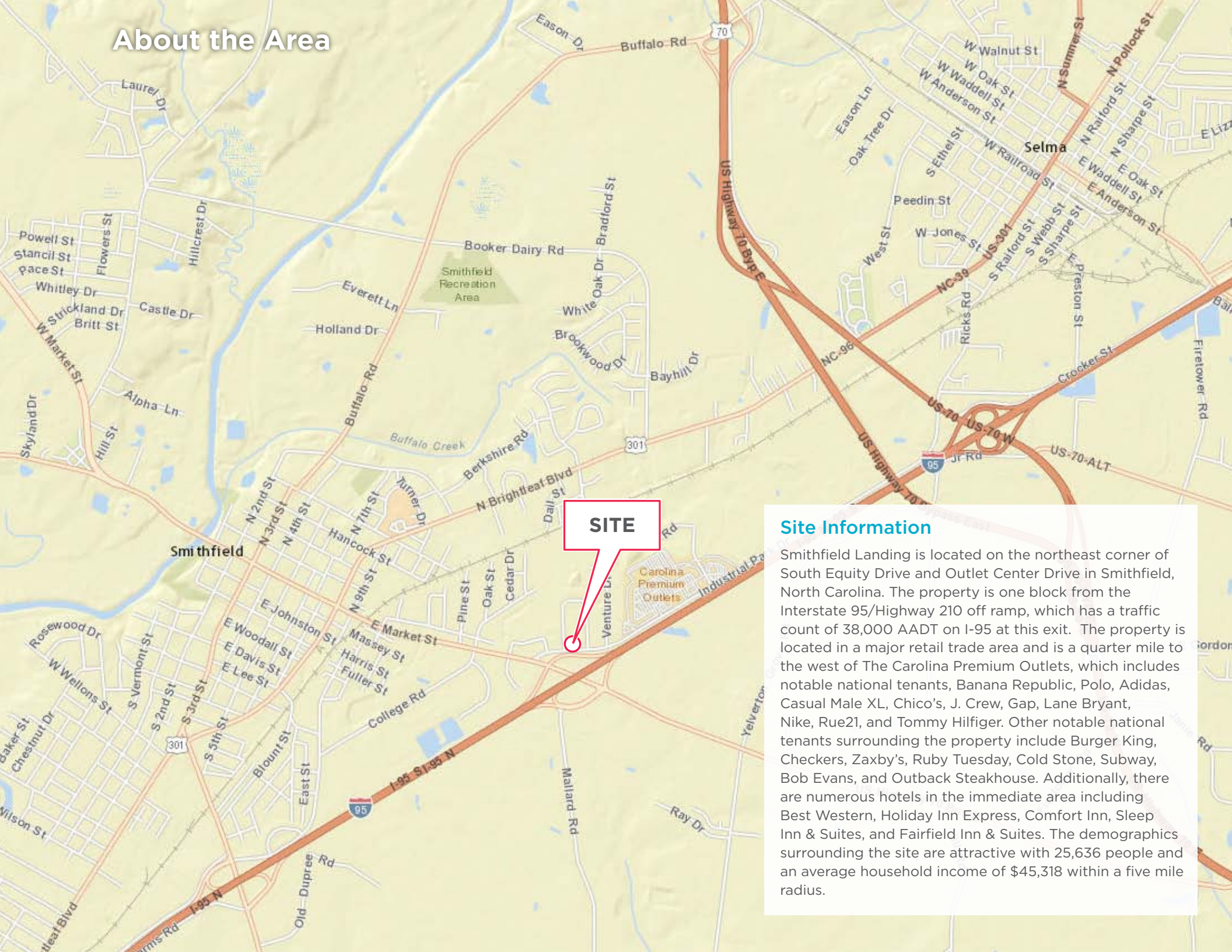
SITE

General Overview

Smithfield is the county seat of Johnson County, North Carolina. As of 2012, Johnson County had a population of 174,938 and is one of the fastest growing counties in North Carolina and the United States. This growth can be attributed to the growth of the Research Triangle. The "Triangle" nickname originated after the 1959 creation of the Research Triangle Park, located in Durham & Wake Counties partway between the three cities and their universities. The Triangle is the country's largest and most successful research parks, and a major center in the United States for high-tech and biotech research, as well as advanced textile development. The Research Triangle region encompasses the U.S. Census Bureau's Raleigh-Durham-Chapel Hill Combined Statistical Area (CSA), which had an estimated population of 2,037,430 in 2013.

Smithfield is roughly 35 miles southeast of Raleigh and is part of the Raleigh MSA which has an estimated population of 1,214,516 as of 2014. The city is a major retail shipping point for eastern North Carolina and a wholesale distributing point for the grocery industry. Raleigh, NC is number one on the 2014 Forbes List for being the best place for businesses and careers. Companies based in Raleigh include BB&T Insurance Services, Capitol Broadcasting Company, Carquest, First Citizens BancShares, Golden Corral, Martin Marietta Materials, and Red Hat.

About the Area



SITE

Site Information

Smithfield Landing is located on the northeast corner of South Equity Drive and Outlet Center Drive in Smithfield, North Carolina. The property is one block from the Interstate 95/Highway 210 off ramp, which has a traffic count of 38,000 AADT on I-95 at this exit. The property is located in a major retail trade area and is a quarter mile to the west of The Carolina Premium Outlets, which includes notable national tenants, Banana Republic, Polo, Adidas, Casual Male XL, Chico's, J. Crew, Gap, Lane Bryant, Nike, Rue21, and Tommy Hilfiger. Other notable national tenants surrounding the property include Burger King, Checkers, Zaxby's, Ruby Tuesday, Cold Stone, Subway, Bob Evans, and Outback Steakhouse. Additionally, there are numerous hotels in the immediate area including Best Western, Holiday Inn Express, Comfort Inn, Sleep Inn & Suites, and Fairfield Inn & Suites. The demographics surrounding the site are attractive with 25,636 people and an average household income of \$45,318 within a five mile radius.

Demographics



Smithfield, NC 27577

	5 Miles	10 Miles	15 Miles
Population Summary			
2010 Total Population	25,679	63,854	145,588
2015 Total Population	25,986	67,194	155,593
2020 Total Population	26,640	70,949	167,108
2015-2020 Annual Rate	0.50%	1.09%	1.44%
Average Household Income			
2015	\$45,372	\$54,989	\$60,796
2020	\$51,382	\$62,402	\$68,491
Median Home Value			
2015	\$136,636	\$153,151	\$170,820
2020	\$170,468	\$194,461	\$208,835
Per Capita Income			
2015	\$17,185	\$20,175	\$22,283
2020	\$19,345	\$22,756	\$24,975



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