

ABSOLUTE NNN CHICK-FIL-A GROUND LEASE

2800 COLUMBIA ROAD | GRAND FORKS, NORTH DAKOTA



AFFILIATED BUSINESS DISCLOSURE AND CONFIDENTIALITY AGREEMENT

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CONFIDENTIALITY AGREEMENT

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 reserved 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.

DISCLAIMER

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ALL PARCEL LINES ON SITE PLAN AND AERIALS ARE APPROXIMATE.

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TABLE OF CONTENTS

04

EXECUTIVE
SUMMARY

08

PROPERTY
OVERVIEW

12

MARKET
OVERVIEW



REPRESENTATIVE PHOTO

CHICK-FIL-A – GRAND FORKS, ND

EXECUTIVE SUMMARY



CHICK-FIL-A – GRAND FORKS, ND



THE OFFERING

CBRE's Net Lease Property Group is pleased to extend the opportunity to acquire fee simple interest in a brand new 20-year absolute NNN ground lease with Chick-fil-A. The lease includes a corporate guaranty, 10% rental bumps every 5 years and in each of the six, 5-year extension options, and zero landlord responsibilities. The asset is located in Grand Forks, North Dakota, the third largest city in the state. Grand Forks is situated in the eastern portion of North Dakota and was the state's fastest growing metropolitan area during 2016.

Chick-fil-A is ideally situated on the ring road of Columbia Mall, which anchors the Grand Forks retail corridor. Columbia Mall is a 620,950-square foot enclosed regional mall anchored by Sears, JCPenney, and Scheels. The mall features more than 70 retailers, specialty shops, restaurants, and services. The area further benefits from the abundance of national retailers in the corridor including Walmart, Sam's Club, Target, Best Buy, Ashley Furniture, Hobby Lobby, Kohl's, Petco, TJ Maxx, Menards, Lowe's Home Improvement, and a 10-screen AMC Classic Cinema. In addition to strong surrounding retail, Chick-fil-A is located less than two miles south of the University of North Dakota (15,000 Students), which enhances the population base that the asset draws from.

Chick-fil-A is the largest quick-service chicken restaurant chain and one of the largest fast-food chains in the United States. With more than 2,100 restaurants, Chick-fil-A restaurant locations span from coast to coast and are currently located in 46 states and Washington, D.C. In 2016, the company's sales reached nearly \$8 billion, which marked 49 consecutive years of sales growth.

FINANCIAL OVERVIEW

| | |
|------------------------------|---|
| Offering Price | \$2,353,000 |
| Cap Rate | 4.25% |
| Rent | \$100,000 |
| Lease Structure | Absolute NNN Ground Lease |
| Land Area | ±1.36 Acres / 59,417 Square Feet |
| Building Size | 4,971 Square Feet |
| Year Built | 2017 |
| Parking | 71 Spaces |
| Tenant | Chick-fil-A, Inc., a Georgia corporation |
| Guarantee | Corporate |
| Lease Term | 20 Years |
| Rent Commencement | May 1, 2017 |
| Est. Construction Completion | September 28, 2017 |
| Renewal Options | Six, 5-Year Options |
| Rental Increases | 10% every 5 years during the base term and during each option |
| Landlord Responsibilities | None |

CHICK-FIL-A RENT SCHEDULE

| LEASE YEARS | ANNUAL | MONTHLY |
|------------------------|--------------|-------------|
| Year 1 - Year 5 | \$100,000.00 | \$8,333.33 |
| Year 6 - 10 | \$110,000.00 | \$9,166.67 |
| Year 11 - 15 | \$121,000.00 | \$10,083.33 |
| Year 16 - 20 | \$133,100.00 | \$11,091.67 |
| Option 1: Year 21 - 25 | \$146,410.00 | \$12,200.83 |
| Option 2: Year 26 - 30 | \$161,051.00 | \$13,420.92 |
| Option 3: Year 31 - 35 | \$177,156.10 | \$14,763.01 |
| Option 4: Year 36 - 40 | \$194,871.71 | \$16,239.31 |
| Option 5: Year 41 - 45 | \$214,358.88 | \$17,863.24 |
| Option 6: Year 46 - 50 | \$235,794.77 | \$19,649.56 |

Long Term Opportunity: The opportunity to acquire fee interest in a corporate guaranteed absolute NNN Chick-fil-A ground lease located in Grand Forks, North Dakota. The asset consists of a brand new prototype Chick-fil-A store with an upgraded canopy over the drive-thru lanes. The 20-year lease includes strong 10% rental increases, six 5-year options, and zero landlord responsibilities. Chick-fil-A is the largest quick-service chicken restaurant chain with more than 2,100 locations in 46 states and Washington, D.C. The company's sales reached nearly \$8 billion in 2016, which marked 29 consecutive years of sales growth.

Irreplaceable Location: Chick-fil-A is located on 32nd Avenue South, less than one-half mile east of the full interchange at Interstate 29, in southwest Grand Forks. The stretch of 32nd Avenue South between Interstate 29 and Columbia Road is the city's primary retail corridor and contains over 1.2 million square feet of retail GLA. Traffic counts at the intersection of 32nd Avenue South and Columbia Road average 49,000 vehicles daily.

Retail Center of Gravity: Chick-fil-A is located on the ring road of Columbia Mall, anchored by Sears, JCPenney, and Scheels. Columbia Mall, a 620,950-square foot enclosed regional mall, anchors the Grand Forks retail corridor. Adjacent big box tenants that add a significant draw to the area include Walmart, Sam's Club, Target, Best Buy, Ashley Furniture, Hobby Lobby, Kohl's, Petco, TJ Maxx, Menards, Lowe's Home Improvement, and a 10-screen AMC Classic Cinema.

Expansive Trade Area: Chick-fil-A sits at the center of what is assured to be the primary regional hub of retail activity for an expansive trade area. The next closest regional mall is over 80 miles south in Fargo, North Dakota. Within five-miles of the Chick-fil-A is a population of 67,673 residents with an average household income of \$69,871. Strengthening the demographics further is the Property's proximity to The University of North Dakota, which is located just two miles north of the asset. The University of North Dakota has over 15,00 students enrolled and employs more than 4,325.

Robust Grand Forks MSA: Chick-fil-A is located in the city of Grand Forks, North Dakota, which together with the adjoining city of East Grand Forks, Minnesota, forms the third largest metropolitan statistical area (MSA) in North Dakota. The area's economy is well diversified with major employers Altru Health Systems (health care), Grand Forks Air Force Base (government), LM Wind Power (manufacturing), and American Crystal Sugar (agriculture). The local economy is bolstered by the presence of The University of North Dakota, the state's largest university.

Strong Tourism Industry: Grand Forks is approximately 135 miles south of Winnipeg, Manitoba (Canada), making the Grand Forks retail corridor an easy tourist destination for Canadian visitors. North Dakota is the 11th most visited state by Canadians, who spent more than \$191 million (USD) in 2015, the most recent year for which statistics are available. The majority of Canadian tourists visiting the Grand Forks MSA come for shopping. North Dakota's total visitor spending during 2015 exceeded \$3.1 billion.

CHICK-FIL-A – GRAND FORKS, ND

PROPERTY OVERVIEW



24TH AVENUE
10,000 VPD

COLUMBIA ROAD
26,000 VPD

240 Unit
Apartment Complex
Under Construction

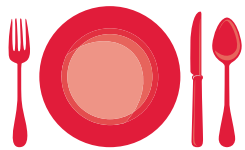
32ND AVENUE
23,000 VPD





Chick-fil-A is the largest quick-service chicken restaurant chain and one of the largest fast-food chains in the United States. With more than 2,100 restaurants, Chick-fil-A serves freshly prepared chicken entrees, sandwiches, and salads along with waffle fries and fresh-squeezed lemonade. Chick-fil-A restaurant locations span from coast to coast and are currently located in 46 states and Washington, D.C., with new locations added almost every week. Founded in 1967 by S. Truett Cathy, Chick-fil-A, Inc. is a family owned and privately held company based in Atlanta, Georgia. The company's sales are astounding with 73% growth over the past five years. In 2016, the company's sales reached nearly \$8 billion, which marked 49 consecutive years of sales growth.

Based on NRN Top 100 data, Chick-fil-A's unit volumes are the 11th best among the 100 largest chains. In 2016, Chick-fil-A was named the Technomic Consumer's Choice for "providing value through service" and QSR Magazine named the company "the most polite restaurant in the country" in its annual drive-thru report. Chick-fil-A was also recognized in 2015 as America's "Top Chicken Restaurant Brand" by The Harris Poll and the only restaurant brand named to the Top 10 "Best Companies to Work For" by 24/7 Wall Street in 2016.



#1 Quick-Service
Chicken Restaurant



2,100+
Locations



46 States
& Washington D.C.



\$8 Billion
In 2016 Sales



49 Years of Consecutive
Sales Growth



Headquarters
Atlanta, Georgia



Founded
1967

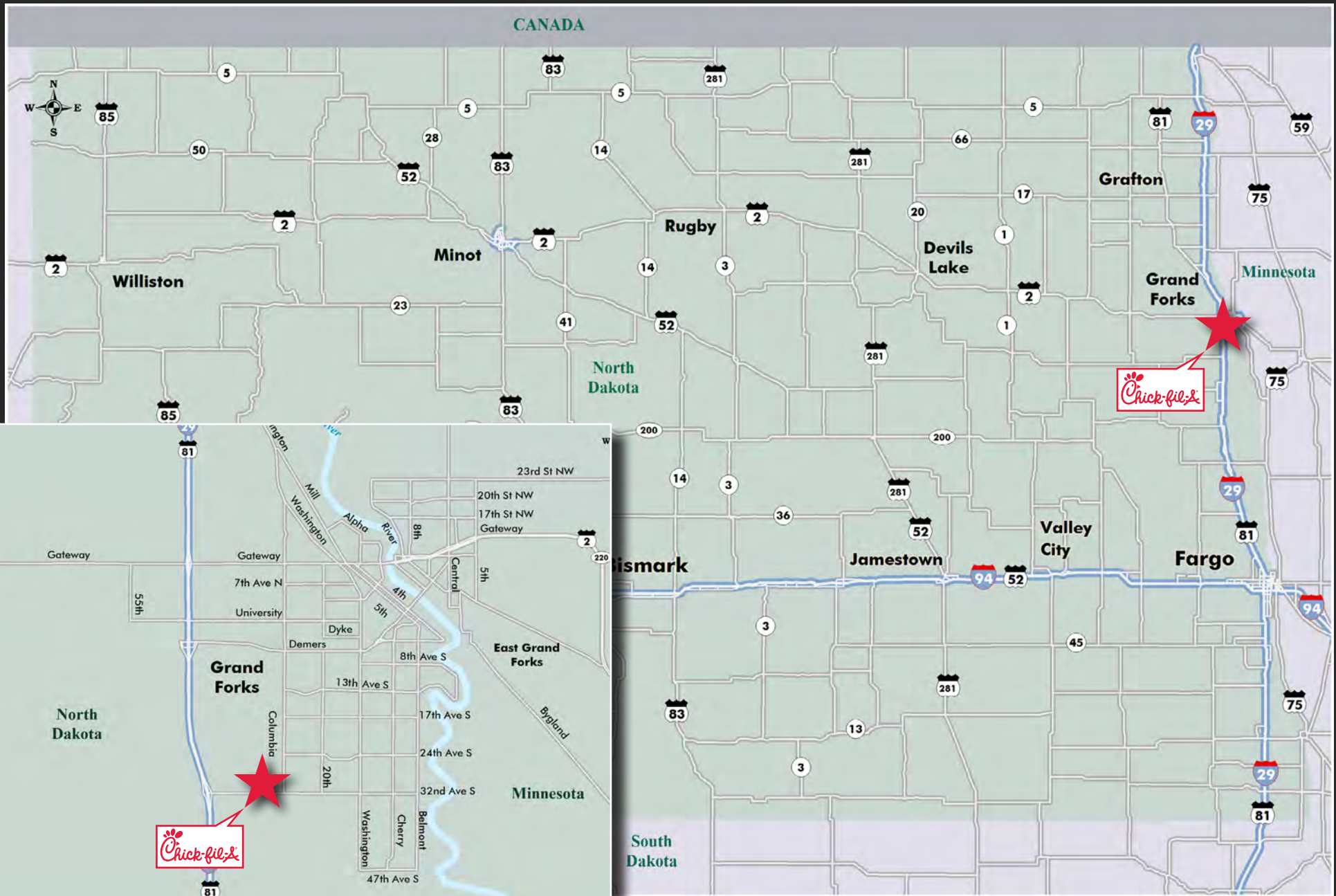


Website
www.chick-fil-a.com

COLUMBIA MALL SITE PLAN



REGIONAL MAP



CHICK-FIL-A – GRAND FORKS, ND

MARKET OVERVIEW



32ND AVENUE
23,000 VPD

COLUMBIA ROAD
26,000 VPD

WALMART
SUPERCENTER
SAM'S CLUB

- DOLLAR TREE
- JO-ANN
- Hornbacher's
- TJ-maxx
- SHERWIN-WILLIAMS
- Party City

24TH AVENUE
10,000 VPD

240 Unit
Apartment Complex
Under Construction

Chick-fil-A

The city of Grand Forks is located in eastern North Dakota, along the banks of the Red River on the border of Minnesota. It is the third largest city in North Dakota, after Fargo and Bismarck, and the county seat of Grand Forks County. The city of Grand Forks is located approximately 80 miles north of Fargo, North Dakota and approximately 135 miles south of Winnipeg, Manitoba, Canada. The city of Grand Forks is also the principal city of the Grand Forks Metropolitan Statistical Area, which encompasses Grand Forks County in North Dakota and Polk County in Minnesota.

Grand Forks finished 2016 as the fastest growing metropolitan area in North Dakota. The Grand Forks MSA has an estimated population of 104,800 residents; an increase of 6.4% from the 2010 Census population. The population is expected to increase an additional 5.6% over the next five years to nearly 110,647. Residents in the metro area enjoy an average household income of \$70,200.

Economy

The Grand Forks MSA is relatively diverse, with major employers in sectors including education, defense, health care, manufacturing, and food processing. The presence of the University of North Dakota (two miles north of Chick-fil-A) and the Grand Forks Air Force Base (15 miles northwest of Chick-fil-A) provide stability to the local economy. Manufacturing firms in the metro area include LM Wind Power (wind turbines) and Cirrus Aircraft (small aircraft). Major food producers include American Crystal Sugar (sugar processing), J.R. Simplot Co. (potato processing) and the state-owned North Dakota Mill and Elevator, the largest flour mill in the United States.

The University of North Dakota has long been seen as an “economic engine” for the region. The University has been commercializing its research and constructed a research park on the western side of the campus to further that goal. The UND Tech Park is home to two tech incubators that are currently house more than 30 companies. The University’s sponsored research programs had an economic impact of \$202 million and resulted in 1,417 jobs in fiscal year 2013 alone. UND’s

total economic impact on the state and region is \$1.4 billion; student spending accounts for an estimated \$136.6 million.

Transportation

The city of Grand Forks is located at the intersection of Interstate 29 and US Route 2, along the North Dakota/Minnesota border. Interstate 29 provides access to Winnipeg, Canada (135 miles north) and Fargo, North Dakota and Interstate 94 (75 miles south). US Route 2 runs east/west and is the primary connection between Grand Forks, East Grand Forks, the Grand Forks Air Force Base, Grand Forks International Airport, and Crookston, Minnesota. Other major roads through the area include Columbia Road and Washington Street, both of which run north/south, and University Avenue, Demers Avenue and 32nd Avenue South, all of which run east/west. Chick-fil-A is located near the intersection of Columbia Road and 32nd Avenue South. Over 49,000 vehicles each day drive through this intersection and past the Mall.

Grand Forks International Airport is located five miles northwest of Grand Forks’ central business district and provides daily flights to Las Vegas, Orlando, Phoenix and Minneapolis/St. Paul via Delta Connection and Allegiant Air. The airport is also a major distribution center for FedEx, which conducts daily flights throughout North Dakota and portions of Minnesota. Grand Forks International Airport is also home to the University of North Dakota’s John D. Odegard School of Aerospace Sciences, which accounts for the majority of flight operations.

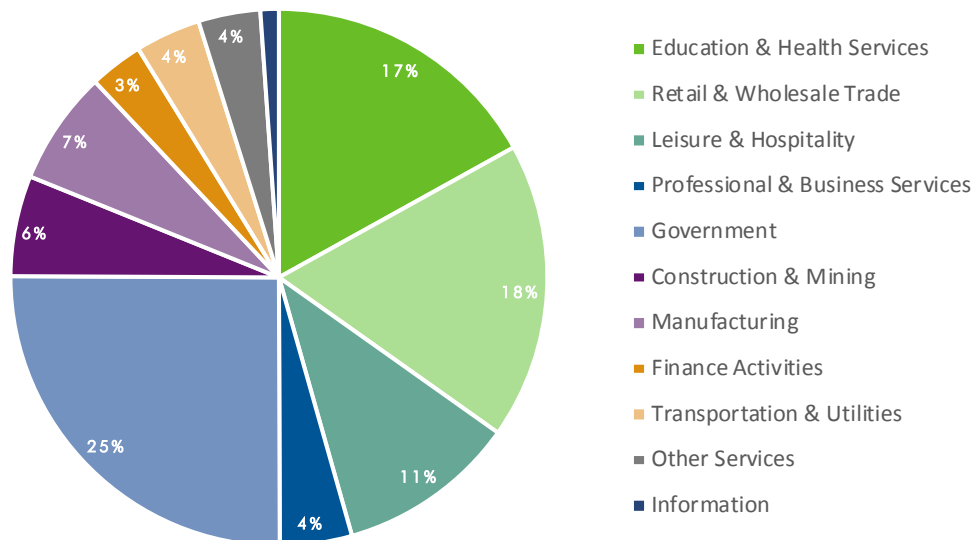
Rail freight service is provided by Burlington Northern Santa Fe, which has a hub in the city of Grand Forks. Amtrak’s passenger rail system makes regular, scheduled stops in Grand Forks as well.

MARKET OVERVIEW

Employment

The Grand Forks MSA has a strong employment history, with unemployment rates traditionally much lower than that of the national average. As of December 2016, the latest month for which statistics are available, the MSA had an unemployment rate of 3.1%. This is significantly less than the national unemployment rate of 4.7% for the same month. Furthermore, over the past 10 years nearly all industry sectors have shown growth, with the exception of the Manufacturing and Professional and Business Services sectors. Strongest growth has been in the Construction and Mining sector (41% increase), with Transportation and Utilities (22% increase), Retail and Wholesale Trade (19% increase) and Education and Health Services (16%) following.

The presence of the University of North Dakota, with over 15,000 students, and Grand Forks Air Force Base, with an estimated population of 1,935, provide 8,300 jobs to area residents and are the metro area's #2 and #3 top employers, respectively. The Grand Forks Air Force base should continue to see growth with an increase in defense spending, as laid out in the fiscal 2018 budget blueprint from the Trump Administration. Altru Health System, a community-owned system that provides healthcare throughout eastern North Dakota and northwest Minnesota, is the area's largest employer with over 4,000 employees.



GRAND FORKS MAJOR EMPLOYERS

| COMPANY | INDUSTRY | TOTAL EMPLOYEES |
|-----------------------------------|--------------------------------|-----------------|
| University of North Dakota | Education | 4,325 |
| Altru Health System | Health Care | 4,115 |
| Grand Forks Air Force Base | Government | 3,998 |
| Grand Forks Public Schools | Education | 1,100 |
| LM Wind Power | Manufacturing | 1,000 |
| Valley Memorial Homes | Health Care | 715 |
| City of Grand Forks | Government | 477 |
| Hugo's | Retail/Food | 450 |
| J.R. Simplot | Food Processing | 420 |
| American Crystal Sugar | Food Processing | 388 |
| Grand Forks County | Government | 318 |
| Rydell GM Auto Center | Motor Vehicle/ Parts Dealer | 250 |
| Minnkota Power Cooperative | Utilities | 220 |
| Online Retailer | Nonstore Retailer | 200 |
| Cirrus Aircraft | Manufacturing | 200 |
| Northwood Deaconess Health Center | Health Care | 200 |

Source: Springsted annual employer survey taken on behalf of the City of Grand Forks, ND.

Quality of Life

The Grand Forks metro area has been nationally recognized for business, education and quality of life. Recent accolades include:

- #10: Leading (U.S. Metro) Locations: Area Development, May 2014
- #5: Top 30 Small Cities: Area Development, 2014
- #37: Forbes Best Places for Business & Careers, August 2014
- #69: Forbes Best Small Places for Business & Careers, 2016
- Ranked in the top 100 best places to live, CNN Money 2012 and 2010
- #13: (among small metro areas) best places to launch small business start—up, CNN Money

The Grand Forks metro area is a hub of entertainment, annually drawing more than 1 million people to the region for concerts, sporting events, shopping, theater performances and more. The metro area boasts two arenas and the state’s premier conference center. Attached to a four-star conference hotel and destination center, the Alerus Center is the state’s most sought-after conference location. The Ralph Engelstad Arena is the envy of all hockey arenas, with more than 11,000 seats and 48 luxury suites.

A vibrant downtown attracts exciting nightlife, annual festivals, and community gatherings that include art and wine walks, blues festivals, and a Farmer’s Market. The Greater Grand Forks Symphony Orchestra, Grand Forks Master Chorale, North Dakota Ballet Company and Grand Forks City Band all stage events in the city throughout the year.

Entertainment enthusiasts also benefit from proximity to the University of North Dakota, which annually hosts events including concerts, cultural festivals, theater productions, speakers series, art shows and more. College sports are popular, and there is an intense following for the University’s football and men’s ice hockey teams.



MARKET OVERVIEW

Retail Alignment

Chick-fil-A is strategically located in the heart of the regional corridor surrounding Columbia Mall. Columbia Mall is an enclosed regional mall totaling 620,950 square feet of retail GLA. The mall is anchored by Sears, JCPenney, and Scheels, and features more than 70 retailers, specialty shops, restaurants, and services. Retailers within the mall include Bath & Body Works, Gap, Victoria's Secret, The Children's Place, Eddie Bauer, Francesca's, Helzberg Diamonds, Men's Wearhouse, and rue21. The closest regional mall is West Acres Mall in Fargo, North Dakota, approximately 80 miles south.

The Grand Forks retail corridor is home to a variety of big box and service retailers. Adjacent big box tenants include Walmart, Sam's Club, Target, Best Buy, Ashley Furniture, Hobby Lobby, Kohl's Petco, TJ Maxx, Menards, Lowe's Home Improvement, and a 10-screen AMC Classic Cinema. Located on the ring road of Columbia Mall, Chick-fil-A sits at the center of what is assured to be the primary regional hub of retail activity for the expansive trade area.

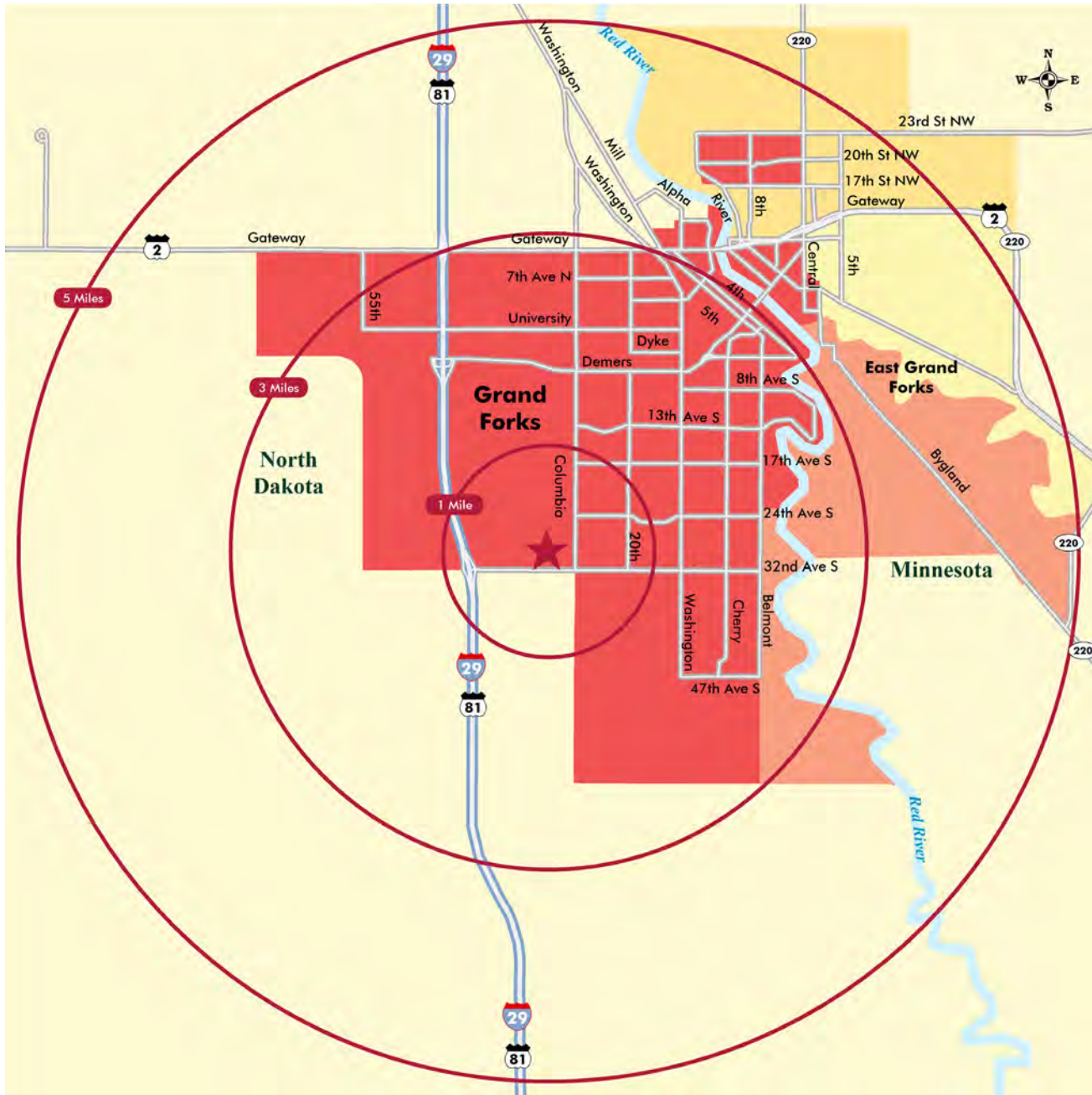


Trade Area Demographics

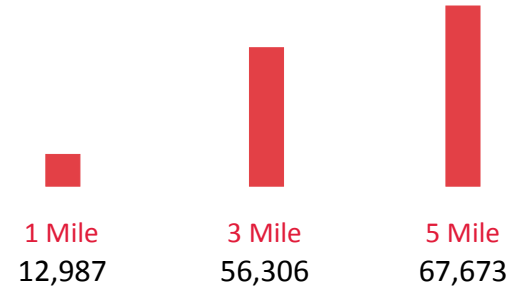
Chick-fil-A will draw the majority of its customer base from what we have identified as the center's primary trade area, defined as a three-mile radius from the Property. The primary trade area has the following characteristics:

- The primary trade area has an estimated 2016 population of 56,306. Within the five-mile extended trade area is a population exceeding 67,670. This population base has experienced strong growth in recent years which is expected to continue over the next five years.
- The number of households is currently at 24,170. Following along the same lines as the population, the number of households is projected to increase 8.5% over the next five years. The extended trade area has 28,730 households and which is projected to increase to 30,900 by 2021.
- The primary and extended trade area's current median ages are 29.9 and 30.7, respectively. 38% of the population is between the ages of 25 and 54.
- The primary trade area's average household income is \$68,870 and the extended trade area's average household income is \$69,870.
- 42% of the households are owner occupied within the primary trade area. Average and median home values are \$205,960 and \$178,130 respectively.

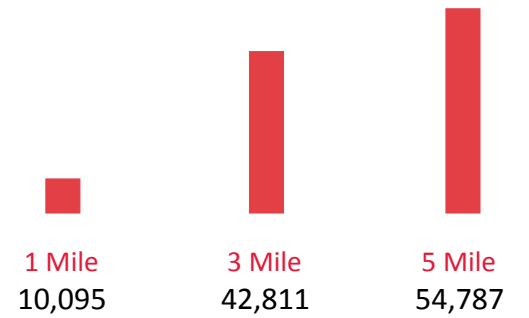
POPULATION CONCENTRATION MAP



2016 POPULATION



DAYTIME POPULATION



POPULATION PER SQUARE MILE—2016



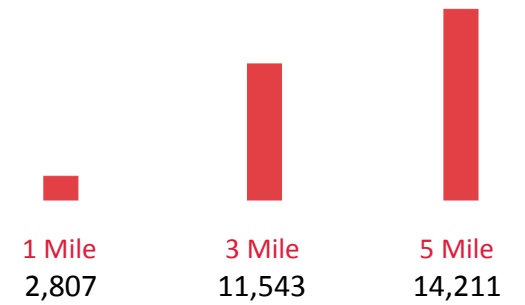
HOUSEHOLD INCOME MAP



2016 AVERAGE HOUSEHOLD INCOME



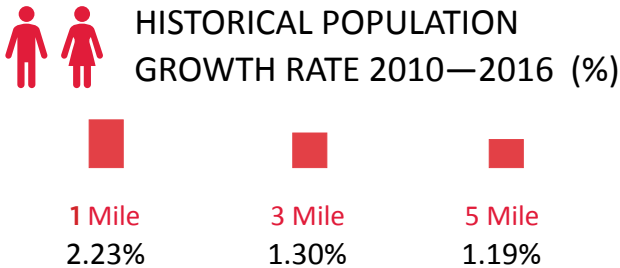
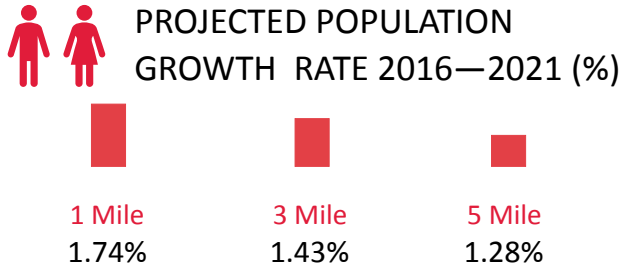
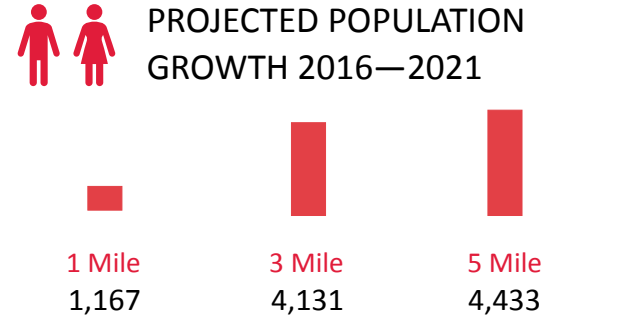
HOUSEHOLDS EARNING OVER \$50,000 ANNUALLY



AVERAGE HOUSEHOLD INCOME—2016

- Over \$100,000
- \$75,000 to \$100,000
- \$50,000 to \$75,000
- \$40,000 to \$50,000
- Less than \$40,000

POPULATION GROWTH MAP





REPRESENTATIVE PHOTO

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