



Don Pablo's (Absolute NNN Ground Lease)

5805 BECKLEY ROAD :: BATTLE CREEK, MICHIGAN

CBRE



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Fee Simple Interest in
 an Absolute Net Ground Lease



EXECUTIVE SUMMARY

Investment Highlights

Absolute Net Ground Lease: The opportunity to purchase a fee simple interest in an absolute net ground lease with zero landlord responsibilities.

Increasing Cash Flow: Don Pablo's has one 5-year extension remaining with a 10% rental increase.

Commitment to the Site: Don Pablo's has executed two extension options showing their commitment to the site.

Property Location: The property is located immediately south of the full interchange of Interstate 94 at the southeast corner of Lakeview Square Mall. Interstate 94 is the primary East-West thoroughfare crossing southern Michigan and connecting Chicago and Detroit. The interstate has a daily traffic count of 54,600 VPD.

Co-Tenancy: Lakeview Square Mall contains over 550,000 square feet of retail space with Sears, Macy's, JCPenney and GKC Theatres as the anchor tenants.

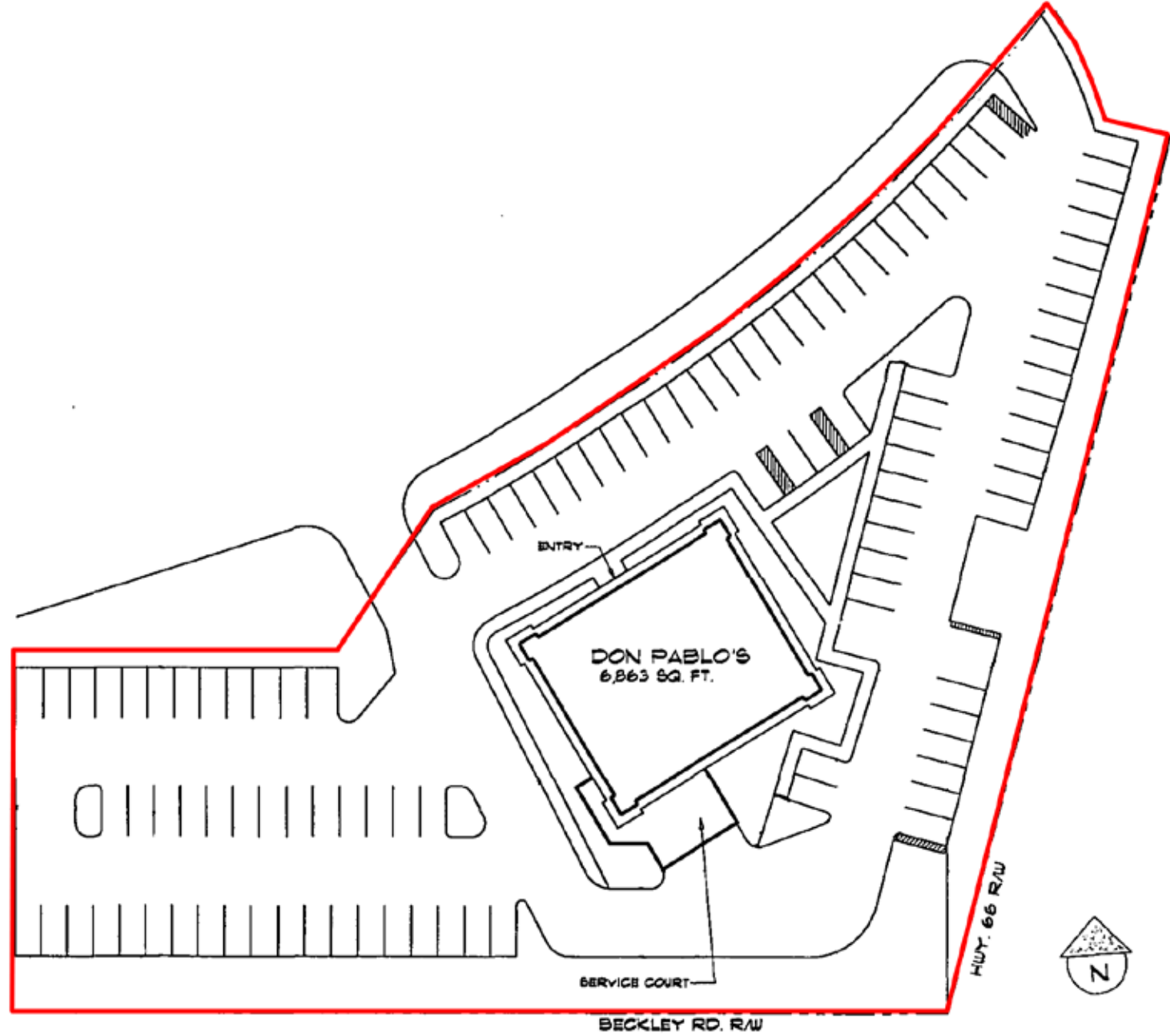
Corporate Headquarters: Battle Creek, known as the "Cereal City," is the world headquarters of Kellogg Company, which was founded in 1906. Kellogg Company is the top employer in Battle Creek, with an estimated 2,000 employees. Battle Creek is also the founding location of Post Cereals (now known as Post Holdings) and remains home to the company's operational headquarters.

INVESTMENT SUMMARY

Offering Price:	\$1,350,000
Cap Rate:	8.4%
Lease Structure:	Absolute Net Ground Lease
Parcel Size:	±3 acres
Approximate Building Size:	±6,863 square feet
Year Built:	1997
Tenant:	Don Pablo's Operating LLC
Lease Commencement:	May 29, 1998
Lease Expiration:	December 31, 2017
Rent:	\$113,135 / year
Renewal Options:	1 renewal option remaining
Option Rent:	\$124,448
Landlord Responsibilities:	None



SITE PLAN



Boundary lines are approximate

TENANT OVERVIEW

The Tenant

Don Pablo's is a chain of Tex-Mex restaurants founded in 1985 in Lubbock, Texas. The menu features traditional Tex-Mex items, including homemade salsa, tortillas and sauces and a range of other Mexican specialties. Don Pablo's is owned and operated by Rita Restaurant Corp., which purchased the restaurants from Avado Brands in 2008. Rita Restaurant Corp. has begun franchising locations; the Battle Creek restaurant is corporately owned.

About Rita Restaurant Corp.

Based in Madison, Ga., Rita Restaurant Corp. owns and operates 37 Don Pablo's restaurants in 15 states and four Hops Grill and Brewery restaurants in three states. The company is owned by funds managed by investment advisor DDJ Capital Management LLC of Waltham, Mass.



LEASE ABSTRACT

Tenant	Don Pablo's Operating LLC
Demised Premises	Approximately 3 acres with freestanding improvements totaling 6,863 square feet
Lease Term	May 29, 1998 - December 31, 2017
Lease Extension	One renewal option
Current Rent	\$113,135
Option Rent	\$124,448
Tenant Responsibilities	Tenant is responsible for CAM, taxes and insurance
Landlord Responsibilities	None
Assignment/Subletting	Tenant may not assign the Lease and/or sublet the Demised Premises, or any part hereof, without obtaining written permission of the Landlord; however, landlord's permission shall not be unreasonably withheld or delayed. (Section 12.01)

MARKET OVERVIEW

Battle Creek is located in southwest Michigan, approximately 130 miles east of Chicago and 109 miles west of Detroit. The city of Battle Creek is the principal city of the Battle Creek metropolitan statistical area (MSA), which encompasses all of Calhoun county. The MSA has a stable population base of 134,640 residents earning an average household income of \$53,641. The MSA has a low cost of living, approximately 14% below the national average, and an average home value of \$133,212.

Battle Creek, known as the “Cereal City,” is the world headquarters of Kellogg Company, the founding location of Post Cereals, and home to a Ralston Foods cereal factory owned by Ralcorp. Other major employers in the area include DENSO Manufacturing (auto parts manufacturing), Bronson Battle Creek (health care), Michigan Air National Guard, and Il Stanley Co. (auto parts manufacturing), among others. Manufacturing is the leading industry, with nearly 21% of the employed population, followed by health care/social services (15.4%) and retail trade (11.7%).

Don Pablo’s is located at the southwest quadrant of Interstate 94 and Interstate 194, on the periphery of Lakeview Square Mall. The mall is anchored by Sears, Macy’s, JCPenney and Carmike Cinemas, and anchors the largest retail concentration in the MSA. Other major retailers located near the mall include Target, Walmart Supercenter, Sam’s Club, Lowe’s, Meijer, Menards, Best Buy, TJ Maxx, Kohl’s, Hobby Lobby, Bed Bath & Beyond and Petco, among others.



DEMOGRAPHICS

	5805 Beckley Rd 1 mile radius	5805 Beckley Rd 3 mile radius	5805 Beckley Rd 5 mile radius	
POPULATION	2013 Estimated Population	4,116	21,382	55,153
	2018 Projected Population	4,170	21,258	54,487
	2010 Census Population	4,075	21,457	55,587
	2000 Census Population	3,263	20,150	56,605
	Growth 2010-2013	1.01%	-0.35%	-0.78%
	Growth 2013-2018	1.29%	-0.58%	-1.21%
POPULATION	2013 Estimated Median Age	32.22	41.86	37.84
	2013 Estimated Average Age	35.59	41.14	38.42
HOUSEHOLDS	2013 Estimated Households	1,979	9,214	22,186
	2018 Projected Households	1,982	9,125	21,995
	2010 Census Households	1,988	9,287	22,280
	2000 Census Households	1,581	8,499	22,491
	Growth 2010-2013	-0.45%	-0.78%	-0.42%
	Growth 2013-2018	0.18%	-0.97%	-0.86%
HOUSEHOLDS	2013 Est. Average Household Size	2.05	2.35	2.43
INCOME	2013 Est. Median Household Income	\$43,591	\$53,763	\$42,168
	2018 Prj. Median Household Income	\$44,686	\$56,013	\$43,902
	2000 Cen. Median Household Income	\$38,913	\$49,948	\$37,781
	2013 Est. Average Household Income	\$53,660	\$67,572	\$54,554
INCOME	2013 Estimated Per Capita Income	\$25,792	\$29,119	\$21,944
HOUSING	2013 Estimated Housing Units	2,202	10,131	25,239
	2013 Estimated Occupied Units	1,979	9,214	22,186
	2013 Estimated Vacant Units	223	917	3,053
	2013 Est. Owner Occupied Units	433	6,448	14,453
	2013 Est. Renter Occupied Units	1,546	2,766	7,733
	2013 Est. Median Housing Value	\$147,728	\$137,683	\$99,885
	2013 Est. Average Housing Value	\$166,719	\$165,397	\$131,389



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- A. Listing Agent through Mike Kaider, Bill O'Connor, George Good, Bob Mahoney, Richard Frolik, Christian Williams, and Derrick Almassy are acting as Agent(s) of the Seller of the Property, and
- B. Any information given by Prospective Purchaser to Listing Agent may be disclosed to the Seller.

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