



13851 Eureka Road  
Southgate, Michigan 48195

O F F E R I N G M E M O R A N D U M

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CAPITAL MARKETS | INVESTMENT PROPERTIES

**CBRE**

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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.



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## Executive **Summary**



**Asking Price:**  
**\$1,470,000**

**Cap Rate:**  
**7.00%**

**Price PSF:**  
**\$250**

-  Chili's is on a Ground Lease with Zero Landlord Responsibilities
-  Excellent Location, Close Proximity to Major Roadways Including I-75, Fort Street and Dix Toledo Highway
-  Near Intersection of Eureka and Trenton Roads with Traffic Counts of 32,000+ VPD
-  Highly Populated Region with Roughly 209,000 Residents in a 5-Mile Radius and Average Household Income Over \$60,000 in a 3-Mile Radius



CBRE, Inc. has been retained by the property owner as the exclusive marketing advisor for the disposition of the Chili's Restaurant (the "Property") located at 13851 Eureka Road, Southgate, Michigan 48195.

### INVESTMENT OVERVIEW

The Chili's Restaurant Building consists of 5,874 square feet and is on a 1.53-acre parcel that is zoned C-2 for General Business. Chili's has 4.42 years remaining on their initial 15-year lease as well as five, five-year renewal options. The notification period for the renewal options are 180 days and the options are equipped with a rental increase of 10 percent per option period. Chili's is on a triple net (NNN) ground lease in which they are responsible for procuring and paying for all operating expenses directly which includes repairs and replacements of the roof, structure, parking areas and driveways. The Property is subject to a cross-access/cross-parking easement and the tenant is responsible for all expenses associated with said easement.

The tenant on the lease is Brinker Michigan, Inc. which is a subsidiary of Brinker International, Inc., with a current credit rating of BB+ according to Standard and Poor's. Brinker International, Inc. (NYSE: EAT) is one of the world's leading casual dining restaurant companies. Founded in 1975 and based in Dallas, Texas, Brinker International owns, operates, or franchises more than 1,600 restaurants in 31 countries and two territories under the names Chili's® Grill & Bar and Maggiano's Little Italy.

The Property is located along the east side of Trenton Road, south of Eureka Road. Chili's sits as an out parcel to the Southgate Shopping Center, consisting of 46,000 square feet, at the corner of Trenton and Eureka Roads. The immediate trade area includes a Kroger, Meijer, Lowe's, CVS and many other retailers and restaurants. This dense demographic has over 209,000 people within a five mile radius, which allows the tenant a strong, neighborhood customer base.

### FREE AND CLEAR OF EXISTING FINANCING

The asset is being offered free and clear of existing financing. This marketing package proposes an all cash transaction.

### SOLD AS A PORTFOLIO

Please note that we are currently marketing the adjacent Old Chicago Pizza Restaurant Building which will be sold in tandem with the Subject Property. Please contact [Bill O'Connor](#) or [David Hesano](#) for more information.

PROPERTY PHOTOGRAPHS





## Property **Description**



**Asking Price:**  
**\$1,470,000**

**Cap Rate:**  
**7.00%**

**Price PSF:**  
**\$250**

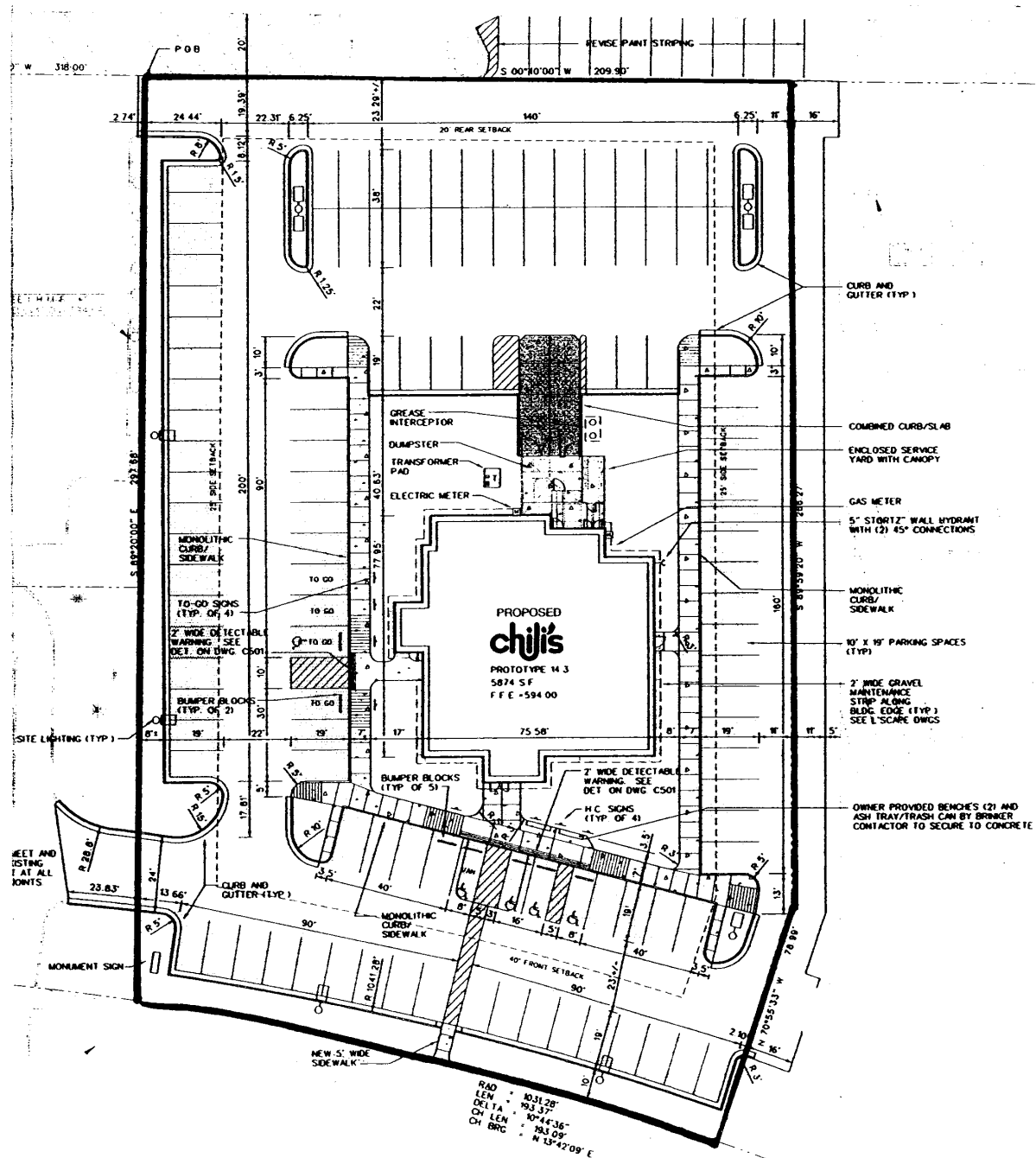
<b>PROPERTY ADDRESS</b>	Chili's Ground Lease 13851 Eureka Road Southgate, Michigan 48195
<b>COUNTY</b>	Wayne
<b>PARCEL NUMBER</b>	53-025-99-0009-706
<b>YEAR BUILT</b>	2005
<b>BUILDING SIZE</b>	5,874 Square Feet
<b>PARCEL SIZE</b>	1.53 Acres
<b>ZONING</b>	C-2, General Business
<b>NUMBER OF STORIES</b>	One

<b>ACCESS</b>	Multiple Ingress / Egress Points Along both Eureka and Trenton Roads
<b>PARKING</b>	131 Approximately
<b>FRONTAGE</b>	193' Along Trenton Road
<b>EXTERIOR WALLS</b>	Brick
<b>ROOF</b>	Flat Built-Up
<b>STRUCTURE</b>	Masonry
<b>FOUNDATION</b>	Concrete
<b>HVAC</b>	Roof Mounted Units

# SITE OUTLINE



# SITE PLAN





## Sale Comparables

## RECENT COMPARABLE SALES

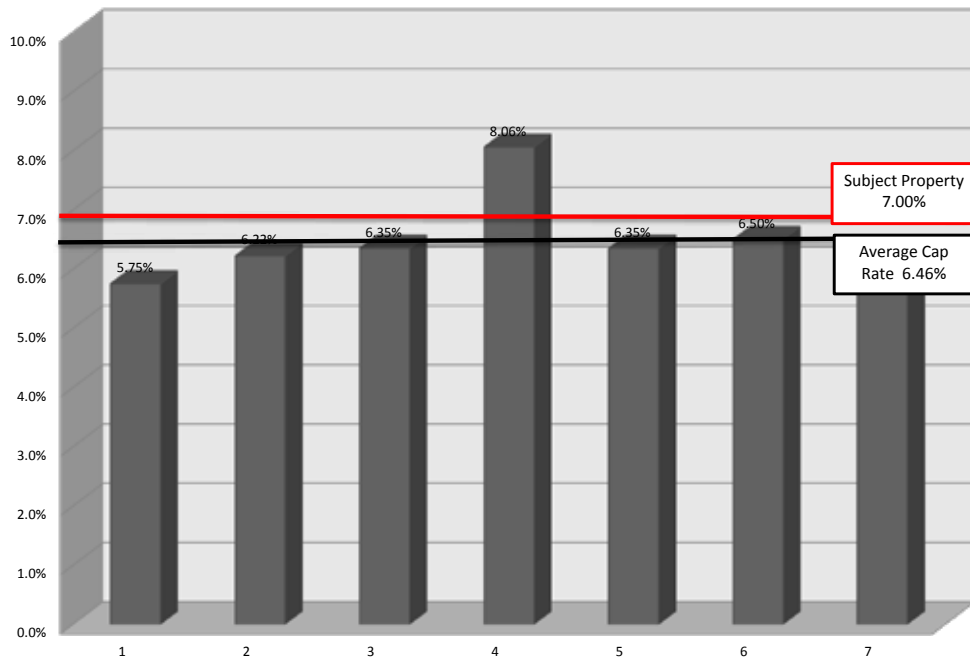


	BUILDING NAME	YEAR BUILT	BUILDING SIZE (SF)	SALE DATE	SALES PRICE	PRICE/SF	# OF DAYS ON THE MARKET	CAP RATE	TERM REMAINING (YEARS)	COMMENTS
	Chili's Ground Lease (Brinker Michigan) 13851 Eureka Road Southgate, MI	2005	5,874		\$1,470,000	\$250		7.00%	4.42	Chili's has 4.42 years remaining on their current ground lease.
1	Chili's Ground Lease 101 Westfield Drive Saint Peters, MO	1999	5,532	On Market	\$2,153,043	\$389	57	5.75%	3.20	The building has a 4.6% rent:sales ratio. The original lease expired 12/31/2009. Current option period expires 12/31/2019. Chili's has operated at this location for 17 years and has 3.2 years remaining on the 2 option period. The guarantor is a franchisee that owns 125 Chili's and 230 Wendy's.
2	Chili's 640 East Rand Road Arlington Heights , IL	1989	5,995	On Market	\$1,800,000	\$300	58	6.22%	8.20	Chili's Bar and Grill (Chili's) situated on .42 acres at the intersection of East Rand and Palatine Roads in Arlington Heights, Illinois. Built in 1989, Chili's NNN lease has approximately 8.2 years of primary term remaining at \$18.70 NNN SF with a contractual rent increase effective November 1, 2019 to \$20.57 SF. In addition, the lease contains one, 5-year option at \$22.63 SF. We believe the lease guarantor to be Brinker International.
3	Chili's 2409 North Richmond Road McHenry, IL	2002	6,039	On Market	\$4,110,000	\$681	84	6.35%	11.00	The Asset features 11 years of primary term, healthy annual rental escalations, and four, five year renewal options. The lease is guaranteed by ERJ Dining is a subsidiary of Bridgeman Foods, one of the largest Chili's and Wendy's Franchise operators in the nation. Grossing almost \$800 million in sales during 2015 alone, Bridgeman now successfully operates over 125 Chili's and 240 Wendy's under the ERJ Dining banner. In 2007, ERJ Dining acquired 77 Chili's across the Midwest to diversify the company's portfolio in the casual dining space. Today, ERJ Dining is the largest and most successful Chili's operator.
4	Chili's 11290 SW 93rd Court Road Ocala, FL	2007	5,930	7/13/2016	\$1,500,000	\$253	219	8.06%	10.00	10+ years remaining on NNN lease agreement, four 5-year renewal options and 10% increases every 5 years. Brinker International is the tenant.

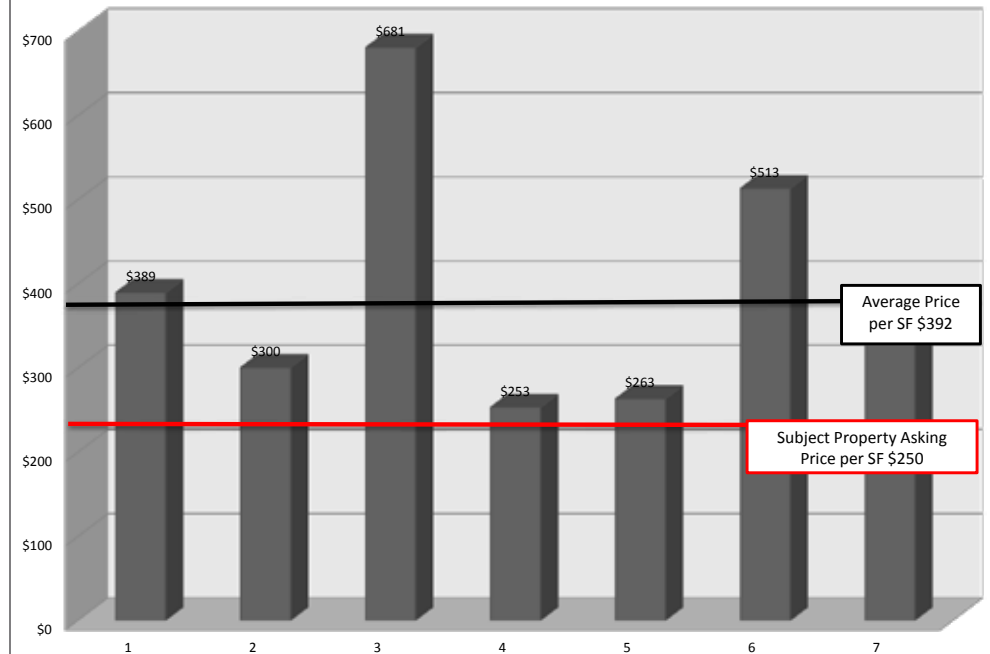
## RECENT COMPARABLE SALES (continued)

	BUILDING NAME	YEAR BUILT	BUILDING SIZE (SF)	SALE DATE	SALES PRICE	PRICE/SF	# OF DAYS ON THE MARKET	CAP RATE	TERM REMAINING (YEARS)	COMMENTS
	Chili's Ground Lease (Brinker Michigan) 13851 Eureka Road Southgate, MI	2005	5,874		\$1,470,000	\$250		7.00%	4.42	Chili's has 4.42 years remaining on their current ground lease.
5	Chili's Ground Lease 2024 Fayetteville Road Van Buren , AR	2006	5,876	4/19/2016	\$1,546,000	\$263	N/A	6.35%	10.00	This is a Chili's on an absolute NNN ground lease located in front of the Van Buren Shopping Center anchored by a Wal-Mart Super Center and Lowe's Home Improvement. Chili's is on a 10- year primary term with four, five-year renewal options. Option periods have 10% increases. Landlord has no responsibility for maintenance, replacement or repair of the building or land.
6	Chili's 3960 E 82nd Street Indianapolis, IN	1993	5,323	8/11/2015	\$2,732,300	\$513	N/A	6.50%	12.00	The subject property is a free-standing, 5,509-square foot building situated on a 0.25 acres. There are about 12 years remaining on the base term with three five-year options to renew.
7	Chili's Ground Lease 890 Waukegan Road Waukegan , IL	2006	5,800	1/28/2015	\$2,015,000	\$347	282	6.00%	7.00	The property has a 15 year NNN ground lease with 7+ years left and expires on 12/31/2021. The lease is backed by ERJ Dining IV, LLC which consists of 85 Chili' s Restaurants. ERJ Dining, LLC is majority owned by Junior Bridgeman of Bridgeman Foods . Bridgeman Foods - Ranked #5 by Franchise Times with \$547 Million in Sales 2013. Bridgeman Foods - 125 Chili' s restaurants & 235 Wendy' s. Junior Bridgeman' s net worth is estimated at over \$240 Million.
<b>ALL COMPARABLE AVERAGES</b>					<b>\$392</b>			<b>6.46%</b>	<b>8.77</b>	

Average Cap Rate



Average Price per Square Foot





## Financial Overview



## YEAR ONE CASH FLOW ESTIMATES

### PRICE:

**\$1,470,000**

### DOWN PAYMENT:

**All Cash Transaction**

### RENTABLE SQUARE FOOTAGE:

**5,874**

### PRICE PER SQUARE FOOT:

**\$250**

### CAP RATE:

**7.00%**

INCOME			YEAR ONE 5/2017 - 4/2018	PER MONTH	PSF
Base Rent					
Chili's Ground Lease					
11/2005 - 9/2021					
4.42 Years Remain	100.0%	5,874 SF	\$102,850	\$8,571	\$17.51
Total Base Rent			\$102,850	\$8,571	\$17.51
Scheduled Base Rental Revenue			\$102,850	\$8,571	\$17.51
<b>EXPENSE REIMBURSEMENT REVENUE - TENANT TO PROCURE AND PAY DIRECT</b>					
Insurance			\$0	\$0	\$0.00
Common Area Maintenance			\$0	\$0	\$0.00
Real Estate Taxes			\$0	\$0	\$0.00
Total Expense Reimbursement Revenue			\$0	\$0	\$0.00
Gross Potential Income			\$102,850	\$8,571	\$17.51
Effective Gross Income			\$102,850	\$8,571	\$17.51
<b>OPERATING EXPENSE ESTIMATES - TENANT TO PROCURE AND PAY DIRECT</b>					
Insurance			\$0	\$0	\$0.00
Common Area Maintenance			\$0	\$0	\$0.00
Real Estate Taxes			\$0	\$0	\$0.00
Total Common Area Expenses			\$0	\$0	\$0.00
Total Expenses			\$0	\$0	\$0.00
<b>NET OPERATING INCOME</b>			<b>\$102,850</b>	<b>\$8,571</b>	<b>\$17.51</b>

### SOLD AS A PORTFOLIO

Please note that we are currently marketing the adjacent Old Chicago Pizza Restaurant Building which will be sold in tandem with the Subject Property. Please contact [Bill O'Connor](#) or [David Hesano](#) for more information.

## LEASE ABSTRACT

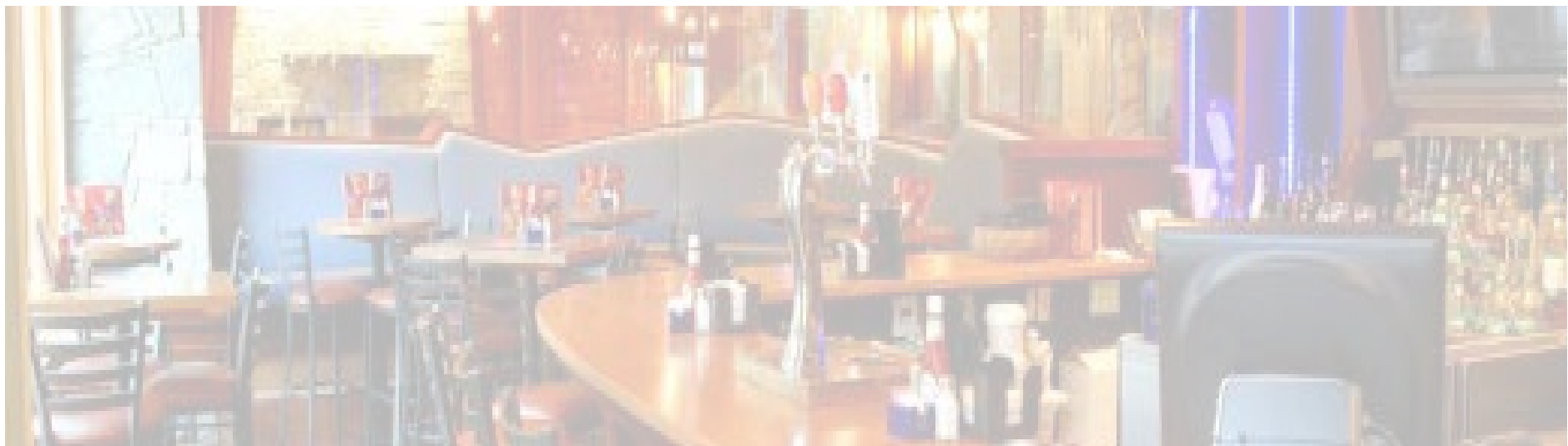
<b>TENANT NAME</b>	Brinker Michigan, Inc.
<b>GUARANTOR</b>	Brinker Michigan, Inc.
<b>LEASE TYPE</b>	NNN
<b>COMMENCEMENT DATE</b>	11/1/2005
<b>EXPIRATION DATE</b>	9/30/2021 (4.42 years remain)
<b>LEASE TERM</b>	15 Years
<b>CURRENT RENT</b>	\$102,850 per year / \$17.51 per Square Foot
<b>RENTAL ESCALATIONS</b>	None Remaining
<b>RENEWAL OPTIONS</b>	<p>The tenant has five, five-year renewal options with a notification period of 180 days. The renewal rate shall increase 10% per option period, as follows:</p> <p>Option One: \$113,135 Option Two: \$124,449 Option Three: \$136,893; Option Four: \$150,583; Option Five: \$165,642</p>
<b>OPTION TO PURCHASE</b>	None
<b>TERMINATION OPTION</b>	None
<b>OPERATING COSTS</b>	<p>REAL ESTATE TAXES: Tenant shall pay, when due and payable to the municipality or taxing authority, all real property taxes.</p> <p>INSURANCE: Tenant shall, at its own expense, keep in force and effect all insurance.</p> <p>COMMON AREAS: Tenant shall pay to Landlord, its pro rata share of common area charges, subject to a maximum cap of 5.0% per year, excluding snow removal costs and utilities fees. The tenant, at its sole cost, shall maintain and repair and replace the portion of the Common Area situated within the exterior boundary of the Land. However, it should be noted that Chili's has always procured and paid for all operating expenses directly.</p>
<b>LANDLORD RESPONSIBILITIES</b>	Maintaining common areas only.
<b>ROOF AND STRUCTURE</b>	Tenant shall, at its own cost and expense, maintain and keep in good repair all parts of the building, including the roof and structure.

TENANT OVERVIEW

Dallas-based Brinker International, Inc. traces its roots back to 1975, when Chili’s Grill & Bar first opened its doors in Dallas, Texas. Chili’s started as a neighborhood-style restaurant that served quality homemade food in a casual atmosphere. Sales grew quickly and additional restaurants flourished. In 1983, Chili’s, Inc. attracted the attention of Norman Brinker, one of the restaurant industry’s preeminent leaders. In 1991, under his leadership, the name was changed to Brinker International, Inc. and the company went public and global.

With more than 1,600 restaurants and 100,000 team members, Chili’s is one of the world’s leading casual dining brands. Every day, Chili’s welcomes more than a million guests to its restaurants in dozens of countries. Its teams, like its guests, represent a broad range of cultures, each bringing their own ideas, insights and experiences to the table. They’re driven by integrity, teamwork, passion and an unwavering commitment to making sure every guest has an exceptional dining experience.

TENANT TRADE NAME	Chili’s
LEASE GUARANTOR	Brinker Michigan, Inc.
CREDIT RATING	BB+, Standard & Poor’s (Parent Company, Brinker International, Inc.)
STOCK SYMBOL	EAT (NYSE)
NUMBER OF STORES	1,600
HEADQUARTERS	Dallas, Texas
WEBSITE	<a href="http://www.chilis.com">www.chilis.com</a>





## Market Overview

## LOCATION OVERVIEW

The subject property is along the south side of Eureka Road, east of Trenton Road. Chili's sits as an outparcel to the Southgate Shopping Center at the corner of Trenton and Eureka Roads. The immediate trade area includes Kroger, Meijer, Lowes, CVS and many other retailers and restaurants. The property is located within the Downriver South Retail Submarket consisting of 1,268 retail properties totaling 13.16 million square feet of space. The submarket is currently 91 percent occupied with average asking rents of \$11.55 per square foot NNN for all retail space.

### CITY OF SOUTHGATE

The City of Southgate is bounded by Goddard Road to the north, M-85/Fort Street to the east, Pennsylvania Road to the south, and Allen Road to the west. In the News-Herald the mayor of Southgate stated that the city is the "Dining Capital of Downriver."

### METRO DETROIT

Detroit is the largest city in the state of Michigan. It is the major city among the primary cultural, financial, and transportation centers in the Metro Detroit area, a region of 5.2 million people. Detroit serves as a major port on the Detroit River connecting the Great Lakes systems to the St. Lawrence Seaway.

The Detroit Metro area covers Southeast Michigan centered on the city of Detroit which shares an international border with Windsor, Ontario. As a major metropolitan area, it is known for its automotive heritage, arts, entertainment, and popular music and sports legacies. The area includes a vast variety of natural landscapes, parks, and beaches with a unique recreational coastline linking the Great Lakes, unlike competitive states such as Indiana, Pennsylvania, and other industrial manufacturing states.

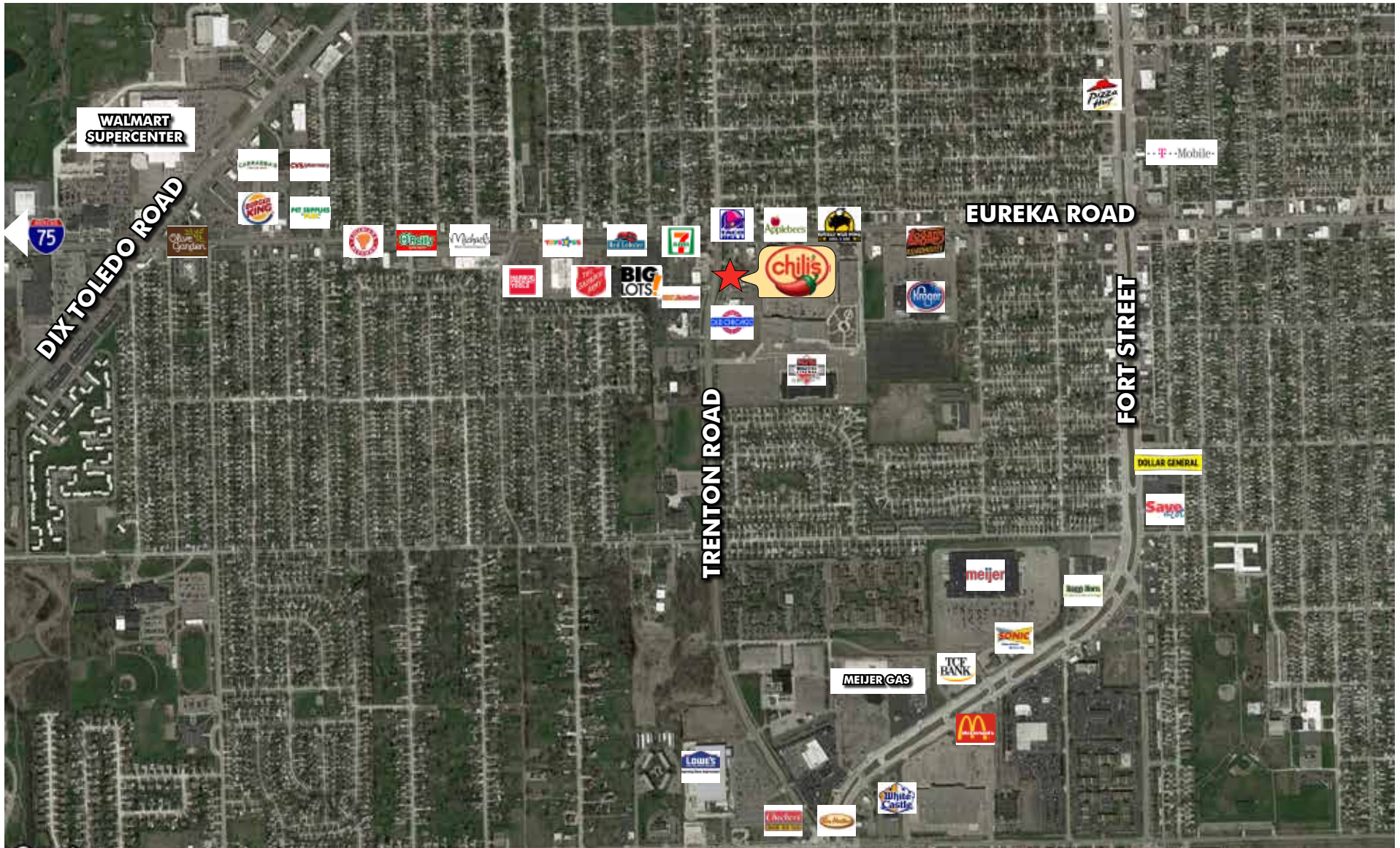
The Detroit Urban Area, which serves as the core of the Metropolitan Statistical Area, ranks as the 12th most populous of the United States. This urbanized area covers parts of the counties of Wayne, Oakland, and Macomb. These counties are sometimes referred to informally as the Detroit Tri-County Area, and had a population of 3,863,888 as of the 2010 census with an area of 1,967 square miles.

### WAYNE COUNTY

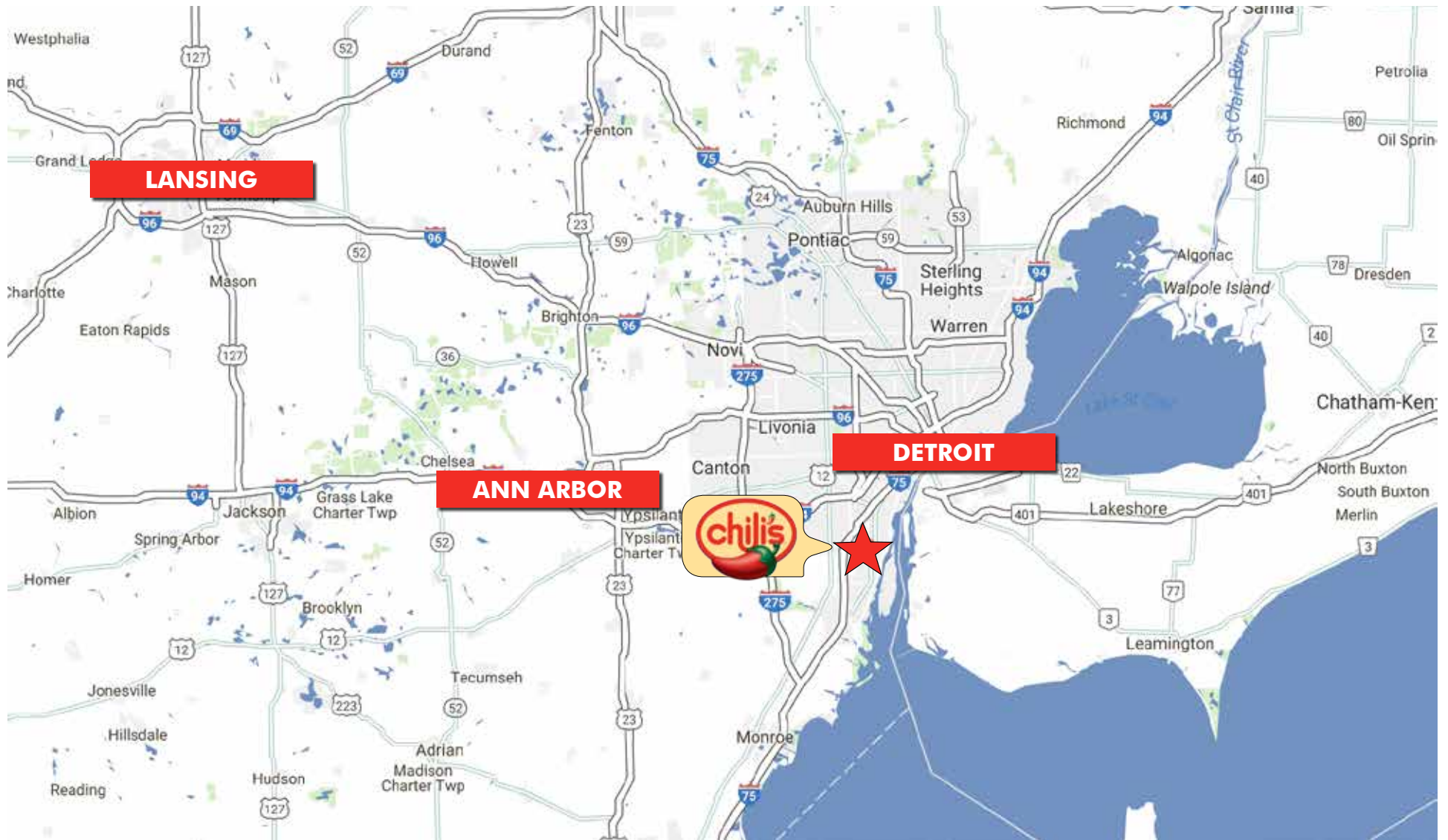
The property is located in Wayne County, which is the 13th most-populous county in the United States. The county seat is Detroit, the largest city in Michigan. Wayne County is located in southeastern Michigan, encompassing approximately 623 square miles. It is made up of 34 cities, including the city of Detroit, nine townships and 41 public school districts and its population consists of approximately two million.



LOCATION AERIAL WITH RETAILERS



REGIONAL MAP



# AREA DEMOGRAPHICS

	1 MILE	3 MILES	5 MILES
<b>POPULATION</b>			
2016 Population - Current Year Estimate	15,898	92,979	209,759
2021 Population - Five Year Projection	15,425	90,585	204,357
2010 Population - Census	16,429	95,479	215,413
2000 Population - Census	17,372	99,127	225,511
2010-2016 Annual Population Growth Rate	-0.52%	-0.42%	-0.42%
2016-2021 Annual Population Growth Rate	-0.60%	-0.52%	-0.52%
<b>HOUSEHOLDS</b>			
2016 Households - Current Year Estimate	6,675	39,390	86,449
2021 Households - Five Year Projection	6,511	38,550	84,607
2010 Households - Census	6,819	40,067	87,934
2000 Households - Census	7,049	41,349	90,983
2010-2016 Annual Household Growth Rate	-0.34%	-0.27%	-0.27%
2016-2021 Annual Household Growth Rate	-0.50%	-0.43%	-0.43%
2016 Average Household Size	2.37	2.34	2.41
<b>HOUSEHOLD INCOME</b>			
2016 Average Household Income	\$60,897	\$61,119	\$60,155
2021 Average Household Income	\$66,535	\$66,873	\$65,601
2016 Median Household Income	\$51,618	\$50,170	\$48,115
2021 Median Household Income	\$56,235	\$54,857	\$53,436
2016 Per Capita Income	\$25,785	\$26,076	\$25,029
2021 Per Capita Income	\$28,313	\$28,640	\$27,407
<b>HOUSING UNITS</b>			
<b>2016 Housing Units</b>	<b>7,203</b>	<b>43,222</b>	<b>95,693</b>
2016 Vacant Housing Units	528 7.3%	3,832 8.9%	9,244 9.7%
2016 Occupied Housing Units	6,675 92.7%	39,390 91.1%	86,450 90.3%
2016 Owner Occupied Housing Units	5,282 73.3%	27,427 63.5%	61,367 64.1%
2016 Renter Occupied Housing Units	1,393 19.3%	11,963 27.7%	25,083 26.2%
<b>EDUCATION</b>			
<b>2016 Population 25 and Over</b>	<b>11,594</b>	<b>67,025</b>	<b>148,280</b>
HS and Associates Degrees	8,540 73.7%	47,496 70.9%	103,281 69.7%
Bachelor's Degree or Higher	1,629 14.1%	11,953 17.8%	26,420 17.8%
<b>PLACE OF WORK</b>			
2016 Businesses	557	3,017	6,657
2016 Employees	6,464	36,812	77,057





FOR MORE INFORMATION PLEASE CONTACT:

**BILL O'CONNOR**

SENIOR VICE PRESIDENT  
+1 248 351 2045  
BILL.OCONNOR@CBRE.COM

**DAVID HESANO**

VICE PRESIDENT  
+1 248 351 2014  
DAVID.HESANO@CBRE.COM

**MAX LIPPITT**

ASSOCIATE  
+1 248 351 2086  
MAX.LIPPITT@CBRE.COM

**ELIZABETH ROGERS**

SENIOR FINANCIAL ANALYST  
+1 248 351 2068  
ELIZABETH.ROGERS@CBRE.COM

**TALIA MITCHELL**

FINANCIAL ANALYST  
+1 248 936 6868  
TALIA.MITCHELL@CBRE.COM

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This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.