

west branch outlet shops

2990 Cook Road, West Branch MI 48661 (Ogemaw County)



HAKIMICAPITAL
Real Estate Investments

OFFERING MEMORANDUM

WEST BRANCH | OUTLET SHOPS

confidentiality agreement

This Offering Memorandum contains select information pertaining to the business and affairs of the property located at **2990 Cook Road, West Branch MI 48661** ("Property"). It has been prepared by Hakimi Capital. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Hakimi Capital. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Hakimi Capital, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Hakimi Capital expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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property overview

Hakimi Capital, as the exclusive advisor to the Owner, is pleased to present the opportunity to acquire 100% fee simple interest in West Branch Outlet Shops. The 112,570 square-foot outlet is home to a tenant line-up consisting heavily of national retailers including Old Navy, Gap, and Coach, among others. The outlet is situated directly off Interstate 75, Michigan's primary north/ south roadway, in the heart of West Branch's retail corridor. Occupancy currently stands at 75% giving the next investor the opportunity to create value through lease-up and the development of a 1.38-acre vacant land parcel. West Branch Outlet Shops benefits from the tourist draw to the region, with many travelers passing by the center each day commuting to or from Traverse City, Mackinac Island, Harbor Springs, or other lakefront towns found along Michigan's 3,000 miles of Great Lakes shoreline. The asset is equidistant from many of these year-round, destination cities to the north and Detroit to the south.



WEST BRANCH OUTLET SHOPS
WEST BRANCH, MICHIGAN

investment overview

| | |
|-------------------|------------------------------|
| Price | \$9,988,000 |
| GOI | \$1,626,979 |
| Expenses | \$553,182 |
| In-Place NOI | \$1,073,798 |
| CAP Rate: | 10.75% |
| Number of Tenants | Occupied: 17 Available: 6 |
| Tenant Sales | Upon Request |



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property information

| | |
|--------------------------|---|
| Address | 2990 Cook Road, West Branch, MI 48661 |
| City | West Branch |
| County | Ogemaw |
| Age | 1990–1991, with additions in 1994 and 1998 |
| Land Area | 13.01 acres |
| Gross Leasable Area | 112,570 Square Feet |
| No. of Buildings/Stories | 1 building, 1 story |
| Occupancy | 75.20% |
| Zoning | B-2 (Urban Mixed Use District) |
| Traffic Counts | Interstate 75: 12,100 VPD |
| Parking | 743 parking spaces (Parking Ratio is 6.6 per 1,000) |
| Street Frontage | The site benefits from approximately 1,250 feet of frontage along Interstate 475. |
| Development Parcel | 1.38 acres |

Ingress/Egress

Ingress and egress are available to the site via access from an entry point on Austin Way. Consumers enter from a back entrance-way that encircles the asset and leads to a parking field outside the retailers' storefronts. Austin Way intersects with Cook Road, which is a north/south roadway that leads to Interstate 75 to the south and the City of West Branch to the north. West Branch Outlet Shops faces the interstate and benefits from unobstructed visibility.

Flood Plain

FEMA does not publish any flood hazard maps for the area where the Outlets of West Branch is located. The asset is not located in a flood zone and is not required or eligible for flood insurance.



investment highlights

Tourist Destination:

Michigan is well-known for its lakefront beaches, homes, and towns. The waters of the Michigan Great Lakes (both Huron and Michigan) lap up against 3,200 miles of coastline onto sandy beaches and rocky shorelines. The state has over 100 public beaches and two National Lakeshores. Renowned Michigan towns including Harbor Springs, Mackinac Island, Cheboygan, Petoskey, and Traverse City, among others, create a significant tourist draw to the northern half of the state. Most tourists utilize Interstate 75 as they travel to these areas, passing by West Branch Outlet Shops.

Prime Location in the Heart of West Branch's Retail Corridor:

West Branch Outlet Shops is located immediately off Interstate 75 and serves as the anchor for the West Branch retail corridor. The Home Depot and a Walmart Supercenter are located immediate north of the asset, along with a row of fast food restaurants and two hotels that serve the local area.

Value-Add Leasing and Development Opportunities:

At 75% occupancy, the next investor is afforded the opportunity to create immediate value through lease up of available space. Many tenants are also on short-term renewals that will allow flexibility to repurpose space from an active, hand-ons management team. A 1.38-acre development pad provides additional land for further value creation.

Northern-Most Outlet Serving Michigan:

West Branch Outlet Shops is the northernmost outlet center in the state of Michigan. It provides the last value stop for travelers heading to Michigan's northern lakefronts and is outside of Michigan's outlet competition ring which consists of four outlets operating in a 70-mile radius outside of the Detroit/Ann Arbor metro area. The outlet's closest competition is over 75 miles away.

Health Ratios:

Many of the tenants occupying the asset experience low occupancy costs. Over 62% of the occupied GLA consists of tenants that operate at health ratios in the single digits. The average health ratio for tenants at the West Branch Outlet Shops is a low 9.8%.

100% National Retailer Presence:

All of the tenants at West Branch Outlet Shops are national retailers, many of which have good credit ratings. The prestigious tenant base includes Coach, Old Navy, Gap, Ann Taylor and LOFT, and Bath & Body Works. Most retailers also have substantial history at the asset, with 13 of 17 tenants having been in occupancy prior to the beginning of 2010.

Financing Flexibility:

West Branch Outlet Shops is being offered free and clear without any existing debt, allowing the next investor the opportunity to take advantage of the exceptionally low interest rate environment.

Sales Terms:

This is a confidential investment offering being presented to a very select group of prospective investors. The property is being offered on an "as-is" basis with Ownership making no representations or warranties with respect to the accuracy or completeness of the Offering Memorandum or any and all documents delivered to an acquisition prospect for the purpose of performing due diligence.



financial overview

West Branch Outlet Shops currently generates in-place NOI of \$1,073,798. Most retailers that reimburse expenses pay fixed CAM (which includes insurance premiums), advertising reimbursements with annual steps, and reimburse real estate taxes on a pro rata share basis. Additionally, many tenants pay gross rent based on fixed percentages of sales. A couple of tenants have outstanding options, with Ann Taylor and LOFT having a fair market value option. These tenants have been assumed to exercise the available options. Real estate taxes are based on the actual 2017 expense. Investors are encouraged to evaluate the impact of real estate taxes. Property taxes are determined by applying a mandated millage rate for a given township, city, or school district to the taxable value of the property. The taxable value is based upon the lower of the assessed value (state equalized value- SEV) or the capped value.

Properties are re-assessed every year to establish that year's SEV. The capped value is increased at a rate equal to the lesser of 5.0% or the annual consumer price index change, the cap is not applied when a property changes ownership. The SEV is 50% of fair market value for real estate tax purposes. Upon the sale of a property in Michigan, the local assessor is notified of its selling price. The local assessor may adjust the SEV based on the selling price. The assessor is prohibited from arbitrarily raising the SEV for one property because of one sale; the sold property must remain fairly assessed relative to similar properties.



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building overview



WEST BRANCH OUTLET SHOPS
WEST BRANCH, MICHIGAN

construction

| | |
|-------------------|--|
| Foundation | Shallow type concrete foundation systems with slap-on-grade |
| Framing | Steel framing |
| Exterior Walls | Concrete masonry units (CMU), metal panels, and stucco |
| Roof | Low slope, fully-adhered thermoplastic membrane and flat, ballasted thermoset |
| Exterior Lighting | Pole-mounted lighting fixtures located along the subject property drive aisles |
| HVAC | Rooftop-mounted package units |
| Electrical | Each tenant is seperately metered, and electricity for the buildings is assumed to be adequate |
| Fire Protection | Wet-pipe sprinkler system |
| Walls | Painted gypsum |
| Interior Lighting | Combination of recessed and surface, suspended and recessed fluorescent, incandescent or halo-gen fixtures |
| Ceiling | Suspended acoustical tile, painted gypsum board and exposed structure |
| Floor Cover | Carpet, ceramic tile, vinly tile, and exposed concrete |



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site plan



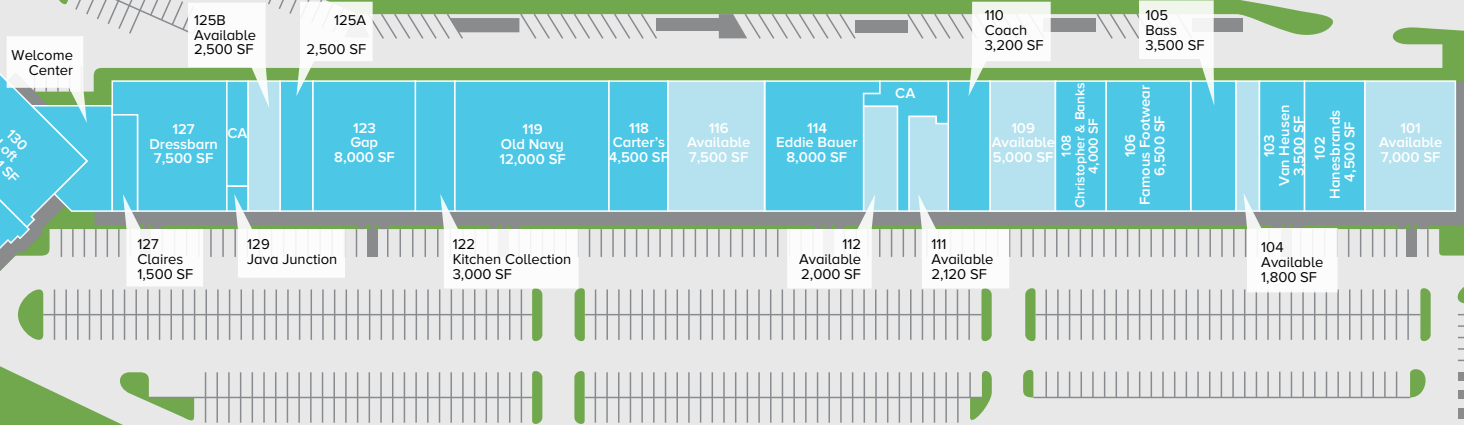
WEST BRANCH
OUTLET SHOPS

Lot 1
± 1.38 Acres

Austin Way

Cook Rd

75



ANN TAYLOR

carter's

claire's

Christopher & Banks

COACH

dressbarn

Eddie Bauer

Famous Footwear



GYMBOREE

HANESbrands INC

ANN TAYLOR
LOFT



VAN HEUSEN



GAP

OUTLET

KITCHEN
COLLECTION

OLD NAVY

RESERVED
PARKING
FOR
ACCESSIBILITY

123

T-SHIRT
ADULT:
\$6.99
SHORTS
\$12.99

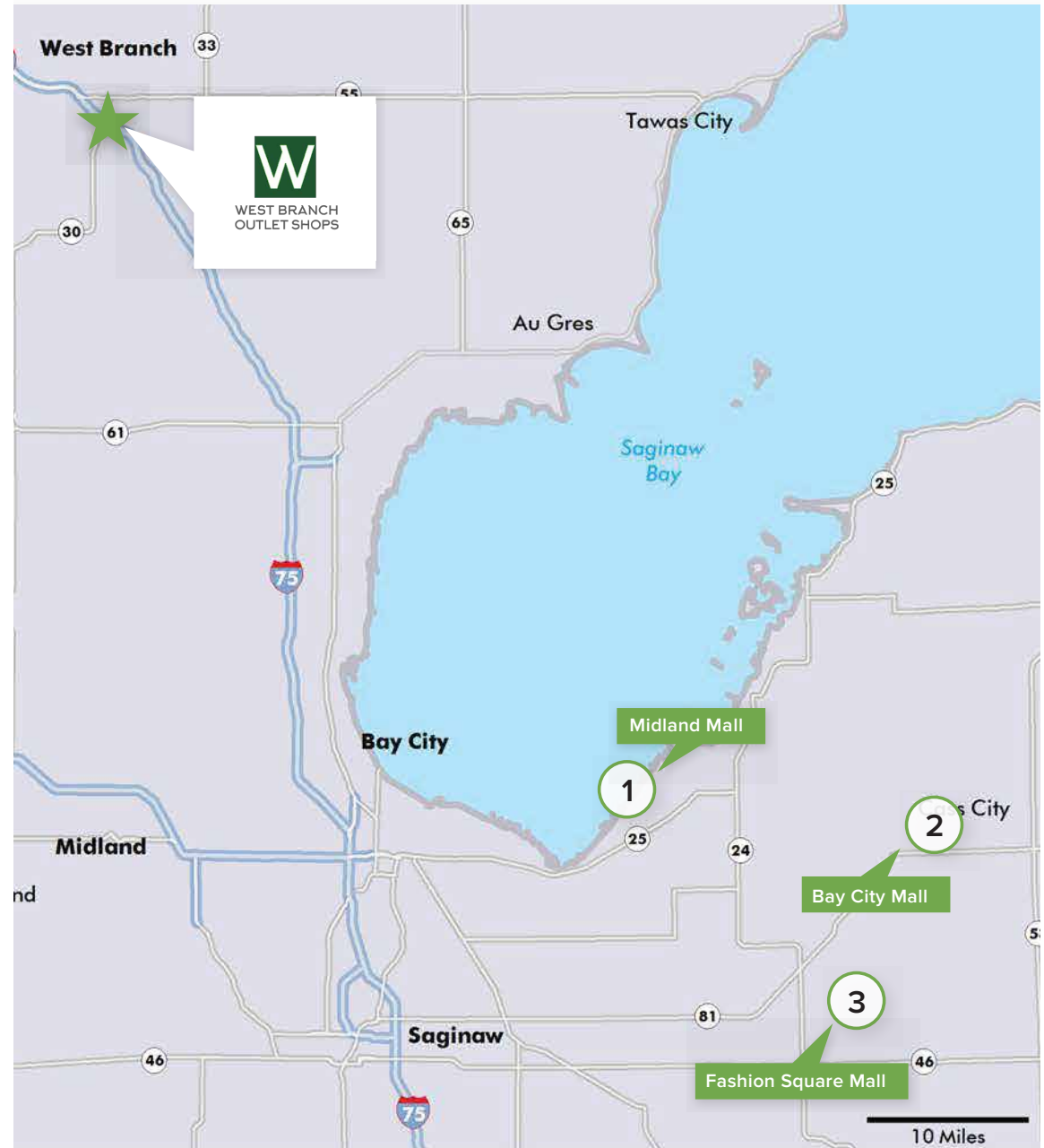
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competing malls

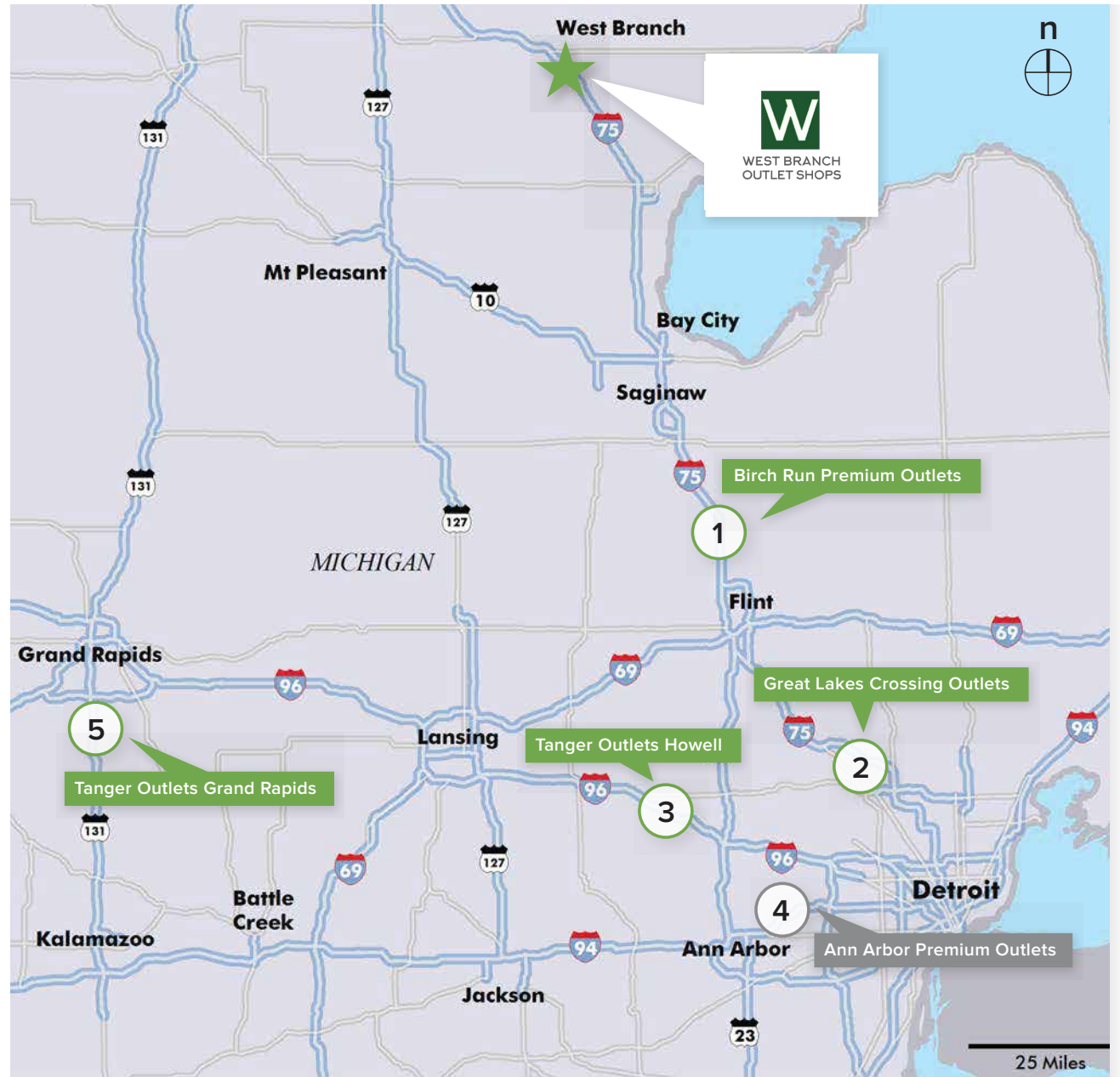
| | Outlet Center | Anchors | Distance |
|----------|--|---|----------|
| S | Outlets at West Branch ADCO 112,570 SF | Ann Taylor and LOFT, Old Navy, Gap, Eddie Bauer | — |
| 1 | Midland Mall NAI Farbman 468,263 SF | Yunker's, JCPenney, Target, Dunham's Sports, Barnes & Noble | 56 Miles |
| 2 | Bay City Mall Lormax Stern 526,314 SF | Yunker's, JCPenney, Dunham's Sports, Marshalls, Flashback Cinema | 51 Miles |
| 3 | Fashion Square Mall Namdar Realty Group 748,863 SF | JCPenney, Macy's, Sears, H&M | 58 Miles |



competing outlets

| Outlet Center | Distance |
|---|-----------|
| S Outlets at West Branch ADCO 112,570 SF | — |
| 1 Birch Run Premium Outlets Simon Property Group 680,782 SF | 78 Miles |
| 2 Great Lakes Crossing Outlets Taubman 1,353,000 SF | 129 Miles |
| 3 Tanger Outlets Howell Tanger Factory Outlet Centers 319,889 SF | 135 Miles |
| 4 Ann Arbor Premium Outlets (Future Development) Simon Premium Outlets 320,000 SF | 150 Miles |
| 5 Tanger Outlets Grand Rapids Tanger Factory Outlet Centers 351,988 SF | 170 Miles |

Outlets at West Branch is the most northern value shopping venue in the state of Michigan. The numerous destination towns located along the Great Lakes shoreline create a significant tourist draw, creating traffic that passes by the asset daily. Overall, an estimated fifteen million travelers pass by Outlets at West Branch each year. The 60-mile population consists of approximately 675,000 residents and the next closest outlet competition is located over 75 miles south.





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