


NUGGET MALL JUNEAU, AK



RECEIVERSHIP SALE COMMUNITY SHOPPING CENTER

8745 Glacier Hwy, Juneau, AK 99801 



[www.CapitalPacific.com]

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SECTION 01

EXECUTIVE SUMMARY

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NUGGET MALL IS A COMMUNITY SHOPPING CENTER CURRENTLY IN RECEIVERSHIP WITH UPSIDE OPPORTUNITY LOCATED IN ALASKA'S STATE CAPITAL.

The offering provides an opportunity to acquire a 76% occupied community shopping center with upside, anchored by Sportsman's Warehouse, Petco, OfficeMax, and Jo-Ann Fabrics in Juneau, Alaska.

Nugget Mall was constructed in 1974 and is situated on a 12.06-acre site. The

Property is currently in receivership and is priced below replacement cost, and valued on in-place income.

Nugget Mall has an established tenant mix, with over 65% of current tenants having occupied space for over five years. Sportsman's Warehouse recently signed a new 10-year lease, which has improved the mall's draw and leasing momentum. Existing shop leases provide an investor flexibility for a similar opportunity for redevelopment or repositioning other portions of the mall, and the receiver is currently discussing new leasing prospects with several tenants.

PRICE: \$14,310,000

CAP: 9.50%*

10-YEAR LEVERED IRR28.75%

OCCUPANCY76%

LAND AREA±12.06 Acres

LEASABLE SF±149,965 SF

PRICE PER SF \$95

YEAR BUILT1974

AVG CURRENT RENTS \$10.69/SF

PARKING±647 Spaces

or 4.3/1,000 SF

ANCHORS: Sportsman's Warehouse,
Jo-Ann Fabrics, Office Max, Petco

*On in-place income.

Investment Highlights



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Receivership Disposition Opportunity

THE STORY

Nugget Mall has been in a state of flux for several years as a result of an under-capitalized partnership that ultimately needed to be dissolved and resulted in the Property being put into receivership. Sportsman's Warehouse has finally opened at the mall, but had a number of stops and starts while working through landlord contributions and the ability of the receiver to eventually obtain a loan to provide an adequate allowance to finalize the deal. The receiver is working with limited funds for additional tenant improvements & leasing commissions, significantly limiting their ability to improve Nugget Mall.

However, even with the limited resources the Mall has remained vibrant and the opening of Sportsman's has created new energy and significant draw. In addition, there have been other nationals that have expressed interest and discussions are ongoing.

THE OPPORTUNITY

Nugget Mall is and will remain a focal shopping area for consumers in the Juneau and surrounding areas. The asking price per foot allows an investor to step in at a very low basis and be extremely competitive in the market for new deals and retaining existing tenants. For the management and leasing of the asset, the receiver has engaged the Tessera Group, a Seattle based firm with regional and national reach and a familiarity with this type of asset. They have ideas on cosmetic improvements that will attract future tenants and are in talks with a number of tenants currently.

There is also opportunity to go vertical on some existing buildings and two pad sites that could be sold, ground leased or build to suits. These are viable pads, with excellent visibility and traffic counts.

A better capitalized owner would be stepping into an excellent cash flow situation day one with the opportunity to dramatically increase yield with the right vision and tenant relationships.



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Core Characteristics



VALUED ON IN-PLACE INCOME WITH LEASING UPSIDE

Nugget Mall is priced based on 76% occupancy with significant upside upon lease-up of the available space. As shown in the Argus cash flow on Page 30, rent income is projected to increase roughly 31% over a 10-year holding period.

RECENT SPORTSMAN'S WAREHOUSE LEASE

Sportsman's Warehouse recently executed a 10-year lease in Nugget Mall. Several tenants required relocation or eviction within the mall, and a significant amount of indoor common area was eliminated in order to accommodate the big-box. Not only does this lease speak to future prospects in repositioning the asset, but the new anchor has generated leasing momentum, attracting discussions with newer, higher quality tenants to stabilize the Property.

ALASKA'S HIGH BARRIERS TO DEVELOPMENT

Construction costs in Alaska are approximately 30% to 40% higher than national averages, warranting high returns on cost resulting in exorbitant cost-feasible rental rates. Development is extremely difficult given the short windows to develop throughout the year due to weather conditions and contractor workload. The high barriers to development within the market will limit the threat of future competition. Nugget Mall is priced below replacement cost at \$95/SF and is priced at roughly \$27/SF of land area.

RECEIVERSHIP SALE

Capital Pacific has been retained to execute a sale of Nugget Mall on behalf of the receiver. A lack of capital expenditures and restricted leasing efforts has resulted in lower occupancy levels and lack of leasing momentum until the recent Sportsman's Warehouse lease was executed. An investor has an opportunity to stabilize occupancy, improve the quality of the tenant mix, and potentially reposition the asset to increase cash flows and overall value.

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Core Characteristics



ESTABLISHED TENANCY

Nugget Mall is occupied by a diverse mixture of retail, food, gaming, and personal & professional service tenants. Among the current tenant mix, over 65% of existing tenants have maintained occupancy for over five years, with nearly 40% of these tenants residing within the Subject for over 10 years.

REPOSITIONING POSSIBILITIES

Nugget Mall features multiple interior shops accessed via interior common area, as is typical for many shopping centers in the Alaskan market. An investor has an option to de-mall the asset by eliminating this layout in the re-tenancing process, creating storefronts accessed from the mall exterior. The Sportsman's Warehouse lease involved the relocation of several existing tenants and elimination of the common area in this process. Several of the existing shop tenants have month-to-month or short lease terms with no option periods, providing an investor flexibility in the reconfiguration.

INDIVIDUAL PAD SELL-OFF OPPORTUNITY

Nugget Mall is offered with all five pad buildings that could be easily parceled off and sold separately in order to reduce an investor's overall basis. The Subject also has a large parking lot to accommodate additional new build-to-suit or ground lease development with the placement of future pads in the northeast portion of the site. The receiver has began the process of subdividing each building on-site into its own tax parcel for future flexibility purposes.

WIDE TRADE AREA DRAW

Nugget Mall is able to draw from a wide trade area spanning approximately 50 miles, as Juneau functions as a hub for many outlying communities in Southeast Alaska. This will allow a constant demand for retail in the Juneau marketplace as population further grows. Juneau is the second-largest city in the state of Alaska with 33,000 residents and is the state's capital, providing a consistent employment base and stable economy.

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Quick Stats



RETAIL
80%

PETCO, OFFICE MAX, SPORTSMANS WAREHOUSE, PAYLESS SHOESOURCE, SWEETHEART GEMS, JOANN FABRICS, BORDERLINE, GNC, CLARA BEAUTY



BANKING
7%
NORTHRIM BANK



FOOD
6%
SUBWAY, GOURMET ALASKA, FLYING SQUIRREL ESPRESSO, LASALSA, PETER'S ORIENTAL FOODS, VINTAGE FARE, PAPA JOHN'S PIZZA



PROFESSIONAL SERVICES
4%
ASSOCIATED CREDIT AGENCY

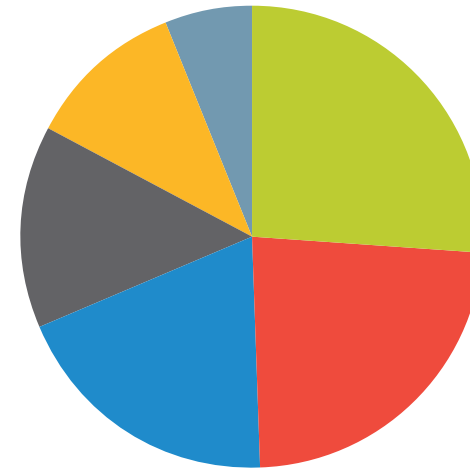


PERSONAL SERVICES
2%
MAGIC NAILS SPA, CHEZ ALASKA



GAMING
1%
LUCKY LOUIE'S

LONG TERM TENANCY



- 20+ YEARS - 14%
- 15+ YEARS - 6%
- 10+ YEARS - 19%
- 5+ YEARS - 26%
- 1+ YEARS - 11%
- <1 YEAR - 23%

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Aerial



Aerial Photo Provided by Juneau International Airport

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Interior Photos



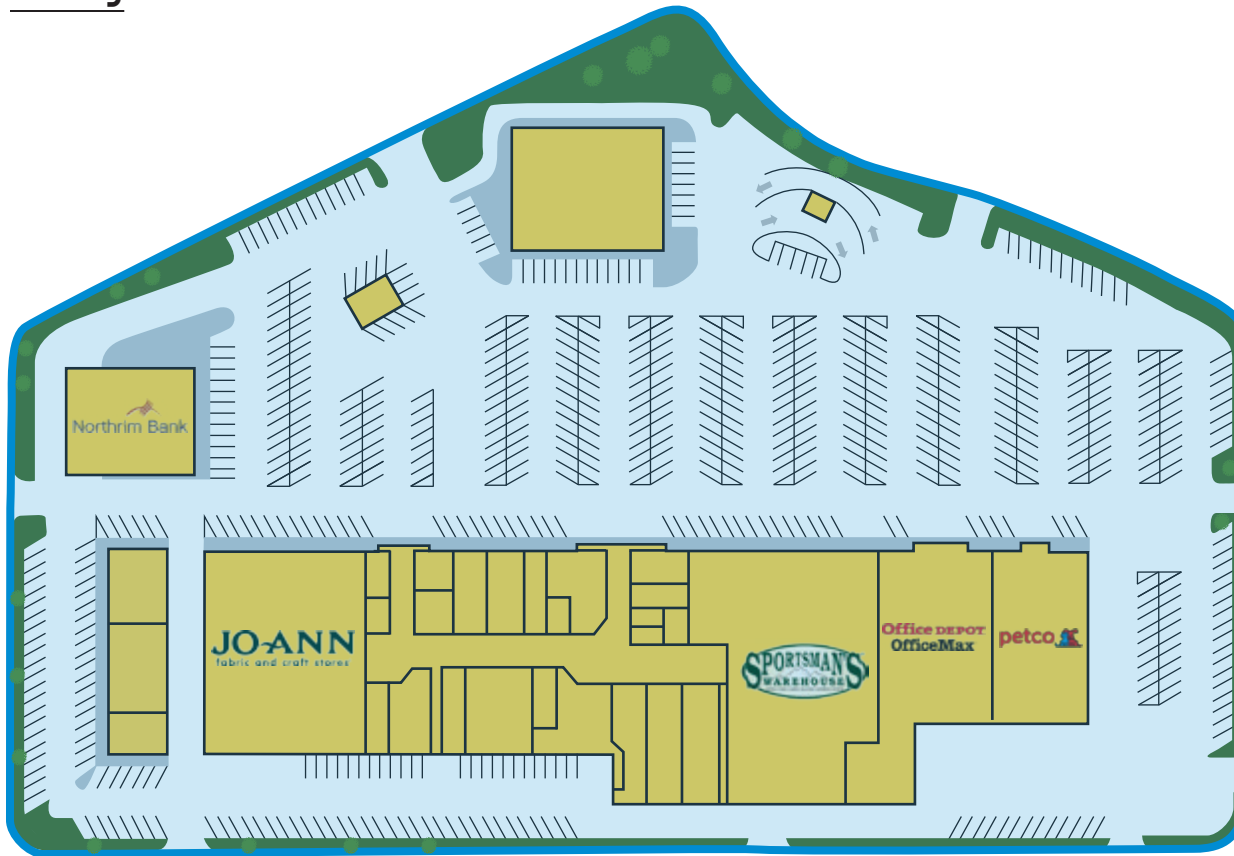
Site Plan



Site Plan Not To Scale

SUITE	TENANT	SF	SUITE	TENANT	SF	SUITE	TENANT	SF	SUITE	TENANT	SF
102	Petco	11,255	250	Magic Nails Spa	572	352	Available	2,170	550	Papa John's Pizza	2,500
103	Office Max	16,981	260	Sweetheart Gems	2,325	362	Gourmet Alaska	1,400	570/580/595	Associated Credit Agency	4,425
105	Sportsman's Warehouse	27,852	265	Available	1,160	368	Available	587	585	Chez Alaska	1,250
165	Payless ShoeSource	3,000	300	JoAnn Fabrics	22,176	376	Available	2,863	600	Northrim Bank	8,000
175	Available	3,000	306	Peter's Oriental Foods	600	382	GNC	1,478	600 - 2	Available	8,000
185	Available	2,676	322	Vintage Fare	800	386	Available	800	700	Chandler Building	8,000
200	Available	3,614	328	Available	1,122	392	Available	430	800	Subway	1,152
215	Available	1,000	336	Available	1,188	396	LaSalsa	430	900	Flying Squirrel Espresso	200
245	Heathside Books	4,340	342	Boarderline	1,960	404	Lucky Louie's	659			

Zoning



PARCEL

5B1501100010 ±12.06 Acres

OVERVIEW

Nugget Mall is currently composed of one tax parcel totaling 12.06 acres and the receiver has begun the subdivision process to divide the Property into five tax lots. The site is zoned GC, General Commercial under the jurisdiction of the City/Borough of Juneau.

ZONING

The General Commercial district is intended to accommodate most commercial uses. Commercial activities are permitted outright in the zone except for those few uses that are listed as conditional uses to ensure compatibility. Residential development is allowed in mixed- and single-use developments in the general commercial district.

[CLICK HERE FOR MORE INFO](#)

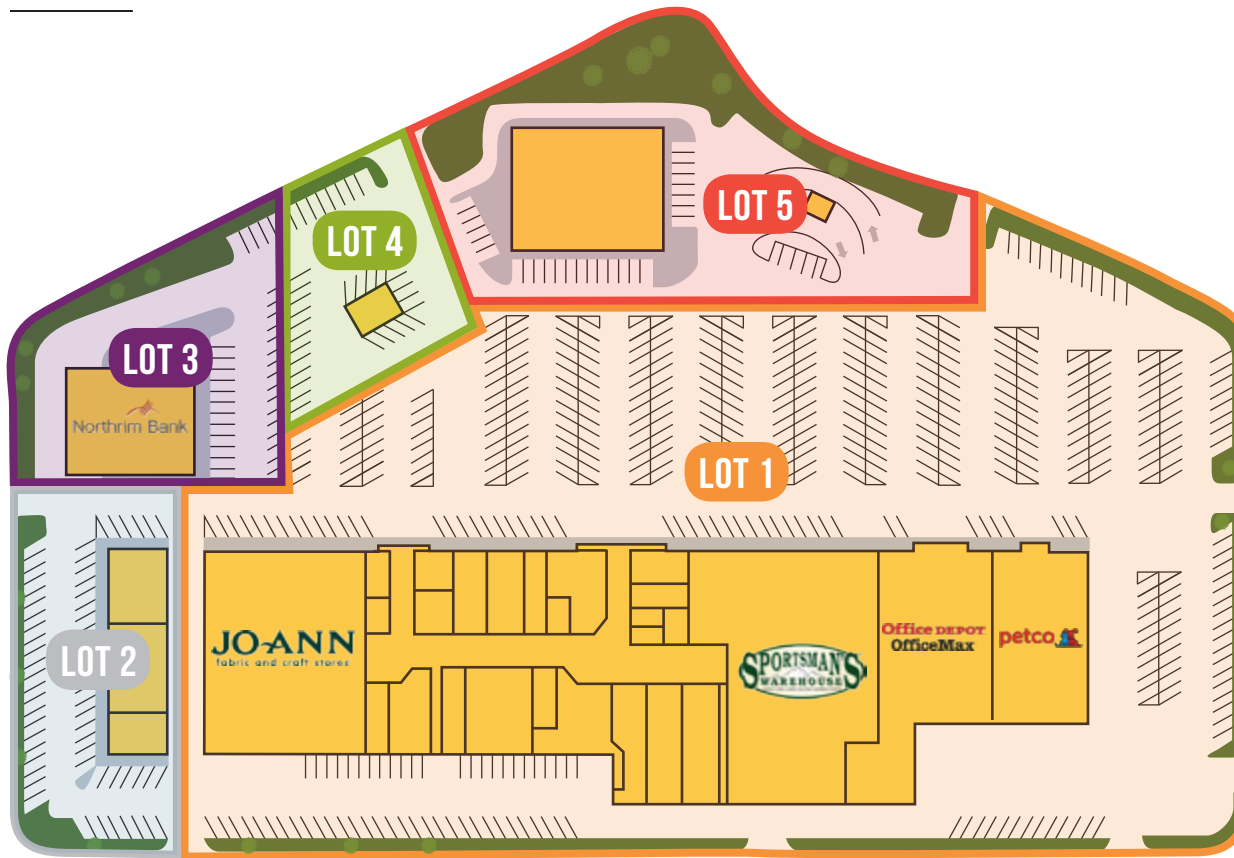
DIMENSIONAL STANDARDS FOR GENERAL COMMERCIAL

Min Lot Size:	2,000 SF
Min Lot Width:	20'
Min Lot Depth:	60'
Max Lot Coverage:	None
Max Height for Permissible Uses:	55'
Accessory:	45'
Minimum Setbacks:	10'

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Parcels



PARCELIZATION

Although currently only one tax parcel, the receiver has begun the process of subdividing the lot into five tax parcels, and under the proposed site plan, each building on-site would be situated on its own parcel for flexibility in individual sell-off. The subdivision of the Nugget Mall lot is scheduled to be complete in 2017 - 2018 and is currently only in the beginning stages of the process.

LOTS

Lot 1:	±8.61 Acres	—
Lot 2:	±0.85 Acres	—
Lot 3:	±0.89 Acres	—
Lot 4:	±0.55 Acres	—
Lot 5:	±1.16 Acres	—

PARKING BREAKDOWN

Lot 1:	493 Stalls
Lot 2:	58 Stalls
Lot 3:	39 Stalls
Lot 4:	28 Stalls
Lot 5:	29 Stalls

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Demographics

DRIVE TIME DEMOGRAPHICS

POPULATION

	15-Min	30-Min	45-Min
2010	19,657	21,420	21,471
2016	20,824	22,914	22,966
2021	21,487	23,749	23,801

\$ 2016 HH INCOMES

	15-Min	30-Min	45-Min
AVERAGE	\$98,767	\$100,257	\$100,250
MEDIAN	\$81,449	\$82,230	\$82,236

RADIUS DEMOGRAPHICS

POPULATION

	5-Miles	10-Miles	15-Miles
2010	21,146	30,962	31,116
2016	22,645	33,491	33,657
2021	23,489	34,951	35,124

\$ 2016 HH INCOMES

	5-Mile	10-Miles	15-Miles
AVERAGE	\$103,591	\$102,353	\$102,491
MEDIAN	\$84,577	\$83,141	\$83,203

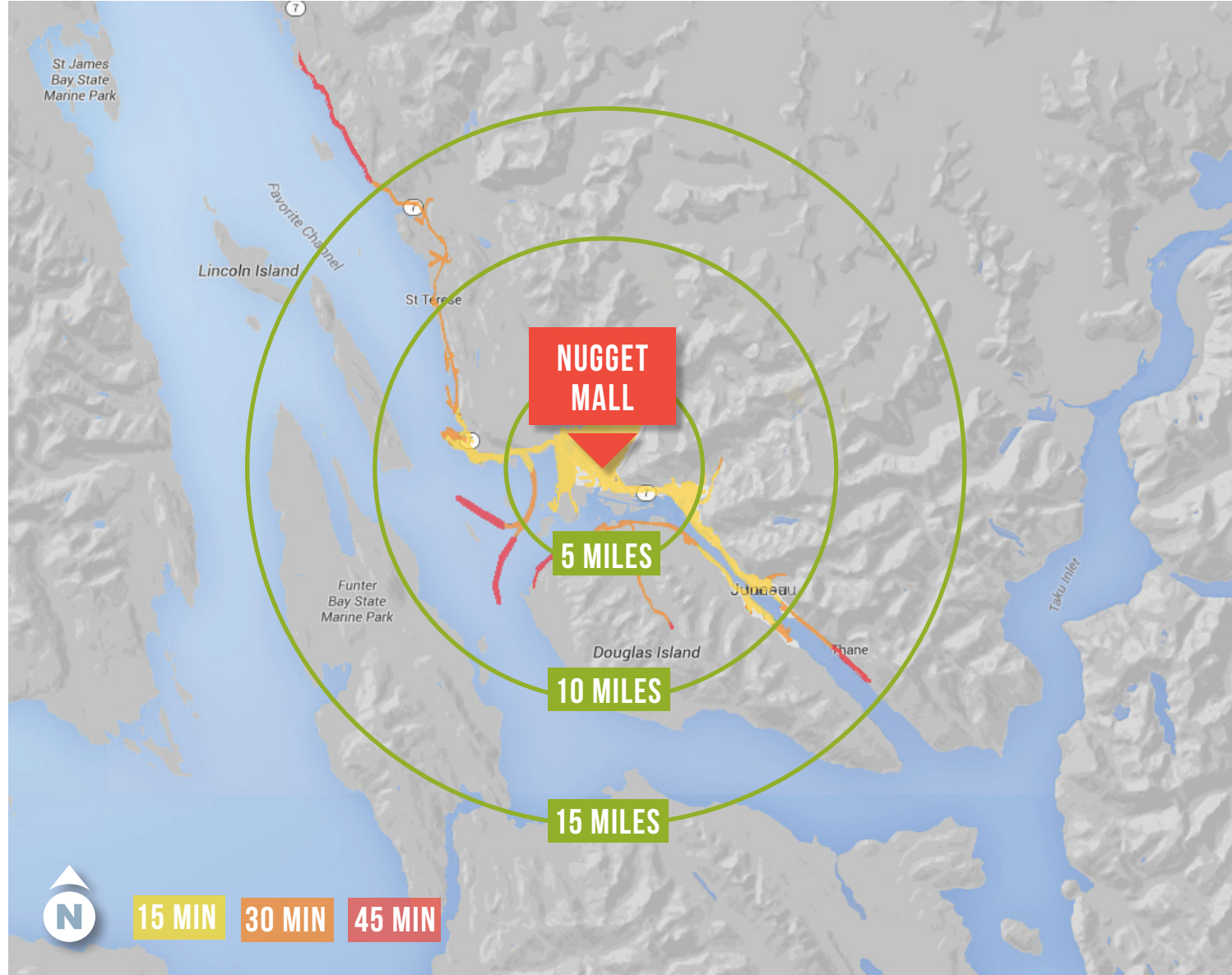


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Juneau Area Info

OVERVIEW

Juneau is the capital of Alaska located on the Gastineau Channel in the Alaskan panhandle. It has a population of over 33,000, making it the second most populous city in Alaska after Anchorage. Juneau's population can increase by roughly 6,000 people from visiting cruise ships between May and September.

As the capital of Alaska, the primary employer in Juneau, by a large margin, is government. This includes the federal government, state government, municipal government (which includes the local airport, hospital, harbors, and school district) as well as the University of Alaska Southeast. State government offices and their indirect economic impact compose approximately one-quarter of Juneau's economy.

ECONOMY

Large contributors to the economy are tourism and fishing. In 2005, the cruise ship industry was estimated to bring nearly one million visitors to Juneau for up to 11 hours at a time, between the months of May and September. Juneau is also the home to many of the commercial fishing associations in Alaska, as much of the activities of these groups involve lobbying the legislature. These associations include the Alaska Trollers Association, United Fishermen of Alaska, United Southeast Alaska Gillnetters Association and the Southeast Alaska Seiners Association.

As of the 2010 Census, there were over 1,000 businesses operating in Juneau including a few major company headquarters including Wings of Alaska, an airline, and Marine Exchange of Alaska, a nonprofit organization, which operates an extensive vessel tracking network and ensures safe maritime operations for the entire state.

CULTURE

Juneau is also a cultural center hosting many annual events such as Alaska Folk Festival, Juneau Jazz & Classics music festival, and Celebration, a biennial Alaska Native cultural festival. In addition, the city is home to Perseverance Theatre, Alaska's largest professional theater, and Theatre in the Rough, a nonprofit. Downtown Juneau has many art galleries that participate in the monthly First Friday Art Walk and annual Gallery Walk held in the first week of December. The Juneau Arts & Humanities Council coordinates events and operates the Juneau Arts & Culture Center, which features a community center, gallery and lobby shop. The city is also home to University of Alaska Southeast with nearly 4,000 students.



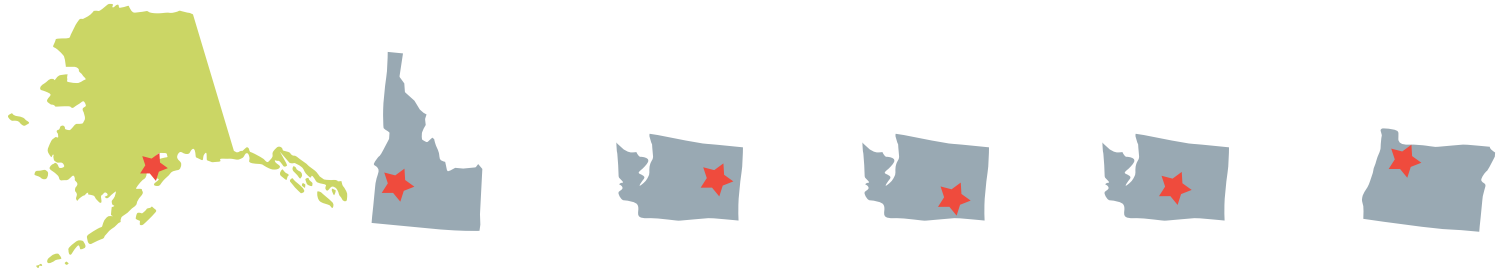
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Photo By: Jack Andry - www.jackandrys.com

Juneau Comparatives

SIMILAR WEST COAST METRO AREAS



METRO AREA	JUNEAU	BOISE	SPOKANE	TRI-CITIES	YAKIMA	SALEM
UNEMPLOYMENT RATE	4.20%	3.40%	6.60%	7.10%	8.40%	4.70%
AVERAGE HOUSEHOLD INCOME	\$101,150	\$72,737	\$64,211	\$77,350	\$59,516	\$64,671
AVERAGE HOME VALUE	\$357,837	\$261,177	\$246,786	\$254,551	\$242,749	\$238,073
MAJOR INDUSTRIES	Government/ Tourism	Technology/ Government	Services/ Health Care	Agriculture/ Government	Agriculture	Government

JUNEAU METRO EMPLOYMENT & INCOME STATS

- Local and state government remains a stable economic driver and the largest employer.
- Juneau’s mining industry has more than doubled since 2004.
- Average HH Income is \$103,591.

UNEMPLOYMENT: US VS. ANCHORAGE

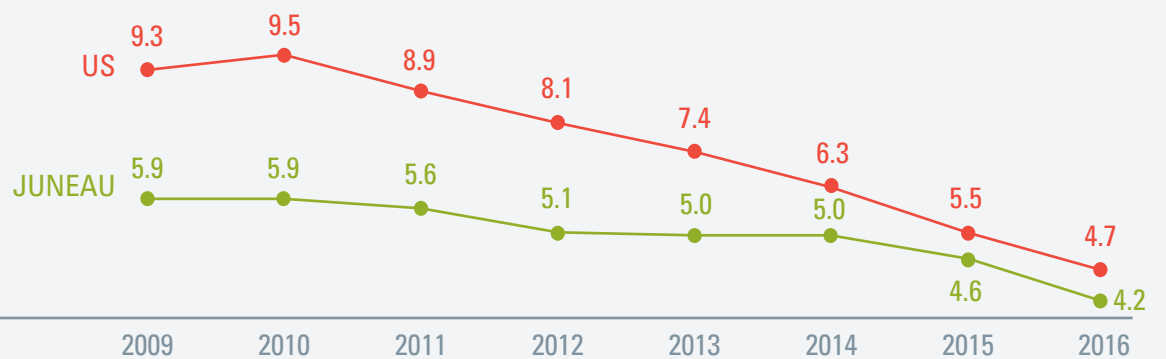


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Traveling to Juneau

AIR: The best method for traveling to and from Juneau is via the Juneau International Airport, which has Alaska Airlines and Delta Air Lines as the main commercial jet passenger operators. Alaska Airlines provides service to Seattle, Anchorage, and Sitka as well as to many small communities in the state. Delta Air Lines provides service to Seattle, which is a common destination for Juneau residents. Wings of Alaska, Alaska Seaplanes, and Air Excursions also offer scheduled flights on smaller aircrafts to villages in Southeast Alaska.

FERRY: With a fleet of eleven vessels, another major form of transportation is the Alaska Marine Highway System, which transports people and vehicles to over 30 coastal communities in Alaska, not accessible via roads, on a year-round basis. The system, which started over 50 years ago, has continued to grow and incorporate new ports of call. The southern gateway cities of Bellingham, Washington, and Prince Rupert, British Columbia provide important links between Alaska and the “Lower 48.” The 2015 highway/ferry market in Alaska is estimated to have increased by 14% in 2015.

CRUISE SHIP: According to the American Association of Port Authorities, Alaska is the second most appealing destination to cruise to, after the Caribbean. In 2005, the cruise ship industry was estimated to bring nearly one million visitors to Juneau for up to 11 hours at a time, between May and September, which is peak season. Alaska as a whole received 1.48 million out-of-state visitors during tourism season in 2015, which is a 14% increase since 2010. Based on planned itineraries, cruise traffic is projected to increase by an additional 2% in 2016.

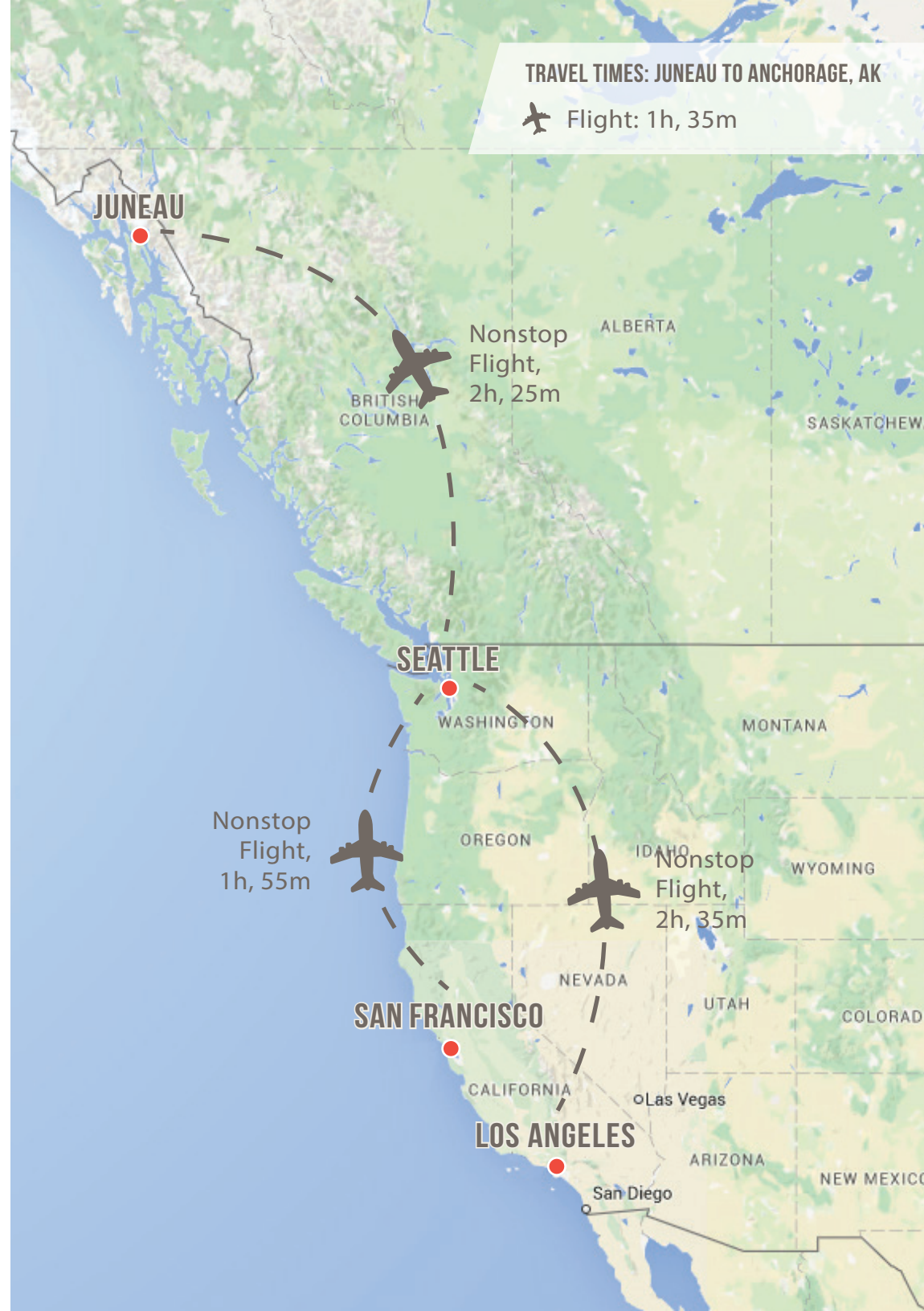


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Comparable Rents

① **NORTHWAY MALL**
3001 PENLAND PARKWAY, ANCHORAGE, AK
\$5.00/SF - \$40.00/SF NNN
AVG: \$15.00/SF NNN
ASKING: \$18.00/SF - \$27.00/SF NNN

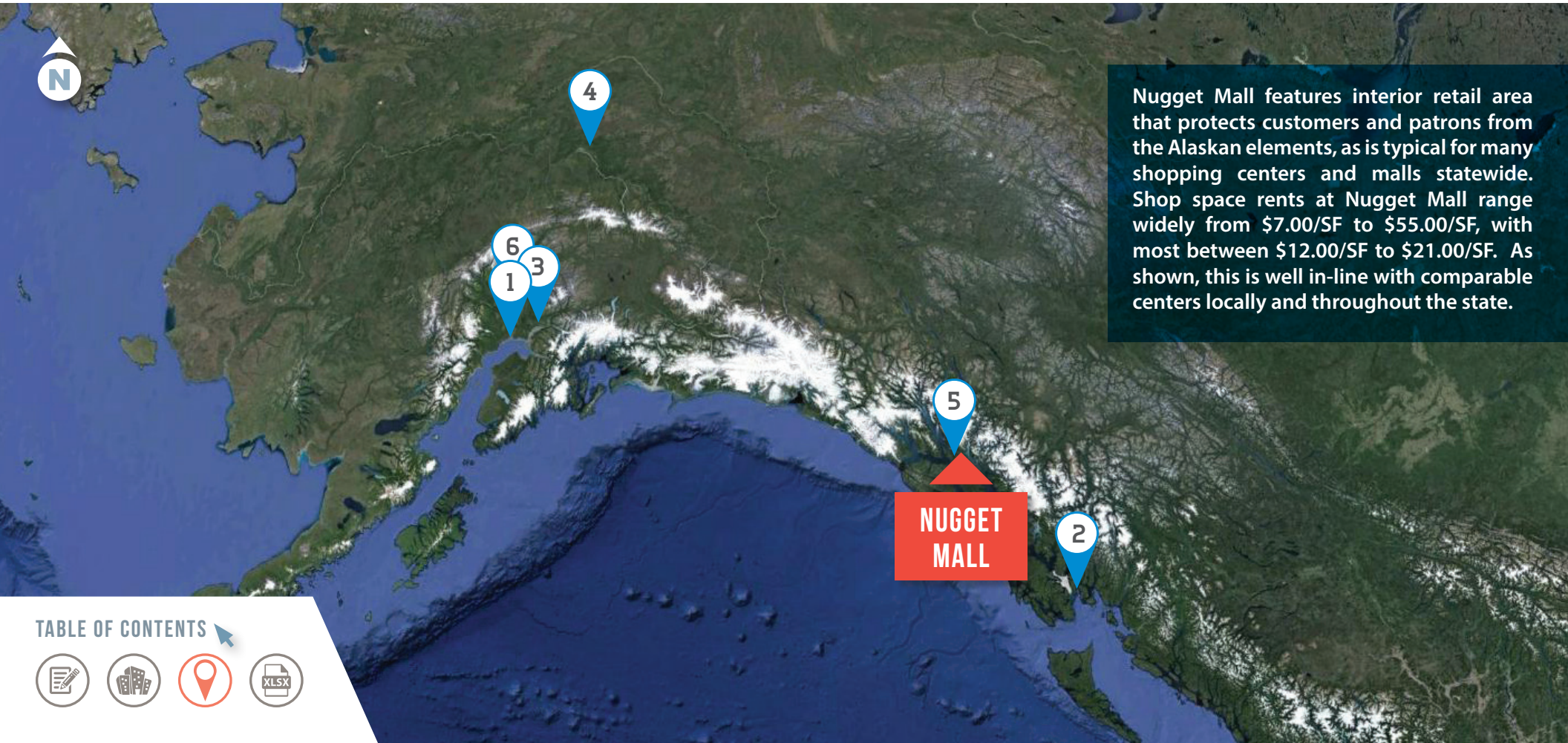
③ **MALL AT SEARS**
600 E NORTHERN LIGHTS BLVD, ANCHORAGE, AK
\$20.00/SF - \$65.00/SF NNN
AVG: \$35.00/SF NNN
ASKING: \$24.00/SF - \$47.40/SF NNN

⑤ **MENDENHALL MALL**
9105 -9109 MENDENHALL MALL RD., JUNEAU, AK
\$20.00/SF - \$35.00/SF GROSS
AVG: \$24.00/SF GROSS
ASKING: \$24.00/SF - \$26.40/SF GROSS

② **PLAZA SHOPPING CENTER**
2415 TONGASS AVENUE, KETCHIKAN, AK
\$10.00/SF - \$30.00/SF MG
AVG: \$18.00/SF MG

④ **BENTLEY MALL**
32 COLLEGE RD, FAIRBANKS, AK
\$25.00/SF - \$75.00/SF NNN
AVG: \$35.00/SF NNN

⑥ **UNIVERSITY CENTER**
3801 OLD SEWARD HWY, ANCHORAGE, AK
ASKING: \$21.00/SF NNN



Nugget Mall features interior retail area that protects customers and patrons from the Alaskan elements, as is typical for many shopping centers and malls statewide. Shop space rents at Nugget Mall range widely from \$7.00/SF to \$55.00/SF, with most between \$12.00/SF to \$21.00/SF. As shown, this is well in-line with comparable centers locally and throughout the state.

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Financial Analysis

PRICE	\$14,310,000
Capitalization Rate	9.50%
Price Per Foot	\$95
Price Per Foot Land	\$27

NET OPERATING INCOME SUMMARY		IN-PLACE	
SCHEDULED INCOME		Per SF¹	
Scheduled Rent:	12/1/2017	\$10.69	\$1,602,891
Plus: Rent Increases Through	11/30/2018	\$0.01	\$1,459
Plus: Percentage Rent Income ⁴		\$0.03	\$4,434
Other Income ³		\$0.01	\$1,200
Plus: Expense Reimbursement		\$2.79	\$417,698
Equals: Scheduled Gross Income		\$13.52	\$2,027,682
Current	24%		
Equals: Effective Gross Income (EGI)		\$13.52	\$2,027,682
Less: OPERATING EXPENSES		Per SF¹	
CAMS		\$2.48	\$371,961
Property Taxes		\$0.99	\$147,881
Insurance		\$0.37	\$55,849
Management Fee ²	3.0% of EGI	\$0.55	\$82,026
Reserves		\$0.10	\$14,997
Total Operating Expenses		\$4.49	(\$672,713)
Equals: NET OPERATING INCOME		\$9.04	\$1,354,969
LEVERAGED RETURN CALCULATION			
Proposed New Loan :	65.00%		\$9,301,500
Interest Rate	4.53%		
Amortization	30		
Payment - Principal & Interest:			(\$567,543)
Start Date	Dec-17		
Equity Requirement:			\$5,008,500
Debt Coverage Ratio:			2.39
Debt Constant:			6.10%
Net Operating Income:			\$1,354,969
Less: Total Annual Debt Service			(\$567,543)
Equals: Pre-Tax Cash Flow			\$787,425
Pre-Taxed Leveraged Cash-on-Cash Return:			15.72%

Loan Summary

The following loan summary is for analysis purposes only and not a guarantee of loan terms. Loan dollars, rate, and amortization period are dependent on investor and subject to fluctuation.

PROPOSED TERMS:

LOAN TO VALUE: 65%

TERM: 10 Years

INTEREST RATE: 4.53%

AMORTIZATION: 30 Years

RECOURSE: Non-recourse

FOR MORE INFORMATION, PLEASE CONTACT:

TERRY DALY

Cushman & Wakefield

(415) 847-4669

terry.daly@cushwake.com



NOTES:

1) BASED ON IN-PLACE OCCUPANCY

2) PERCENTAGE BASED ON STABILIZED EGI

3) INCOME RECEIVED FROM NORTHRIM BANK ATM

4) BASED ON 2015 PERCENTAGE RENT

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Rent Roll

**NEW
10-YEAR
LEASE**

		TENANT INFO			LEASE TERMS		CURRENT RENT		RENT INCREASES			OPTIONS	LEASE TYPE	
		Tenant Name	Suite	Size	% of SF	Occupancy Date	Lease Expiration	Monthly Base Rent	Rent/SF/YR	Date	Monthly	Additional Annual		
Anchors	Petco comments: Landlord can terminate lease if tenant goes dark in excess of 90 consecutive days.	102	11,255	7.5%	11/30/11	1/31/23	\$15,007	\$16.00					4-5 YR \$1.00/SF/Yr Increase 180 Days Notice	NNN
	Office Max	103	16,981	11.3%	12/29/11	1/31/22	\$19,882	\$14.05					3-5 YR \$18.00/SF 270 Days Notice	NNN
	Sportsmans Warehouse comments: Tenant has termination option with 60 days written notice if sales do not exceed \$8M in 10th lease year.	105	27,852	18.6%	7/1/16	6/30/26	\$31,334	\$13.50	7/1/21	\$33,515			4-5 YR 7% Increase 180 Days Notice	NNN
	JoAnn Fabrics comments: Tenant has percentage rent clause of 4% over natural breakpoint. Landlord has "go dark" clause if business ceases for 20 days out of 30-day period.	300	22,176	14.8%	3/14/03	1/31/19	\$10,487	\$5.67					3-5 YR 10% Increase 180 Days Notice	NNN
Mall Shops	Payless Shoe Source comments: Landlord has relocation rights. Tenant waived rights for exclusive use.	165	3,000	2.0%	1/1/98	MTM	\$1,750	\$7.00						NNN
	Available	175	3,000	2.0%			\$4,500	\$18.00						
	Available	185	2,676	1.8%			\$4,237	\$19.00						
	Available	200	3,614	2.4%			\$5,421	\$18.00						
	Available	215	1,000	0.7%			\$1,750	\$21.00						
	Hearthside Books comments: Tenant has percentage rent clause of 6% over natural breakpoint. Assumes two-year lease adjustment that would lower rent to \$13.80/SF.	245	4,340	2.9%	6/1/14	5/31/19	\$4,991	\$13.80						NNN

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Rent Roll Cont.

	Tenant Name	Suite	Size	% of SF	Occupancy Date	Lease Expiration	Monthly Base Rent	Rent/SF/YR	Date	Monthly	Additional Annual		
Mall Shops	Magic Nails Spa comments: Tenant has percentage rent clause of 6% over natural breakpoint.	250	572	0.4%	6/1/14	5/31/19	\$1,249	\$26.20	6/1/18	\$1,284	\$210		NNN
	Sweetheart Gems comments: Tenant has percentage rent clause of 6% over natural breakpoint.	260	2,325	1.6%	11/21/11	1/31/18	\$2,465	\$12.72					NNN
	Available	265	1,160	0.8%			\$2,030	\$21.00					
	Peter's Oriental Foods	306-312	600	0.4%	1/1/98	9/30/20	\$2,752	\$55.04	10/1/18	\$2,835	\$165	3% Annual Increases	NNN
	Vintage Fare comments: Tenant has percentage rent clause of 6% over natural breakpoint.	322	800	0.5%	9/13/03	MTM	\$800	\$12.00					NNN
	Available comments: Current mall management office. Analyzed as though vacant and available for lease.	328	1,122	0.7%			\$1,964	\$21.00					
	Available	336	1,188	0.8%			\$2,079	\$21.00					
	Boarderline comments: Tenant has percentage rent clause of 6% over natural breakpoint.	342	1,960	1.3%	8/1/15	11/30/27	\$3,234	\$19.80					NNN
	Available	352	2,170	1.4%			\$3,436	\$19.00					
	Gourmet Alaska comments: Tenant has percentage rent clause of 6% over natural breakpoint. Assumes five-year renewal at \$19/SF.	362	1,400	0.9%	4/1/17	3/31/27	\$1,985	\$19.00					NNN
	Available	368	587	0.4%			\$1,222	\$25.00					
	Available	376	2,863	1.9%			\$4,534	\$19.00					NNN



Rent Roll Cont.

	Tenant Name	Suite	Size	% of SF	Occupancy Date	Lease Expiration	Monthly Base Rent	Rent/SF/YR	Date	Monthly	Additional Annual		
Mall Shops	GNC comments: If tenant's sales do not exceed \$800k in any 12-month period, rent can be reduced to \$18/SF until sales exceed threshold. Tenant has percentage rent clause of 6% over natural breakpoint.	382	1,478	1.0%	4/29/95	4/30/23	\$2,587	\$21.00	5/1/19	\$2,664	3% Annual Increases		NNN
	Available	386	800	0.5%			\$1,667	\$25.00					
	Available	392	430	0.3%			\$896	\$25.00					
	LaSalsa comments: Tenant has percentage rent clause of 6% over natural breakpoint.	396	430	0.3%	2/9/06	MTM	\$1,539	\$42.94					NNN
	Lucky Louie's comments: Tenant has option to terminate if Alaska DOR disallows the use of pull tab gaming. Assumes five year flat renewal at current rental rate.	404	659	0.4%	3/1/99	12/31/21	\$2,735	\$49.82					NNN
Annex	Papa John's Pizza	550	2,500	1.7%	11/1/15	1/31/26	\$4,000	\$19.20	2/1/19	\$4,125	\$0.60/SF Annual Increases	2-5 YR \$1.80/SF Increase	NNN
	Associated Credit Agency	570/580/595	4,425	3.0%	8/1/14	8/31/19	\$6,859	\$18.60					NNN
	Chez Alaska comments: Tenant has percentage rent clause of 6% over natural breakpoint.	585	1,250	0.8%	2/1/12	MTM	\$1,563	\$15.00					NNN
Pads	Northrim Bank comments: Tenant opted to downsize from occupying the first and second floors to the first floor only, and is currently paying rent on all 16,000 SF at \$16.14/SF - Analysis shows payment on 8K SF only based on \$18/SF. In exchange for leasing a smaller space, Tenant is in discussion to extend their lease an additional 3-5 years.	600	8,000	5.3%	12/1/85	1/31/19	\$12,000	\$18.00				1-10 YR CPI Every 4 Yrs 120 Days Notice	NNN
	Available	600-2	8,000	5.3%			\$12,000	\$18.00					
	Available comments: Known as Chandler Building on pad of shopping center.	700	8,000	5.3%			\$5,333	\$8.00					
	Subway comments: Tenant has percentage rent clause of 5% over natural breakpoint.	800	1,152	0.8%	1/1/98	12/31/20	\$4,743	\$49.40	1/1/18	\$4,837	\$1,043	2% Annual Increases	NNN
	Flying Squirrel Espresso comments: Ground leased pad. Tenant has percentage rent clause of 6% over natural breakpoint. Tenant has annual CPI increases - assumes 2.5%/Yr.	900	200	0.1%	10/7/09	10/31/21	\$1,615	\$96.92	11/1/18	\$1,656	\$40	Annual CPI Increases	NNN
	Totals:		149,965	100%			\$184,642	\$14.77				\$1,459	
Occupied		113,355	76%			\$133,574	\$14.14						
Leasable		36,610	24%			\$51,068	\$16.74						

TENANT TO EXTEND 3-5 YEARS IN EXCHANGE FOR SELLER PERMITTING TENANT TO DOWNSIZE TO FIRST FLOOR ONLY.

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Operating Expenses

	ESTIMATED OPERATING EXPENSES			REIMBURSEMENTS
	Total	/SF	Notes	In-Place
CAMS	\$371,961	\$2.48	1	\$244,246
Property Taxes	\$147,881	\$0.99	2	\$114,911
Insurance	\$55,849	\$0.37	1	\$39,854
Management Fee	\$82,026	\$0.55	3	\$18,687
Reserves	\$14,997	\$0.10	4	
Total Expenses	\$672,713	\$4.49		\$417,698

NOTES:

- 1) BASED ON 2016 P&L WITH 3% INCREASE.
- 2) BASED ON ESTIMATED ALLOCATION FROM ACTUAL 2017 TAXES.
- 3) BASED ON 3% OF STABILIZED EGI. REIMBURSEMENTS INCLUDE ADMIN FEES.
- 4) METHODOLOGY: \$0.10/SF



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Reimbursements

	Tenant Name	Size	Pro Rata %	Pro Rata CAM	Pro Rata Property Taxes	Pro Rata Insurance	Admin. Fee	Admin/Mgmt	Notes	In-Place Reimbursements
	Expense Totals			\$371,961	\$147,881	\$55,849		\$82,026		
Anchors	Petco	11,255	7.5%	\$7,177	\$12,055	\$4,533	8%	\$574.15	1	\$24,339
	Office Max	16,981	11.3%	\$10,828	\$18,188	\$6,839	10%	\$1,083	1	\$36,938
	Sportsmans Warehouse	27,852	18.6%	\$79,577	\$29,832	\$11,147	5%	\$3,979	2	\$124,535
	JoAnn Fabrics	22,176	14.8%	\$60,861	\$23,753	\$4,554	0%	\$0	2, 3	\$89,168
Mall Shops	Payless Shoe Source	3,000	2.0%	\$9,013	\$3,213	\$1,208	10%	\$901	2, 4	\$14,336
	Available	3,000	2.0%	\$8,747	\$3,213	\$1,208	15%	\$1,312		\$0
	Available	2,676	1.8%	\$7,802	\$2,866	\$1,078	15%	\$1,170		\$0
	Available	3,614	2.4%	\$10,537	\$3,871	\$1,456	15%	\$1,581		\$0
	Available	1,000	0.7%	\$2,916	\$1,071	\$403	15%	\$437		\$0
	Hearthside Books	4,340	2.9%	\$13,411	\$4,649	\$1,748	15%	\$2,012	4	\$21,819
	Magic Nails Spa	572	0.4%	\$2,170	\$613	\$230	15%	\$325	4	\$3,338
	Sweetheart Gems	2,325	1.6%	\$6,381	\$2,490	\$936	15%	\$957		\$10,765
	Available	1,160	0.8%	\$3,382	\$1,242	\$467	15%	\$507		\$0
	Peter's Oriental Foods	600	0.4%	\$2,727	\$643	\$242	15%	\$409	4	\$4,020
	Vintage Fare	800	0.5%	\$3,636	\$857	\$322	15%	\$545	4	\$5,360
	Available	1,122	0.7%	\$3,271	\$1,202	\$452	15%	\$491		\$0
	Available	1,188	0.8%	\$3,464	\$1,272	\$478	15%	\$520		\$0

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Reimbursements Cont.

	Tenant Name	Size	Pro Rata %	Pro Rata CAM	Pro Rata Property Taxes	Pro Rata Insurance	Admin. Fee	Admin/Mgmt	Notes	In-Place Reimbursements
Mail Shops	Boarderline	1,960	1.3%	\$6,219	\$2,099	\$789	15%	\$933	4	\$10,041
	Available	2,170	1.4%	\$6,327	\$2,324	\$874	15%	\$949		\$0
	Gourmet Alaska	1,400	0.9%	\$4,562	\$1,500	\$564	15%	\$684	4	\$7,310
	Available	587	0.4%	\$1,711	\$628	\$236	15%	\$257		\$0
	Available	2,863	1.9%	\$8,348	\$3,067	\$1,153	15%	\$1,252		\$0
	GNC	1,478	1.0%	\$4,896	\$1,583	\$595	15%	\$734	4	\$7,809
	Available	800	0.5%	\$2,333	\$857	\$322	15%	\$350		\$0
	Available	430	0.3%	\$1,254	\$461	\$173	15%	\$188		\$0
	LaSalsa	430	0.3%	\$2,020	\$461	\$173	15%	\$303	4	\$2,957
	Lucky Louie's	659	0.4%	\$2,648	\$706	\$265	15%	\$397	4	\$4,016
Annex	Papa John's	2,500	1.7%	\$7,225	\$1,004	\$1,054	15%	\$1,084	4	\$10,367
	Chez Alaska	1,250	0.8%	\$3,192	\$502	\$527	15%	\$479		\$4,701
	Associated Credit Agency, Inc.	4,425	3.0%	\$12,501	\$1,778	\$1,866	15%	\$1,875	4	\$18,020
Pads	Northrim Bank	8,000	5.3%	\$3,732	\$7,940	\$1,643	15%	\$1,191	3	\$14,506
	Available	8,000	5.3%	\$5,101	\$7,940	\$3,222	15%	\$765		\$0
	Available	8,000	5.3%	\$5,101	\$2,955	\$3,222	15%	\$765		\$0
	Subway	1,152	0.8%	\$537	\$906	\$535	15%	\$81		\$2,060
	Flying Squirrel Espresso	200	0.1%	\$933	\$139	\$81	15%	\$140	4	\$1,293
	TOTAL	149,965	100%	\$314,541	\$147,881	\$54,599		\$29,231		\$417,698

NOTES:

- 1) CONTROLLABLE CAMS CAPPED AT 5% YEAR OVER YEAR.
- 2) CONTROLLABLE CAMS CAPPED AT 3% YEAR OVER YEAR.
- 3) TENANT PAYS INSURANCE EXPENSES DIRECT.
- 4) TENANT PAYS FLAT RATE FOR GARBAGE EXPENSES.

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Argus Assumptions



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General	
Analysis Start Date	12/1/2017
Term	10 Years
Square Footage	149,965
General Vacancy Loss	5.00%
Growth Rates	
CPI	3.00%
Market Rents	3.00%
Operating Expenses	3.00%
Real Estate Taxes	3.00%
Retail Sales Volumes	3.00%
Expenses	
Operating Expense Source	2016 P&L
Management Fee (% of EGR)	3.00%
Loan Summary - Existing Debt	
Interest Rate	4.53%
Amortization Period	30 Years
Loan-to-Value	65%
Investment Rates	
Terminal Cap Rate	10.50%
Discount Rate	11.50%

*MTM Tenants assume a one-year lease term for analysis purposes.

Tenant Name	Suite	SF	Occupancy Date	Lease Expiration	Current Rent Per Mo	Current Rent PSF	Market Rent
Petco	102	11,255	11/30/2011	1/31/2023	\$15,007	\$16.00	\$15.00
Office Max	103	16,981	12/29/2011	1/31/2022	\$19,882	\$14.05	\$14.00
Sportsmans Warehouse	105	27,852	7/1/2016	6/30/2026	\$31,334	\$13.50	\$13.50
Payless Shoe Source	165	3,000	1/1/1998	11/30/2018	\$1,750	\$7.00	\$18.00
Available	175	3,000		Absorb 12/1/17			\$18.00
Available	185	2,676		Absorb 2/1/18			\$19.00
Available	200	3,614		Absorb 4/1/18			\$18.00
Available	215	1,000		Absorb 6/1/18			\$21.00
Hearthside Books	245	4,340	6/1/2014	5/31/2019	\$4,991	\$13.80	\$18.00
Magic Nails Spa	250	572	6/1/2014	5/31/2019	\$1,249	\$26.20	\$25.00
Sweetheart Gems	260	2,325	11/21/2011	1/31/2018	\$2,465	\$12.72	\$19.00
Available	265	1,160		Absorb 8/1/2018			\$21.00
JoAnn Fabrics	300	22,176	3/14/2003	1/31/2019	\$10,487	\$5.67	\$13.50
Peter's Oriental Foods	306-312	600	1/1/1998	9/30/2020	\$2,752	\$55.04	\$25.00
Vintage Fare	322	800	9/13/2003	11/30/2018	\$800	\$12.00	\$25.00
Available	328	1,122		Absorb 10/1/18			\$21.00
Available	336	1,188		Absorb 12/1/18			\$21.00
Boarderline	342	1,960	8/1/2015	11/30/2027	\$3,234	\$19.80	\$21.00
Available	352	2,170		Absorb 2/1/19			\$19.00
Gourmet Alaska	362	1,400	4/1/2017	3/31/2027	\$1,985	\$19.00	\$21.00
Available	368	587		Absorb 4/1/19			\$25.00
Available	376	2,863		Absorb 6/1/19			\$19.00
GNC	382	1,478	4/29/1995	4/30/2023	\$2,587	\$21.00	\$21.00
Available	386	800		Absorb 8/1/19			\$25.00
Available	392	430		Absorb 10/1/19			\$25.00
LaSalsa	396	430	2/9/2006	11/30/2018	\$1,539	\$42.94	\$25.00
Lucky Louie's	404	659	3/1/1999	12/31/2021	\$2,735	\$49.82	\$25.00
Papa John's Pizza	550	2,500	11/1/2015	1/31/2026	\$4,000	\$19.20	\$1200/Mo
Associated Credit Agency	570/580/595	4,425	8/1/2014	8/31/2019	\$6,859	\$18.60	\$19.00
Chez Alaska	585	1,250	2/1/2012	11/30/2018	\$1,563	\$15.00	\$19.00
Northrim Bank	600	8,000	12/1/1985	1/31/2019	\$12,000	\$18.00	\$16.00
Available	600-2	8,000		Absorb 12/1/19			\$18.00
Available	700	8,000		Absorb 3/1/19			\$8.00
Subway	800	1,152	1/1/1998	12/31/2020	\$4,743	\$49.40	\$48.50
Flying Squirrel Espresso	900	200	10/7/2009	10/31/2021	\$1,615	\$96.92	\$95.00
Totals:		149,965			\$133,574	\$10.69	

Leasing Assumptions	Anchors	Shops	Kiosk	Bank
Retention	85%	80%	80%	85%
Rent Escalations	10%/5 Yrs	3% Annual	None	3% Annual
Term Lengths	10 Years	5 Years	1 Year	10 Years
Lease Structure	NNN	NNN	Gross	NNN
Tenant Improvements (\$/SF)				
New Tenant	\$10.00	\$15.00	\$0.00	\$20.00
Renewal	\$0.00	\$0.00	\$0.00	\$0.00
New Lease Free Rent	3 Months	3 Months	0 Months	3 Months
Leasing Commissions				
New Tenant	5.0%	6.0%	6.0%	6.0%
Renewal	2.5%	3.0%	3.0%	3.0%
Downtime				
New Tenant	12 Months	6 Months	6 Months	12 Months

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Cash Flow Analysis



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For the Years Ending	Year 1 Nov-2018	Year 2 Nov-2019	Year 3 Nov-2020	Year 4 Nov-2021	Year 5 Nov-2022	Year 6 Nov-2023	Year 7 Nov-2024	Year 8 Nov-2025	Year 9 Nov-2026	Year 10 Nov-2027
Rental Revenue										
Potential Base Rent	2,198,460	2,292,172	2,332,538	2,372,243	2,467,495	2,521,325	2,569,948	2,623,644	2,678,516	2,754,361
Absorption & Turnover Vacancy	-422,214	-259,578	-9,813	-6,818	-1,545	-30,052	-34,147	-37,614	-5,898	-6,749
Free Rent	-59,950	-80,675	-14,449	-2,289	-1,729	-18,031	-52,675	-8,855	-3,604	-3,740
Scheduled Base Rent	1,716,296	1,951,918	2,308,275	2,363,135	2,464,220	2,473,242	2,483,126	2,577,175	2,669,014	2,743,872
Total Rental Revenue	1,716,296	1,951,918	2,308,275	2,363,135	2,464,220	2,473,242	2,483,126	2,577,175	2,669,014	2,743,872
Other Tenant Revenue										
Percentage Rent	3,926	1,440	1,583	1,628	-	-	-	-	-	-
Total Expense Recoveries	456,765	510,660	568,324	586,489	603,353	613,596	631,251	652,969	677,924	697,038
Total Other Tenant Revenue	460,691	512,100	569,907	588,117	603,353	613,596	631,251	652,969	677,924	697,038
Total Tenant Revenue	2,176,987	2,464,019	2,878,182	2,951,252	3,067,573	3,086,838	3,114,377	3,230,145	3,346,938	3,440,910
Potential Gross Revenue	2,176,987	2,464,019	2,878,182	2,951,252	3,067,573	3,086,838	3,114,377	3,230,145	3,346,938	3,440,910
Vacancy & Credit Loss										
Total Vacancy & Credit Loss	-	-	-134,586	-141,086	-151,911	-125,793	-123,279	-125,774	-161,744	-165,634
Effective Gross Revenue	2,176,987	2,464,019	2,743,596	2,810,166	2,915,662	2,961,045	2,991,097	3,104,370	3,185,194	3,275,277
Operating Expenses										
CAM	371,961	383,119	394,614	406,452	418,646	431,206	444,141	457,466	471,189	485,325
Property Taxes	147,880	152,317	156,886	161,593	166,441	171,435	176,578	181,875	187,331	192,951
Insurance	55,849	57,524	59,250	61,027	62,858	64,744	66,686	68,686	70,747	72,870
Management Fee	65,310	73,921	82,308	84,305	87,470	88,831	89,733	93,131	95,556	98,258
Total Operating Expenses	641,000	666,882	693,058	713,378	735,415	756,215	777,138	801,158	824,823	849,404
Net Operating Income	1,535,987	1,797,137	2,050,538	2,096,789	2,180,247	2,204,830	2,213,960	2,303,212	2,360,371	2,425,873
Leasing Costs										
Tenant Improvements	195,555	147,996	241,800	2,592	2,427	49,125	51,540	40,000	4,392	6,627
Leasing Commissions	80,856	103,306	18,471	11,104	7,400	68,276	97,121	73,924	16,470	15,150
Total Leasing Costs	276,411	251,302	260,271	13,696	9,827	117,401	148,661	113,924	20,862	21,777
Capital Expenditures										
Replacement Reserves	14,997	14,997	14,997	14,997	14,997	14,997	14,997	14,997	14,997	14,997
Total Capital Expenditures	14,997	14,997	14,997	14,997	14,997	14,997	14,997	14,997	14,997	14,997
Total Leasing & Capital Costs	291,408	266,299	275,267	28,692	24,823	132,398	163,657	128,920	35,858	36,773
Debt Service										
Total Interest	418,284	411,381	404,158	396,600	388,695	380,422	371,767	362,712	353,238	343,326
Total Principal	149,259	156,163	163,385	170,944	178,848	187,121	195,777	204,831	214,305	224,218
Total Debt Service	567,543	567,544	567,543	567,544	567,543	567,543	567,544	567,543	567,543	567,544
Cash Flow After Debt Service	677,036	963,294	1,207,728	1,500,552	1,587,881	1,504,890	1,482,759	1,606,749	1,756,969	1,821,556
Unleveraged 10-Year IRR	15.69%									
Leveraged 10-Year IRR	28.75%									

31.5%
INCREASE
IN NOI

**10-YEAR
IRR**

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Replacement Cost Analysis

REPLACEMENT COST ESTIMATE			
Nugget Mall			
Property Type	Community Shopping Center		
Rentable SF	149,965		
Lot Size	12.06 Acres		
Base Square Foot Cost			\$ 92.72
Sprinkler Refinement:		+	\$ 2.50
Refined Square Foot Cost:			\$ 95.22
Cumulative Multiplier (Size/Location):		x	1.431
Adjusted Square Foot Cost:			\$ 136.26
Gross Building Area:			149,965
Total Construction Cost:			\$ 20,434,232
Lump Sum Additions			
Site Work/Landscaping:	524,972 SF @	\$ 6.00 /SF	\$3,149,829
Tenant Improvements	149,965 SF @	\$ 40.00 /SF	\$5,998,600
Financing Costs:	2% of	70% LTV	\$414,157
Total Hard & Soft Costs:	149,965 SF @	\$200	\$29,996,819
Developer's Overhead & Profit		20% Margin	\$5,999,364
Total Building Cost New			\$35,996,182
Land Value		\$10 /SF	\$5,249,715
Total Replacement Cost		\$275 /SF	\$41,245,897

*Derived using Marshall Valuation Service Cost Manual

FEASIBILITY RENT	
Total Replacement Cost New	\$41,245,897
Capitalization Rate	8.00%
Required NOI	\$3,299,672
Vacancy Allowance	5.00%
Feasibility Annual Base Rent	\$3,473,339
Feasibility Rent/SF	\$23.16

TOTAL ESTIMATED REPLACEMENT COST
\$41,245,897

TOTAL HARD & SOFT COSTS
\$35,996,182

TOTAL LAND VALUE
\$5,249,715

REPLACEMENT COST - SALE PRICE
\$24,475,897

FEASIBILITY RENT
\$23.16/SF VS. **AVERAGE RENT**
\$14.26/SF



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Q&A with Capital Pacific

Q: HAS A PROPERTY CONDITIONS ASSESSMENT BEEN COMPLETED? WHAT IS THE AGE OF THE ROOF?

A: A PCA was completed in January 2016 and revealed that the mall was in good condition overall. Immediate repairs were reported to be very minimal. The Subject's roof was partially replaced in 2012, with the balance being replaced in 2015.

Q: DO ANY TENANTS WITH PERCENTAGE RENT CLAUSES MEET THRESHOLDS?

A: Flying Squirrel Espresso and Vintage Fare are the only two tenants that have recently met percentage rent thresholds. Both tenants are obligated to pay 6% of gross sales over a natural breakpoint.

Q: DO ANY TENANTS HAVE EXCLUSIVE USE CLAUSES?

A: Yes, the following tenants have exclusive uses within Nugget Mall:

Petco:	Pet-related uses
JoAnn Fabrics:	fabrics of all kinds, yard goods, upholstery materials, patterns, knitting supplies, needlepoint, macrame, artificial flowers and accessories, arts and crafts materials and supplies, soft finished crafts, picture frames, framing (both ready made and custom made), yams and all types of notions, sewing machines and sewing machine furniture.
Sportsman's Warehouse:	Sporting goods related to outdoor sports
OfficeMax:	Office supplies, computers, office furniture, mobile or portable telephones or pagers, etc
GNC:	Health foods, vitamins or mineral supplements.
Lucky Louie's:	Pull tabs
Northrim Bank:	Savings and loan associations and financial institutions

Q: DO TENANTS CONTRIBUTE TO A MERCHANT'S ASSOCIATION FOR MALL MARKETING PURPOSES?

A: Formerly, tenants paid set merchant's association dues per terms of their leases. However, the merchant's association will reportedly be eliminated moving forward.



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Environmental Q&A

Q: WHAT IS THE SITUATION?

A: Capital City Cleaners operated at the Nugget Mall annex building beginning in 1985 and ceased operations prior to 2003. Sampling data of the sub-slab vapor revealed elevated concentrations of PCE, which is evidence of a source existing at the property in the vicinity of the former dry cleaning machine underneath the building at Suite 595. PCE and TCE in the sub-slab and soil gas wells revealed concentrations above ADEC's guidelines in the vicinity of the former dry cleaning machine (Suite 595) as well as the western end of the Nugget Mall downgradient of the annex building. These concentrations indicate a potential risk to indoor air in the buildings. Indoor air samples were also collected in each of the suites of the annex building, which did not reveal concentrations of any constituents of concern. Concentrations were also detected in soil and ground water in the vicinity of the dry cleaning machine as well as near some of the underground utilities.

Q: WHAT HAS BEEN DONE?

A: In October 2016, ERG collected soil and groundwater samples and installed a total of 11 soil gas wells and 6 sub-slab vapor points in and around the annex building and Nugget Mall. Soil gas samples and indoor air samples were also collected in October 2016.

The SVE system was installed the week of October 24th and consists of a horizontal trench with extraction piping placed approximately 5 feet below ground surface in the alley between the mall and the annex building and south of the two buildings. A vertical collection pipe, located in the southeast corner of Suite 595 was placed [sub slab] approximately 2 feet below ground surface and connected to the extraction piping. All SVE collection pipes were connected to a manifold tied to a vacuum pump to extract the VOCs. The extracted soil-gas is treated above-ground by a granular activated carbon (GAC) abatement unit and then discharged into the atmosphere.

Q

- ESTIMATION OF TIME TO REMEDIATE
- AND APPROXIMATE BUDGET?

A: ERG estimated a year to remediate the site at approximately \$50,000. ERG installed a Soil Vapor Extraction (SVE) system in December 2016 through July 2017 to mitigate intrusions, and will retest in September 2017 to see if completely remediated..



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Sportsman's Warehouse Lease Abstract



PREMISES/TERM

TENANT	Sportsman's Warehouse
SQUARE FEET	±27,852 SF
LEASE TYPE	NNN
RENT COMMENCEMENT	7/1/2016
LEASE TERM	10 Years
OPTIONS	Four, five-year Options; 180 Days' notice required

BASE RENT

Term	Monthly	Annually
7/1/2016 – 6/30/2021:	\$31,334	\$376,002
7/1/2021 – 6/30/2026:	\$33,515	\$402,183

OPTION RENTS

Option 1:	7/1/2026 – 6/30/2031:	\$35,859/Month	\$430,313/Annually
Option 2:	7/1/2031 – 6/30/2036:	\$38,366/Month	\$460,394/Annually
Option 3:	7/1/2036 – 6/30/2041:	Increase per CPI.	
Option 4:	7/1/2041 – 6/30/2046:	Increase per CPI.	

TAXES

Tenant is responsible for reimbursing their pro-rata share of Property Taxes to Landlord.

INSURANCE

Tenant is responsible for reimbursing their pro-rata share of property damage and general liability policies held by Landlord, and for carrying their own commercial general liability policy.

UTILITIES

Tenant is responsible for all utilities.

TENANT'S OBLIGATIONS

Tenant is responsible for reimbursing their pro-rata share of all common area maintenance to be capped at the lessor of actual pro-rata share or at 103% of the previous year's share. Tenant is responsible for all interior maintenance and repair, including HVAC.

LANDLORD'S OBLIGATIONS

Landlord is responsible for maintaining all common areas of the Premises, including landscaping, parking lot, snow removal, exterior lighting, building structure and roof.

LEASE PROVISIONS

TERMINATION RIGHT

Tenant has the right to terminate this lease with 60-days written notice to Landlord if their gross sales in the 10th lease year only.

EXCLUSIVE USE

Tenant has exclusive use at the Premises for the sale of sporting goods in a space larger than 1,000 SF.

ASSIGNMENT/SUBLETTING

Tenant may not assign or sublease any interest in the Premises without prior written consent of the Landlord, which shall not be unreasonably withheld.

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OfficeMax Lease Abstract



PREMISES/TERM

TENANT	OfficeMax
SQUARE FEET	±16,981 SF
LEASE TYPE	NNN
RENT COMMENCEMENT	2/1/2012
LEASE EXPIRATION	1/31/2022
TERM	10 Years
OPTIONS	Three, five-year Options; 270 Days' notice required

BASE RENT

Term	Monthly	Annually
2/1/2012 – 1/31/2022	\$19,882	\$238,583

OPTION RENTS

Option Rent increases by a \$1.00/square foot every 5 years.

Option 1:	2/1/2022 – 1/31/2026:	\$25,472/Month	\$305,658/Annually
Option 2:	2/1/2027 – 1/31/2032:	\$26,887/Month	\$322,639/Annually
Option 3:	2/1/2032 – 1/31/2037:	\$28,302/Month	\$339,620/Annually

TAXES

Tenant is responsible for reimbursing their prorata share of Property Taxes to Landlord.

INSURANCE

Tenant is responsible for reimbursing their prorata share of Landlord's general liability policy and for maintaining their own commercial general liability policy.

UTILITIES

Tenant is responsible for all utilities.

TENANT'S OBLIGATIONS

Tenant is responsible for reimbursing their prorata share of all common area maintenance to be capped at the lessor of actual prorata share or at 105% of the previous year's share. Tenant is responsible for all interior maintenance and repair, including HVAC.

LANDLORD'S OBLIGATIONS

Landlord is responsible for maintaining all common areas of the Premises, including landscaping, parking lot, snow removal, exterior lighting, building structure and roof.

LEASE PROVISIONS

ASSIGNMENT/SUBLETTING

Tenant may assign or sublease interest in the Premises, yet must remain liable and responsible under this lease. If Tenant assigns interest with a net worth greater than \$75M, Tenant may be released.

EXCLUSIVE USE

Tenant has exclusive use at the Premises for the sale of office, home office, school and business products at the shopping center.



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Petco Lease Abstract



PREMISES/TERM

TENANT	Petco
SQUARE FEET	±27,255 SF
LEASE TYPE	NNN
RENT COMMENCEMENT	7/2/2012
LEASE TERM	10 Years
OPTIONS	Four, five-year Options; 180 Days' notice required

BASE RENT

Term	Monthly	Annually
7/2/2012 – 7/1/2017	\$14,069	\$168,825
7/2/2017 – 7/1/2022	\$15,007	\$180,080

OPTION RENTS

Rent doesn't increase throughout Option periods.

Option 1:	7/2/2022 – 7/1/2027:	\$15,945/Month	\$191,335/Annually
Option 2:	7/2/2027 – 7/1/2032:	\$16,883/Month	\$202,590/Annually
Option 3:	7/2/2012 – 7/1/2037:	\$17,820/Month	\$213,845/Annually
Option 4:	7/2/2037 – 7/1/2042:	\$18,758/Month	\$225,100/Annually

TAXES

Tenant is responsible for reimbursing their prorata share of Property Taxes to Landlord.

INSURANCE

Tenant is responsible for reimbursing their prorata share of property insurance help by Landlord, and for carrying their own commercial general liability policy and casualty insurance policies.

UTILITIES

Tenant is responsible for all utilities used at their leased Premises.

TENANT'S OBLIGATIONS

Tenant is responsible for reimbursing their prorata share of all common area maintenance to be capped at 105% of the previous year's share. Tenant is responsible for all interior maintenance and repair, including HVAC replacement after year 1, and for holding a maintenance agreement throughout entire lease term.

LANDLORD'S OBLIGATIONS

Landlord is responsible for maintaining all common areas of the Premises, including landscaping, parking lot, snow removal, exterior lighting, building structure and roof.

LEASE PROVISIONS

EXCLUSIVE USE

Tenant has exclusive use at the Premises for pet-related uses and sales within one-mile of the shopping center, owned and managed by Landlord.

"GO DARK" CLAUSE

Landlord may terminate lease if Tenant elects to "go dark" for a period of 90 consecutive days.

CO-TENANCY CLAUSE

If Office Max and Joann Fabrics (or like tenant) are not open for a period of excess of 30 days and Tenant has not assigned their interest in the lease, Tenant may decrease rent to 3% of gross sales in lieu of base rent.

ASSIGNMENT/SUBLETTING

Tenant has the right to assign or sublease the Premises without prior landlord approval to a licensee, franchisee, or any parent or operating subsidiary of Tenant.

PARKING

Tenant has the non-exclusive right to 15 parking spaces.

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JoAnn Fabrics Lease Abstract



PREMISES/TERM

TENANT	JoAnn Fabrics
SQUARE FEET	±22,176 SF
LEASE TYPE	NNN
RENT COMMENCEMENT	2/1/2004
LEASE TERM	10 Years
OPTIONS	3, 5-year Options; 180 Days' notice required

BASE RENT

Increases every five years by the greater amount of 10% or a flat amount in addition to 80% of the average of percentage rent paid in the previous five-year period. Analysis shows 10% increases:

Term	Monthly	Annually
2/1/2004 – 1/31/2009	\$8,667	\$104,000
2/1/2009 – 1/31/2014	\$9,533	\$114,000
2/1/2014 – 1/31/2019	\$10,487	\$125,840

OPTION RENTS

Rent doesn't increase throughout Option periods.

Option 1:	2/1/2019 – 1/31/2024:	\$11,535/Month	\$138,424/Annually
Option 2:	2/1/2024 – 1/31/2029:	\$12,689/Month	\$152,266/Annually
Option 3:	2/1/2029 – 1/31/2034:	\$13,958/Month	\$167,493/Annually

PERCENTAGE RENTS

Tenant pays percentage rent each year in the amount of 4% of gross sales over natural breakpoint.

TAXES

Tenant is responsible for reimbursing their prorata share of Property Taxes to Landlord.

INSURANCE

Tenant is responsible for reimbursing their prorata share of Landlords' "all-risk" policy and for maintaining their own commercial general liability policy.

UTILITIES

Tenant is responsible for all utilities.

TENANT'S OBLIGATIONS

Tenant is responsible for reimbursing their prorata share of all common area maintenance to be capped at the lessor of actual prorata share or at 103% of the previous year's share. Tenant is responsible for all interior maintenance and repair.

LANDLORD'S OBLIGATIONS

Landlord is responsible for maintaining all common areas of the Premises, including landscaping, parking lot, snow removal, exterior lighting, building structure and roof.

LEASE PROVISIONS

CO-TENANCY CLAUSE

If at any time the Threshold Limit is not met, meaning at least 60% of the GLA is not leased and operating for a period of at least 6 months, Tenant may terminate lease with 90-days written notice to Landlord, or continue operation and pay only substitute rent until the Threshold Limit is once again met.

ASSIGNMENT/SUBLETTING

Tenant may not assign or sublease any interest in the Premises without prior written consent of the Landlord, which shall not be unreasonably withheld.

"GO DARK" CLAUSE

Landlord may terminate lease if Tenant elects to "go dark" for more than 20 days in a 30-day timeframe.

EXCLUSIVE USE

Tenant has exclusive use at the Premises for the sale of fabrics, craft accessories.

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Contact Information

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