

# Offering Memorandum - Atwater Town Center, Atwater, CA



## **EXCLUSIVE BROKERS - RETAIL INVESTMENTS TEAM:**

**ADAM LUCATELLO**

Vice President  
(209) 475-5118 Direct  
adam.lucatello@colliers.com  
CA License No. 01336956

**RUBEN SANDOVAL**

Sales Associate  
(209) 475-5127  
ruben.sandoval@colliers.com  
CA License No. 01806675



**COLLIERS INTERNATIONAL**  
3439 Brookside Road, Suite 108  
Stockton, CA USA 95219  
[www.colliers.com](http://www.colliers.com)



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## ▲ Property Information

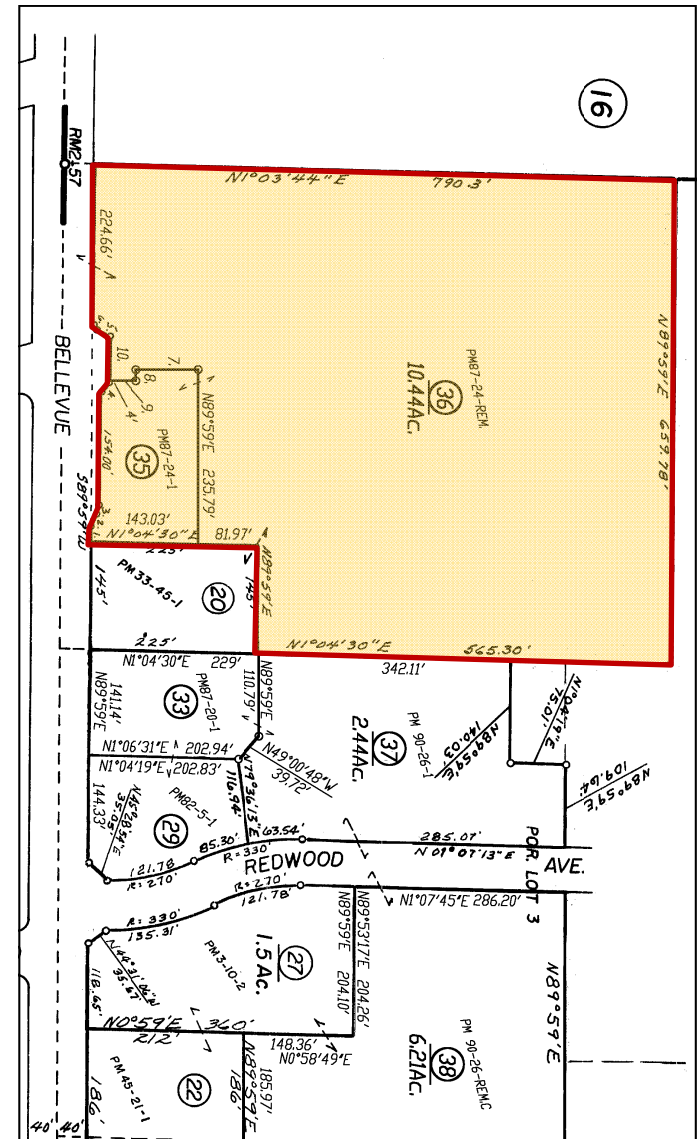
|                         |  |
|-------------------------|--|
| Property Name:          | Atwater Town Center  |
| Address:                | 981 - 1025 Bellevue Road, Atwater, CA 95301  |
| County:                 | Merced County  |
| Parcel Numbers (APN):   | 150-190-036 & 150-190-035  |
| Year Built:             | Kmart/Fashion Bug/Original In-line 1988/Renovated in 2008<br>Front multi-tenant - 2008 |
| Total Rentable Sq. Ft.: | 119,607  |
| Land Area:              | 463,914 (10.65 acres)  |
| Parking:                | Abundant   |
| Zoning:                 | GC (General Commercial, City of Atwater)   |
| Ownership:              | Fee Simple   |

## ▲ Investment Highlights

- ⇒ Kmart anchored center
- ⇒ 92.32% occupancy
- ⇒ 9.80% Cap Rate on existing net income.
- ⇒ Complete recent renovation.
- ⇒ Priced below replacement cost (\$78/sq. ft.).

## ▲ Financial Summary

|                                |                          |
|--------------------------------|--------------------------|
| Offering Price:                | \$9,400,000              |
| Cap Rate:                      | 9.80% on Current Numbers |
| Price per Square Foot - Bldg.: | \$78                     |
| Price per Square Foot - Land:  | \$20                     |
| Net Operating Income:          | \$997,607                |
| Occupancy:                     | 92.32%                   |
| Vacancy:                       | 7.68%                    |





# Property Overview

## ▲ Property Photos





# Property Overview

## ▲ Aerial





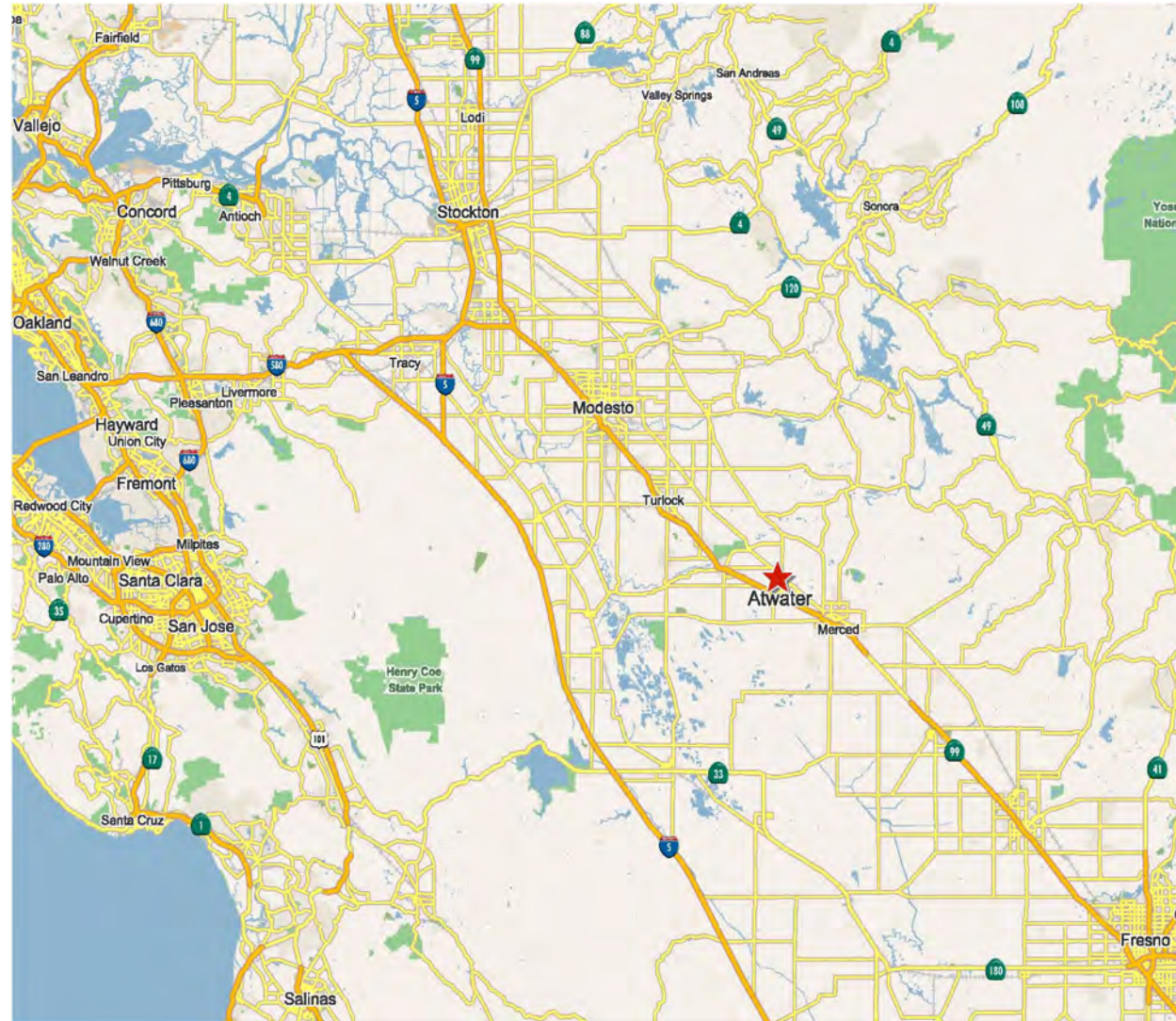
- *K-Mart anchored center*
- *Situated on the vibrant retail corridor of Bellevue Road*
- *Excellent occupancy history*
- *Signalized ingress/egress*
- *Complete recent renovation on the entire center*
- *92.32% occupancy rate*
- *9.80% cap rate on existing net income*
- *\$78 per square foot*
- *Over 10 acres of land*
- *Additional space for development*

Atwater Town Center is located on the vibrant retail corridor of Bellevue Road in Atwater, California. The center's 119,607 square feet of rentable space is comprised of 4 buildings:

1. Kmart is a stand alone building totaling 87,888 square feet and was built in 1988, then fully renovated in 2008.
2. The former Fashion Bug is stand alone building totaling 7,500 square feet and was built in 1988, then fully renovated in 2008.
3. The original in-line strip pad is a multi-tenant building totaling 14,310 square feet and was built in 1988, then fully renovated in 2008.
4. The newest multi-tenant pad building, totaling 9,909 square feet, was built in 2008.

Atwater Town Center enjoys beautifully, matured landscaping situated on over ten acres of land. The center has signalized ingress/egress and a large pylon sign that is easily visible by travelers. The Atwater Town Center has an excellent tenancy history with the center currently at 92.32% occupancy.

Bellevue Road is one of the most traveled retail thoroughfares in the Atwater community. Other such notable shopping centers along Bellevue Road are Atwater Marketplace (Savemart anchor), Atwater Village (Mi Pueblo anchor), Five Corners (Food 4 Less). Also on Bellevue Road is the Atwater Police Department and the Atwater City Hall.







## ▲ Rent Roll

| <u>Tenant</u>   | <u>%</u> | <u>Sq. Ft.</u> | <u>Monthly Rent</u> | <u>Rent/Sq. Ft.</u> | <u>Start</u> | <u>Expiration</u> | <u>Increases</u>    |            | <u>Options</u> |
|---|----------|----------------|---------------------|---------------------|--------------|-------------------|---------------------|------------|----------------|
|   |          |                |                     |                     |              |                   | <u>On</u>           | <u>To</u>  |                |
| K-Mart  | 73.48%   | 87,888         | \$42,999.00         | \$0.49              | 10/25/1989   | 10/24/2014        | None                |            | Ten-5 year     |
| <i>* Kmart pays for their own insurance and 100% of CAMs.</i> |          |                |                     |                     |              |                   |                     |            |                |
| Available   | 6.27%    | 7,500          | NA                  | N/A                 | N/A          | N/A               | N/A                 |            | N/A            |
| Glamorous Touch Salon   | 1.01%    | 1,210          | \$1,149.50          | \$0.95              | 5/1/2009     | 4/30/2014         | 5.0% Annually       |            | None           |
| Botanica St. Toribio  | 1.10%    | 1,310          | \$1,834.00          | \$1.40              | 10/1/2009    | 9/30/2014         | \$0.05 Annually     |            | None           |
| Golden Hour Chinese   | 1.10%    | 1,310          | \$1,703.00          | \$1.30              | 7/29/1995    | 7/31/2015         | None                |            | None           |
| Panaderia Guadalajara   | 1.10%    | 1,310          | \$1,310.00          | \$1.00              | 7/1/2010     | 12/31/2015        | None                |            | None           |
| Panaderia Guadalajara   | 1.10%    | 1,310          | \$1,768.50          | \$1.35              | 3/1/2000     | 12/31/2015        | None                |            | None           |
| Subway  | 1.10%    | 1,310          | \$2,063.00          | \$1.57              | 10/19/1993   | 6/30/2014         | 7/1/2013            | \$2,145.52 | None           |
| Domino's Pizza  | 1.10%    | 1,310          | \$1,533.00          | \$1.17              | 6/19/2003    | 8/31/2013         | None                |            | None           |
| Check n Go  | 1.27%    | 1,520          | \$2,204.00          | \$1.45              | 10/9/1998    | 12/31/2014        | None                |            | None           |
| Carniceria Vallarta   | 3.11%    | 3,720          | \$5,022.00          | \$1.35              | 10/1/2010    | 9/30/2015         | None                |            | None           |
| Travis Credit Union   | 1.39%    | 1,662          | \$4,155.00          | \$2.50              | 12/20/2006   | 12/31/2016        | None                |            | Two-5 year     |
| Available   | 1.40%    | 1,680          | \$0.00              | \$0.00              | N/A          | N/A               | N/A                 |            | N/A            |
| Jantz Café and Bakery   | 2.73%    | 3,269          | \$5,884.20          | \$1.80              | 12/1/2012    | 11/30/2017        | None                |            | None           |
| Professional Nails  | 1.40%    | 1,677          | \$3,102.45          | \$1.85              | 11/1/2012    | 10/31/2017        | \$1.90 on year 2015 |            | None           |
| Campbell Chiropractic   | 1.36%    | 1,621          | \$2,235.64          | \$1.38              | 9/24/2009    | 12/31/2014        | 3.0% Annually       |            | Two-5 year     |
|   | 100.00%  | 119,607        | \$76,879.44         |                     |              |                   |                     |            |                |



## ▲ Expense Reimbursements

| Tenant  | Lease Type | Reimbursement Amount | Admin. Fee | CAP on Expense |
|---|------------|----------------------|------------|----------------|
| K-Mart  | NNN        | \$178,437.95         | 20% of CAM | None           |
| <i>* Kmart pays for their own insurance and 100% of CAMs.</i> |            |                      |            |                |
| Available   | NNN        | N/A                  | N/A        | N/A            |
| Glamorous Touch Salon   | NNN        | \$3,322.26           | 20% of CAM | None           |
| Botanica St. Toribio  | NNN        | \$3,596.82           | 20% of CAM | None           |
| Golden Hour Chinese   | NNN        | \$3,532.44           | 15% of CAM | None           |
| Panaderia Guadalajara   | NNN        | \$3,596.82           | 20% of CAM | None           |
| Subway  | NNN        | \$3,596.82           | 20% of CAM | None           |
| Domino's Pizza  | NNN        | \$3,596.82           | 20% of CAM | None           |
| Check n Go  | NNN        | \$4,173.41           | 20% of CAM | None           |
| Carniceria Vallarta   | NNN        | \$10,213.88          | None       | None           |
| Travis Credit Union   | NNN        | \$11,568.90          | None       | None           |
| Available   | NNN        | N/A                  | N/A        | N/A            |
| Jantz Café and Bakery   | NNN        | \$21,931.16          | None       | None           |
| Professional Nails  | NNN        | \$11,019.28          | None       | None           |
| Campbell Chiropractic   | NNN        | \$10,338.03          | None       | None           |
|   |            | \$268,924.59         |            |                |





# Financial Overview

## ▲ Income / Expenses

### Income

|                              |                   |
|------------------------------|-------------------|
| Actual Collected Rent        | \$922,553.28      |
| Expense Reimbursement Income | \$268,924.59      |
| Other Income                 | <u>\$3,200.00</u> |
| Scheduled Gross Income       | \$1,194,677.87    |

### Expenses

|                               |                    |
|-------------------------------|--------------------|
| New Property Taxes (1.1671%)  | \$109,707.40       |
| Insurance                     | \$22,616.82        |
| Electric/Gas                  | \$7,414.56         |
| Water                         | \$1,903.46         |
| Sewer                         | \$2,143.97         |
| Trash Removal                 | \$1,315.44         |
| Fire Alarm Monitoring         | \$1,897.30         |
| Janitorial Service - Exterior | \$2,435.00         |
| Tree Trimming                 | \$3,100.00         |
| Landscape Upgrades            | \$395.55           |
| Gardening Services            | \$13,960.00        |
| Gardening Supplies            | \$1,277.21         |
| Irrigation Repairs            | \$319.01           |
| Lot Sweeping                  | \$12,868.00        |
| Lot Sealing/Striping          | \$45,485.00        |
| Pressure Washing              | \$5,100.00         |
| Pest Control                  | \$1,084.00         |
| Roofing                       | \$2,295.00         |
| Electrical / Lighting         | \$4,698.84         |
| General Maintenance           | \$4,886.54         |
| Management Fee                | <u>\$28,834.32</u> |
| Total Expenses                | \$273,737.42       |
| Net Operating Income          | \$920,940.45       |





## ▲ Site Plan



|    |                       |
|----|-----------------------|
| 1  | K-Mart                |
| 2  | Former Fashion Bug    |
| 3  | Glamorous Touch Salon |
| 4  | Botanica St. Toribio  |
| 5  | Golden Hour Chinese   |
| 6  | Panaderia Guadalajara |
| 7  | Panaderia Guadalajara |
| 8  | Subway                |
| 9  | Domino's Pizza        |
| 10 | Check No Go           |
| 11 | Carniceria Vallarta   |
| 12 | Travis Credit Union   |
| 13 | Available             |
| 14 | Jantz Café and Bakery |
| 15 | Professional Nails    |
| 16 | Campbell Chiropractic |





Kmart was established over 100 years ago by Sebastian Spering Kresge in Detroit, Michigan. His vision changed the entire landscape of retailing while creating an American symbol for quality products at low prices.

Today, Kmart is a wholly owned subsidiary of Sears Holding Corporation (NASDAQ: SHLD). With over 1,500 stores and an internet presence that reaches millions of customers, Kmart offers quality products through a portfolio of exclusive brands.

Headquartered: Hoffman Estates, Illinois

Website: [www.kmart.com](http://www.kmart.com)

## Lease Abstract

|                    |            |
|--------------------|------------|
| Tenant             | K-Mart     |
| Square Footage     | 87,888     |
| Rent Begin         | 10/25/1989 |
| Rent Ends          | 10/24/2014 |
| Current Base Rent  | \$42,999   |
| Rent / Square Foot | \$0.49     |
| Next Adjustment    | None       |



Jantz Café and Bakery opened its doors in May of 2001 by the Jantz family. With family recipes, Jantz Café and Bakery has grown in popularity amongst the locals and the travels. They specialize in a delicious variety of coffees, cakes, breads, pies, and sweets.

Headquartered: Atwater, California

Website: [www.jantzcafe.com](http://www.jantzcafe.com)

## Lease Abstract

|                    |                       |
|--------------------|-----------------------|
| Tenant             | Jantz Café and Bakery |
| Square Footage     | 3,269                 |
| Rent Begin         | 9/15/2007             |
| Rent Ends          | 11/30/2012            |
| Current Base Rent  | \$6,799.52            |
| Rent / Square Foot | \$2.08                |
| Next Adjustment    | 9/15/2013             |





Specializing in submarine sandwiches, Subway was founded in 1965 by Fred DeLuca. Subway now operates over 3,700 restaurant in 100 countries and territories. Subway is owned and operated by Doctor's Associates, Inc. (DAI). Subway is the largest single-brand restaurant chain globally.

Headquartered: Milford, Connecticut

Website: [www.subway.com](http://www.subway.com)

## Lease Abstract

|                    |            |
|--------------------|------------|
| Tenant             | Subway     |
| Square Footage     | 1,310      |
| Rent Begin         | 10/19/1993 |
| Rent Ends          | 6/30/2014  |
| Current Base Rent  | \$2,063    |
| Rent / Square Foot | \$1.57     |
| Next Adjustment    | 7/1/2013   |



Founded as a single store in 1960, Domino's Pizza (NYSE: DPZ) today stands as the recognized world leader in pizza delivery. With over 9,500 stores in more than 60 countries, the Domino's system sell more than 400 million pizzas every year. Domino's Pizza was ranked #8 on the Best of 2011 list for Investor's Business Daily.

Headquartered: Ann Arbor, Michigan

Website: [www.dominosbiz.com](http://www.dominosbiz.com)

## Lease Abstract

|                    |                |
|--------------------|----------------|
| Tenant             | Domino's Pizza |
| Square Footage     | 1,310          |
| Rent Begin         | 6/19/2003      |
| Rent Ends          | 8/31/2013      |
| Current Base Rent  | \$1,533        |
| Rent / Square Foot | \$1.17         |
| Next Adjustment    | None           |





Check n Go has enjoyed more than 15 years of success as the result of the ability to meet customer's financial needs quickly and conveniently. They offer services that traditional financial institutions have historically ignored. Check n Go offers payday loans, installment loans, title loans, check cashing and Western Union services. Check n Go is owned by Axxess Financial.

Headquartered: Cincinnati, Ohio

Website: [www.axcess-financial.com](http://www.axcess-financial.com)

## Lease Abstract

|                    |            |
|--------------------|------------|
| Tenant             | Check n Go |
| Square Footage     | 1,520      |
| Rent Begin         | 10/9/1998  |
| Rent Ends          | 12/31/2014 |
| Current Base Rent  | \$2,204    |
| Rent / Square Foot | \$1.45     |
| Next Adjustment    | None       |



Travis Credit Union (TCU) is a financial institution that provides services to various Northern California counties. Currently, TCU is the 12th largest credit union in California with more than 175,000 members, and more than \$1.9 billion in assets.

Headquartered: Vacaville, California

Website: [www.traviscu.org](http://www.traviscu.org)

## Lease Abstract

|                    |                     |
|--------------------|---------------------|
| Tenant             | Travis Credit Union |
| Square Footage     | 1,662               |
| Rent Begin         | 12/20/2006          |
| Rent Ends          | 12/31/2016          |
| Current Base Rent  | \$4,155             |
| Rent / Square Foot | \$2.50              |
| Next Adjustment    | None                |





At Campbell Chiropractic, they diagnose and treat common spinal misalignments that can occur from lifestyle or injuries causing pain, discomfort and degenerative conditions. Campbell Chiropractic may be able to treat; back pain, sciatica, neck pain, shoulder pain, headaches, sports injuries, and work-related injuries.

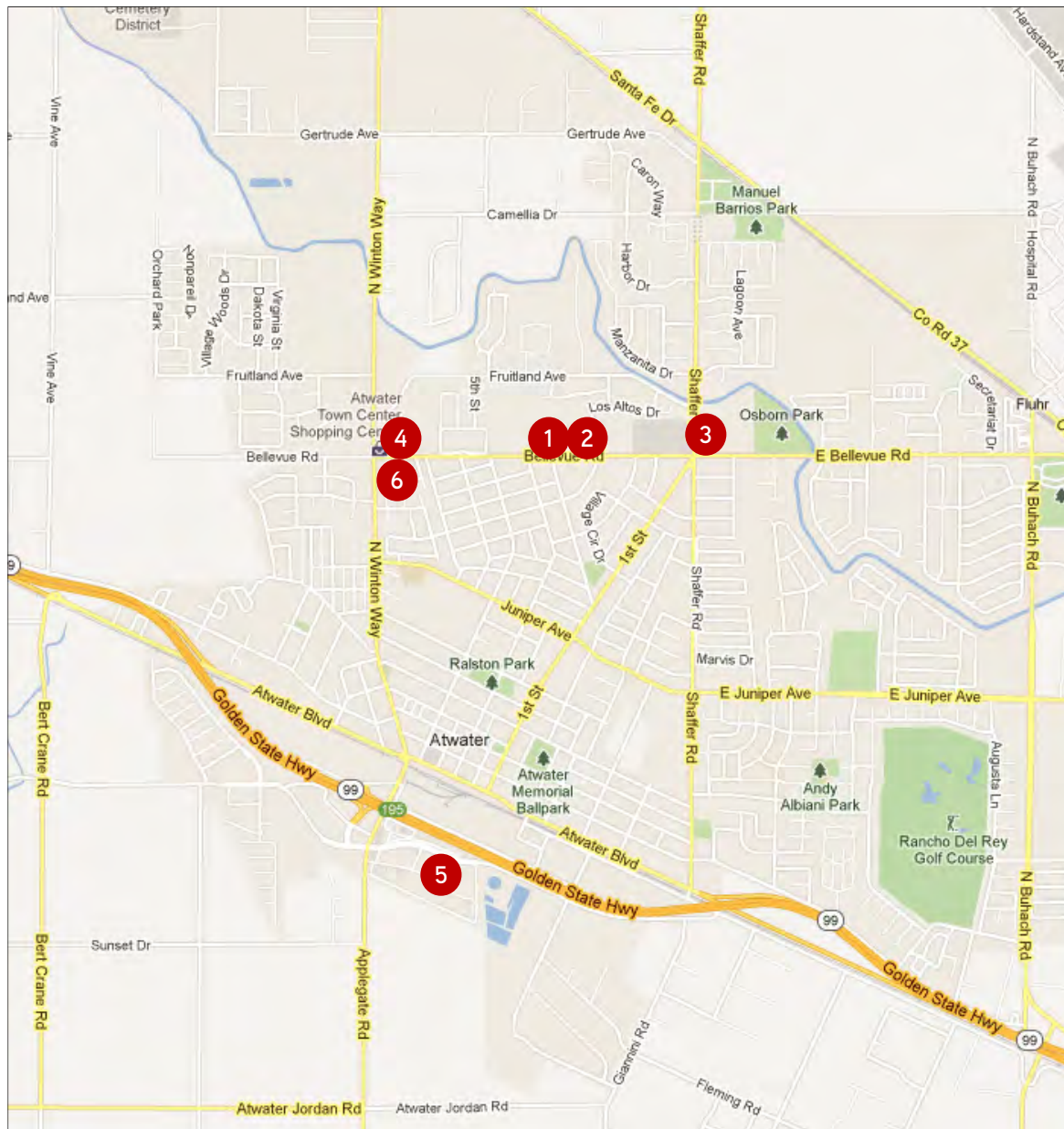
Headquartered: Atwater, California

## Lease Abstract

|                    |                       |
|--------------------|-----------------------|
| Tenant             | Campbell Chiropractic |
| Square Footage     | 1,621                 |
| Rent Begin         | 9/24/2009             |
| Rent Ends          | 12/31/2014            |
| Current Base Rent  | \$2,235.64            |
| Rent / Square Foot | \$1.38                |
| Next Adjustment    | 9/24/2013             |



## ▲ Competition Map



| Atwater Town Center |                    |
|---------------------|--------------------|
| GLA                 | 119,607            |
| Occupancy           | 98%                |
| Anchors             | Kmart, Fashion Bug |



| Atwater Village Shopping Center |                     |
|---------------------------------|---------------------|
| GLA                             | 94,485              |
| Occupancy                       | 76%                 |
| Anchors                         | Mi Pueblo, Rite Aid |



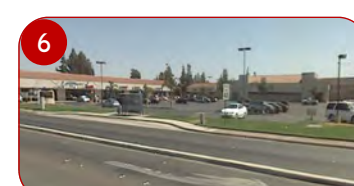
| Five Corner Crossing |                        |
|----------------------|------------------------|
| GLA                  | 57,850                 |
| Occupancy            | 100%                   |
| Anchors              | Walgreens, Food 4 Less |



| Atwater Marketplace |                |
|---------------------|----------------|
| GLA                 | 100,000        |
| Occupancy           | 97%            |
| Anchors             | Save Mart, CVS |



| Applegate Ranch |                 |
|-----------------|-----------------|
| GLA             | 478,517         |
| Occupancy       | 89%             |
| Anchors         | Target, Walmart |



| Dollar Store  |  |
|---|--|
| Free-standing hard corner across from Save Mart Shopping Center |  |

## ▲ The City of Atwater

Nestled between Turlock to the north and Merced to the South, Atwater is a city located in Merced County California. Atwater's history is steeped in tradition and has become a community influenced by the roots of local agriculture, Highway 99 and the former Castle Air Force Base. Each has influenced the community and remains important fixtures.

Agriculture still remains a vibrant source of the economic structure for the Atwater community. Highway 99 is a major highway that connects Southern California to Northern California with over 100,000 cars passing through Atwater daily.

**Castle Air Force Base:** Although closed after the cold war in the early 1990's, Castle Air Force Base remains a proud site to the local Atwater community. Today, the site is home to a variety of exciting businesses such as *Castle Air Museum*, whose collection of restored, historical airplanes is on exhibit for public enjoyment, *Sierra Academy of Aviation*, who provides contract training services for over 50 top airlines.

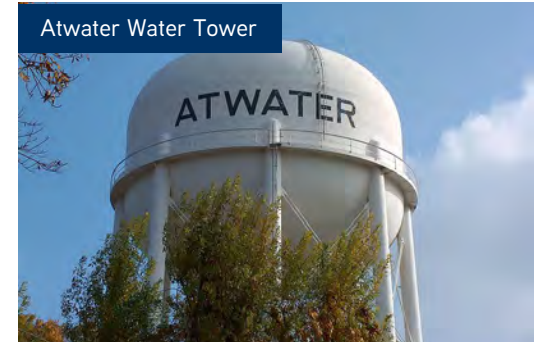
**Rancho Del Rey Golf Course:** Located on Green Sands Blvd in Atwater, the Rancho Del Rey offers a semi-private, 18-hole golf course. Established in 1963, the facility offers 6,703 yards of golf from the longest tees for a par 72.

**Bloss House Museum:** In 1981, the Bloss House Museum was added to the National Register of Historic Places. Built in 1914 by George S. Bloss Jr., Atwater's first mayor, the Blosses were one of the pioneer families of the Atwater community. Their many contributions provided for the initial growth and welfare of the city.

## ▲ Merced County, California

Merced County is located in the California Central Valley, north of Fresno and Madera Counties, South of Stanislaus and San Joaquin Counties and East of Santa Clara County. The county derives its name from the Merced River, which is a tributary of the San Joaquin River, flowing from the Sierra Nevada. The county consists of nearly 2,000 square miles and is home to the University of California, Merced.

**University of California, Merced:** UC Merced is the newest and the tenth of the University of California campuses. The San Joaquin portion of the Central Valley was the most populous region in California without a UC campus. Merced County was selected for the campus and in September of 2005, the campus was completed and the first day of school occurred. Today, there are approximately 5,500 students.





| POPULATION |                              | 1 Mile | 5 Mile |
|------------|------------------------------|--------|--------|
|            | 2017 PROJECTION              | 14,957 | 59,770 |
|            | 2012 ESTIMATE                | 14,729 | 56,328 |
|            | 2000 CENSUS                  | 13,682 | 45,255 |
|            | 1990 CENSUS                  | 13,536 | 42,015 |
|            | PROJECTED GROWTH 2012-2017   | 1.55%  | 6.11%  |
|            | ESTIMATED GROWTH 2000 - 2012 | 7.65%  | 24.47% |
|            | GROWTH 1990 - 2000           | 1.08%  | 7.71%  |

| HOUSEHOLDS |                    | 1 Mile | 5 Mile |
|------------|--------------------|--------|--------|
|            | 2017 PROJECTION    | 4,833  | 17,313 |
|            | 2012 ESTIMATE      | 4,767  | 16,405 |
|            | 2000 CENSUS        | 4,386  | 13,578 |
|            | 1990 CENSUS        | 4,406  | 12,889 |
|            | GROWTH 2000 - 2012 | 8.69%  | 20.82% |

| INCOME |                                | 1 Mile | 5 Mile |
|--------|--------------------------------|--------|--------|
|        | 2012 EST. HOUSEHOLDS BY INCOME | 4,767  | 16,405 |
|        | \$15,000 or Less               | 1.28%  | 1.65%  |
|        | \$15,000 to \$24,999           | 1.41%  | 1.54%  |
|        | \$25,000 to \$34,999           | 2.54%  | 2.90%  |
|        | \$35,000 to \$49,999           | 4.87%  | 4.61%  |
|        | \$50,000 to \$74,999           | 10.95% | 9.99%  |
|        | \$75,000 to \$99,999           | 21.56% | 19.98% |
|        | \$100,000 to \$149,999         | 19.78% | 19.48% |
|        | \$150,000 to \$249,999         | 15.78% | 14.29% |
|        | \$250,000 to \$499,999         | 11.56% | 11.70% |
|        | \$500,000 or More              | 10.11% | 13.65% |



This Confidential Offering Memorandum (the “Memorandum”) has been prepared and presented to the recipient (the “Recipient”) by Colliers International (“Colliers”) as part of Colliers’ efforts to market for sale the real property located at 1025 Bellevue Road, Atwater and 981 Bellevue Road, Atwater, CA 95301, (“The Property”). Colliers is the exclusive agent and broker for the owner(s) of the Property (the “Owner”). Colliers is providing this Memorandum and the material contained in it to the Recipient solely to assist the Recipient in determining whether the Recipient is interested in potentially purchasing all or part of the Property. Colliers also is providing this Memorandum and the material in it to the Recipient with the understanding that the Recipient will independently investigate those matters that it deems necessary and appropriate to evaluate the Property and that the Recipient will rely only on its own investigation, and not on Colliers, the Owner or this Memorandum, in determining whether to purchase the Property. The Recipient’s use of this Memorandum, in determining whether to purchase the Property. The Recipient’s use of this Memorandum and the material in it is strictly governed by the terms and conditions of the Registration and Confidentiality Agreement that the Recipient previously executed and delivered to Colliers.

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