



CASSAVANT MACHINING

SINGLE-TENANT INDUSTRIAL PROPERTY IN
PHOENIX, ARIZONA

2688 East Rose Garden Lane, Phoenix, AZ 85050

Marcus & Millichap
TAG INDUSTRIAL GROUP

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PHOENIX, ARIZONA

BROKER OF RECORD

RYAN SARBINOFF
Arizona Broker of Record
2398 East Camelback Rd, Suite 300
Phoenix, AZ 85016
Tel: (602) 687-6700
Ryan.sarbinoff@marcusmillichap.com
License#: BR675146000

PRESENTED BY

ADAM ABUSHAGUR
Senior Managing Director Investments
Office & Industrial Division
Dallas Office
Office (972) 755-5223
Adam.Abushagur@marcusmillichap.com
License: TX 661916

PETER BAUMAN
Senior Director
Phoenix Office
Office (602) 687-6685
Peter.Bauman@marcusmillichap.com
License: AZ: SA647389000

TIVON MOFFITT
Senior Director
Phoenix Office
Office (602) 687-6688
Tivon.Moffitt@marcusmillichap.com
License: AZ: BR639369000

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CASSAVANT MACHINING

SINGLE-TENANT INDUSTRIAL PROPERTY IN
PHOENIX, ARIZONA



SECTION 1

EXECUTIVE SUMMARY

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OFFERING SUMMARY

Address	2688 East Rose Garden Lane, Phoenix, AZ 85050
Number of Tenants	1
Number of Buildings	1
Total Square Feet	55,312
Year Built	2005
Lot Size	3.52 Acres
Type of Ownership	Fee Simple

**CASSAVANT
MACHINING**



SUMMARY OF TERMS

INTEREST OFFERED

The fee simple interest in Cassavant Machining, an industrial property located at 2688 East Rose Garden Lane in Phoenix, Arizona.

TERMS OF SALE

Cassavant Machining is being offered at a price of \$9,570,000.

PROPERTY TOURS

All property tours must be arranged with the Marcus & Millichap listing agents. At no time shall the tenants, on-site management or staff be contacted without prior approval.



CASSAVANT MACHINING

55,312 SF INDUSTRIAL PROPERTY IN PHOENIX, ARIZONA.

Marcus & Millichap is pleased to present the opportunity to acquire a short-term leased, single tenant industrial property located in the Deer Valley submarket in Phoenix, Arizona. The asset is located at 2688 East Rose Garden Lane in Phoenix and is fully leased to Cassavant Machining, Inc. The subject property consists of approximately 55,312 square feet and is situated on 3.52 acres of land. This Class A, freestanding industrial asset features tilt-up construction, a fully air-conditioned warehouse, heavily upgraded power (4,000 amps), a combination of dock and grade-level overhead doors, providing fully secured and gated access to the truck well with outside storage, 19 percent office space, and 80 parking spaces. The building was also designed to add additional warehouse space and overhead doors providing the flexibility for this building to support manufacturing or distribution functionality.

The tenant has just 1.5 years remaining on a triple-net lease with two five-year renewal options at fair market rent. The tenant has made significant upgrades to the building in the past five years, including upgrading power and installing state-of-the-art manufacturing equipment. Despite the pandemic, the tenant has remained fully operational at the subject property while making investments in new plant equipment and machinery.

Since 1972, Cassavant Machining, Inc., also known as CassMac, has manufactured machined component parts for the aerospace and commercial industries. CMI's customers include some of the world's largest aerospace and defense companies in the world including Raytheon Technologies, Honeywell International, Lockheed Martin Corporation, and Northrop Grumman.

Located in North Phoenix, the property has easy access to major highways, including Loop 101, State Route 51, and Interstate 17, providing easy access throughout the metropolitan Phoenix market. The property is situated within Central Phoenix (an area referred to as Deer Valley), a submarket with strong fundamentals and growing tenant interest. At 3.9 percent, the vacancy rate is at the lowest level in 20 years. The low vacancy rate has helped power industrial rent growth to 7.9 percent, the highest level on record in North Phoenix (CoStar). Taiwan Semiconductor Manufacturing Co (TSMC) has broken ground on their \$12 billion manufacturing plant nearby, which will provide even greater industrial demand for suppliers and related companies to be located near TSMC's plant, in addition to organic market growth. With no nearby properties ready to deliver in the immediate future, there are no supply pressures on vacancy and rent growth. Simply put, Central Phoenix, and specifically this Deer Valley cluster, offers industrial investors a prime opportunity in today's economic environment.



INVESTMENT HIGHLIGHTS



FULLY AIR CONDITIONED TILT UP CONSTRUCTION FEATURING 80 PARKING SPACES, AND A FULLY SECURED TRUCK COURT



LOCATED IN NORTH PHOENIX, WITH IMMEDIATE ACCESS TO LOOP 101, STATE ROUTE 51, AND INTERSTATE 17



100% OCCUPIED WITH 1.5 YEARS REMAINING ON THE LEASE AND TWO 5-YEAR RENEWAL OPTIONS AT FAIR MARKET RENT



FREE-STANDING 55,312 SQUARE-FOOT INDUSTRIAL WAREHOUSE SITUATED ON 3.52 ACRES IN DEER VALLEY



ABSOLUTE TRIPLE-NET LEASE, MINIMIZING LANDLORD RESPONSIBILITY, AND EXPENSES



LOW SUBMARKET VACANCY RATE OF 3.9%, AND ANNUAL RENT GROWTH OF 7.9% (COSTAR)



SIGNIFICANT UPGRADES AND HIGH-END MANUFACTURING EQUIPMENT RECENTLY INSTALLED



HEAVY POWER WITH 4,000 AMPS



CENTRALLY LOCATED
KEY INDUSTRIAL, MANUFACTURING,
DISTRIBUTION, CORPORATE
CORRIDOR & RESIDENTIAL AREA

NEW CONSTRUCTION
**TSMC TECHNOLOGY
CORRIDOR**
1,100 ACRES

74

303



NEW HONORHEALTH HOSPITAL

GORE CAMPUS

USAA CAMPUS

CIGNA INSURANCE
CAMPUS

FARMER'S INSURANCE
CAMPUS

HONEYWELL
CAMPUS

FBI OFFICE

ALBERTSONS
REGIONAL HQ
CAMPUS

MIDWESTERN
UNIVERSITY

LOOP
101

HONEYWELL
CAMPUS

HONORHEALTH
LEVEL 1
TRAUMA CENTER

PETSMART
HQ CAMPUS

DISCOVER
CARD CAMPUS

LOOP
101

**CASSAVANT
MACHINING**

AMERICAN EXPRESS
CAMPUS

MAYO CLINIC
CAMPUS

ASU WEST



51

STATE ROUTE 51
(1 MILE AWAY)

COSTCO

LOOP
101



CAVE CREEK ROAD

CASSAVANT
MACHINING

U.S. POSTAL SERVICE

CENTRAL ARIZONA
PROJECT CANAL



CASSAVANT MACHINING

SINGLE-TENANT INDUSTRIAL PROPERTY IN
PHOENIX, ARIZONA



SECTION 2

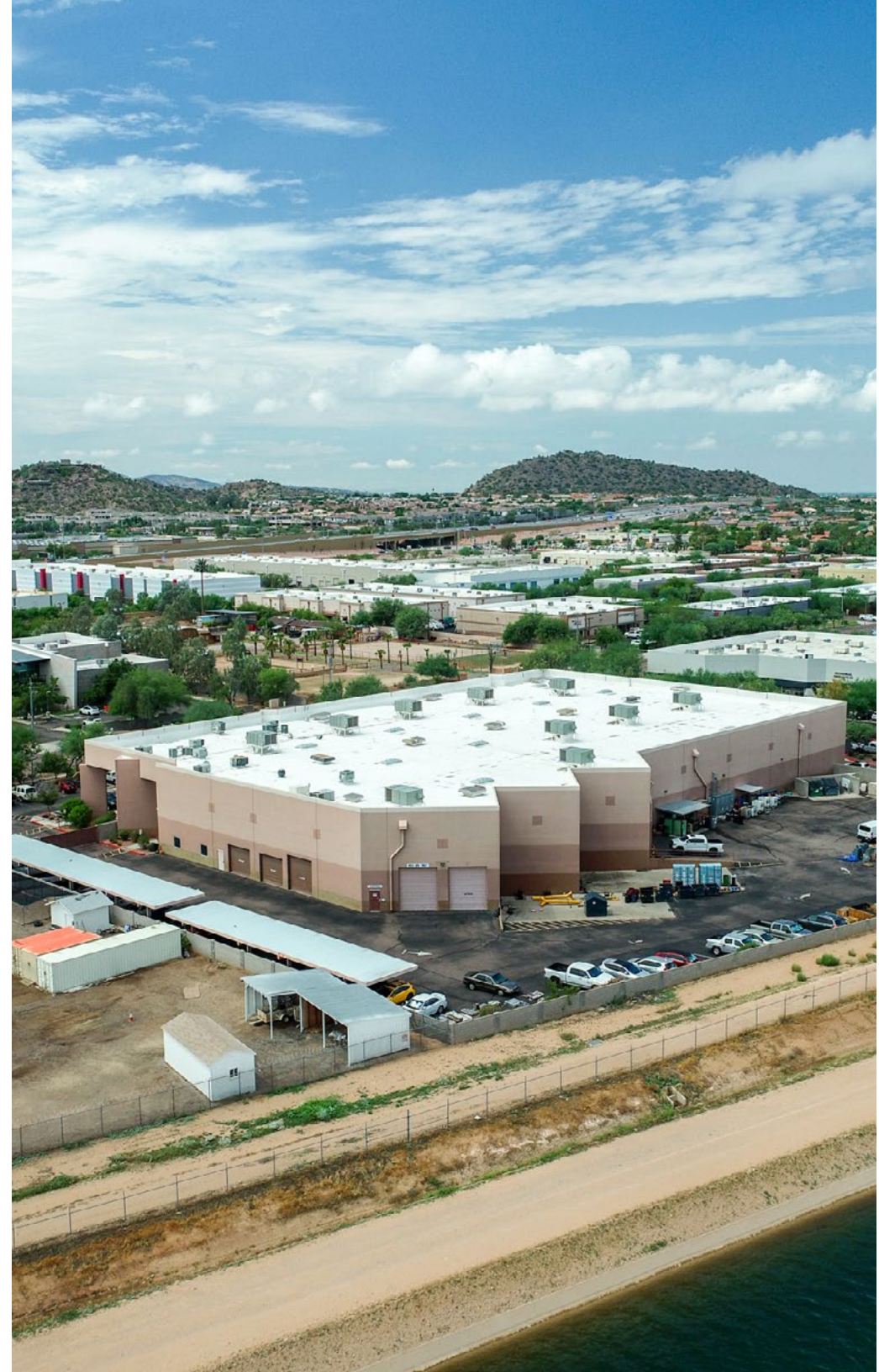
PROPERTY DESCRIPTION

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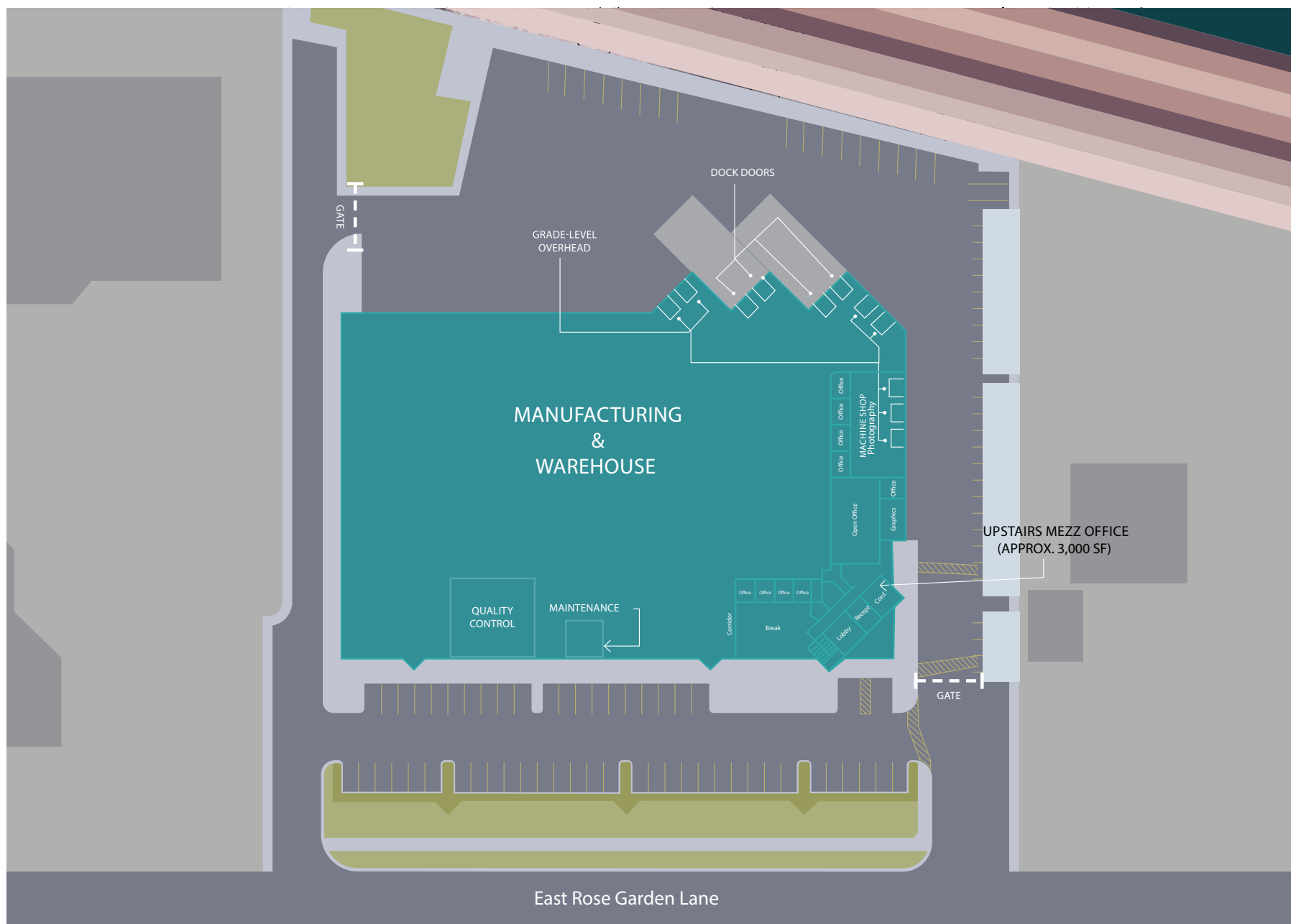
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PROPERTY DETAILS

Address	2688 East Rose Garden Lane, Phoenix, AZ 85050
Type of Ownership	Fee Simple
Number of Suites	1
Number of Buildings	1
Total Square Feet	55,312
Warehouse Square Feet	44,747
Office Square Feet	10,565
Office Ratio	19%
Year Built	2005
Lot Size	3.52 Acres
Number of Parking Spaces	80
Parking Surface	Concrete
Building Class	A
Tenancy	Single Tenant
Clear Height	24'
Dock High Doors	4
Grade Level Doors	7
Construction	Tilt Wall
Power	4,000 amps
Zoning	I-P
HVAC Units	Fully Airconditioned
Age/Condition of HVAC	6 Years Old
Market	Phoenix
Submarket	Central Phoenix (Deer Valley)
Market Vacancy	3.80%



SITE PLAN





"Dedicated to perfection across all our operations for the betterment of all our members, customers and suppliers. To meet today's complex challenges head-on by providing the highest quality products and services to our customers while maintaining a competitive, profitable and growth-oriented posture. We will do this by continually investing in new technology, growth and development of our members, improving safety, improving quality, improving delivery and improving cost. We will also continuously work to improve communication, planning, processes, and procedures."

Cassavant Machining, Inc. was founded in 1972 by Joseph and Sharon Cassavant in the Central Phoenix area. CMI, also known as CassMac, is a family-owned manufacturing company that provides machined component parts of all different types as well as assembled components to the aerospace and commercial industries. The company's family relationship-oriented approach to doing business is the core of their business philosophy. Cassavant Machining, Inc. partners with both customers and vendors through long-term contracts, some expanding between 10 and 25 years. CMI's customers include some of the largest aerospace and defense companies in the world including Raytheon Technologies, Honeywell International, Lockheed Martin Corporation, and Northrop Grumman. One of the company's most recent and notable partnerships is with Space Exploration Technologies Corp. (SpaceX), founded by Tesla's chief executive officer Elon Musk.

Source: cassmac.com

Honeywell  **Raytheon Technologies**  **WOODWARD**

LOCKHEED MARTIN  **SPACEX** **NORTHROP GRUMMAN**

nammo 

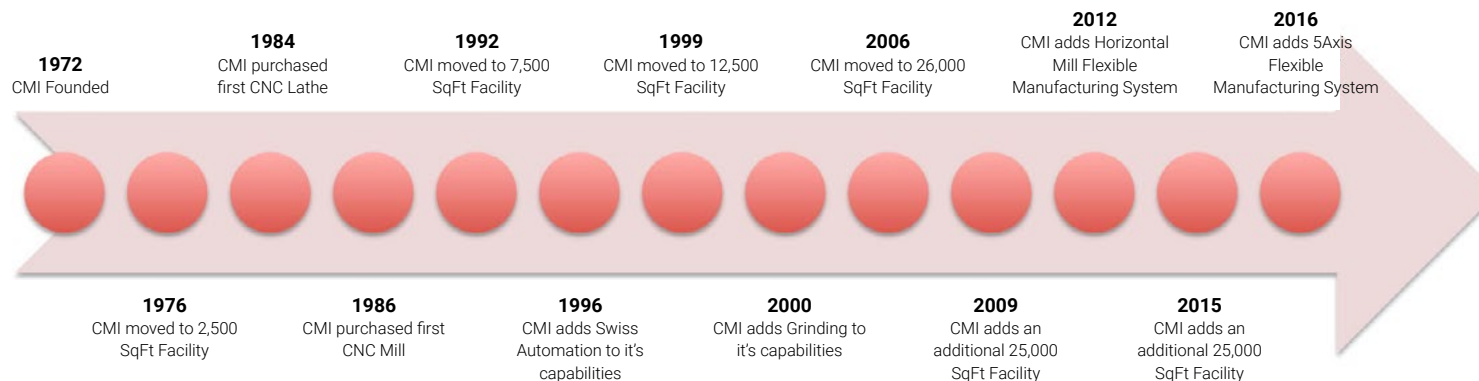


Each day, CMI works along with its customers to provide quality products using safety not just as a top priority, but the number one key to the company's success. Over the years, CMI has continually evolved its capabilities, members, equipment and facilities to achieve vertical integration and to be a "one stop shop" for its customer base. The company has acquired 23 multi-tasking machines that combine several cutting processes, including turning, milling, drilling, tapping and deep-hole boring, on one machine as opposed to having those same processes handled by multiple machines.





Cassavant Machining, Inc. Company Timeline History



Over the last decade, CMI has experienced significant growth and now operates seven strategically located facilities throughout metro Phoenix. In 2020, CassMac acquired the aerospace parts manufacturer Aerostar Aerospace, who previously occupied the subject property. Within a year, CassMac returned operations at the location to profitability with over \$9 million in revenues. CMI's equipment and facilities allow the company to deliver thousands of orders every month at the highest quality while meeting the expedited delivery needs when called upon.

Source: cassmac.com



CASSAVANT PHOENIX FACILITIES

3641 E. La Salle Street (Building #1)

-Approximately 25,000 Square Feet

-Established in 2006

3631 E. La Salle Street (Building #2)

-Approximately 23,500 Square Feet

-Established in 2015

3617 E. La Salle Street (Building #3)

-Approximately 25,000 Square Feet

-Established in 2009

3801 E. La Salle Street (Building #4)

-Approximately 23,500 Square Feet

-Established in 2018

2688 E Rose Garden Ln (CMI North)

-Approximately 52,000 Square Feet

-Established in 2020

3725 E. Atlanta Ave. Suite 1, Phoenix, AZ 85040

-Approximately 17,850 Square Feet

-Established in 2016

4334 E. Magnolia Street, Phoenix, AZ 85034-7308

-Approximately 10,000 Square Feet

-Acquired in 2019

Cassavant Machining, Inc. is certified to ISO 9001:2015, AS9100D by Performance Review Institute Registrar who is accredited by the United States accreditation agency, ANAB. While the company focuses on manufacturing the finest aerospace parts, CassMac is also committed and loyal to the Phoenix community that it has been a part of since the company's inception. CMI regularly gives back to the Team Bradley Bear Foundation and Saint Vincent De Paul.



Certificate 13315 can be verified at <https://www.iaqg.org/oasis/>, registration required.

PHOENIX, ARIZONA

TENANT IMPROVEMENTS & COMPARABLES



TENANT IMPROVEMENTS

Prior to Cassavant Machining, Inc. acquiring operations at the subject property, the previous tenant, Aerostar Aerospace, made significant improvements to the building that now allow CMI to operate with high efficiency. Starting in 2016, Aerostar Aerospace dug up the original flooring and laid down concrete with a thickness of three feet in order to support heavy machinery.

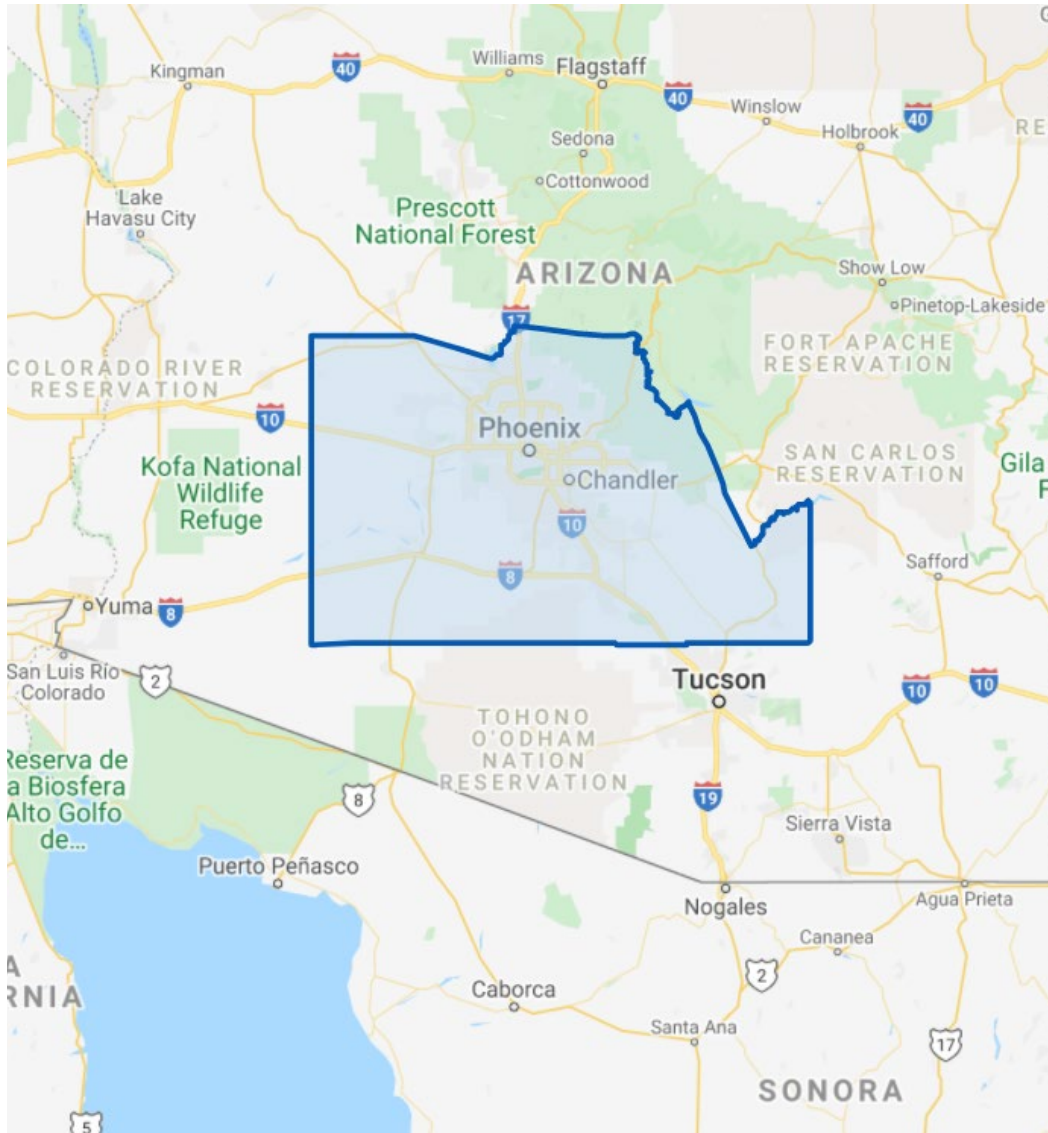
To power this machinery, the previous tenant upgraded the electric service from 2,000 amps to 4,000 amps. This was a difficult undertaking that involved running an underground channel out to the street to access public utilities.

Lastly, the entire warehouse was converted to air conditioning, which is essential to maintaining the heat producing equipment and creating a healthy and comfortable working environment.

*Source: CoStar*

PHOENIX, ARIZONA

TENANT IMPROVEMENTS & COMPARABLES



Source: CoStar

COMPARABLES

There are currently no available properties for lease that were built since 1995, between 25,000 and 75,000 square feet, fully air conditioned, with a power capacity of at least 4,000 amps in the Phoenix market. The last time such a comparable property leased was in 2016.

This lack of supply in addition to the cost of making tenant improvements to another facility, reduces the chance that the tenant will relocate upon the lease expiring. However, in the event the tenant is not able to renew the lease, Phoenix offers a thriving Aerospace and Defense Industry, with numerous companies that could serve as future new tenants. Furthermore, the building's above-market power supports a variety of manufacturing uses, in addition to distribution.











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PHOENIX, ARIZONA



SECTION 3

FINANCIAL ANALYSIS

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DEBT QUOTE

Property Description		Preliminary Quote	
Address	2688 East Rose Garden Lane	Lender	Bank/Credit Union
City & State	Phoenix, AZ	Loan Amount	\$6,220,000
Zip Code	85050	Max Proceeds	Up to 65% LTV
		Term	Up to 10 Years
		Amortization	25 Years
		Interest-Only	Up to 1 Year
		Interest Rate	5-Years Fixed: 3.75%
			10-Years fixed: 4.25%
		Lender Fee	0.50%
		Prepayment	Open
		Recourse	Limited Recourse (25% to 50%) to Full Recourse Depending on Leverage
		Other	Earn-out option available based on tenant rental rate at renewal

Debt Contact	
Brandon Wilhite	
Senior Director	
Tel: 972-764-8803	
Brandon.Wilhite@marcusmillichap.com	

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FINANCIAL SUMMARY

Summary	
Price	\$9,570,000
Down Payment	\$9,570,000
Down Payment %	100%
Number of Suites	1
Price Per SqFt	\$173.02
Rentable Built Area (RBA)	55,312 SF
Lot Size	3.52 Acres
Year Built/Renovated	2005
Occupancy	100.00%

Returns	Current	Pro Forma
CAP Rate	5.74%	5.88%
Cash-on-Cash	9.34%	5.29%
Debt Coverage Ratio	2.35	1.47

*Current Cash-on-Cash and Debt Coverage Ratio are based upon the IO Period, while Pro Forma is derived from the amortizing term of the loan.

Operating Data				
Income		Current		Pro Forma
Scheduled Base Rental Income		\$549,049		\$562,707
Total Reimbursement Income	14.2%	\$77,902	13.8%	\$77,902
Other Income		\$0		\$0
Potential Gross Revenue		\$626,951		\$640,609
General Vacancy	0.0%	\$0	0.0%	\$0
Effective Gross Revenue		\$626,951		\$640,609
Less: Operating Expenses	12.4%	(\$77,902)	12.2%	(\$77,902)
Net Operating Income		\$549,049		\$562,707
Tenant Improvements		\$0		\$0
Leasing Commissions		\$0		\$0
Capital Expenditures		\$0		\$0
Cash Flow		\$549,049		\$562,707
Debt Service		(\$233,269)		(\$383,778)
Net Cash Flow After Debt Service	9.34%	\$315,780	5.29%	\$178,929
Principal Reduction		\$0		\$153,124
Total Return	9.34%	\$315,780	9.82%	\$332,052

Operating Expenses		Current	Pro Forma
CAM		\$0	\$0
Insurance		\$10,920	\$10,920
Real Estate Taxes		\$66,982	\$66,982
Management Fee		\$0	\$0
Other Expenses - Non Reimbursable		\$0	\$0
Total Expenses		\$77,902	\$77,902
Expenses/Suite		\$77,902	\$77,902
Expenses/SF		\$1.41	\$1.41



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LEASE SUMMARY REPORT

Tenant Name	Square Feet	% Bldg Share	Lease Dates		Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Rent Increase	Lease Type	Renewal Options and Option Year Rental Information
Cassavant Machining, Inc.	55,312	100.0%	10/23/15	4/30/23	\$9.88	\$45,526	\$546,317	\$562,707	Jun-2022	\$46,892	NNN	Two 5-Year Renewal Options @ Fair Market Rent
Total	55,312				\$9.88	\$45,526	\$546,317	\$562,707				
Occupied Tenants: 1			Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%					
			Total Current Rents: \$45,754		Occupied Current Rents: \$45,754		Unoccupied Current Rents: \$0					

Notes: Tenant has the Right of First Refusal to purchase the real estate. Such right must be exercised within 10 days of receiving notice from the Landlord. Any repairs to roof are responsibility of the lessee. - Lease is absolute net. Tenant has two (2) terms of five (5) years each. Rent shall be the fair market rent for building at the time. Renewal options have a floor of not being less than the current rental rate.

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OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	549,049	9.93	562,707	10.17
Expense Reimbursement Income				
Net Lease Reimbursement				
Insurance	10,920	0.20	10,920	0.20
Real estate Taxes	66,982	1.21	66,982	1.21
Total Reimbursement Income	\$77,902 100.0%	\$1.41	\$77,902 100.0%	\$1.41
Effective Gross Revenue	\$626,951	\$11.33	\$640,609	\$11.58

Operating Expenses	Current	Per SF	Pro Forma	Per SF
Insurance	10,920	0.20	10,920	0.20
Real Estate Taxes	66,982	1.21	66,982	1.21
Total Expenses	\$77,902	\$1.41	\$77,902	\$1.41
Expenses as % of EGR	12.4%		12.2%	
Net Operating Income	\$549,049	\$9.93	\$562,707	\$10.17

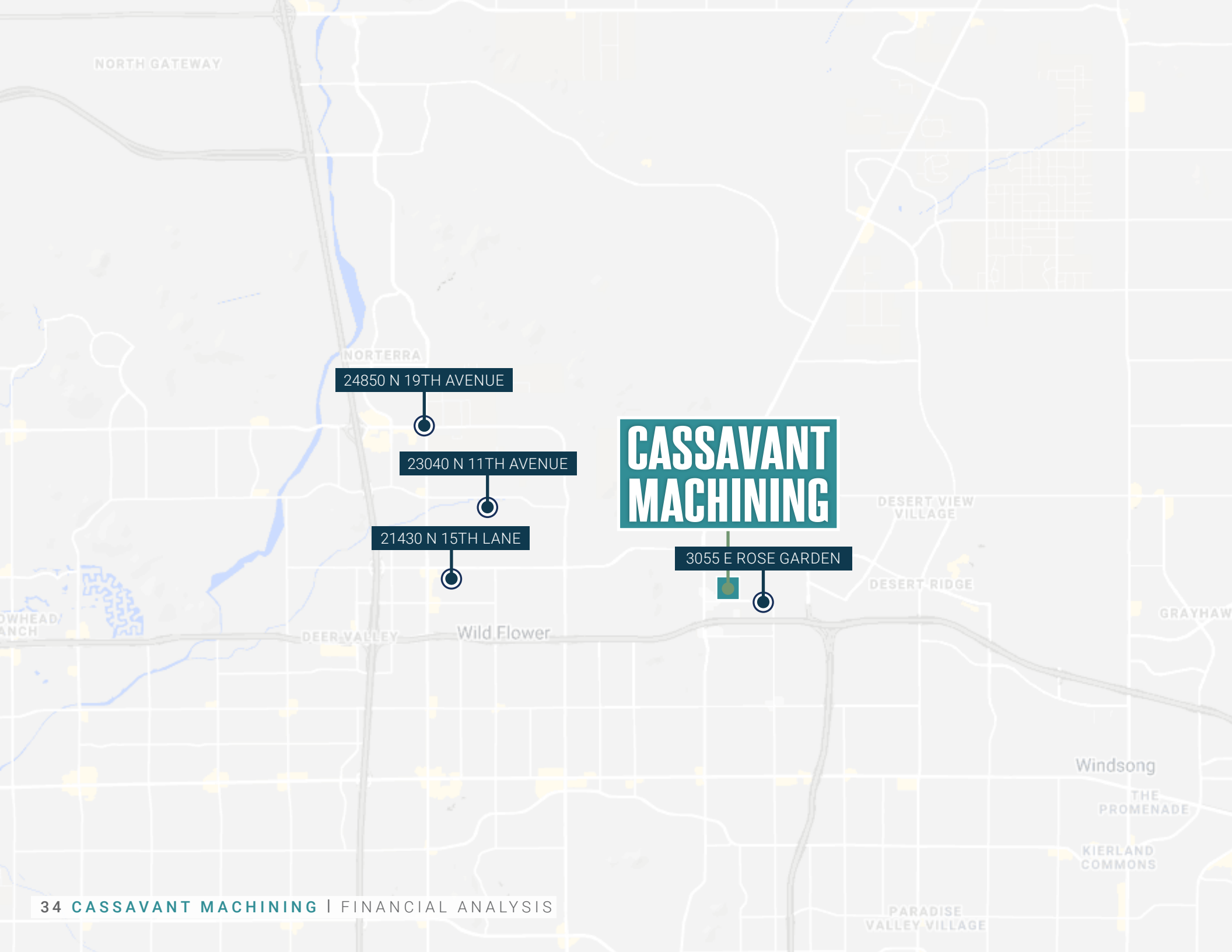
LEASE ABSTRACT

PROPERTY NAME:	Cassavant Machining (CassMac)				
PROPERTY ADDRESS:	2688 E Rose Garden Lane, Phoenix, AZ 85050				
TENANT:	Cassavant Machining (CassMac)				
TENANT'S TRADE NAME	Cassavant Machining Inc.				
TENANT'S ADDRESS	3617 E La Salle St, Phoenix, AZ 85040				
CURRENT TERM:	<u>LEASE COMMENCEMENT</u>	<u>RENT COMMENCEMENT</u>	<u>LEASE EXPIRATION</u>	<u>DURATION/TERM LENGTH</u>	<u>NOTES</u>
	10/23/2021	10/1/2010	4/30/2023	90 months	
SQUARE FEET - RENTABLE	55,312				
SQUARE FEET - USABLE	55,312				
BASE RENT SCHEDULE:	<u>PERIOD</u>		<u>ANNUAL</u>	<u>MONTHLY</u>	<u>ANNUAL PSF</u>
	5/23/2021	5/23/2022	\$546,317.40	\$45,526.45	\$9.88
	5/23/2022	4/30/2023	\$562,707.00	\$46,892.25	\$10.17
OPTIONS TO EXTEND:	Two (2) terms of five (5) years each. Rent shall be the fair market rent for building at the time. Renewal options have a floor of not being less than the current rental rate.				
OPTION 1	<u>PERIOD</u>		<u>ANNUAL</u>	<u>MONTHLY</u>	<u>ANNUAL PSF</u>
	5/23/2023	5/23/2028	Fair market rent	Fair market rent	Fair market rent
OPTION 2	<u>PERIOD</u>		<u>ANNUAL</u>	<u>MONTHLY</u>	<u>ANNUAL PSF</u>
	5/23/2028	5/23/2033	Fair market rent	Fair market rent	Fair market rent
LEASE TYPE	Absolute Triple Net				
SECURITY DEPOSIT:	\$46,892.25				
REAL ESTATE TAXES:	TENANT	<p>Lessee shall pay to Lessor, during the Lease Term, Real Estate Taxes (as defined below) for the Building within thirty (30) days of demand by Lessor. If the term of this Lease shall not commence or expire concurrently with the commencement or expiration of the tax fiscal year, Lessee's liability for increased taxes for the first and last partial Lease years shall be equitably pro rated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect. For the purposes of this Lease, "Real Estate Taxes" shall mean and include all real property taxes, possessory interest taxes, government property lease excise taxes, and personal property taxes, general and special assessments, foreseen as well as unforeseen, which are levied or assessed upon or with respect to the Property, any improvements, fixtures, equipment and other property of Lessor, real or personal, located on the Property and used in connection with the operation of all or any portion of the Property, as well as any tax, surcharge or assessment which shall be levied or assessed in addition to or in lieu of such real or personal property taxes and assessments. Real Estate Taxes shall also include the actual expenses incurred by Lessor in contesting the amount or validity of any real or personal property taxes and assessments. Real Estate Taxes and other taxes payable by Lessee hereunder shall not, however, include any franchise, gift, estate, inheritance, conveyance, transfer or net income tax assessed against Lessor. Notwithstanding the foregoing, prior to the date of this Lease, the Premises was subject to favorable tax treatment as an Enterprise Zone. If the Enterprise Zone designation is revoked or terminated by the taxing authority, Lessee shall be assessed for the full amount of Real Estate Taxes for the Building as the same becomes due or retroactively to the Commencement Date, as the case may be. In no event shall Lessee be liable for penalties, interest or other similar charges related to such Enterprise Zone designation or the revocation or termination thereof, or for any Real Estate Taxes for periods prior to the Commencement Date. If Lessor does not elect to contest the Real Estate Taxes, Lessee, at its own cost and expense, may seek abatements, refunds or rebates of Real Estate Taxes or other taxes, or pursue other tax incentives, and any such abatements, refunds, rebates or incentives obtained shall be paid or credited to Lessee. Lessor shall furnish to Lessee copies of all bills or invoices for Real Estate Taxes which Lessee is obligated to pay under this Lease.</p>			

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LEASE ABSTRACT

INSURANCE:	TENANT	<p>Lessee shall obtain and maintain in force, at Lessee's sole cost and expense, during the Lease Term, the following described policies of insurance (referred to as the "Insurance Policies"):</p> <p>i. A policy or policies of commercial general liability insurance for personal injury, bodily injury (including wrongful death) and damage to property resulting from (1) any occurrence in the Premises, (2) any act or omission by Lessee, by any subtenant of Lessee, or by any of their respective invitees, agents, servants, contractors or employees anywhere in the Premises or the Property, (3) the business operated by Lessee or by any subtenant of Lessee in the Premises, and (4) the contractual liability of Lessee to Lessor pursuant to the indemnification provisions of Paragraph 14 above, which coverage shall not be less than Two Million and No/100 Dollars (\$2,000,000.00), combined single limit, per occurrence.</p> <p>ii. A policy or policies of property insurance, including coverage for vandalism or malicious mischief, insuring any tenant improvements constructed by Lessee, Lessee's stock in trade, furniture, personal property, fixtures and equipment in the Premises, with coverage in an amount equal to the replacement cost of Lessee's stock in trade, furniture, personal property, fixtures and equipment. iii. A policy or policies of worker's compensation insurance with an insurance carrier and in amounts approved by the Industrial Commission of the State of Arizona. Lessee's policy of worker's compensation insurance shall contain a waiver of subrogation in favor of Lessor.</p> <p>iv. Boiler and machinery insurance on all boilers, pressure vessels, gas fire equipment, air conditioning equipment and mechanical systems serving the Premises. If not covered by the insurance describe in Paragraph 20(a)(ii) above, then the insurance specified in this subparagraph shall be an amount not less than One Hundred Thousand and No/100 Dollars (\$100,000.00)</p>
REPAIRS & MAINTENANCE:	TENANT	<p>Lessor, at Lessor's expense, shall install the Improvements in accordance with Exhibit "A-1" and maintain in good condition the structural aspects of the foundations, exterior walls (excluding glass and doors) and roof of the Premises, reasonable wear and tear excepted. In addition, Lessor shall warrant for a period of one hundred eighty (180) days following the Commencement Date, the roof membrane, heating, air conditioning, ventilating system major repairs, exterior painted surfaces, parking areas, driveways, striping and bumpers. If any maintenance, repairs or replacements of such items become necessary during such 180-day period, Lessor shall promptly, at Lessor's expense, perform such maintenance, repairs or replacements. If Lessee fails to notify Lessor in writing regarding any maintenance, repair or replacement issues associated with the foregoing items within such one hundred eighty (180) day period, Lessor's warranty with respect to those items will be void and of no further force and effect. Lessee shall reimburse Lessor the cost of any repairs made necessary by the negligence or willful misconduct of Lessee, its agents, contractors or employees.</p>
UTILITIES:	TENANT	<p>Lessee shall pay for all fuel, cable, gas, oil, heat, electricity, telephone, and other utilities which may be furnished to or used by it in the Premises or the Property during the term of this Lease. Lessee covenants to pay the charges for such utility services on or before the dates when such payments shall be due and to keep the Premises free and clear of any lien or encumbrance of any kind whatsoever constituting a charge against the Premises arising from the nonpayment or a delinquency in payment for said utility services.</p>
RIGHT OF FIRST REFUSAL:		<p>If, at any time during the term of the Lease, Lessor receives a bona fide offer (the "Offer") to purchase the Premises from a third party, which Offer Lessor is willing to accept, Lessor shall give written notice of the Offer to Lessee by sending Lessee a copy of the signed letter of intent or other evidence of the Offer, together with a notice of Lessor's intention to accept the Offer. Lessee shall have the right, for a period of ten (10) business days after the receipt of such notice, by written notice to the Lessor, to elect to purchase the Premises for the price and upon the terms and conditions contained in the Offer.</p>



CASSAVANT MACHINING

24850 N 19TH AVENUE

23040 N 11TH AVENUE

21430 N 15TH LANE

3055 E ROSE GARDEN

LEASE COMPARABLES

ADDRESS	COMMENCEMENT	LEASE RATE	TOTAL SF	LEASE TYPE	YEAR BUILT	TENANCY	LOT SIZE	CONSTRUCTION
2688 E Rose Garden Ln, Phoenix, AZ 85050		\$9.88	55,312	NNN	2005	Single Tenant	3.52	Tilt Wall
23040 N 11th Ave, Phoenix, AZ 85027	4/10/2020	\$11.16	28,923	NNN	2006	Multi Tenant	4.3	Tilt Wall
24850 N 19th Ave, Phoenix, AZ 85085	9/4/2019	\$10.20	28,776	NNN	2007	Multi Tenant	1.98	Masonry
21430 N 15th Ln, Phoenix, AZ 85027	12/14/2018	\$9.00	35,782	NNN	2005	Multi Tenant	7.61	Tilt Wall
3055 E Rose Garden, Phoenix, AZ 85050	5/3/2019	\$9.60	20,872	NNN	2019	Multi Tenant	4.13	Masonry



CASSAVANT MACHINING

SINGLE-TENANT INDUSTRIAL PROPERTY IN
PHOENIX, ARIZONA



SECTION 4

MARKET OVERVIEW

Marcus & Millichap
TAG INDUSTRIAL GROUP

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PHOENIX, ARIZONA

THE PHOENIX METROPLEX

The Phoenix metro is often referred to as the Valley of the Sun and consists of Maricopa and Pinal counties. The region is hemmed in by mountains to the north and east. American Indian reservations to the east and south limit development in those directions, leaving the southeastern corridor and western half of the metro as the primary growth areas. With 1.6 million residents, Phoenix is the most populous city in Arizona and serves as the state's capital. Interstate 10 is a major trucking route directly connecting the region to Southern California, which is supporting a growing distribution industry. Various rail and air lines connect the metro to cities around the world.

Phoenix claims multiple Fortune 500 headquarters, including Avnet, Freeport-McMoRan, Republic Services, Insight Enterprises and Magellan Health. The construction, high-tech manufacturing, healthcare and tourism industries dominate the Phoenix economy. Healthcare is a critical industry, with around 20 hospitals and the UA medical school located in the metro. Also, the Mayo Clinic has added multiple facilities located throughout the Valley.

The metro is expected to add almost 280,700 people over the next five years, resulting in the formation of more than 112,300 households. A median home price of nearly \$360,000 allows 63 percent of households to own a home, which is about commensurate with the national homeownership rate. Roughly 30 percent of people age 25 and older hold bachelor's degrees and 11 percent also obtained a graduate or professional degree.

Phoenix offers a lower cost of living than other metros its size, a warm climate and a variety of recreational and cultural options. In addition to outdoor activities, sports enthusiasts can enjoy one of the most complete lineups of major league teams found in any city, including teams in all four major sports. The Cactus League holds spring training baseball throughout the Valley, and the area has numerous golf courses and tennis courts. Phoenix is home to the world-famous Heard Museum and Frank Lloyd Wright's Taliesin West. Music venues include Phoenix Symphony Hall and the Orpheum Theatre. Higher-education institutions include Arizona State University, Grand Canyon University and community colleges.

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau





PHOENIX, ARIZONA

AEROSPACE & DEFENSE INDUSTRY



NATIONAL

The U.S. Aerospace & Defense (A&D) industry is the largest in the world, encompassing the design, development and manufacture of technologically advanced aircraft, space systems and defense capabilities. From the Wright Brothers first flight in 1903 to the first Moon landing in 1969, A&D has transformed transportation and generated technological innovations that have served as the foundation for computers, telecommunications and medicine. A&D plays a major role in America's economy as one of the largest contributors of employment, earnings and wages, and also represents one of the last domestic dominant industries in global manufacturing.

U.S. AEROSPACE & DEFENSE INDUSTRY FACTS

- With 2.2 million employees, A&D workers represented 1.4% of America's total workforce
- Average A&D worker earns around \$102,900 in wages and benefits, 46% higher than the comparable national average for all workers
- The industry contributes \$64 billion in federal, state, and local tax revenue
- A&D generated \$909 billion in sales in 2019, up 6.7% from the prior year
- End-use manufacturers accounted for 56% of total sales while the industry's supply chain accounted for the remaining 44% of sales
- Total industry sales accounts for 1.8% of total U.S. GDP
- A&D accounted for \$148 billion in global exports in 2019
- Biggest export destinations for American A&D products are France, the United Kingdom, and Germany, while the biggest sources of U.S. A&D imports are France, Canada, and the United Kingdom
- Value of U.S. A&D exports outnumbered the industry's imports, posting a positive trade balance of over \$79 billion

Source: Aerospace Industries Association

PHOENIX, ARIZONA

AEROSPACE & DEFENSE INDUSTRY

COMPONENTS OF A&D INDUSTRY

Commercial & General Aviation: The commercial and general aviation aircraft segment is the largest sub-segment of the A&D industry that is composed of over 20,000 private companies, most of which are small and medium sized businesses. These companies design, manufacture, and service commercial aircraft, business jets, helicopters, personal aircraft, unmanned aerial vehicles, and their subsystems and components, such as engines, flight controls, avionics, parts and raw materials.

MILITARY AIRCRAFT

The military aircraft segment includes the manufacture of combat and non-combat aircraft and related systems including transports, fighter aircraft, patrol aircraft, bombers, helicopters, unmanned aerial systems, radars, and other platforms.

SPACE SYSTEMS

Today, the domestic space industry is defined by the design, manufacture and operation of space launch vehicles, satellites, spacecraft and ground systems for both the commercial and government end-use markets.

GROUND DEFENSE

This segment includes the manufacture of armaments, tanks, tactical vehicles, transports and related platforms and systems such as communications, computers and electronics.

SHIPBUILDING

The shipbuilding segment of the U.S. A&D industry is composed of a handful of companies that manufacture and service the nation's military seagoing vessels, including submarines, destroyers, aircraft carriers, cruisers, cutters, transports and amphibious assault and transport ships.



Source: Aerospace Industries Association

PHOENIX, ARIZONA

AEROSPACE & DEFENSE INDUSTRY

ARIZONA A&D INDUSTRY

With the 5th largest employment base, Arizona ranks among the top states for Aerospace & Defense in the nation. Arizona's competitive advantage relies on a large pool of skilled and educated labor and specialized manufacturing facilities. Companies in Arizona benefit from a pro-business regulatory environment that is accompanied by one of the lowest corporate tax rates in the U.S. at 4.9 percent. A&D companies in Arizona enjoy miles of wide-open space and a dry climate, with 300 sunny days each year.

INDUSTRY HIGHLIGHTS

#1

concentration for
guided missile
and space vehicle
manufacturing

EMSI, 2020

#2

aviation
maintenance
economic activity

MRO 2020 REPORT

TOP 5

largest
employment in
A&D
manufacturing

EMSI, 2020

TOP 10

A&D
manufacturing
attractiveness

PWC, 2019

\$12.2 BILLION

DEPARTMENT OF DEFENSE
CONTRACTS
IN FISCAL YEAR 2019

STRATEGIC U.S. MILITARY INSTALLATIONS

Arizona's strong military presence is vital to the state's private A&D industry, with six major military installations and four National Guard operations across the state.

\$3 BILLION

OPTICS INDUSTRY

OPTICS VALLEY

Optics and photonics have long been a key piece of modern innovation, and Optics Valley in the Tucson region is a hub for developing and producing some of the largest, most advanced telescope mirrors.

Some of the largest A&D companies operate within Arizona, including Boeing, Raytheon, Northrop Grumman, & Honeywell. These companies provide products and services to both commercial and defense users. With \$12.2 billion in defense contracts awarded in 2019, Arizona ranked in the 8th largest share of Department of Defense spending. Defense contracts help the A&D industry make a significant impact to the Arizona economy. In 2017, A&D contributed \$11.2 billion to Arizona's gross domestic product and ranks as the 11th largest exporter of A&D products in the nation.

Source: <https://www.azcommerce.com/industries/aerospace-defense/>



CASSAVANT MACHINING



GENERAL DYNAMICS



BAE SYSTEMS



ROBERTSON
FUEL SYSTEMS

NORTHROP GRUMMAN

Honeywell
Aerospace

Mt Lemmon

Mica Mountain

Raytheon

NOTABLE AEROSPACE & DEFENSE

BAE SYSTEMS

BAE Systems manufactures body armor at its Phoenix facility.



Boeing builds and rebuilds the U.S. Army's Apache helicopters in Mesa.

GENERAL DYNAMICS

General Dynamics Mission Systems innovates in the fields of secure communications networks, radios, satellite technology and cybersecurity at its Scottsdale facilities.

Raytheon

Raytheon's guided missiles division is headquartered in Tucson.



Northrop Grumman is developing unmanned aerial systems in Sierra Vista and recently acquired Orbital ATK, a satellite, launch vehicle and armament systems manufacturer with facilities in Chandler, Gilbert and Mesa.



Robertson Fuel Systems fabricates aircraft fuel tanks in Tempe.

Honeywell Aerospace

Honeywell Aerospace is headquartered in Phoenix and manufactures propulsion engines and auxiliary power units.



L3 Communications builds avionics systems at its Phoenix facility.



MD Helicopters is headquartered in Phoenix and manufactures several of its helicopter models in Arizona.



Securaplane



PHOENIX'S IMPRESSIVE FUNDAMENTALS

POPULATION

4.9 MILLION
RESIDENTS IN MSA

WORKFORCE

\$65,300
MEDIAN HOUSEHOLD
INCOME

30% Of People 25 and Older
Hold Bachelor Degrees

TOP SECTORS

Trade, Transportation and
Utilities
Professional and Business
Services
Education and Health Services
Government
Financial Activities

4.9%
Corporate Income Tax Rate

EMPLOYMENT

5TH

Largest Employment in A&D
Manufacturing

TAXES

**AEROSPACE & DEFENSE
INDUSTRY**

DEMOGRAPHICS

POPULATION

	1 Miles	3 Miles	5 Miles
2025 Projection			
Total Population	7,600	91,347	223,427
2020 Estimate			
Total Population	7,443	88,278	218,181
2010 Census			
Total Population	6,539	78,005	196,995
2000 Census			
Total Population	5,098	65,650	187,387
Daytime Population			
2020 Estimate	8,071	65,041	180,723

HOUSEHOLDS

	1 Miles	3 Miles	5 Miles
2025 Projection			
Total Households	3,596	38,148	93,017
2020 Estimate			
Total Households	3,431	36,459	89,807
Average (Mean) Household Size	2.2	2.4	2.4
2010 Census			
Total Households	2,975	31,770	79,725
2000 Census			
Total Households	2,019	25,669	72,017

Source: Marcus & Millichap Research Services

HOUSEHOLDS BY INCOME

	1 Miles	3 Miles	5 Miles
2020 Estimate			
\$200,000 or More	4.7%	6.3%	6.8%
\$150,000-\$199,999	6.9%	6.4%	6.5%
\$100,000-\$149,999	17.0%	16.2%	16.3%
\$75,000-\$99,999	16.0%	15.9%	14.9%
\$50,000-\$74,999	19.8%	18.6%	18.8%
\$35,000-\$49,999	13.1%	13.3%	13.1%
\$25,000-\$34,999	8.2%	8.2%	8.5%
\$15,000-\$24,999	7.9%	8.2%	8.2%
Under \$15,000	6.3%	7.0%	6.9%
Average Household Income	\$88,650	\$93,179	\$93,882
Median Household Income	\$68,649	\$68,068	\$67,564
Per Capita Income	\$40,871	\$38,511	\$38,715

POPULATION PROFILE

	1 Miles	3 Miles	5 Miles
Population By Age			
2020 Estimate Total Population	7,443	88,278	218,181
Under 20	21.3%	24.6%	23.8%
20 to 34 Years	27.2%	22.4%	21.9%
35 to 39 Years	7.1%	7.8%	7.2%
40 to 49 Years	13.6%	14.4%	13.9%
50 to 64 Years	17.5%	18.0%	20.0%
Age 65+	13.3%	12.8%	13.3%
Median Age	36.0	36.9	38.0
Population 25+ by Education Level			
2020 Estimate Population Age 25+	5,353	61,460	153,210
Elementary (0-8)	2.1%	3.6%	3.7%
Some High School (9-11)	4.9%	5.6%	5.4%
High School Graduate (12)	21.2%	20.4%	20.6%
Some College (13-15)	25.6%	24.0%	24.5%
Associate Degree Only	7.1%	7.5%	8.2%
Bachelor's Degree Only	27.8%	25.8%	24.8%
Graduate Degree	11.4%	13.2%	12.8%
Travel Time to Work			
Average Travel Time to Work in Minutes	27.0	27.0	26.0

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TAG INDUSTRIAL GROUP

CASSAVANT MACHINING

SINGLE-TENANT INDUSTRIAL PROPERTY IN
PHOENIX, ARIZONA

PRESENTED BY

TIVON MOFFITT
Senior Director
Phoenix Office
Office (602) 687-6688
Tivon.Moffitt@marcusmillichap.com
License: AZ BR639369000

PETER BAUMAN
Senior Director
Phoenix Office
Office (602) 687-6685
Peter.Bauman@marcusmillichap.com
License: AZ; SA647389000

ADAM ABUSHAGUR
Senior Managing Director Investments
Office & Industrial Division
Dallas Office
Office (972) 755-5223
Adam.Abushagur@marcusmillichap.com
License: TX 661916