OFFERING MEMORANDUM

Fairview Shopping Center

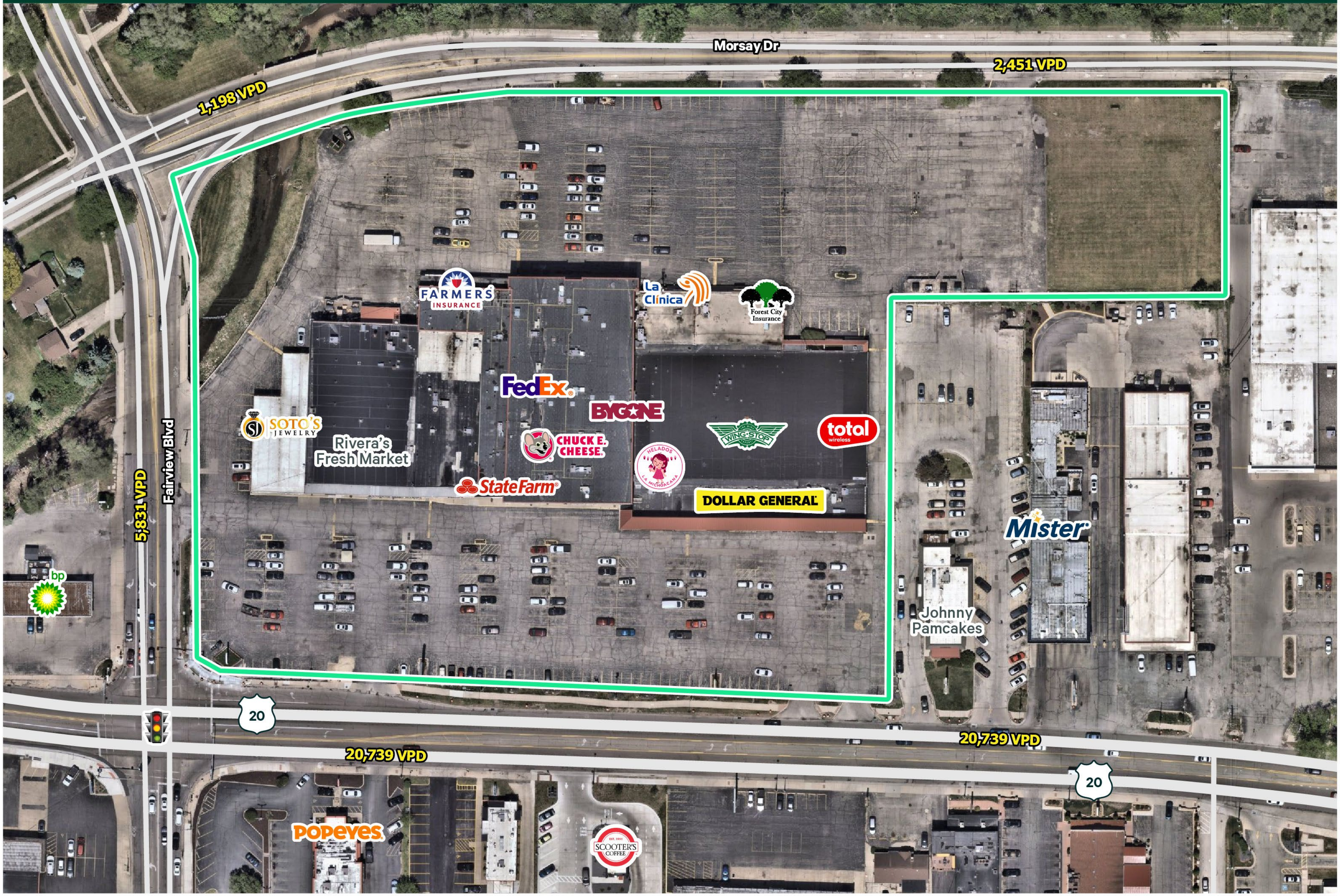
3600 E. State Street
Rockford, IL 61108

CAPITAL MARKETS | INVESTMENT PROPERTIES

CBRE

3600 E State St

Rockford, IL 61108



CBRE

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EXECUTIVE SUMMARY

Located in the Miracle Mile section of E. State Street, Rockford's dominant retail corridor, Fairview Shopping Center is an iconic retail and office center well known throughout the community. Since its initial construction in the late 1960's and through its multiple expansions and remodeling, Fairview has always been a popular gathering point for a wide variety of retailers, office tenants and shoppers.

A long-time home for many area businesses, the center has received interest from national brands including Chuck E Cheese in 1988, Dollar General in 1997, Wingstop in 2015 and Verizon's Total Wireless in 2024. The anchor grocery, Rivera's Fresh Market, continues to bring traffic to the center's front door. The center is also located just to the west of Rockford's primary DMV, which provides a steady flow of visitors to the immediate area.

3600 E. State St. is poised to begin its next phase of management and offers an exceptional opportunity for an engaged owner seeking a steady cash flow along with upside potential. The center offers a solid foundation for current and future profitability.

PROPERTY OVERVIEW	
Rentable SF	111,982 SF
# Stores/Offices	53
Occupancy	91%
Parking	363 for 3.24/1,000 SF
NOI	$326,006
Cap Rate	7.41%

MARKET & INVESTMENT HIGHLIGHTS

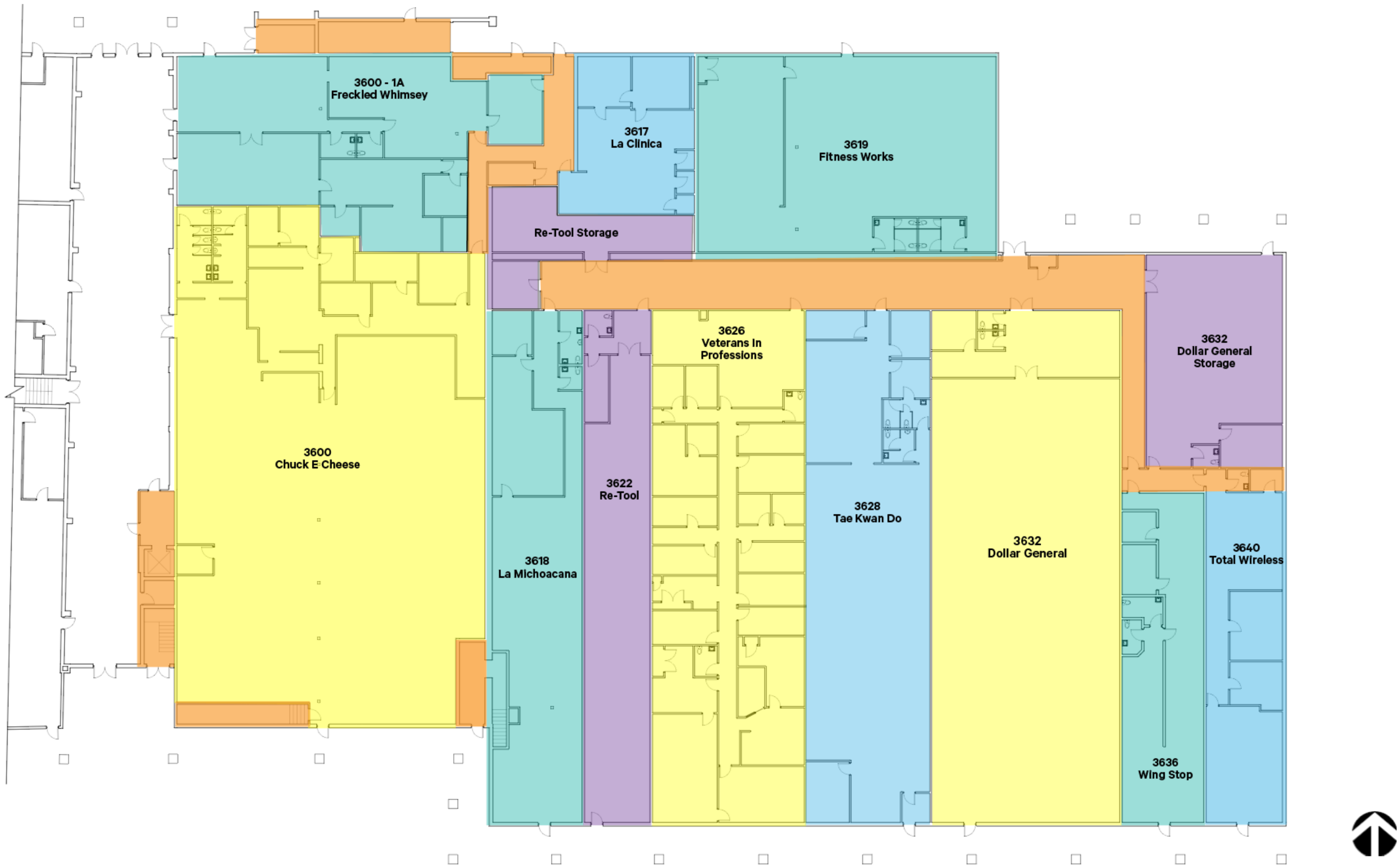
With a healthy combination of long-time tenants and new arrivals as well as national brands partnered with locally based businesses, 3600 E. State St. has maintained a strong presence in Rockford's east side retail offerings. E. State St. has been the dominant retail corridor for the Rockford MSA and with its wealth of tenants, is expected to remain so for the foreseeable future. With E. State Streets growth now reaching I-90 to the east, new demand is shifting back west with tenants infilling openings in established centers. Surrounded by housing that is now seeing younger owners, as new buyers purchase well-built existing homes in long-time desirable neighborhoods, Fairview Shopping Center is well positioned to see continued demand for convenient shopping from neighboring IL & WI populations.

Starting at 7.41%, Fairview Shopping Center is expected to see NOI return on total investment climb to close to 13% during the projected 5-year holding period. Leveraged cash returns have the potential to grow to over 20%. Both increases reflect only moderate leasing gains.

At 91% occupancy, Fairview offers a steady base from which to grow revenues. Two large anchor tenants were recently renewed, and renewal discussions are already underway with tenants whose leases are expiring in 2027. The typical Fairview tenant has renewed a number of times over the years, but with limited increases in rent. Below market rents and zero retail vacancy provide the opportunity for increased revenue through stronger renewal terms or replacement with higher paying tenants.

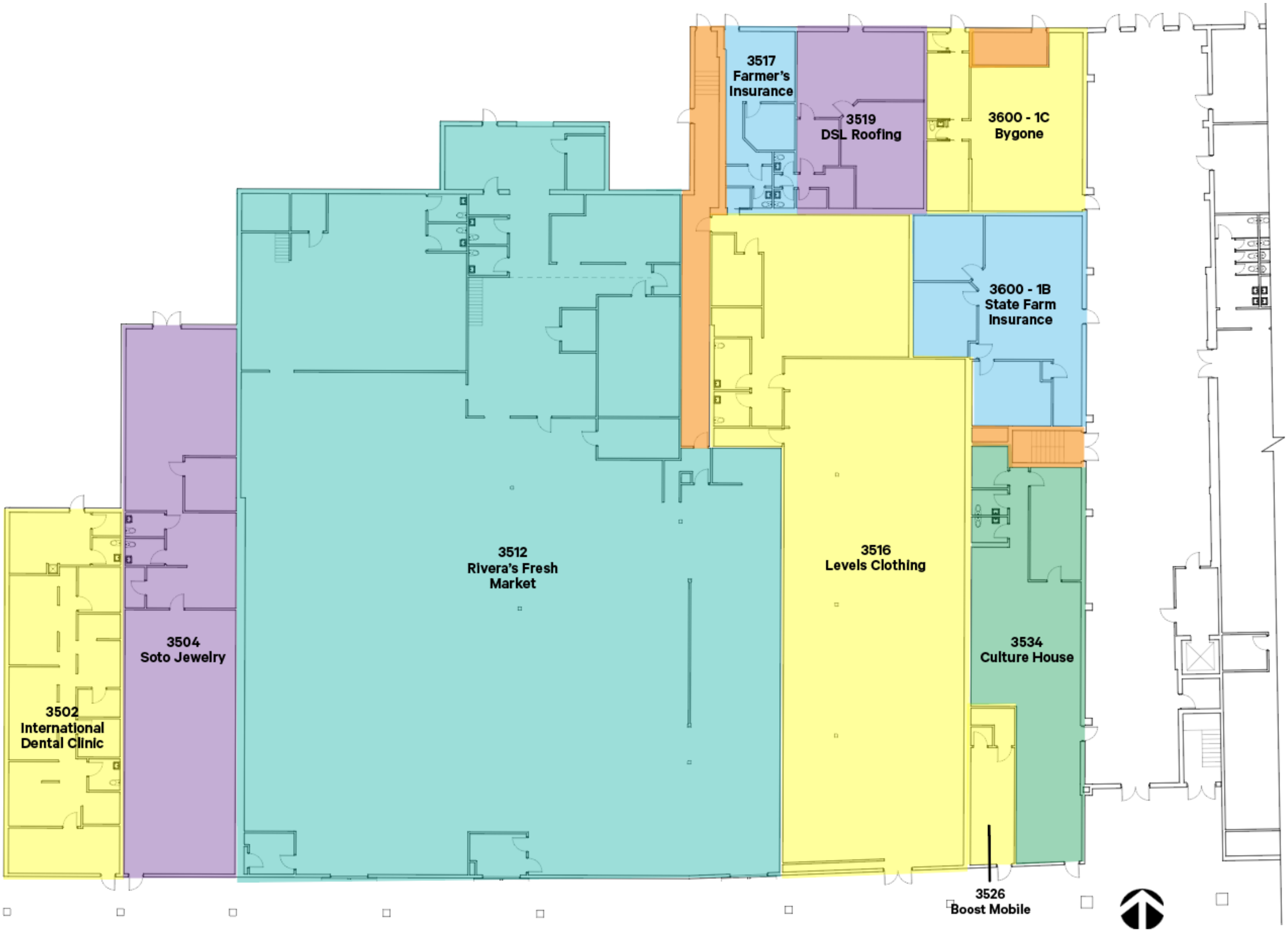
AREA OVERVIEW

First Floor – East



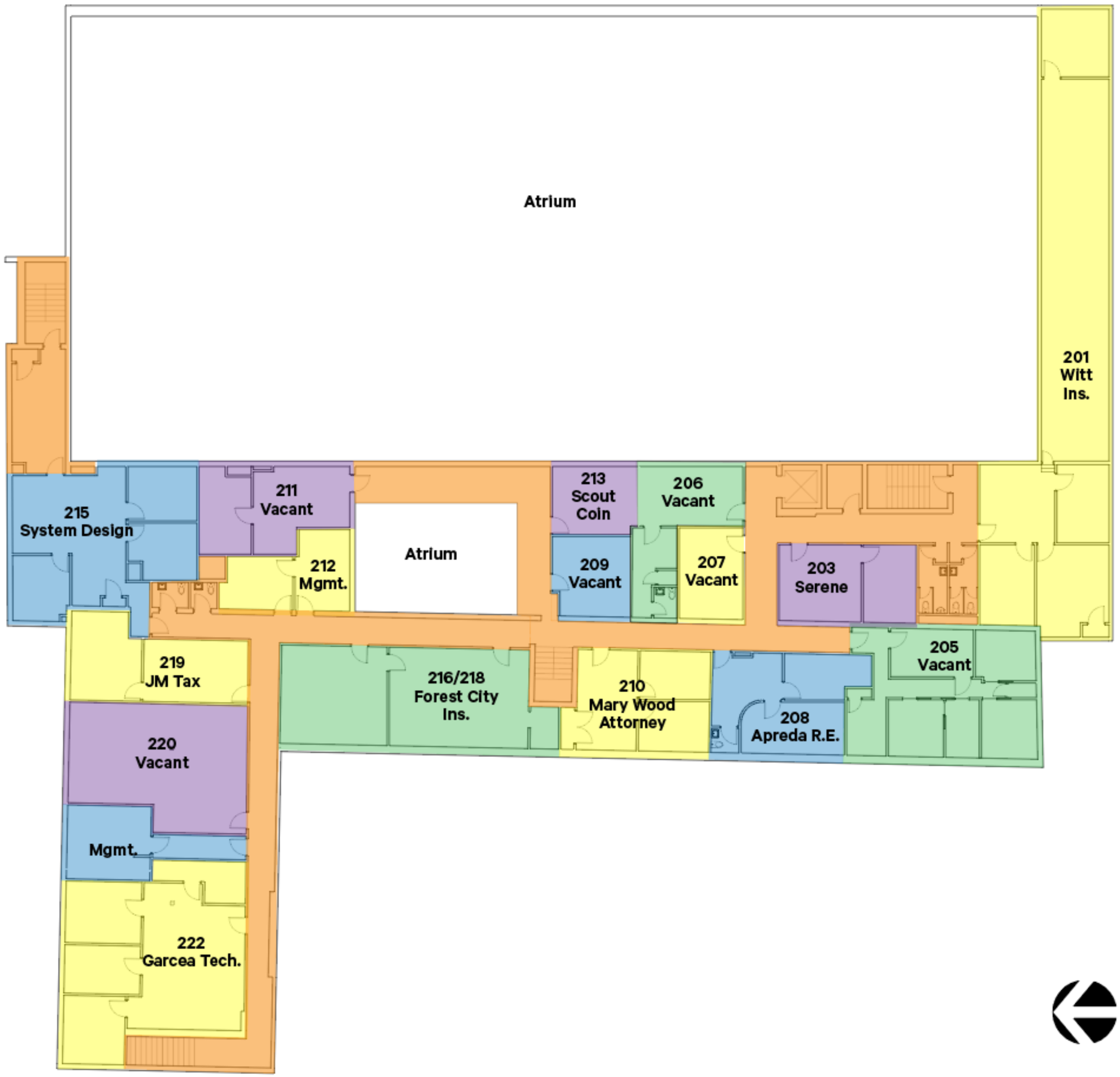
AREA OVERVIEW

First Floor – West



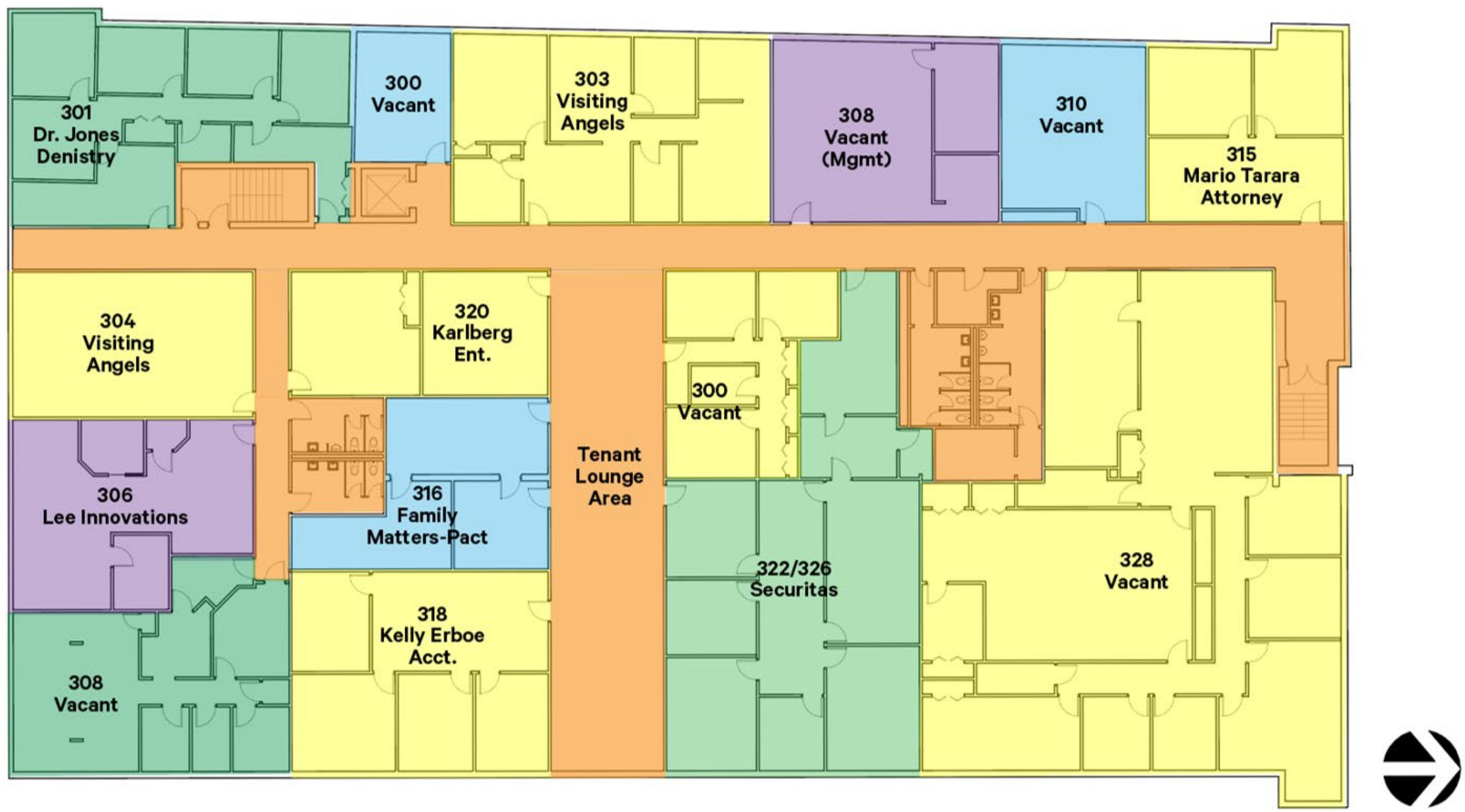
AREA OVERVIEW

Second Floor



AREA OVERVIEW

Third Floor



FINANCIAL OVERVIEW

5-Year Hold Period

CASH FLOW PROJECTIONS

Calendar Year	2027	2028	2029	2030	2031	2032
Physical Occupancy	91.59%	92.10%	96.90%	99.85%	99.61%	99.72%
Overall Economic Occupancy [1]	88.23%	87.59%	88.47%	89.97%	89.79%	89.93%
Weighted Average Market Rent	$15.32	$15.63	$15.94	$16.26	$16.58	$16.92
Weighted Average In Place Rent [2]	$9.03	$9.89	$10.77	$11.67	$11.99	$12.36
Total Operating Expenses PSF Per Year	$5.29	$5.42	$5.54	$5.67	$5.79	$5.91
Lease SF Expiring (Initial Term Only)	34,044	23,200	17,113	20,518	4,836	0
Lease SF Expiring (Cumulative %)	31.26%	52.56%	68.27%	87.11%	91.55%	91.55%

	[3] CY 2027 $/SF/YR	2027	2028	2029	2030	2031	2032
REVENUES							
Scheduled Base Rent							
Gross Potential Rent	$9.38	$1,021,063	$1,133,229	$1,207,544	$1,272,280	$1,311,362	$1,347,413
Absorption & Turnover Vacancy	(1.09)	(119,074)	(119,145)	(49,977)	(2,830)	(7,427)	(4,406)
Free Rent	(0.01)	(1,391)	(21,675)	(20,539)	(433)	(3,094)	(1,029)
Total Scheduled Base Rent	8.27	900,598	992,408	1,137,027	1,269,017	1,300,841	1,341,977
Expense Recoveries	0.01	646	646	646	646	646	646
Storage ($General)	0.01	1,394	829	0	0	0	0
TOTAL GROSS REVENUE	8.29	902,638	993,884	1,137,673	1,269,663	1,301,488	1,342,624
General Vacancy Loss	0.00	0	0	(68,788)	(124,419)	(123,465)	(130,297)
EFFECTIVE GROSS REVENUE	8.29	902,638	993,884	1,068,885	1,145,244	1,178,023	1,212,327
OPERATING EXPENSES							
Cleaning and Maintenance	(0.75)	(81,882)	(83,520)	(85,190)	(86,894)	(88,632)	(90,404)
Repairs	(0.51)	(55,777)	(56,893)	(58,030)	(59,191)	(60,375)	(61,582)
Parking Lot R&M	(0.33)	(35,716)	(36,430)	(37,159)	(37,902)	(38,660)	(39,433)
Salaries	(0.53)	(58,219)	(59,383)	(60,571)	(61,782)	(63,018)	(64,278)
Professional Fees	(0.11)	(12,000)	(12,240)	(12,485)	(12,734)	(12,989)	(13,249)
Security	(0.32)	(34,869)	(35,566)	(36,278)	(37,003)	(37,743)	(38,498)
Supplies	(0.12)	(13,592)	(13,864)	(14,141)	(14,424)	(14,712)	(15,007)
Utiities	(0.79)	(85,829)	(87,546)	(89,296)	(91,082)	(92,904)	(94,762)
Vehhicle	(0.03)	(2,756)	(2,811)	(2,867)	(2,925)	(2,983)	(3,043)
Miscellanous	(0.03)	(3,575)	(3,647)	(3,719)	(3,794)	(3,870)	(3,947)
Management Fee	(0.25)	(27,079)	(29,817)	(32,067)	(34,357)	(35,341)	(36,370)
Insurance	(0.36)	(39,273)	(40,058)	(40,860)	(41,677)	(42,510)	(43,361)
Taxes	(1.16)	(126,065)	(128,586)	(131,158)	(133,781)	(136,457)	(139,186)
TOTAL OPERATING EXPENSES	(5.29)	(576,632)	(590,361)	(603,822)	(617,547)	(630,195)	(643,121)
NET OPERATING INCOME	**$2.99**	**$326,006**	**$403,524**	**$465,064**	**$527,697**	**$547,829**	**$569,206**
CAPITAL COSTS							
Tenant Improvements	(0.03)	(3,150)	(27,300)	(26,158)	(487)	(3,481)	(1,425)
Leasing Commissions	(0.03)	(2,750)	(26,020)	(24,595)	(536)	(3,827)	(1,273)
Capital Reserves	(0.20)	(21,782)	(21,782)	(21,782)	(21,782)	(21,782)	(21,782)
TOTAL CAPITAL COSTS	(0.25)	(27,682)	(75,102)	(72,535)	(22,804)	(29,090)	(24,480)
OPERATING CASH FLOW	**$2.74**	**$298,324**	**$328,422**	**$392,529**	**$504,892**	**$518,739**	**$544,727**
ACQUISITION & RESIDUAL SALE							
Purchase Price	($4,400,000)	0	0	0	0	0	**All Cash**
Net Residual Value [4]	0	0	0	0	0	7,968,889	**IRR**
CASH FLOW BEFORE DEBT	**($4,400,000)**	**$298,324**	**$328,422**	**$392,529**	**$504,892**	**$8,487,628**	**19.74%**
MARKET LOAN [5]							
Loan Funding / Payoff	3,300,000	0	0	0	0	(2,846,469)	
Loan Fees	(33,000)	0	0	0	0	0	**Leveraged**
Annual Debt Service	0	(307,018)	(307,018)	(307,018)	(307,018)	(307,018)	**IRR**
CASH FLOW AFTER DEBT	**($1,133,000)**	**($8,695)**	**$21,403**	**$85,511**	**$197,874**	**$5,334,141**	**38.61%**

	2027	2028	2029	2030	2031
NOI Return	7.41%	9.17%	10.57%	11.99%	12.45%
NOI Metrics					
Annual % Change in NOI	-	23.78%	15.25%	13.47%	3.82%
Compound Annual Growth Rate (CAGR)	-	23.78%	19.44%	17.41%	13.86%
Return on Cost	7.36%	8.96%	10.16%	11.48%	11.84%
Untrended Return on Cost (@ Market)	20.92%	20.57%	20.25%	20.15%	20.02%
UNLEVERAGED Cash Return	6.78%	7.46%	8.92%	11.47%	11.79%
Debt Coverage Ratio (NOI)	1.06x	1.31x	1.51x	1.72x	1.78x
Rolling - All Cash IRR	35.17%	28.11%	25.32%	21.78%	19.74%
Rolling - Leveraged IRR	113.52%	72.72%	57.64%	45.37%	38.61%

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and rent abatements.
[2] This figure does not include any amount related to expense reimbursements. Only Scheduled Base Rent and Fixed/CPI Increases are included in this calculation, which is
[3] Based on 108,909 square feet.
[4] Net Residual Value is calculated by dividing Year 6 NOI by the Residual Cap Rate of 7.00% and applying a 2.00% Cost of Sale, with a resulting Net Residual Value of $7:
[5] Market Debt based on 75% Loan-to-Value, 7.00% Interest Rate, 20-Year Amortization, and a 1.00% Loan Fee.

Cash Flow Projections Based on Argus Enterprise Version 14.0.2.475

ROCKFORD MSA OVERVIEW

Located close to the Chicago metro area, but having its own defined market, the Rockford MSA encompasses just under 800 square miles and a population of approximately 334,124. The area's proximity to Chicago, as well as Madison and Milwaukee, WI, serve to keep the metro area vibrant and thriving with area businesses and professionals having significant interaction with these larger markets.

Rockford has long served as a regional retail draw with communities as far west as the Mississippi River coming to Rockford to shop. North, south and east data indicates that shoppers come from as far as an hour away to enjoy the easy and affordable shopping that Rockford provides. The area's lower cost of living relative to its larger neighbors also provides its residents with a higher disposable income available for shopping, restaurant and services.

The area enjoys a highly skilled workforce with concentrations in aerospace engineering and design, healthcare, logistics/distribution and manufacturing. The area employment opportunities include a healthy mix of professional and manufacturing/trade positions with regional, national and international companies as well as many businesses based in Rockford.

The area has three hospitals and four healthcare systems, a university, community college and numerous trade schools. Area amenities include an extensive park system, several city owned performance event venues, several large athletic facilities, two professional sports teams (hockey and baseball), water park and the 2024 opening of the Hard Rock Casino. The Chicago/ Rockford International Airport is in FTX #176, is home to UPS's 2nd largest US sorting station and provides commercial consumer flights daily.

All of the above not only benefit Winnebago and Boone County residents, but have a strong regional draw, bringing hundreds of thousands visitors to the area annually. 2024 (latest official data available) reached a record breaking $523.4 MM in visitor spending. While neighboring northwest Illinois counties saw minor declines, preliminary 2025 and 1&2Q 2026 data indicates another record year for the Rockford MSA.

CITY OF ROCKFORD DEMOGRAPHICS

DEMOGRAPHIC COMPREHENSIVE	1 MILE	3 MILES	5 MILES
POPULATION			
2025 Population	5,828	39,821	108,426
2030 Population - Projection	5,969	40,176	109,275
HOUSEHOLD INCOME			
Average Household Income	$113,866	$105,948	$96,197
Median Household Income	$127,434	$119,134	$108,615
HOUSEHOLDS			
2025 Households	2,628	17,143	45,567
2030 Households	2,691	17,255	45,755
HOUSING UNITS			
2025 Housing Units	2,755	17,996	48,396
2025 Vacant Housing Units	127	853	2,829
2025 Occupied Housing Units	2,628	17,143	45,567
EDUCATION			
2025 Population 25 and Over	4,320	29,600	79,371
HS and Associates Degrees	1,997	15,964	47,738
Bachelor's Degree or Higher	2,145	11,925	26,079
PLACE OF WORK			
2025 Businesses	390	1,451	4,229
2025 Employees	6,184	21,077	66,640

Fairview Shopping Center

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CONTACT US

Karen Walsh

Senior Vice President

+1 815 218 3438

Karen.walsh@cbre.com

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