



*Achieve
Ambitions*



Confidential offering memorandum

NN Tractor Supply Company in Naples, FL

13235 Tamiami Trail E

Naples, FL 34114



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Summary

Investment summary

Tractor Supply Company – Naples, FL

The Offering

JLL is pleased to offer for sale the fee-simple interest in a freestanding, single-tenant Tractor Supply Company (the “Property” or “Asset”) located in Naples, Florida.

The Property is strategically positioned at the crux of two of the most trafficked thoroughfares in southwest Florida, Tamiami Trail (U.S. Route 41) and Collier Boulevard, benefitting from over 57,000 vehicles passing daily. The Asset is subject to a double-net lease with five years of primary lease term remaining. With minimal competition in the region and the optimal location, there is a high probability of continued lease renewals. This Offering presents a unique opportunity for investors to capitalize on prime southern Florida real estate while collecting accretive returns over the course of the lease term.

INVESTMENT HIGHLIGHTS

- The Property is well-positioned along U.S. Route 41 among retailers such as Lowe’s, Walmart, Hobby Lobby, Publix, Walgreens, CVS, and many others
- Tractor Supply Company is a growing and financially dominant retailer, providing ‘Leverage and Coverage’ metrics among ‘Aaa’ companies when compared using Moody’s Rating Methodology for retailers.
- Minimal rural lifestyle retail in the vicinity gives the Property outstanding market share, as the closest competitors are over 20 miles away.
- The Asset is subject to a double-net lease with landlord responsibilities limited to roof and structure. With a 15 year roof warranty in-place, ownership can expect minimal capital expenditures for the course of the term.
- Southwest Florida is a strong retail market with 4.3% vacancy, the Outlying Collier County Submarket, where the Property resides, is stronger at 3.9% vacancy.

PROPERTY SUMMARY

Address	13245 Tamiami Trail E, Naples, FL 34114
Price / PSF	\$8,098,000 / \$357
Cap Rate	6.50%
NOI	\$526,350
NOI PSF	\$23.22
Product Type	Retail
Tenant	Tractor Supply Company
Lease Type	NN (Roof & Structure)
Building Size	22,670 square feet



Property

Property overview

Tractor Supply Company – Naples, FL



Property



The Property was built in 2008 at the premier retail intersection of southern Naples. Located at the crux of Tamiami Trail and Collier Road, the Property benefits from over 57,000 vehicles passing daily, allowing outstanding exposure for consumers and accessibility from across the Southwest Florida region.

BUILDING SPECIFICATIONS

Address	13245 Tamiami Trail East, Naples, Florida 34114
Year Built	2008
Ownership Interest	Fee-simple
Parcel Size	2.93 acres
Parking Spaces	+/- 121 spaces
Property Size	22,670 square feet
Tenant	Tractor Supply
ROFR	Yes
Lease Type	NN
LL Responsibilities	Roof & Structure
Lease Expiration	4/1/2023
Lease Term Remaining	4.2 years (as of 2/1/19)
Renewal Options	4, 5-year options
Net Operating Income	\$526,350
NOI PSF	\$23.22
Rental Increases	10% every 5 years



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Market

Market overview

Tractor Supply Company – Naples, FL

Market



The Naples metro area

Naples, Florida is a city in southwest Florida, south of Fort Meyers and Cape Coral. Naples is a popular vacation destination known for its high-end shopping, world-class culture and sophisticated dining. Dubbed “Florida’s Paradise Coast” along with Marco Island and the Everglades coast, Naples is home to white-sand beaches, 91 golf courses, and a downtown centralized on the Intercoastal.

With nearly 1.8 million visitors coming to Florida’s Paradise Coast annually, Naples has a thriving hotel and service industry. Over 2.4 million rooms were booked and visitors spent more than \$1.9 billion dollars in the local economy in 2016 alone. Along with a fundamentally strong local economy, a strong infrastructure is required to host all the traffic. Naples is served by Naples Municipal Airport as well as the Southwest Florida International Airport, just north in Fort Meyers. Interstate 75 and US Route 41 are the prime thoroughfares bringing traffic from the north as well as east from the Miami MSA.

Naples was named the #1 Best Destination for Luxury Travelers by editors and readers at USA TODAY’s 10 Best travel section and has been named the #2 on Trivago.com’s list of Top 10 U.S. Cities for Quality Accommodations. Naples has been listed in the Top American Cities for Food by readers of Conde Nast Traveler. Naples is also on the 2016 Conde Nast Traveler readers’ choice list at #8 on the list of Best Big Cities in the U.S. The magazine included the population of the entire Paradise Coast/Collier County region to bump Naples into the Big City category.

Outlying Collier County – Location Highlights

- The Property is positioned along US Route 41, or Tamiami Trail, just east-southeast of the intersection with Collier Road. This intersection is the premier retail location south of Naples, with over 50,000 vehicles traversing the thoroughfares daily.
- Local retail at the intersection includes Walmart, Lowe’s, Publix, Hobby Lobby, many quick service restaurants and banks, and many more small operator brands. As the ideal location for Tractor Supply, the tenant has a high likelihood of renewing their lease as the company will continue to seek space in the region.
- As the only Tractor Supply within 44 miles, Tractor Supply has the rural lifestyle retail market of Florida’s Paradise Coast to itself, with competitors Harbor Freight Tools and Rural King 20 miles away with their closest locations.



Residual Real Estate Value – Upside Potential

The Property sits on a sizable 3 acre parcel, rare for southern Florida. With this size comes outstanding optionality in case of a Tractor Supply Company exit. With a 22,000 square foot existing building and a 15,000+ garden/outdoor storage space, there is ample space for development of a second building adjacent to the current building.

With rent comparables detailed below, ownership can see tremendous upside in adding a second 15,000 square foot building with rents around \$20 per square foot. Retail development surrounding the Property is vast, with Hobby Lobby, Lowe's, Staples, The Fresh Market, and the 6 tenant retail strip center across Tamiami Trail all being developed within the past 10 years. As these developments continue, commercial land in the region becomes more scarce, as much of the land is protected as the Everglades National Park. This intersection of Collier Boulevard and Tamiami Trail has become the epicenter of retail in southern Naples, and future ownership can anticipate strong interest in the region from tenants if Tractor Supply elects not to renew.

With this, there is outstanding downside protection for future ownership. The residual value of the real estate continues to appreciate and as development continues to consume the remainder of commercial land in the region.



Proximate Retail Development



Rent Comparables in Naples

With a short lease term remaining, similar rental rates in the region are important to show replicability in case Tractor Supply Company vacates the premises. As seen below, Tractor Supply rates are in-line with similar size tenants in the space. With continued development in the immediate area, future ownership can anticipate outstanding desire to lease space in the premier retail location of south Naples.

With optionality in expansion and further development, future ownership will have security in the large size of the parcel paired with the replaceable rental rates for the existing building.

Tenant	Address	SF Occupied	NOI	PSF	Lease Type
Walgreens	2511 Pine Ridge Rd	14,550 SF	\$438,000	\$30.10	NNN
Mattress Firm	4300 Tamiami Trail N	16,820 SF	\$323,785	\$19.25	NNN
Orchard Supply Hardware	3790 Tamiami Trail N	33,951 SF	\$929,250	\$27.37	NN
LA Fitness	6800 Golden Gate Pkwy	30,571 SF	\$687,500	\$22.49	NN
Walgreens	1565 Airport Pulling Rd S	15,120 SF	\$350,350	\$23.17	NN
Averages:		22,202 SF	\$545,777	\$24.48	





Tenant

Tenant overview

Tractor Supply Company – Naples, FL



The Tenant



Tractor Supply Company

Tractor Supply Company (NASDAQ: TSCO) was founded in 1938 as a mail order catalog business. Since its inception, Tractor Supply Company has become the largest operator of rural lifestyle retail stores in the United States. The Company's stores supply products that suit the lifestyle needs of recreational farmers and ranchers and others who enjoy the rural lifestyle. Headquartered in Brentwood, Tennessee, the Company now operates more than 1,600 locations in 49 states.

Tractor Supply stores are typically located in secondary and tertiary markets near major metropolitan areas and in rural communities. These locations are strategically selected to reach the Company's strongest consumer base, consisting of a niche market of farmers, horse owners, ranchers, part-time hobby farmers and homeowners. The selection of products at the stores include pet and animal products, hardware, seasonal products, work/recreational clothing and maintenance products.

Tractor Supply Company also owns and operates Petsense, a small-box pet specialty supply retailer focused on meeting the needs of pet owners in small and mid-size communities, and offering a variety of pet products and services. The Company currently operates 160 Petsense stores across 26 states.

Financial Highlights

- ✓ JLL has underwritten the credit of Tractor Supply Company based on the Moody's Rating Methodology for Retail using the public financial statements of the company.
- ✓ Given the outstanding performance in the 'Leverage and Coverage' category ('Aaa'), Tractor Supply demonstrates a shadow credit rating of A1, an investment grade rating.
- ✓ Over the past decade, the stock price has risen over five times, rising from just \$10 per share to over \$62 per share.
- ✓ With these strong metrics, ownership can anticipate outstanding longevity in the brand, as the stability of the financials demonstrate the security of the company.

Tractor Supply Company Facts and Figures

Company	Tractor Supply Company
Ticker Symbol	NASDAQ: TSCO
Headquarters	Brentwood, TN
Employees	24,000+
Number of Locations	1,600+
Assets (as of 12/30/17)	\$2.87 Billion
Market Cap (as of 3/28/18)	\$7.51 Billion
2017 Revenue	\$7.26 Billion
Business Summary	Rural Lifestyle Retail
Company Website	www.tractorsupply.com

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