

INVESTMENT OFFERING:
NEW STARBUCKS (10 YEAR LEASE)
S&P CREDIT: BBB+



REPRESENTATIVE PHOTO

SANTA FE, NEW MEXICO

780 ST. MICHAELS DRIVE, SANTA FE, NM 87505





NATIONAL SINGLE-TENANT
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STATEMENT OF CONFIDENTIALITY & DISCLAIMER

Pegasus Group LLC ("Pegasus") has been engaged as the exclusive financial advisor to the Seller in connection with Seller's solicitation of offers for the purchase of the property known as Starbucks, City of Santa Fe, County of Santa Fe, State of New Mexico. Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Seller expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property, and it is not to be used for any other purpose or made available to any other person without the express written consent of Seller or Pegasus. The material is based in part upon information supplied by the Seller and in part upon financial information

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PROPERTY **OVERVIEW**



PRICING: \$2,791,000 NOI: \$120,000 CAP RATE: 4.30%

Faris Lee Investments is pleased to present a rare opportunity to acquire the fee simple interest (land & building) in a brand new 10-year NN Leased Starbucks with no early termination clause. The property is scheduled to open on July 1st, 2019 and will contain a drive-thru, which brings added convenience for customers, increases revenue and adds to the overall intrinsic value of the real estate. The corporate lease has strong 10% rent increases every five years and four five year options to extend, hedging against inflation and adding long term stability for the investor. The new 2019 construction provides ease of management with zero deferred maintenance and a roof warranty for the new owner.

Starbucks is one of the most recognized brands in the world and is the number one coffee chain in the United States. With most recently reported revenues above \$24 billion and nearly 30,000 locations worldwide, Starbucks is one of the most sought-after tenants in commercial real estate. 2018 NOI was reported at more than \$4.5 billion, while equity was in excess of \$1.1 billion for the company.

Santa Fe is the home of Christus St. Vincent Medical Center (192 beds), and this medical center is located approximately 1 mile from the subject property, which will provide an immediate built-in consumer base. In addition, Starbucks is approximately (2) miles from the historic downtown Santa Fe featuring all the quaint retail, hotels, restaurants, and churches. St. Michaels Dr (27,000 VPD) is a major retail thoroughfare and Starbucks is adjacent to Wells Fargo bank, and a Smith's grocery anchored shopping center. In addition, Starbucks is within close proximity to Hwy 285 / 84 On/Off ramps and Santa Fe High School. There are nearly 83,000 permanent residents within 5 miles of the subject property. The average household income is over \$84,000 within 5 miles of the subject property.

SPECIFICATIONS:

GLA: 2,240 SF

Land Area: 0.76 Acres / 33,106



STARBUCKS®

S&P CREDIT RATING: (BBB+)

LOCATION:

**780 St. Michaels Drive
Santa Fe, NM 87505**

PROPERTY SPECIFICATIONS

780 St Michaels Drive, Santa Fe, NM 87505



Land Area

0.76 Acres (33,106 SF)



Rentable Area

2,240 SF



Ownership

Fee Simple (Land & Building)



Access

There are two (2) access points, one (1) along St. Michaels Dr, and one (1) along Cll Lorca



Parking

There are approximately 33 dedicated parking stalls on the owned parcel. The parking ratio is approximately 14.73 parking stalls per 1,000 SF of leasable area.



Traffic Counts (Regis 2018)

St Michaels Dr: 27,000 VPD

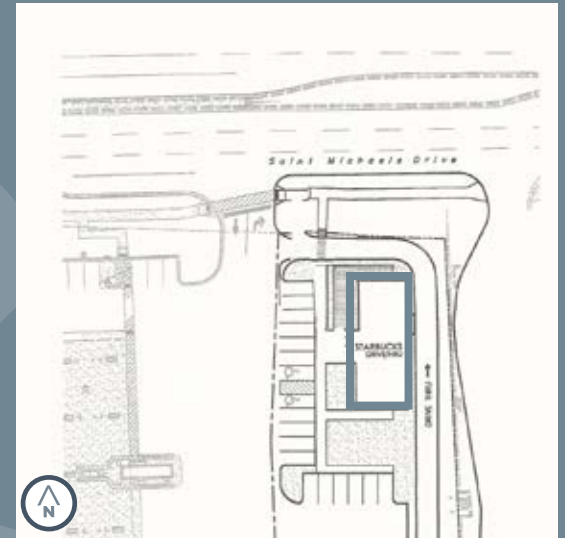


Year Built

2019

Zoning: (GC) General Commercial

Parcel Map



PARCEL
99309201

ACRES
0.76

SQ FT
33,106



STARBUCKS CORPORATE EXECUTED LEASE

S&P Credit Rating of BBB+

LONG TERM 10 YEAR LEASE

10% Increases every 5 years
No termination clause

DRIVE-THRU LOCATION

Intrinsic real estate value
Enhances sales

HIGH DENSITY LOCATION

Over 63,000 Population within 3 miles
Over 25,000 business employees
within 1 mile

2019 CONSTRUCTION

No deferred maintenance
Construction warranties

INVESTMENT HIGHLIGHTS



STRONG CORPORATE EXECUTED LEASE STARBUCKS (S&P CREDIT RATING OF "BBB+")

- Starbucks is publicly-traded on the NYSE under (SBUX), with over \$24 Billion in both Assets and Revenue in 2018
- Starbucks operates more than 29,000 locations worldwide
- NOI in 2018 was north of \$4.5 Billion, while equity was over \$1.1 Billion
- Secure and stable investment for the buyer



LONG TERM 10 YEAR CORPORATE NN LEASE WITH RENTAL INCREASES

- 10% rent increases every 5 years
- Provides the investor with an increasing cash flow and helps to ensure value appreciation while providing a hedge against inflation
- Provides long term security and stability for the investor
- No early termination clause



FEE SIMPLE INTEREST

- Buyer gets ownership of the land and building
- Minimal ownership responsibilities to maintain the property
- Ease of management



FREESTANDING DRIVE-THRU BUILDING

- Enhances sales
- Intrinsic real estate value



MAJOR RETAIL CORRIDOR: ST. MICHAELS DRIVE

- Over 27,000 VPD drive-by with major signage
- Close proximity to Highway 285 on/off ramp at St. Michaels Dr



CLOSE PROXIMITY TO MAJOR MEDICAL CENTER, RETAIL, RESIDENTIAL & SCHOOLS

- Christus St. Vincent Medical Center (192 beds) and approximately 2,000-3,000 faculty
- Adjacent to Smith's grocery anchored shopping center
- 0.75 Miles away from Santa Fe High School



HIGH INCOME TRADE AREA AND STRONG DEMOGRAPHICS

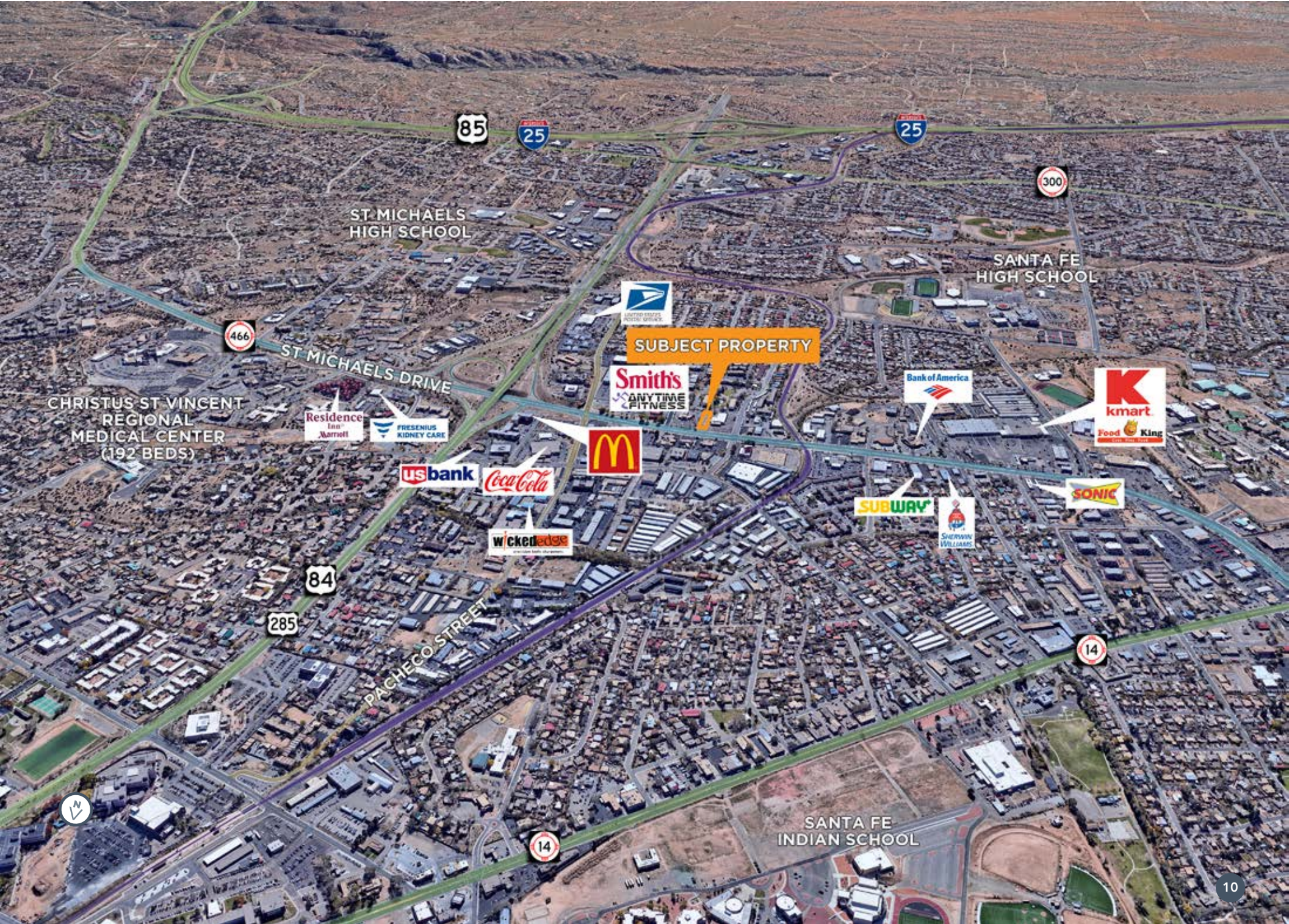
- \$82,092 AHHI in 5-mile radius
- 82,921 population in 5-mile radius
- 80,242 employees in 5-mile radius



2019 CONSTRUCTION

- No deferred maintenance
- Construction / Roof warranties



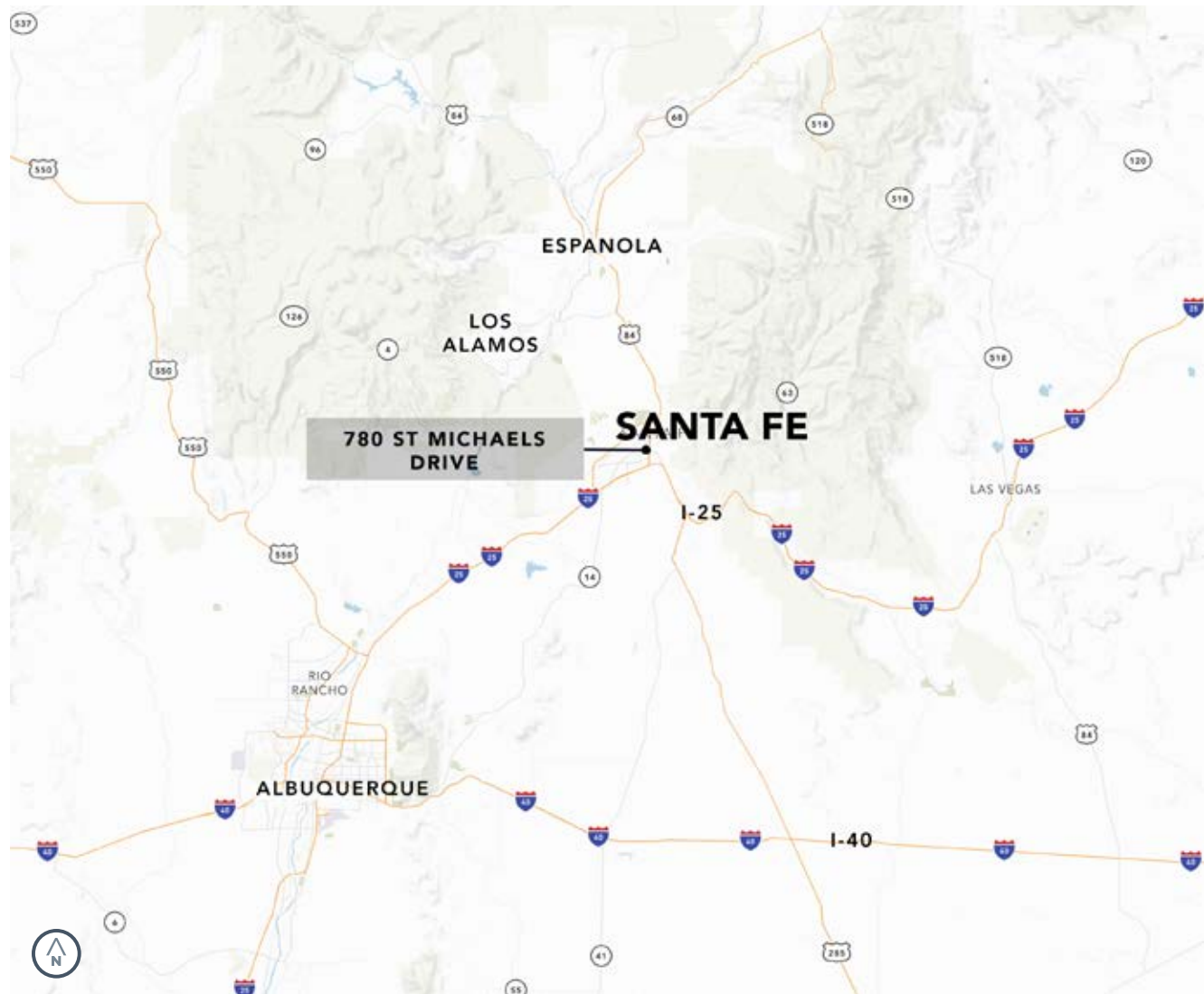
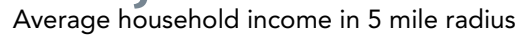
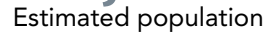
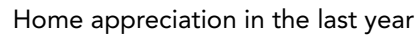
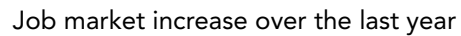
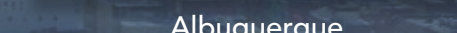
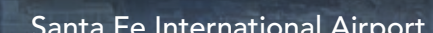
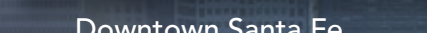
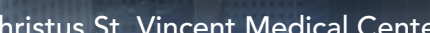






DOWNTOWN SANTA FE

AREA **OVERVIEW**



The City of Santa Fe

Santa Fe is located in the north central part of the state. It is the oldest state capital in the United States and is one of the greatest destination cities of the world. The rich multi-cultural history, vibrant art market and active outdoor scene make for an unparalleled quality of life, and the healthy, diverse economy.

As the state’s capital, Santa Fe benefits from a stable, educated government workforce of approximately 17,000 people. The largest employment sectors include the state government (26%), accommodation/food services (16%), retails (14%), healthcare/ social assistance (18%) and construction (5%).

Known as “The City Different,” Santa Fe is also one of the top five art markets in the world and the third largest art market in the United States. Santa Fe holds a powerful appeal for those who love arts and cultural activities, and the area holds equal advantages for those who love the outdoors, offering anything from beautifully groomed golf courses to a variety of other sports, including skiing, hiking, white water rafting, and fly-fishing.



MAJOR EMPLOYERS

Company	Employment
State of New Mexico	20,000+
Christus St. Vincent Medical Center (192 Beds)	2,000-3,000
City of Santa Fe	1,000-2,000
County of Santa Fe	1,000-2,000
City of Gold Casino	500-999
Buffalo Thunder Resort and Casino	500-999

The City of Santa Fe- Areas of Interest



Downtown Santa Fe



Santa Fe Plaza



Loretto Chapel



The Cathedral Basilica of St.

DEMOGRAPHICS



Population

Santa Fe, NM (REGis 2019)	1 Mile	3 Mile	5 Mile
2018 Estimated Population	9,368	53,383	82,921
2023 Projected Population	9,541	54,516	84,648
2010 Census Population	9,206	52,153	79,410
2000 Census Population	9,531	52,892	75,909
Projected Annual Growth 2018 to 2023	0.4%	0.4%	0.4%
Historical Annual Growth 2000 to 2018	-	-	0.5%
2018 Median Age	44.9	49.9	46.7



Income

2018 Estimated Households	4,659	27,092	39,427
2023 Projected Households	4,768	27,818	40,443
2010 Census Households	4,397	25,374	36,221
2000 Census Households	3,946	23,622	32,494
Projected Annual Growth 2018 to 2023	0.5%	0.5%	0.5%
Historical Annual Growth 2000 to 2018	1.0%	0.8%	1.2%
2018 Estimated Average Household Income	\$63,543	\$79,678	\$84,090

Households

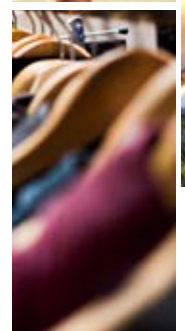


Ethnicity



Business

2018 Estimated White	74.4%	79.3%	76.9%
2018 Estimated Black or African American	1.8%	1.5%	1.5%
2018 Estimated Asian or Pacific Islander	2.1%	1.9%	1.9%
2018 Estimated American Indian or Native Alaskan	2.4%	1.8%	1.8%
2018 Estimated Other Races	19.3%	15.5%	17.9%
2018 Estimated Hispanic	55.2%	46.0%	51.0%
2018 Estimated Total Employees	23,513	69,694	80,242



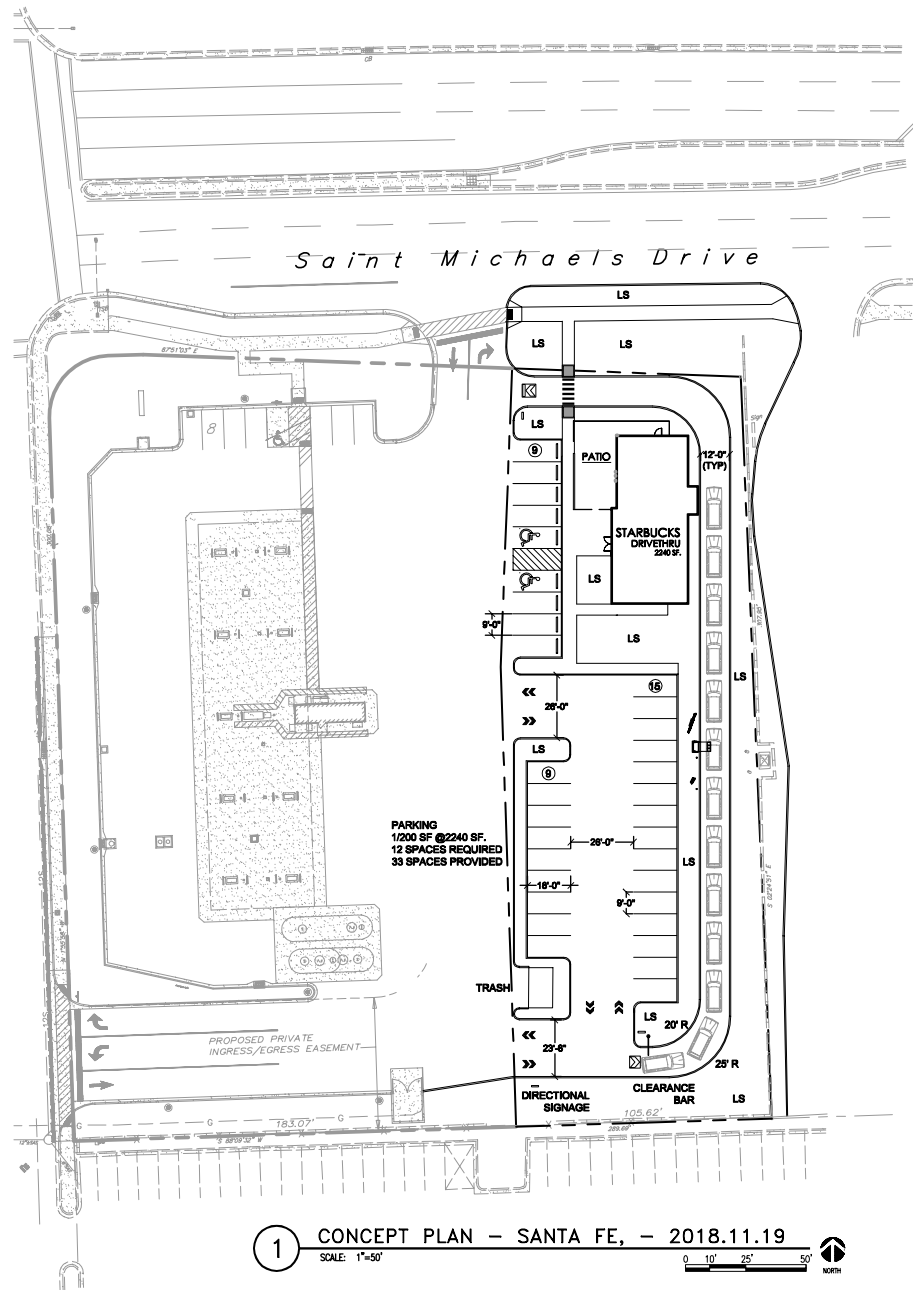


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STARBUCKS

FINANCIAL **ANALYSIS**

SITE PLAN



RENT ROLL

Tenant	Size (SF)	Current Monthly Rent	Monthly Rent \$/SF	Current Annual Rent	Annual Rent \$/SF	Increase Date	Increase	Rental Increases Monthly Rent	Monthly \$/SF	Annual Rent	Annual \$/SF	Recovery Type	Lease Start	Lease Expires	Lease Options
Starbucks	2,240	\$10,000	\$4.46	\$120,000	\$53.57	Jul-2024	10%	\$11,000	\$4.91	\$132,000	\$58.93	NN	7/1/2019 (1)	6/30/2029 (2)	4 (5-Year) Opt 1: \$145,200 Opt 2: \$159,720 Opt 3: \$175,692 Opt 4: \$193,261
Total Occupied	2,240	\$10,000	\$4.46	\$120,000	\$53.57										
Total Vacant	0	\$0		\$0											
Total / Wtd. Avg:	2,240	\$10,000	\$4.46	\$120,000	\$53.57										

Notes

(1) Estimated Lease Start Date

(2) No Early Termination, Estimated Lease Expiration Date



TENANT SYNOPSIS

STARBUCKS

Starbucks Corporation, together with its subsidiaries, operates as a roaster, marketer, and retailer of specialty coffee worldwide. The company operates in four segments: Americas; China/Asia Pacific; Europe, Middle East, and Africa; and Channel Development. Its stores offer coffee and tea beverages, roasted whole bean and ground coffees, single-serve and ready-to-drink beverages, iced tea, and food and snacks; and various food products, such as pastries, breakfast sandwiches, and lunch items. The company also licenses its trademarks through licensed stores, and grocery and foodservice accounts. It offers its products under the Starbucks, Teavana, Tazo, Seattle's Best Coffee, Evolution Fresh, La Boulange, Ethos, Frappuccino, Starbucks Reserve, Princi, Starbucks Doubleshot, Starbucks Refreshers, and Starbucks VIA brand names. The company has 29,324 stores, including 15,341 company-operated stores and 13,983 licensed stores. Starbucks Corporation was founded in 1971 and is based in Seattle, Washington.

Company Type:	Public (Nasdaq: SBUX)
2019 Locations:	29,324
2019 Employees:	291,000
2018 Fiscal Revenue:	\$24.72 Billion
2018 Fiscal Income:	\$4.52 Billion
2018 Fiscal Assets:	\$24.16 Billion
2018 Fiscal Equity:	\$1.17 Billion
S&P Credit Rating:	BBB+

TRANSACTION SUMMARY

Financial Information

Price: \$2,791,000

Price/SF: \$1,246

Lease Type: NN

Tenant is responsible for taxes, insurance, CAM.

Landlord is responsible for roof and structure.

Property Specifications

Rentable Area: 2,240 SF

Land Area: 0.76 Acres

Year Built: 2019

Address: 780 St Michaels Drive, Santa Fe, NM 87505

Parcel Numbers: 99309201

Ownership: Fee Simple (Land & Building)

Tenant: Starbucks Corporation

Operating Information

	<u>In-Place</u>	<u>Jul-2024</u>
Gross Potential Rent	\$120,000	\$132,000
Plus Recapture	NN	NN
Effective Gross Income	\$120,000	\$132,000
Less Expenses	(NN)	(NN)
Net Operating Income	\$120,000	\$132,000

Cap Rate:	4.30%	4.73%
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LEASE SUMMARY



Tenant Name:	Starbucks Corporation	
Rentable Square Feet:	2,240	
Lease Execution Date:	2/5/2019	
Lease Start Date:	7/1/2019 (Est.)	
Lease Expiration Date:	6/30/2029 (Est.)	
Lease Type:	NN	
Lease Term:	10 Years	
Rent:	Current	\$120,000 Annual
	7/1/2024	\$132,000 Annual
Lease Options:	4 (5-Year)	
Option Rent:	Years 11-15	\$145,200 Annual
	Years 16-20	\$159,720 Annual
	Years 21-25	\$175,692 Annual
	Years 26-30	\$193,261 Annual
Property Taxes, Insurance, CAM:	Tenant Responsible for Pro Rata Share	
Property Tax protection:	If any change of ownership occurs and as a direct result the real property taxes increase, Tenant shall not be obligated to pay any portion of such an increase becoming due during the initial term	
Roof & Structure:	Landlord Responsible	
HVAC:	Tenant Responsible	
Parking Lot Maintenance:	Tenant Responsible	
Admin/Management Fee:	10% Admin on OPEX only	





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