



STARBUCKS

2425 Valley View Lane
Farmers Branch, TX 75234
Confidential Offering Memorandum

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01

Investment Summary

Starbucks – Farmers Branch (Dallas MSA), TX

2455



The Offering

JLL is pleased to offer for sale the fee-simple interest in a single-tenant, new construction, build-to-suit Starbucks (the “Property” or “Asset”) located in Farmers Branch (DFW), TX. Starbucks is ideally located at the northeast corner of Interstate 35 and Valley View Lane, 11 miles north of Downtown Dallas, and benefits from access and visibility to more than 217,000 vehicles per day. The asset is tenanted by Starbucks Corporation, a staple net lease tenant which has a new 10-year lease with 10% rent escalations every five years. The Asset is slated to be delivered in mid-2019.

INVESTMENT HIGHLIGHTS

- Starbucks is located at the northeast corner of Interstate 35 and Valley View Lane, allowing for over 217,000 daily vehicles to have access and visibility to the Property.
- The Asset is located in a highly advantageous area to capture daytime consumers, with over 277,000 daytime employees within a 5 mile radius.
- The build-to-suit Property possesses quality net lease fundamentals, highlighted by an NN structure with minimal landlord responsibilities, 10 years of contractual lease term, 10% rent escalations every 5 years and four, five-year options to renew.
- Starbucks (NASDAQ: SBUX) boasts investment grade credit ratings from Standard & Poor's (A-) and Moody's Investor Services (A2). The Asset features internet-proof tenancy and a leading global coffee retailer with nearly 30,000 locations worldwide. Starbucks continues to demonstrate high investor demand in the net lease marketplace.
- Farmers Branch is experiencing exceptional retail development as a submarket of Dallas. Over the trailing twelve months, Farmers Branch has seen its retail vacancy rate compress over 140 bps from 6.98% to 5.57%. Additionally, the submarket's annual retail rent growth is currently at approximately 3.0% and its rental rates are well above the market's 10-year average.

PROPERTY SUMMARY

Address	2425 Valley View Lane Farmers Branch, TX 75234
Tenant	Starbucks Corporation
Tenant Credit Profile	A- / Stable (S&P)
Price	\$2,400,000
Cap Rate	5.00%
Lease Term	10 Years (Under Construction)
Lease Expiration	10 Years from Rent Commencement
Expected Delivery Date	June 1 st , 2019
Year Built	2019
Parcel Size	0.90 AC
Building Size	2,200 SF
Drive-Thru	Yes
Ownership	Fee-Simple
Annual Rent / PSF	\$120,000 / \$54.55
Escalations	10% Every Five Years
Renewal Options	4 x 5 Years
Renewal Increases	10% in Each Option
Lease Type	NN
LL Responsibilities	See Page 9 for Details
Financial Reporting	None



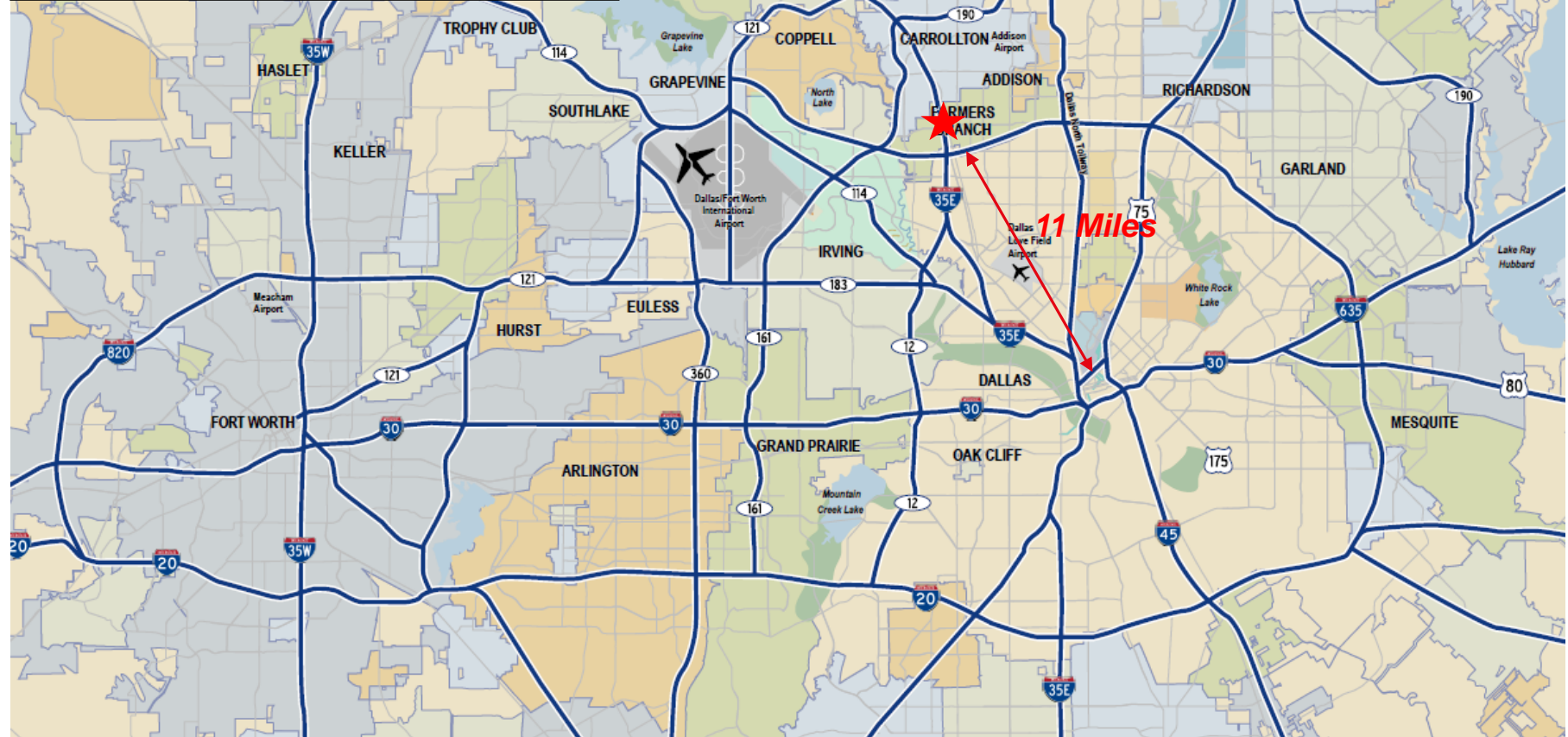
STARBUCKS

Proximity to Downtown Dallas

Starbucks | Farmers Branch (Dallas MSA), TX

Site Demographics

	1-Mile Radius	3-Mile Radius	5-Mile Radius
Population			
2018 Estimate	5,853	86,807	276,204
2018 Number of Households	2,048	30,577	108,279
'00-'2018 Population Growth	66.07%	20.06%	14.03%
Annual Population Growth	1.71%	1.68%	1.68%
Estimated HH Income			
Average HH Income	\$79,852	\$85,845	\$98,759
Median HH Income	\$59,932	\$58,429	\$63,802







02

Lease Abstract

Starbucks – Farmers Branch (Dallas MSA), TX



Lease Abstract

Starbucks | Farmers Branch (Dallas MSA), TX

Tenant	Starbucks Corporation	<table><tr><th><i>Rent Schedule</i></th><th></th><th>NOI</th><th>PSF</th><th>% Increase</th></tr><tr><td><i>Years 1 - 5</i></td><td>\$</td><td>120,000</td><td>\$</td><td>54.55</td></tr><tr><td><i>Years 6 - 10</i></td><td>\$</td><td>132,000</td><td>\$</td><td>60.00</td><td>10%</td></tr><tr><td><i>Option 1</i></td><td>\$</td><td>145,200</td><td>\$</td><td>66.00</td><td>10%</td></tr><tr><td><i>Option 2</i></td><td>\$</td><td>159,720</td><td>\$</td><td>72.60</td><td>10%</td></tr><tr><td><i>Option 3</i></td><td>\$</td><td>175,692</td><td>\$</td><td>79.86</td><td>10%</td></tr><tr><td><i>Option 4</i></td><td>\$</td><td>193,621</td><td>\$</td><td>88.01</td><td>10%</td></tr></table>					<i>Rent Schedule</i>		NOI	PSF	% Increase	<i>Years 1 - 5</i>	\$	120,000	\$	54.55	<i>Years 6 - 10</i>	\$	132,000	\$	60.00	10%	<i>Option 1</i>	\$	145,200	\$	66.00	10%	<i>Option 2</i>	\$	159,720	\$	72.60	10%	<i>Option 3</i>	\$	175,692	\$	79.86	10%	<i>Option 4</i>	\$	193,621	\$	88.01	10%
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Guarantor	-																																													
Address	NEC I-35 E & Valley View Lane																																													
City, State	Farmers Branch, TX 75234																																													
Total GLA	2,200 SF																																													
Parcel Size	0.90 AC																																													
Drive-Thru	Yes																																													
Original Contractual Lease Term	10 Years																																													
Lease Type	NN																																													
Rent Commencement*	The earlier to occur of (a) the date Tenant opens for business in the Premises, and (b) one hundred twenty (120) days after the later to occur of: (i) the Commencement Date and (ii) the date of Tenant's receipt of all Government Approvals																																													
Current Term Expiration	10 Years (Under Construction)																																													
Term Remaining*	10 Years (Under Construction)																																													
Annual Rent	\$120,000																																													
Rent PSF	\$54.55																																													
Increases	10% Every Five Years																																													
Options	4 x 5 Years																																													
Extension Notice	90 Days																																													
Parking	24 Spaces																																													
Assignment/Sublease	Does not require Landlord's consent																																													
Taxes	Contact JLL for details; subject to finalization of tenant's parcel & Texas tax reassessment																																													
Insurance	Tenant & Landlord responsibility; see below under Tenant's Payment																																													
Utilities	Tenant Responsibility																																													
Landlord Responsibilities	The upkeep of the roof, roof membrane and roof systems (gutters, downspouts and the like), foundation, exterior walls, interior structural walls, and all structural components of the Premises, the Building, and any other buildings on the Property. Tenant will reimburse as a part of operating expenses the amortized cost of a new roof (amortized over 20 years) and a new parking lot (amortized over 10 years).																																													
Tenant's Payment	Tenant's Pro Rata Share of Operating Expenses from the Rent Commencement Date through the end of the first full calendar year shall not exceed, on an annual basis (prorated for any initial, partial calendar year), Four Dollars (\$4.00) per square foot of Gross Leasable Area in the Premises, Tenant's Pro Rata Share of Landlord's Insurance from the Rent Commencement Date through the end of the first full calendar year shall not exceed, on an annual basis (prorated for any initial, partial calendar year), Fifty Cents (\$0.50) per square foot of Gross Leasable Area in the Premises, and Tenant's full calendar year shall not exceed, on an annual basis (prorated for any initial, partial calendar year), Fifteen Dollars (\$15.00) per square foot of Gross Leasable Area in the Premises. Notwithstanding anything contained herein to the contrary, the portion of Tenant's Annual Additional Rent attributable to Operating Expenses (excluding, by definition, Landlord's Insurance and Real Property Taxes) for any calendar year following the first full calendar year of the Term shall not exceed one hundred five percent (105%), on a non-cumulative basis, of the portion of Tenant's Annual Additional Rent attributable to Operating Expenses payable by Tenant for the previous calendar year.																																													
Use of Premises	Tenant may use and occupy the Premises, drive-through lanes, and outdoor seating area for a coffee store or any other lawful retail or restaurant use, including, without limitation, the sale of beer and wine, provided that Tenant shall not violate any existing written exclusive use presently granted to another tenant on the Property.																																													
Future Improvements	Tenant, at Tenant's cost, may install such fixtures, finishes, communications and internet services infrastructure and other initial tenant improvements in or about the Premises as Tenant deems necessary or desirable for the conduct of Tenant's business.																																													
Tenant Termination Option	None; [Intentionally Deleted]																																													

* Delivery of premises to tenant is projected for June 1st, 2019

03

Tenant Overview

Starbucks – Farmers Branch (Dallas MSA), TX

2455



The Tenant

- As the preeminent coffee company and coffeehouse chain, Starbucks (NASDAQ: SBUX) operates over 24,000 locations in more than 75 countries and serves nearly five billion cups of coffee annually. Furthermore, the Company is the largest coffee provider in the world and benefits from its strong brand loyalty.

Industry Overview

- The coffee production and coffee/snack shop industries have grown 3.8% and 3.0% since 2010, respectively.
- The two industries (coffee production and coffee/snack shop) combined for a total of \$67.2 billion in revenue in 2017.
- The coffee production industry has performed well in recent years, exhibiting growth due to several increases in coffee commodity prices that were passed along to end consumers.
- The coffee industry in the next five years is expected to grow with an increased emphasis from consumers for premium-coffee products.

Industry Overview

- Starbucks (S&P rated "A-/stable") has performed very well in recent years, exhibiting steady growth in revenue and increases in all reportable segments. In fiscal 2017, Starbucks' net revenues increased 5% over fiscal 2016, up to \$22.4 billion. Moreover, global store sales grew 3% and were driven by a definitive increase in average purchases.
- In fiscal year 2017, Starbucks opened 2,254 company-operated stores, beating its target for the year by over 400 stores. The majority of openings occurred in China/Asia Pacific.



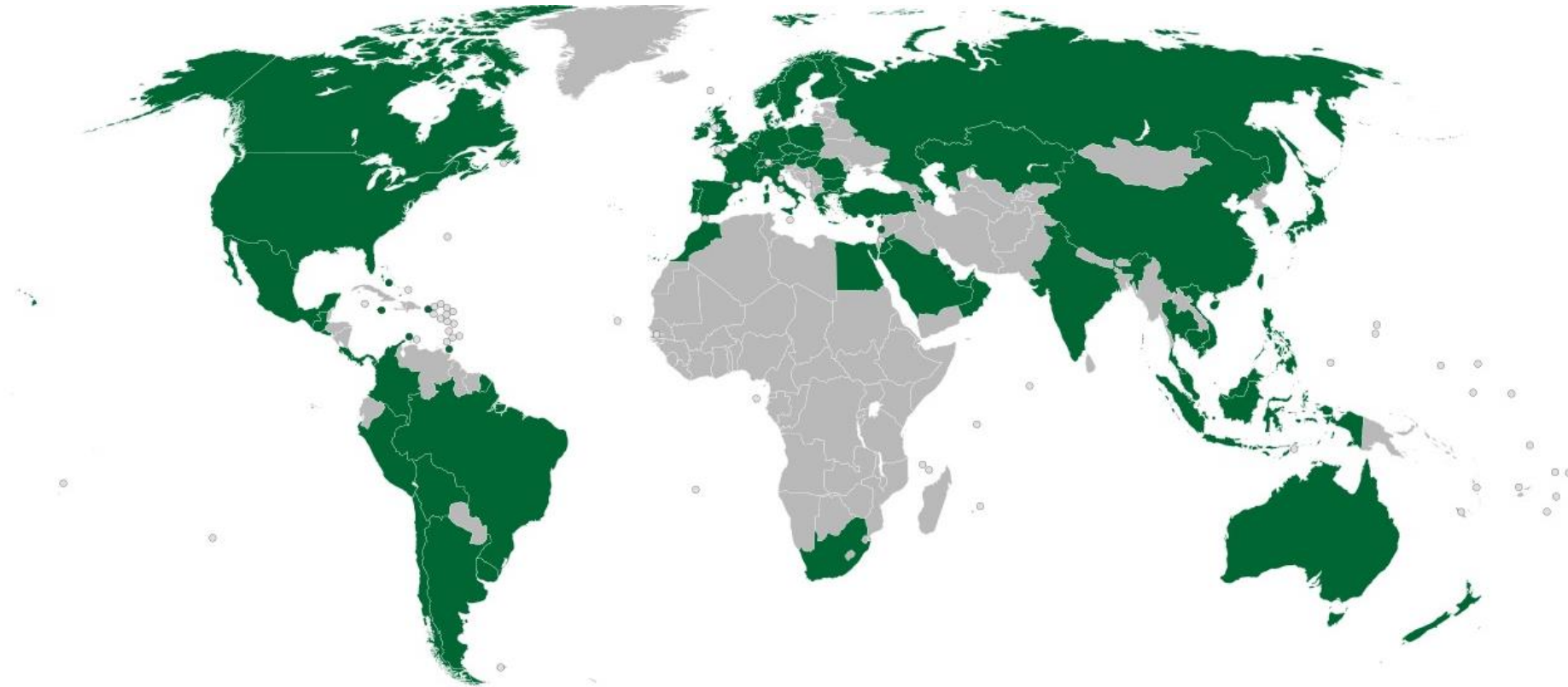
STARBUCKS

Company Overview

Company	Starbucks Corporation
Ticker Symbol	NASDAQ: SBUX
Headquarters	Seattle, WA
Employees (9/30/18)	291,000
Net Income (9/30/18)	\$4.52 billion (2018 YE)
Assets (9/30/18)	\$12.49 billion (2018 YE)
Market Cap (3/19/19)	\$88.10 billion
S&P Rating	A-/Stable
Number of Locations	24,000+
Business Summary	Coffee shop
Company Website	www.starbucks.com



Global Presence



	Americas	As a % of Total Americas Stores	CAP	As a % of Total CAP Stores	EMEA	As a % of Total EMEA Stores	Corporate and Other	As a % of Total Corporate and Other	Total	As a % of Total Stores
Company-operated stores	9,684	55 %	5,159	60 %	490	15 %	8	40 %	15,341	52 %
Licensed stores	7,770	45 %	3,371	40 %	2,830	85 %	12	60 %	13,983	48 %
Total	17,454	100%	8,530	100%	3,320	100%	20	100%	29,324	100%

04

Market Overview

Starbucks – Farmers Branch (Dallas MSA), TX



Market

Farmers Branch, TX



Located approximately 15 miles northwest of downtown Dallas, Farmers Branch is beginning to experience development and retail market growth currently experienced by submarkets to its south which are closer to the Dallas CBD. Densely populated by both businesses and residents, Farmers Branch touts an annual population growth rate over twice the national average and provides residents with ample career opportunities and residential amenities.

Retail Market Growth Trends – Farmers Branch, TX

- Over the trailing twelve months, Farmers Branch has seen its retail vacancy rate compress over 140 bps from 6.98% to 5.57%.
- Within the same time span, over 35,600 SF of retail has been absorbed, compared to only 1,250 SF the year prior.
- Farmers Branch's annual retail rent growth is currently at approximately 3.0% and its rental rates are well above the market's 10-year average.
- Additional market fundamentals are steadily improving. The annual market sale price PSF, market cap rate, and 12-month sales volume are all outpacing their respective 10-year averages.

Site Demographics

	1-Mile Radius	3-Mile Radius	5-Mile Radius
Population			
2018 Estimate	5,853	86,807	276,204
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Covering over 16,800 square miles across twenty one counties, Dallas Fort Worth continuously remains a national leader in population growth, employment growth and unemployment rate. The DFW area consistently ranks as one of the top regions in the nation for businesses thanks to its low cost of living, world-class transportation infrastructure, central time zone and ability to attract and retain top talent from around the country.



DFW is one of the World's Leading Corporate Headquarter Destinations



DFW Airport is the 11th busiest airport in the world in terms of passenger traffic



Central Time Zone provides easy business connections to all points across the country & internationally



Dallas is equidistant from New York, Los Angeles, Chicago & Mexico City



DFW Airport allows Dallas to be reached non-stop by more than 205 destinations worldwide

Economy



Highly diversified economy mitigates risk against potential downturns in a given economic sector - no sector constitutes greater than 22% of the economy



DFW added approximately 935,000 new jobs from 1990 - 2000 and there was a net positive 101,400 jobs added between 2000 and 2017 despite the worst economic recession since the Great Depression

4TH

Largest Metro

43

Fortune 1,000 Headquarters

21

Fortune 500 Headquarters

8TH

Richest Metro by Median Income

6TH

Largest Economy in the U.S.

155

Headquarters that employ at least 1,000 employees

OTHER NEW HQ ESTABLISHMENTS

BlackBerry North American HQ (Canada)
 GuestLogix U.S. HQ (Canada)
 Hisun Motors North American HQ (China)
 Howard Hughes Corporation
 NGC Renewables North American HQ (China)
 Smith & Nephew HQ (London)

MINNESOTA

MoneyGram
 Speed Commerce (Navarre)

ILLINOIS

Bar Louie Restaurant Group
 Ferris Manufacturing
 Neovia Logistics Services
 TopGolf

MICHIGAN

Comerica

NEW YORK

Greatbatch
 HMS Holdings
 Signature Systems Group
 Six Flags Entertainment

MASSACHUSETTS

NTT Data Inc.
 VCE

CONNECTICUT

Accudyn Industries
 iCall Inc.

NEW JERSEY

CVETechnology Group Inc.

TENNESSEE

Dynamic Energy Alliance

GEORGIA

NYLO Hotels

FLORIDA

CCS Medical
 Fiesta Restaurant Group

MISSOURI

GKN Aerostructures

KANSAS

Alco
 Hostess

COLORADO

Cagney Global Logistics
 Harris Broadcast

OKLAHOMA

Global Power Equipment Group Inc.
 Hilti
 LinkAmerica

NEVADA

CoreSpace

ARIZONA

Spirit Realty Capital, Inc.

CALIFORNIA

Acacia Research Group
 AccentCare
 ACTIVE Network
 AmeriFlight LLC
 Caliber Collision Centers
 Channell Commercial Corp.
 Ciao Telecom
 Consolidated Electrical Distributors
 Copart
 Daegis Inc.
 Farmers Brothers Coffee
 Fluor
 Fonality
 Glenmount Global Solutions
 Ironclad Performance Wear Corp.
 Kubota Tractor Corp.
 LoanDepot.com

Monkey Sports Inc. Motorsport
 Aftermarket Group and MAG Retail
 MV Transportation
 Omnitracs
 Pacific Union Financial
 Primoris
 Raytheon Space and Airborne
 Systems (SAS)
 Reel FX Creative
 Studios Corp.
 Rixi Recovery Services
 Solera Holdings
 Titan Laboratories

Toyota North America
 Trend Micro
 Vendor Resource
 Management
 W3global

AUSTIN

Greenstream
 Seven Hills Commercial

HOUSTON

Inx Inc.
 Magnum Hunter Resources
 U.S. Concrete

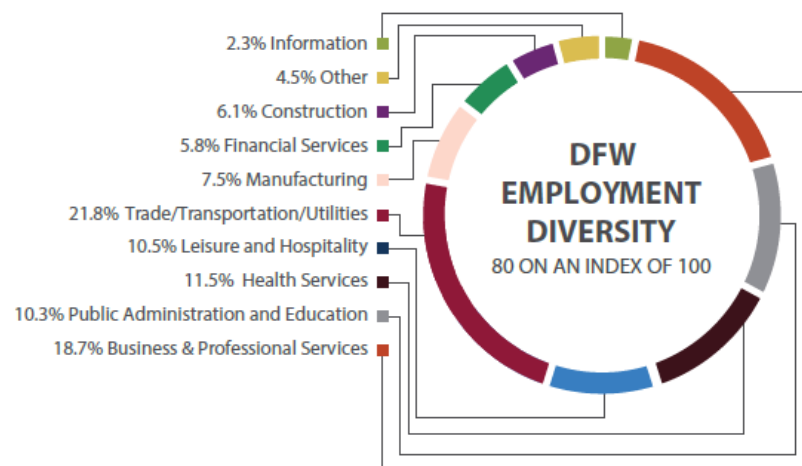
SAN ANTONIO

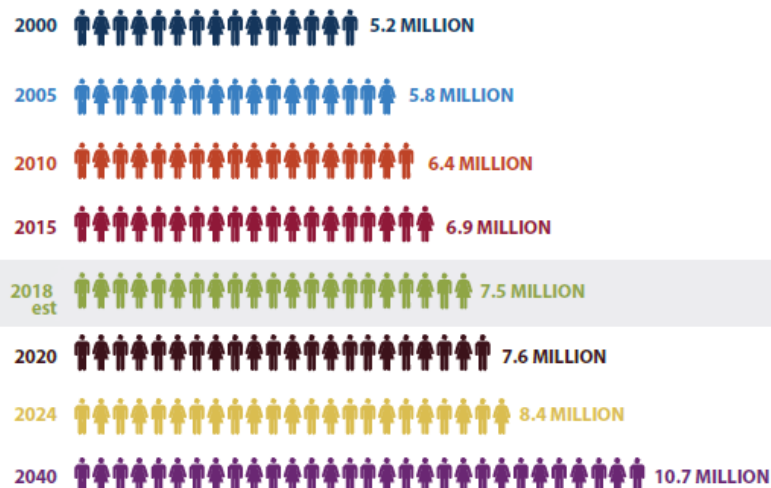
AT&T
 Christus Health

Market Overview – Top Employers

Starbucks | Farmers Branch (Dallas MSA), TX

Largest North Texas Employers	Employees
Wal-Mart Stores Inc.	34,000
American Airlines Group Inc.	27,000
Texas Health Resources	22,296
Dallas Independent School District	19,740
Baylor Scott & White Health	16,500
Lockheed Martin Aeronautics	13,750
Bank of America	13,500
City of Dallas	13,336
UT Southwestern Medical Center	13,018
Texas Instruments	13,000
JPMorgan Chase Bank NA	12,676
Fort Worth Independent School District	12,000
HCA North Texas Division	11,722
Parkland Health & Hospital System	9,986
Southwest Airlines Co.	9,931
Raytheon Co.	8,700
Target	8,253
Garland Independent School District	7,220
Dallas County	7,162
Plano Independent School District	6,659

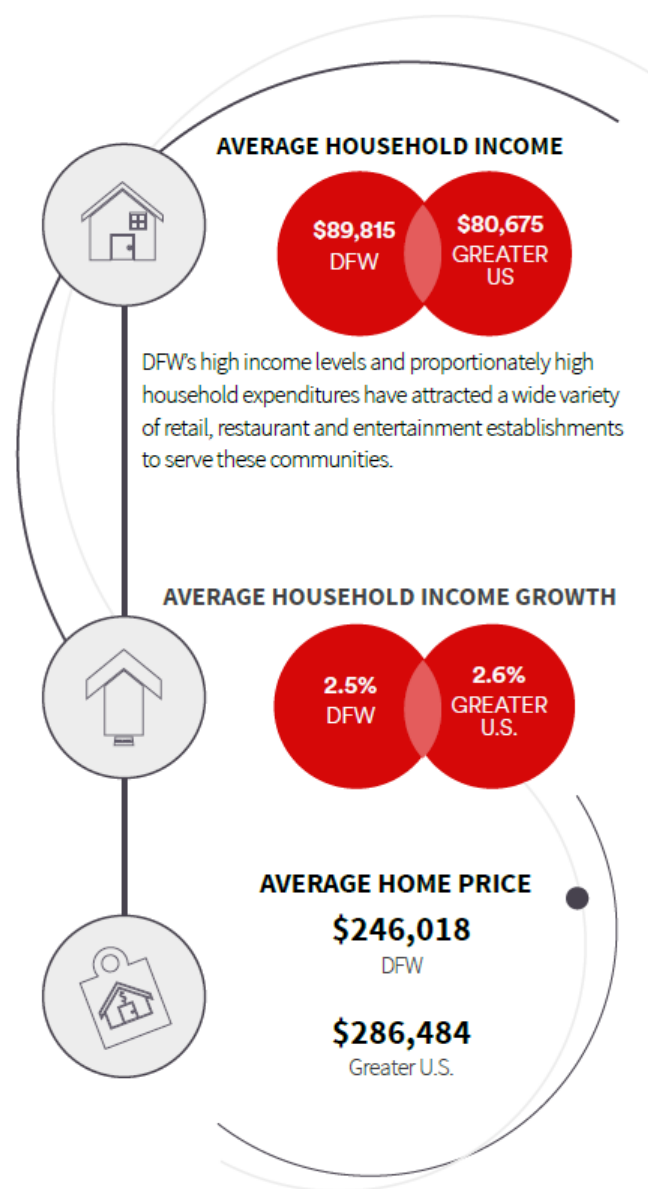
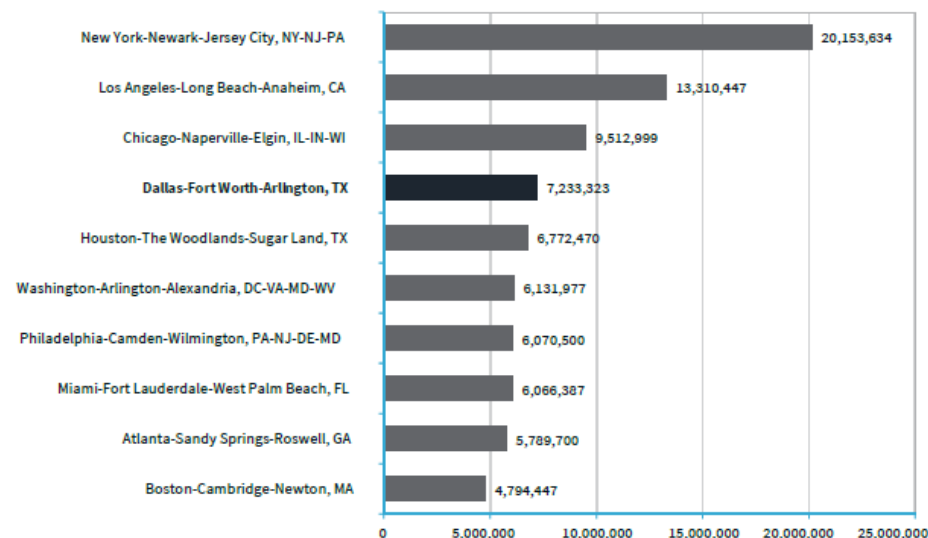




DFW Compound Annual Growth Rate from 2018 to 2040: 1.63%

US Compound Annual Growth Rate from 2018 to 2040: 0.60%

TEN LARGEST METRO AREAS



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