



MN 29 & Dakota Street, Alexandria, MN



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OFFERING SUMMARY

Mid-America Real Estate Corporation in cooperation with Mid-America Real Estate-Minnesota, LLC, is pleased to present Starbucks located at MN-29 & Dakota Street in Alexandria, MN. The investment is comprised of a 2,200 square foot building situated on a 0.71 acre parcel. Starbucks is subject to a ten year lease with 10% rental increases every five years throughout the primary term and in the option periods. The site is located at one of the most prominent intersections in the trade area along Highway 29, the primary retail corridor in Alexandria. The combination of desirable tenancy, countless national retailers surrounding the site and desirable location in the market, make this a great net lease investment opportunity.



INVESTMENT HIGHLIGHTS



NEW CONSTRUCTION, 10 YEAR LEASE WITH STRONG INCREASES The building is newly constructed to Starbuck’s latest specifications and is subject to a long term 10 year firm term lease, with no kickout clause. There are strong 10% rental increases every five years throughout the primary term and in each 5 year option period. This lease structure serves to increase the average yield of the investment during the primary term and option periods, while hedging against inflation.



DESIRABLE TENANCY WITH REVENUES EXCEEDING \$24 BILLION Starbucks has established itself as one of the most desired tenants in the net lease industry due to its strong reported revenues and loyal customer base. Since 1971, the company has opened roughly 2,900 stores throughout 78 countries. The company boasts an impressive S&P Credit Rating of “BBB+” and reported revenues of more than \$24.72 billion in 2018, which was a 10% increase from 2017.



ONE OF THE MOST SOUGHT AFTER SITES IN THE MARKET Starbucks took nearly two years to get located along the busy corridor of Highway 29, at the Northeast signalized intersection with Dakota Street, where there are over 24,000 VPD. It shares access off Dakota with Target, Walmart, OfficeMax and numerous others, and there are 6,900 additional vehicles on the frontage road. Dakota Street, also known as 44th Avenue, is planned for a significant expansion that will connect the subject property to S. Broadway (see page 6 for further detail), which will enhance traffic and accessibility to the site. There are also several completed and newly proposed residential developments in close proximity to the subject offering.



STRONG RETAIL LOCATION IN HEART OF TRADE AREA Starbucks is located at the heart of the retail corridor along Highway 29 and is surrounded by many national retailers. In addition to the retailers mentioned above, Menards, Fleet Farm, Aldi, and countless food and service operators line the corridor. The location benefits from six hotels in immediate proximity, creating further synergy for the coffee business. To the north of the site is the Viking Plaza Mall and Midway Mall which are collectively home to Dunham’s, Dollar Tree, Famous Footwear, Joann Fabrics, Maurice’s, Anytime Fitness, Cub Foods, Midway Theatre, and a host of other retailers.

Price:	\$1,940,000
Cap Rate:	5.50%
Address:	MN-29 & Dakota Street, Alexandria, MN 56308
Term Remaining:	9+ Years
Lease Type:	NN
Annual Rent:	\$106,700
Total Square Footage:	2,200
Total Lot Size:	0.71 Acres
Year Built:	2018



KEY FEATURES



VACATION DESTINATION Alexandria is a community of 30,000 people that swells to 60,000 in the summer due to having over 350 lakes, many of which are surrounded by large, high value vacation homes. This is one of the premier destinations for summer months in Minnesota, and is only two hours away by car from Minneapolis-St. Paul. Many people who visit this area choose to then retire in Alexandria after their working years due to the natural beauty, plentiful outdoor activities year round, and excellent quality of life.



CAPTIVE MARKETPLACE The subject property is located in the heart of a very large ranging trade area, which pulls from at least 30 miles. One good example of this range is the closest Walmart is 25 miles away. The nearest Starbucks is over 50 miles south in Willmar, which allows Starbucks to capitalize on this expansive trade area as well as service the local community. The site is well positioned relative to many businesses that have facilities just to the west and northwest of the property across MN-29, and in close proximity to I-94, which connects the MSP MSA to Fargo, ND. This captive marketplace creates a great opportunity for the location to flourish throughout the duration of its lease and positions it for long term success.



GROWING, HIGHLY RANKED MICROPOLITAN Alexandria was recently ranked the #1 Micropolitan City in the State of Minnesota and 51st in the nation for qualifying business and expansion projects. Additionally, Douglas County is the 12th fastest growing county in Minnesota. Its midpoint location between the MSP MSA and Fargo, ND make it a natural location for business development to go along with the year-round natural amenities.











SITE PLAN



NORTH





FINANCIAL SUMMARY

PRICING

Price: \$1,940,000
Cap Rate: 5.50%
Square Feet: 2,200

Years	Annual Base Rent	Monthly Rent	Yield	Rental Increase
1-5	\$106,700	\$8,892	5.50%	-
6-10	\$117,370	\$9,781	6.05%	10%
Average Yield Throughout Primary Term			5.78%	
Option 1				
11-15	\$129,118	\$10,760	6.66%	10%
Option 2				
16-20	\$142,010	\$11,834	7.32%	10%
Option 3				
21-25	\$156,222	\$13,019	8.05%	10%
Option 4				
26-30	\$171,842	\$14,320	8.86%	10%
Average Yield Throughout Option Periods			7.72%	



LEASE SUMMARY

STARBUCKS – ALEXANDRIA, MN

Tenant:	Starbucks Corporation
Address:	MN-29 & Dakota Street, Alexandria, MN 56308
Lease Type:	NN
Year Built:	2017
Building Size:	2,200 SF
Rent Commencement Date:	October 2018
Expiration Date:	September 30, 2028
Annual Rent:	\$106,700
Monthly Rent:	\$8,892
Rental Increase:	10% every five (5) years.
Renewal Options:	Four (4) – five (5) year options.
Common Area:	Common areas are portions of the property including landscaped areas, parking lots, and sidewalks. Tenant shall pay Landlord, as additional rent, for Operating Expenses. These costs shall not be increased by more than 5% from the previous year (excluding utilities, snow/ice removal).
Tenant Maintenance:	Tenant at their sole cost and expense shall keep the premises in good order and repair, including maintain plumbing, HVAC, interior, and all non-structural components of the Premises. Landlord may charge Tenant a 15% administrative fee.
Landlord Maintenance:	Landlord shall maintain, repair and replace the roof, foundation, structure, parking areas, and common areas (landscaping & drainage systems).
Tenant Insurance:	Tenant agrees to carry Liability Insurance and Property Insurance.
Landlord Insurance:	Landlord agrees to carry Liability Insurance, Property Insurance, and Rental Loss Insurance. Tenant pays to Landlord monthly the costs for carrying insurance.
Taxes:	Tenant pays to Landlord.
Utilities:	Tenant pays directly.
Estoppel:	Within thirty (30) days after receipt of written request.



TENANT OVERVIEW



Starbucks Corporation is an American global coffee company and coffeehouse chain based in Seattle, Washington. Starbucks was founded in 1971 as a local coffee bean roaster and retailer, and has grown into the largest coffeehouse company in the world. There are more than 29,000 Starbucks stores in 78 countries.

The Company sells whole bean and ground coffees, including the Starbucks and Seattle's Best Coffee brands, as well as a selection of premium Tazo teas, VIA and other related products, to institutional foodservice companies that service business and industry, education, healthcare, office coffee distributors, hotels, restaurants, airlines and other retailers. Most stores also sell packaged food items, hot and cold sandwiches, and items such as mugs and tumblers. Starbucks Evenings locations also offer a variety of beers, wines, and small bites after 4pm. Many of the company's products are seasonal or specific to the locality of the store, while Starbucks-brand ice cream and coffee are also offered at grocery stores. Through Starbucks Entertainment division and Hear Music brand, the company markets books, music, and films.

Starbucks has a strong presence both in the US and in the global marketplace due in part to its rapid growth over the last few decades. In the 1990s, Starbucks was opening a new store every workday, a pace that continued into the 2000s. The first store outside the United States or Canada opened in the mid-1990s, and overseas stores now constitute almost one third of Starbucks' stores.

Company:	Starbucks Corporation	Revenue:	<u>9/30/2018</u>	<u>10/1/2017</u>	<u>10/2/2016</u>
Stock Symbol:	SBUX		\$24.72 B	\$22.39 B	\$21.32 B
Market Cap (May 2019):	\$94.18 B	Net Income:	\$4.52 B	\$2.88 B	\$2.82 B
Number of Locations:	29,000	Stockholder Equity:	\$1.17 B	\$5.45 B	\$5.88 B
Type:	Public				
Company Headquarters:	Seattle, WA				
Credit Rating:	S&P "BBB+"				
Website:	www.starbucks.com				



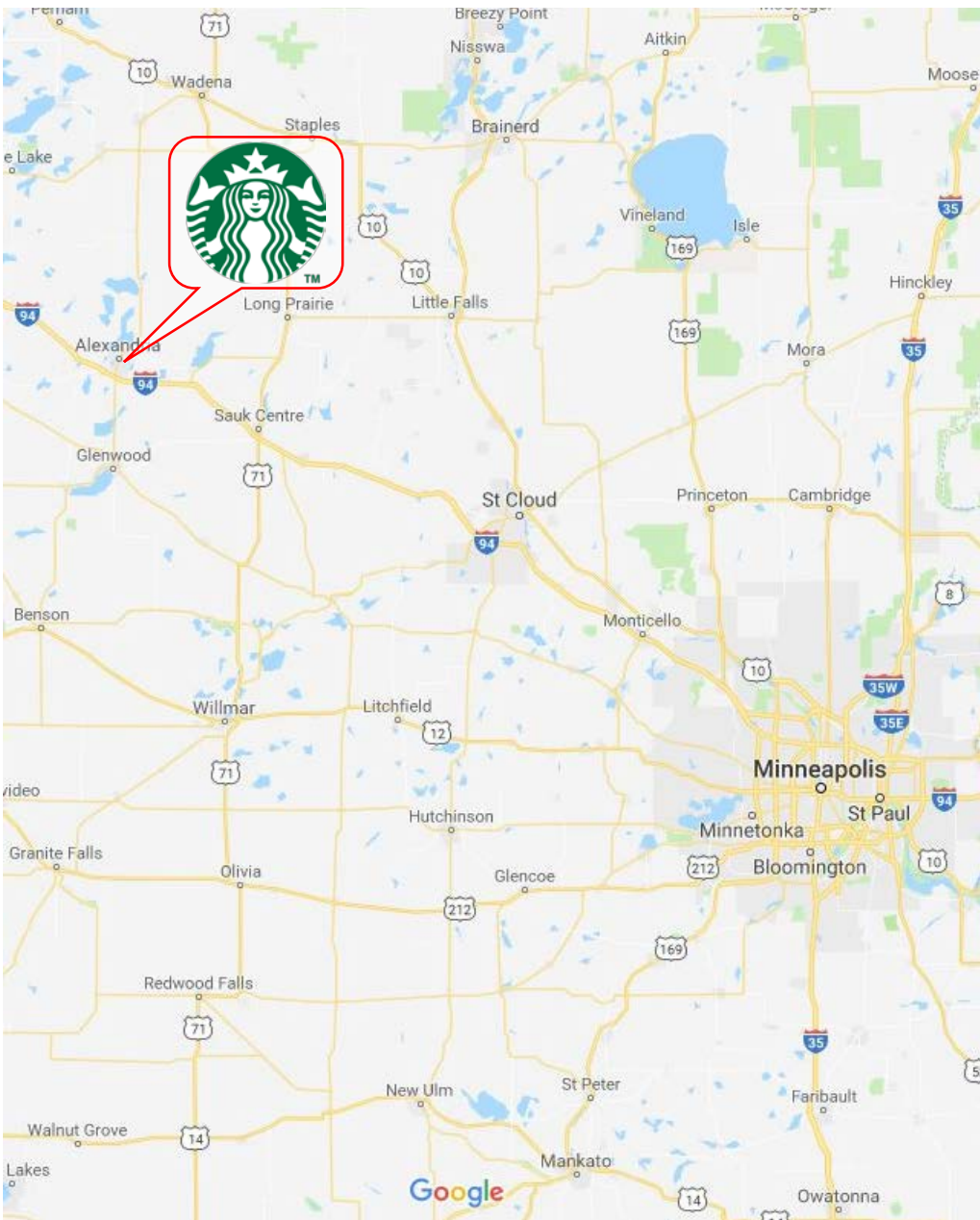
MARKET OVERVIEW

ALEXANDRIA, MINNESOTA

Alexandria is a city in and the county seat of Douglas County, Minnesota. Alexandria is located in the heart of West Central Minnesota, along Interstate 94. Minnesota State Highway 27 connects Alexandria to Nelson, Osakis and western Minnesota. Minnesota State Highway 29 connects Alexandria to Glenwood and Parkers Prairie. Interstate 94 passes through the south end of Alexandria, which allows access to Minneapolis-St. Paul and Fargo-Moorhead both in approximately 2 hours' drive. The city's close proximity to these population centers has made Alexandria a thriving community. It has become a regional center for manufacturing, retail and service businesses, along with education, arts, medicine and wellness for a trade area of over 20 miles.

The Alexandria Lakes Area is a prime destination for tourism and summer vacations having over 350 lakes a plethora of outdoor recreational opportunities. Additionally, there are numerous scenic golf courses, which make the area one of the finest places to play golf in Minnesota.

Some of the many accolades of the area are a recent ranking of the #1 Micropolitan in MN and #51 in the nation, being part of the 12th fastest growing county in the state, and being ranked retail community of the year by the Minnesota Retailers Association. From the quaint boutiques and antique stores that populate Alexandria's historic downtown to the major national retailers, there are plenty of shopping options for residents.





DEMOGRAPHIC PROFILE

Population	5 Miles	10 Miles	15 Miles
2018 Population	20,377	29,745	42,149
2023 Projected Population	21,554	31,419	44,308
Households	5 Miles	10 Miles	15 Miles
2018 Households	8,977	12,711	17,970
2023 Projected Households	9,506	13,435	18,907
Average Household Size	2.23	2.31	2.31
Income	5 Miles	10 Miles	15 Miles
Average Household Income	\$81,723	\$87,761	\$86,913
Median Household Income	\$55,562	\$61,192	\$61,423
Per Capita Income	\$36,453	\$37,747	\$37,283

DEMOGRAPHIC PROFILE WITHIN 10-MILE RADIUS:



POPULATION

29,745



HOUSEHOLDS

12,711



AVERAGE HH INCOME

\$87,761

LEGAL DISCLAIMER

The Offering Memorandum (“The Memorandum”) is intended solely for the limited use of The Potential Purchaser in considering whether to pursue negotiations to acquire NEC of Dakota Street & CR 29, Alexandria, MN (“The Property”). The Memorandum, prepared by Mid-America Real Estate Corporation, in cooperation with Mid-America Real Estate-Minnesota, LLC. (Hereinafter collectively referred to as “MAREC”), contains brief, selected information pertaining to the operation of The Property and Owner does not purport to be all-inclusive or to contain all the information, which The Potential Purchaser may desire. The Memorandum will be delivered with the understanding that The Potential Purchaser will conduct its own analysis and investigation of The Property, independently and without reliance upon The Owner, MAREC or The Memorandum and based on such documents, information and other matters as The Potential Purchaser, in its sole discretion, deems appropriate in evaluating a purchase of The Property. In furnishing The Memorandum, MAREC and/or The Owner reserve(s) the right to request the return of The Memorandum (including all copies or partial copies), or any other information provided, at any time. Neither The Owner nor MAREC or any of their officers, employees or agents make any representation or warranty, expressed or implied, as to the accuracy or completeness of The Memorandum or any oral or written communication transmitted from MAREC and/or The Owner to The Potential Purchaser and no legal liability is assumed or to be implied with respect thereto. By accepting The Memorandum, The Potential Purchaser agrees that The Memorandum’s contents and any other information pertaining to The Property and provided to The Potential Purchaser are confidential and proprietary; that The Memorandum and the information contained therein or provided is the property of The Owner and/or MAREC, that it will hold and treat The Memorandum and information provided in the strictest of confidence; that it will not, directly or indirectly, disclose or permit anyone else to disclose The Memorandum’s contents without prior written authorization; and, that it will not use or permit to be used The Memorandum or The Memorandum’s contents in any fashion or manner detrimental to the interest of The Owner and/or MAREC or in violation of the obligation to maintain such information and The Memorandum in strict confidence. However, The Potential Purchaser may disclose such confidential information to its employees, auditors, financial advisors, directors and/or counsel to whom it is reasonably necessary for purposes of evaluating The Property provided such disclosure is made pursuant to this agreement, all reasonable precautions are taken to safeguard the information and parties are informed of the need to maintain the information as confidential. The Potential Purchaser agrees that photocopying or other duplication of information provided by The Owner and/or MAREC is strictly prohibited. The Owner expressly reserves the right, at its sole discretion, to reject any or all proposals or expressions of interest in The Property and to commence, participate in, or terminate discussions with any party at any time with or without notice. The Potential Purchaser acknowledges that The Owner has no obligation to discuss or agree to the sale of The Property. Notwithstanding that The Potential Purchaser and The Owner may reach one or more oral understandings or agreements on one or more issues that are being discussed, neither party shall be bound by any oral agreement of any kind and no rights, claims, obligations or liabilities of any kind, either express or implied, shall arise or exist in favor of or be binding upon either party except to the extent expressly set forth in a written agreement signed by both parties. The Memorandum shall not be deemed a representation of the state of affairs of The Property nor constitute an indication that there has been no change in the business or affairs of The Property since the date of its preparation. The Potential Purchaser agrees not to contact the tenants, leasing MARECs or property management staff of The Property in connection with its review of The Property. Any and all questions related to The Memorandum or The Property must be directed to MAREC. In the event The Potential Purchaser decides not to pursue the acquisition of The Property, The Potential Purchaser agrees to return The Memorandum and all copies (including partial copies) to the appropriate representative of MAREC.

LEGAL DISCLAIMER

Representation The Potential Purchaser understands and agrees that MAREC is not representing The Potential Purchaser in this Proposed Sale. MAREC is only representing The Owner in this Proposed Sale.

Americans with Disabilities Act The United States Congress has enacted the Americans With Disabilities Act. Among other things, this act is intended to make business establishments equally accessible to persons with a variety of disabilities. As such, modifications to real property may be required. State and local laws also may mandate changes. Neither The Owner nor MAREC is qualified to advise The Potential Purchaser as to what, if any, changes may be required now, or in the future. The Potential Purchaser should consult the attorneys and qualified design professionals of its choice for information regarding these matters. Neither The Owner nor MAREC can determine which attorneys or design professionals have the appropriate expertise in this area.

Hazardous Materials Disclosure Various construction materials may contain items that have been or may in the future be determined to be hazardous (toxic) or undesirable and as such may need to be specifically treated, handled or removed. Due to prior or current uses of The Property or the area, there may be hazardous or undesirable metals, minerals, chemicals, hydrocarbons or biological or radioactive items (including electric and magnetic fields) in soils, water, building components, above or below-ground containers or elsewhere in areas that may or may not be accessible or noticeable. Such items may leak or otherwise be released. Neither The Owner nor MAREC has expertise in the detection or correction of hazardous or undesirable items. Expert inspections are necessary. Current or future laws may require clean up by past, present and/or future owners and/ or operators. It is the responsibility of The Potential Purchaser to retain qualified experts to detect and correct such matters.

Remedies If there is a breach or threatened breach of any provision of these Conditions of Offering, The Owner and/or MAREC shall be entitled to seek redress by court proceedings in the form of an injunction restraining The Potential Purchaser without the necessity of showing any actual damages or that monetary damages would not afford an adequate remedy and/or a decree for specific performance without any bond or other security being required. Nothing herein shall be construed as prohibiting The Owner and/or MAREC from pursuing any other remedies at law or in equity, which it may have. If The Owner and/or MAREC is involved in a court proceeding to enforce the covenants contained in these Conditions of Offering and The Owner and/or MAREC prevails in such litigation, The Potential Purchaser shall be liable for the payment of The Owner and/or MAREC's reasonable attorneys' fees, court costs and ancillary expenses together with such other and further relief as available under any applicable statute.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies.

For further information contact the owner's exclusive representatives:

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