



STARBUCKS

Newly-Built Starbucks

3320 S Cicero Avenue

Cicero, IL 60804

Confidential Offering Memorandum





*Investment Summary
& Property Overview*

NEWLY-CONSTRUCTED STARBUCKS & WALMART OUTPARCEL



Investment Highlights

BUILD-TO-SUIT STARBUCKS
DRIVE-THRU



INDUSTRY-LEADING TENANT
WITH FAVORABLE LEASE
ECONOMICS



OUTPARCEL TO WALMART
SUPERCENTER



URBAN INFILL STARBUCKS



The Offering

JLL is pleased to offer for sale the fee simple interest in a newly-built Starbucks property (the “Property” or “Asset”) located in Cicero, Illinois (Chicago MSA). The Property will be leased to Starbucks, the largest specialty coffee retailer in the world with over 32,000 locations and annual revenues of \$26.5 billion. Starbucks will on a double-net lease structure that features ten years of primary lease term, ten percent rental increases every five years, minimal landlord responsibilities, and four, five-year renewal options. Upon completion of construction, the Property will be ideally located as an outparcel to a Walmart Supercenter along Cicero Avenue, a major retail thoroughfare with traffic counts of 45,000 VPD and nationally recognized retailers such as Walmart, Sam’s Club, Home Depot, and Target. This offering presents the opportunity to acquire a newly-built drive-thru Property leased to an investment grade and industry leading tenant on a long-term net lease with minimal landlord obligations.



BUILD-TO-SUIT STARBUCKS DRIVE-THRU

- The Asset is a build-to-suit drive-thru Starbucks that is scheduled to be completed in August 2020.
- This drive-thru location is part of Starbucks’ future retail strategy, which includes an aggressive expansion of drive-thru store formats to meet the growing customer preference toward convenience and safety.

INDUSTRY-LEADING TENANT WITH FAVORABLE LEASE ECONOMICS

- The Property will be leased to Starbucks with ten years of primary lease term, ten percent rental escalations, four, five-year renewal options, and minimal landlord obligations.
- Starbucks is the world’s largest specialty coffee retailer with over 32,000 locations, \$26.5 billion in annual revenue, and an investment grade ‘BBB+’ credit rating from S&P.

OUTPARCEL TO WALMART SUPERCENTER

- The Property will be an outparcel to a Walmart Supercenter and will be part of a larger retail development that includes Wendy’s, Verizon, and Jimmy John’s.
- The Property will sit along Cicero Avenue, a highly-trafficked retail corridor with traffic counts of 45,000 VPD and retailers that includes Walmart, Sam’s Club, Home Depot, and Target.
- The Property is adjacent to Hawthorne Race Course, which just received approval from the Illinois Gaming Board for a casino license. The track is undergoing major renovations and plans to have the casino open by 2021.

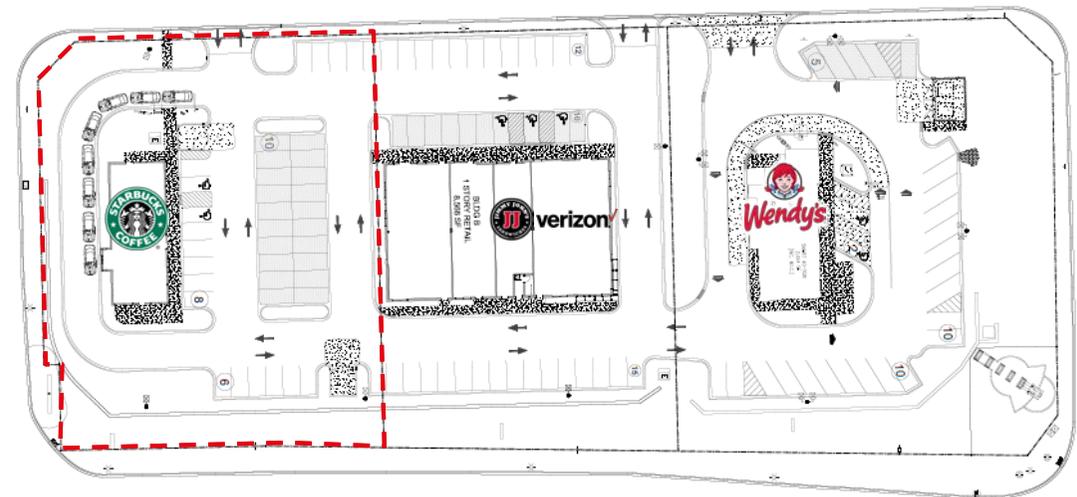
URBAN INFILL STARBUCKS

- Cicero is a densely populated suburb located less than seven miles southwest of Downtown Chicago. The town has a population of over 85,000 residents, and there are more than 842,000 residents within a five-mile radius of the Property.
- The Property will sit within close proximity to the area’s largest employers, including Exxon Mobil, Citgo, Unilever, and Breakthru Beverage Group.

| | |
|-----------------------------------|--|
| Price | \$2,136,000 |
| Cap Rate | 5.15% |
| Address | 3320 S Cicero Avenue Cicero, IL 60804 |
| Tenant | Starbucks Corporation |
| Guarantor | Starbucks Corporation |
| Building Size | 2,300 SF |
| Parcel Size | 0.85 acres |
| Year Built | 2020 |
| Lease Structure | NN |
| Estimated Lease Expiration | 2/28/2031 |
| Landlord Responsibilities | Roof, structure, and parking areas |
| Annual Base Rent PSF | \$110,000 \$47.83 |
| Increases | 10% every 5 years |
| Renewal Options | 4, 5-year options |



SHOPPING CENTER SITEPLAN



| Starbucks Rent Schedule - Primary Term | | | |
|---|--------------------|-----------------|-------------------|
| Period | Annual Rent | Rent PSF | % Increase |
| Years 1 - 5 | \$110,000 | \$47.83 | - |
| Years 6 - 10 | \$121,000 | \$52.61 | 10% |
| Renewal Options | | | |
| Option 1 | \$133,100 | \$57.87 | 10% |
| Option 2 | \$146,410 | \$63.66 | 10% |
| Option 3 | \$161,051 | \$70.02 | 10% |
| Option 4 | \$177,516 | \$77.18 | 10% |







*Location &
Market Overview*

Cicero Overview

Cicero is a densely populated community in Cook County. The town has over 85,000 residents and is located less than seven miles southwest of Downtown Chicago. Cicero is home to BNSF's Chicago Intermodal Terminal, which has drawn many large corporations to the area, including Exxon Mobil, Citgo, Breakthru Beverage Group, Unilever, Nestle, and Bimbo Bakeries. In addition, Cicero is home to Hawthorne Race Course, Illinois' oldest race track. Hawthorne Race Course was recently approved by the Illinois Gaming Board for a casino license, and it hopes to open its casino in 2021 following extensive renovations.

Chicago Overview

A bold metropolis, Chicago is the eminent cultural compass of the Midwest. Situated along beautiful Lake Michigan, it is the nation's third-largest metropolitan area, home to an estimated 9.5 million people. Its central location, diverse economy and superior schools and attractions position Chicago as one of the most influential cities in the world. As one of the world's top job centers, its extensive urban infrastructure has made Chicago's CBD a growth engine, attracting companies from around the globe and the CBD continues to gain momentum, as major corporations have decided to relocate or maintain their headquarters in Chicago. Strategically positioned as a major technology/creative hub, Chicago will continue to attract innovative firms and top talent from universities across the country, while the city's economic diversity insulates the local leasing market from downturns in any sector.

Chicago is centrally located globally between European and Asian markets, and the North American Free Trade zone. Chicago's O'Hare and Midway Airports provide easy access to the world with a combined 1,400+ daily departures to more than 230 cities worldwide. O'Hare Airport serves as a vital conduit for the region's corporate base, also slated for a \$8.5 billion expansion plan to further improve connectivity. Additionally, Chicago serves as a hub for six of the nation's seven Class 1 North American railroads, as well as six major U.S. Interstates, and virtually every major data network in the world intersects in Chicago. Each of the above factors make Chicago an attractive destination for corporations, helping Chicago earn Site Selection magazine's #1 ranking as a top metro area in the nation for corporate relocation and investment for the seventh year in a row.

Chicago has been ranked as the top metropolitan area in the nation for corporate relocation and expansion as companies seek to tap the city's deep talent pool, efficient transportation system, and rich amenities base. An extensive urban infrastructure with a highly efficient distribution system linking suppliers and customers further supports Chicago's position as one of the nation's most important business centers. It thus attracts some of the largest and most respected companies in the world, including the headquarters for Aon Insurance, Boeing, Baxter International, McDonalds, and Walgreens. The city's office market continues to flourish rapidly as more than 85 companies have relocated over seven million square feet of office space downtown since 2010.



Chicago Statistics & Accolades

\$679.7B

Gross Metropolitan Product

38

Fortune 500 HQs

100+

Incubators, co-working spaces, and innovation hubs

4,000+

Foreign-owned companies

400+

Corporate HQs

20%

Of worldwide derivatives trading



#1 Most Diversified Economy in the U.S.

#1 Metro for corporate investment in the U.S.
– Site Selection Magazine (2013-2018)

#3 in “Top 5,000 Fastest Growing Companies in the U.S.” behind New York and Los Angeles (2016)
– *Inc. Magazine*

Top 10 U.S. cities for start-ups
– *National Venture Capital Association*

#2 “Most Economically Competitive Cities of 2025,” only New York ranks higher nationally
– *The Economist Magazine, special report*

#1 U.S. city for Foreign Direct Investment Projects, for three consecutive years
– *IBM’s Global Location Trends Report*

#7 in “Most Economically Powerful City in the World”
– *Richard Florida/Martin Prosperity Institute Global Economic Power Index*

#7 in “Global Cities Index” in 2017, trailing only New York and Los Angeles in the U.S.
– *AT. Kearney*





Starbucks Overview



STARBUCKS

COMPANY OVERVIEW

As the preeminent coffee company and coffeehouse chain, Starbucks (NASDAQ: SBUX) operates over 32,000 locations in more than 75 countries and serves nearly five billion cups of coffee annually. In addition, the company is the largest coffee provider in the world and benefits from its strong brand loyalty.

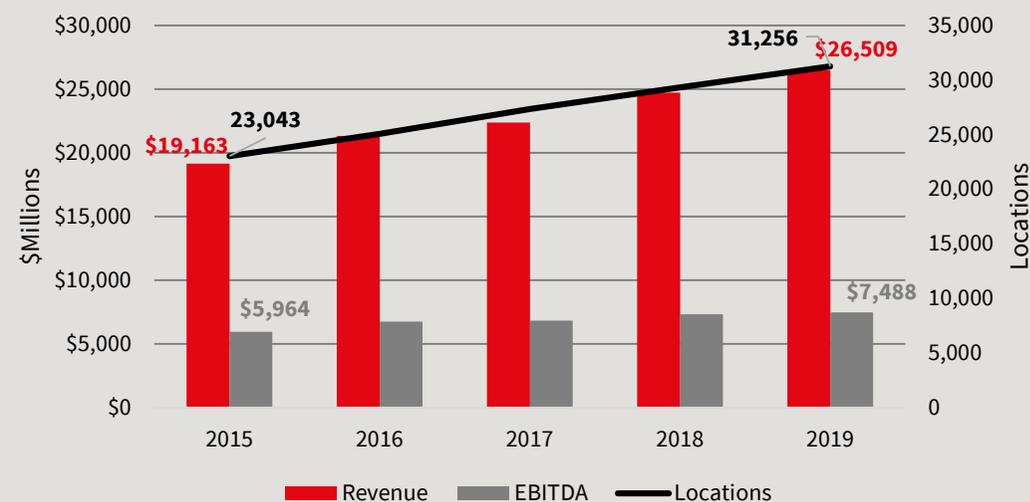
Starbucks has performed very well in recent years, exhibiting steady growth in revenue and increases in all reportable segments. In fiscal year 2019, Starbucks' net revenues increased 7% year-over-year, reaching \$26.5 billion and reflective of a 10.0% CAGR since 2014. Additionally, in 2019, Starbucks opened 1,932 stores (26% company-operated), highlighted by 602 new company-operated stores in China, a key growth region. Existing stores have also experienced growth as Starbucks has experienced average annual comparable store sales growth of 4.4% since 2015.

RETAIL EXPANSION STRATEGY

Starbucks announced that the company plans to accelerate its expansion of convenience-led store formats, consisting of drive-thru and mobile order pickup locations. This strategy aims to satisfy the evolving customer preference toward convenience and online ordering. These convenience-led store formats also satisfy the immediate need for safer pickup options during the COVID pandemic. Even prior to the pandemic, to-go orders accounted for 80% of all orders. Starbucks also has more than 19 million online rewards members, and online orders account for 17% of all sales.



STARBUCKS REVENUE & UNIT GROWTH



Starbucks Company Overview

| | |
|----------------------------------|-----------------------|
| Company: | Starbucks Corporation |
| Year Founded: | 1971 |
| Headquarters: | Seattle, Washington |
| Ownership Type: | Public (NASDAQ: SBUX) |
| Sector: | Restaurants |
| Locations: | 32,000 |
| Number of Employees: | 291,000 |
| Credit Rating (S&P): | 'BBB+' |
| Annual Revenue (FY 2019): | \$26.5 Billion |
| Gross Profit (FY 2019): | \$7.5 Billion |
| Total Assets (6/28/2020): | \$29.1 Billion |

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