

# MOUNTAIN EXPRESS GAS STATION

1026 2<sup>ND</sup> AVENUE, SIBLEY, IOWA



OFFERING MEMORANDUM

Marcus & Millichap



GRADERT FARMS



**SIBLEY-OCHEYEDAN  
HIGH SCHOOL**



**Casey's**



**CENTRAL PARK**

**SIBLEY  
GOLF COURSE  
& COUNTRY CLUB**

**OSCEOLA COUNTY  
FAIRGROUNDS**



**ROBINSON  
PARK**

**DOWNTOWN  
SIBLEY**



**MOUNTAIN EXPRESS  
OIL COMPANY**



**Osceola Electric  
Cooperative, Inc.**  
Your Touchstone Energy® Cooperative



**DOLLAR GENERAL**



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# Executive Summary

1026 2nd Avenue, Sibley, IA 51249

## FINANCIAL SUMMARY

<b>Price</b>	<b>\$1,756,100</b>
Cap Rate	6.15%
Building Size	2,389 SF
Net Cash Flow	6.15% \$108,000
Year Built	1991
Lot Size	0.50 Acres

## LEASE SUMMARY

Lease Type	Absolute Triple-Net (NNN) Lease
Tenant	MEX-RE-NW-IA LLC
Guarantor	Corporate
Roof & Structure	Tenant Responsible
Lease Commencement Date	October 31, 2022
Lease Expiration Date	October 31, 2042
Lease Term	20 Years
Rental Increases	2% Annually
Renewal Options	4, 5 Year Options
Right of First Refusal	None

## ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
Current - 10/31/2023	\$108,000.00	6.15%
11/1/2023 - 10/31/2024	\$110,160.00	6.27%
11/1/2024 - 10/31/2025	\$112,363.20	6.40%
11/1/2025 - 10/31/2026	\$114,610.46	6.53%
11/1/2026 - 10/31/2027	\$116,902.67	6.66%
11/1/2027 - 10/31/2028	\$119,240.73	6.79%
11/1/2028 - 10/31/2029	\$121,625.54	6.93%
11/1/2029 - 10/31/2030	\$124,058.05	7.06%
11/1/2030 - 10/31/2031	\$126,539.21	7.21%
11/1/2031 - 10/31/2032	\$129,070.00	7.35%
11/1/2032 - 10/31/2033	\$131,651.40	7.50%
11/1/2033 - 10/31/2034	\$134,284.43	7.65%
11/1/2034 - 10/31/2035	\$136,970.11	7.80%
11/1/2035 - 10/31/2036	\$139,709.52	7.96%
11/1/2036 - 10/31/2037	\$142,503.71	8.11%
11/1/2037 - 10/31/2038	\$145,353.78	8.28%
11/1/2038 - 10/31/2039	\$148,260.86	8.44%
11/1/2039 - 10/31/2040	\$151,226.07	8.61%
11/1/2040 - 10/31/2041	\$154,250.59	8.78%
11/1/2041 - 10/31/2042	\$157,335.61	8.96%

<b>Base Rent</b>	<b>\$108,000</b>
<b>Net Operating Income</b>	<b>\$108,000</b>
<b>Total Return</b>	<b>6.15% \$108,000</b>



# Bonus & Accelerated Depreciation

## *Special Tax Advantage Afforded IRS Section 1245 Property (Mountain Express Asset)*

### BONUS DEPRECIATION - 100% YEAR 1

These investments present a tremendous opportunity for special tax saving privileges. In 2017, the Tax Cuts and Jobs Act (TCJA) made a few changes to the bonus depreciation rules, specifically modifying Section 168 of the Internal Revenue Code to double the allowable bonus depreciation from 50% to 100% in the first year for eligible properties between 9/27/2017 and 1/1/2023, with the bonus rate phasing down by 20% each year after 2023 until 2027.

The TCJA sets a limit on the amount of net losses that can be booked in a given tax year, the calculation for which aggregates all global profits and losses for the individual or entity filing. IRC §461(l) sets these rules, which apply to sole proprietorships, partnerships, limited liability companies (LLCs), S corporations, estates, and trusts.

For individuals, the sum of all gross profits/gains and losses generated from all trading and business activity cannot result in a loss exceeding \$250,000 in a tax year, or \$500,000 if filing jointly. Any losses that exceed this threshold will be carried forwards indefinitely as an NOL, which can offset up to 80% of the tax-payer's taxable income in subsequent years, per TCJA.

For example, suppose an investor filing joint taxes has aggregate gross annual income of \$5M and incurs aggregate losses of \$7M, creating an excess loss of \$2M. This investor will be subject to the \$500,000 loss threshold, and the remaining \$1.5M of excess (disallowed) loss will be carried forwards to the following tax year. Suppose the next year, this same investor earns a gross \$6M and incurs aggregate losses of \$2M, resulting in taxable income of \$4M. The investor may fully utilize their prior-year NOL to reduce their taxable income by \$1.5M.

Suppose this same investor, in year 2, had taxable income of \$1M, retaining the same \$1.5M of prior year NOL. The investor may utilize \$800,000 of the NOL (80% of their taxable income) to reduce their taxable income to \$200,000 and the remaining \$700,000 of NOL will be carried forwards (i.e. investor can't use the carry forwards from prior year to incur net loss for a subsequent year).

*See below for illustration of additional cash flow.*

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\*Assumes 20% of purchase price is attributed to the land.

### BONUS DEPRECIATION - MOUNTAIN EXPRESS

Purchase Price	\$1,756,100.00
Cap Rate	6.15%
Cash Flow	\$108,000.00
100% Bonus Depreciation Year 1	(\$1,404,880.00)
Year 1 Aggregate Tax Loss from Asset	(\$1,296,880.00)

### ACCELERATED DEPRECIATION

These investments present a tremendous opportunity for special tax saving privileges. 15-year accelerated depreciation schedule may be applied to these properties, under current IRS guidelines.

When looking at the comparison below between a Mountain Express and a representative non-convenience store, one can see the tremendous tax savings when applying a 15 year accelerated method vs. the standard 39 year method utilized in connection with the depreciation of other commercial properties.

*See below for illustration of additional cash flow.*

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### ACCELERATED DEPRECIATION - MOUNTAIN EXPRESS

Purchase Price	\$1,756,100.00
Cap Rate	6.15%
Cash Flow	\$108,000.00
15 Year Depreciation	\$93,658.67
Taxable Income	\$14,341.33
Income Taxes (37% Tax Bracket)	\$5,306.29
Cash Flow	\$108,000.00
Income Taxes	\$5,306.29
<b>Cash Flow (After Taxes)</b>	<b>\$102,693.71</b>

### DEPRECIATION - OTHER NNN ASSET

Purchase Price	\$1,756,100.00
Cap Rate	6.15%
Cash Flow	\$108,000.00
39 Year Depreciation	\$36,022.56
Taxable Income	\$71,977.44
Income Taxes (37% Tax Bracket)	\$28,071.20
Cash Flow	\$108,000.00
Income Taxes	\$28,071.20
<b>Cash Flow (After Taxes)</b>	<b>\$79,928.80</b>





OSCEOLA COUNTY  
FAIRGROUNDS



Casey's

OSCEOLA  
COUNTY  
COURTHOUSE



SIBLEY PUBLIC  
LIBRARY  
UNITED STATES  
POSTAL SERVICE

DOWNTOWN  
SIBLEY



MOUNTAIN EXPRESS  
OIL COMPANY

State Farm



3,800 CPD  
2ND AVENUE

11TH STREET





# Property Description



## INVESTMENT HIGHLIGHTS

- » **Brand New 20-Year Absolute Triple-Net (NNN) Lease with Corporate Guaranty**
- » Tenant Operates Over 200 Gas Stations and Provides Fuel to Over 600 Gas Stations in 19 States
- » **Two Percent Annual Rental Increases**
- » Signalized Hard Corner Location
- » **Down the Road from Downtown Sibley and the Osceola County Fairgrounds**
- » Average Household Income Exceeds \$78,000 within a Five-Mile Radius
- » **One Mile Off State Highway 60, Providing Direct Access to Minnesota to the North and to Sioux City, Iowa to the South**
- » Located within a Five-Minute Drive of Osceola Regional Health Center, Sibley-Ocheyedan High School, and Sibley Golf Course & Country Club



## DEMOGRAPHICS

1-mile

5-miles

10-miles

### Population

2027 Projection	2,350	3,105	5,598
2022 Estimate	2,378	3,151	5,646

### Households

2027 Projection	1,003	1,306	2,318
2022 Estimate	1,016	1,322	2,329

### Income

2022 Est. Average Household Income	\$76,521	\$76,722	\$78,410
2022 Est. Median Household Income	\$65,849	\$67,521	\$68,134
2022 Est. Per Capita Income	\$33,104	\$32,616	\$32,576



**MOUNTAIN EXPRESS**  
OIL COMPANY

# Tenant Overview



**Acworth, Georgia**

**Private**

**200+**

**2000**

**[www.mountainexpressoil.com](http://www.mountainexpressoil.com)**

Headquarters

Company Type

Locations

Founded

Website

Founded in 2000 and based in Acworth, Georgia, Mountain Express Oil Company operates over 200 gas stations and provides fuel to over 600 stations across the United States under several major oil and regional fuel brands. With a geographic footprint covering 19 states, Mountain Express has relationships with major fuel brands including ExxonMobil, BP, Shell, Chevron, Texaco, Sunoco, Valero, Marathon, Arco, and Phillips 66.

Mountain Express offers a variety of services for the supply of wholesale petroleum, including financial lending, environmental management, expansion opportunities, brand alignment, and equipment financing. In 2021, Mountain Express was featured as one of CStore Decisions magazine's 2021 Chains to Watch. Mountain Express was also named as a 2021 honoree by ACG for the Higher Middle Market award.

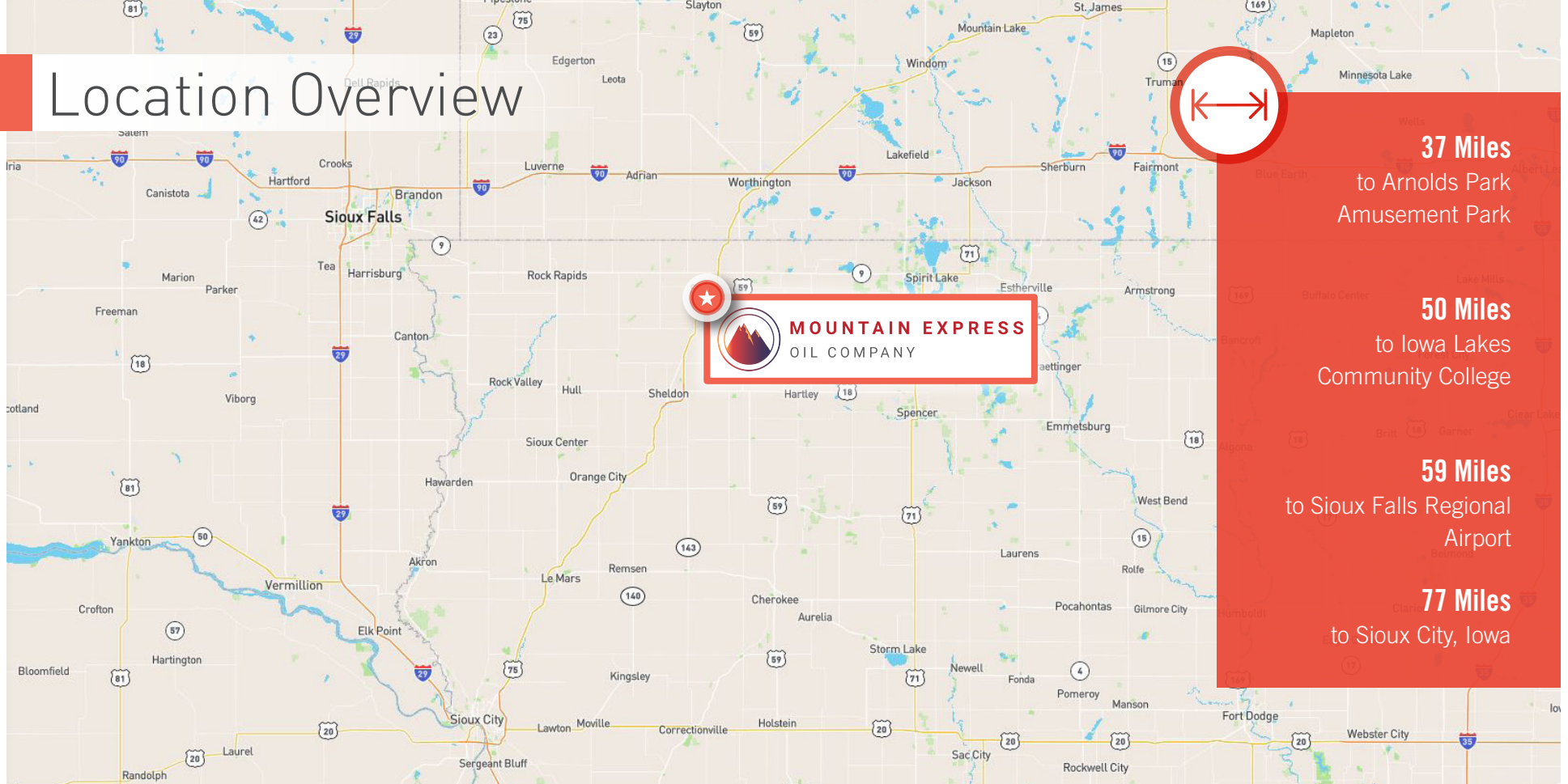


# Property Photos





# Location Overview



Sibley is a city in, and the county seat of, Osceola County in Northern Iowa. The city is situated near Hawkeye Point, the highest point in the state of Iowa with an elevation of 1,670 feet. Sibley's Main Street has been carefully restored with historical authenticity and features cobblestone streets, old-fashioned lampposts, and decorative flags. The city is home to a public golf course, two public tennis courts, three public parks, a country club, an outdoor aquatic center, and a movie theater.

Sibley has a strong agricultural base augmented by its healthy retail community,

a thriving industrial base, excellent schools, exceptional medical community and numerous churches. The city's major employers include Hood Packaging, D&H Poultry, Osceola Regional Health Center, and Sibley-Ocheyedan School District. Osceola Regional Health Center is located in the northern part of the city and serves Osceola County and the surrounding area. The hospital is partnered with Avera Health in Sioux Falls, South Dakota which allows access to a broader range of health care services. The campus is home to a number of facilities including a wellness center, an early childhood education center, and a thrift store.



# [ exclusively listed by ]

**Jon Ruzicka**

Broker of Record

952 852 9700

License #: B63379000

Offices Nationwide

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