



DST Net Lease Investment | Offering Memorandum

Holiday Stationstores/Valvoline LLC

*18298 Zane St NW
Elk River, MN 55330*

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DISCLAIMER

This analysis included in this investment summary is based on estimates and assumptions of NAI Legacy and its affiliates. NAI Legacy used a specific set of assumptions to create this analysis, but is not representing that any of the assumptions will materialize. There is a certain degree of inherent risk associated with commercial real estate investing, and you as the buyer, are advised to seek advice from your accountant, attorney and or other advisors, and to view this information as hypothetical. Although this analysis can be useful in making decisions about this investment, any of the assumptions could change, which may materially alter your conclusions.

All information furnished by NAI Legacy is from sources judged to be reliable, however, no warranty or representation is made to its accuracy or completeness.

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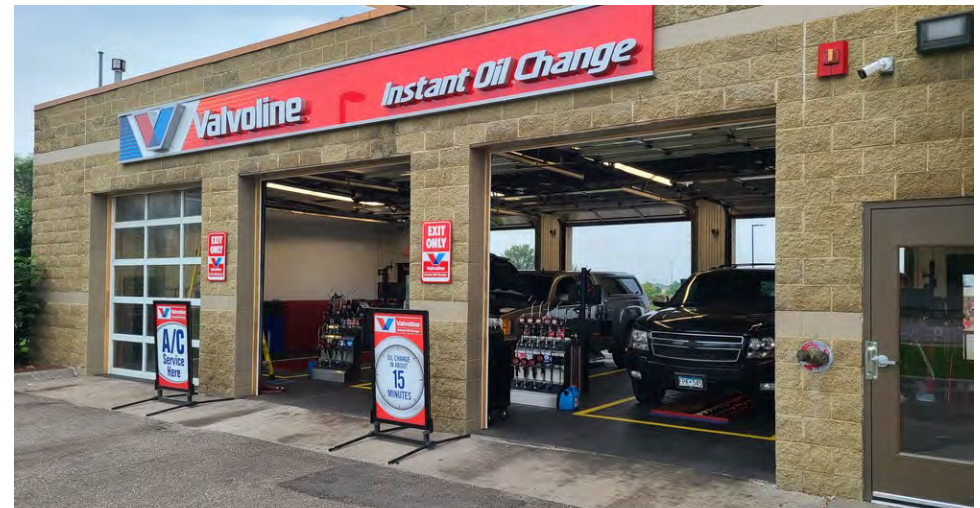
PORTFOLIO HIGHLIGHTS

OVERVIEW

- Offering Price: \$7,500,000
- Opportunity to Invest in the Individual Property, or as a Portfolio
- New 15-Year Absolute NNN Leases w/ Rent Increases
- NO LANDLORD RESPONSIBILITIES
- Delaware Statutory Trust (DST) Structure-Perfect for Multiple 1031 Exchange Investors
- Possible Tax Benefits: 100% Bonus Depreciation
- \$50,000 Minimum Investment, Accredited Investors Only
- Diversified Essential Automotive Retail Asset
- "Pandemic and Amazon Proof"
- Valvoline is Publicly-traded (NYSE: VVV) with 1,400 Locations in 140 countries
- The Holiday C-Store is Operated by a Local Franchisee w/ over 25 years of Successful Experience and Currently Operates Four Holidays and Nine BPs
- 4.86% Cap Rate
- NOI: \$368,000
- Average Effective Cash on Cash Yield: 7.49%
- Holding Period: 5-7 Years

PROPERTY DESCRIPTION

Seasoned, Absolute NNN automotive Retail Properties (Gas & C-Store | Oil Change). Excellent for 1031 Tax-Deferred Exchange Investors. New, Fifteen (15) Year Leases. Can Provide for Significant Bonus Depreciation. The traffic Count is 24,600.



SECTION 1

Property Information

HOLIDAY STATIONSTORES PROPERTY DETAILS



PROPERTY DESCRIPTION

Fuel station offers five (5) total pumps with ten (10) fuel stations. Attached full-service car wash adjacent to the Convenience store. the Operator has also leased the adjacent retail property and intends to operate it as a quick service station.

The Property is well situated at the Southwest intersection of Highway 169 and Zane St NW in Elk River, MN, and is situated at the gateway entrance to Walmart, Home Depot, and other nationally recognized retailers. This highly visible store is easily accessible from the feeder road to Walmart. Major highway improvements will increase safe ingress/egress to the property.

The Property is 100% leased for fifteen (15)+ years as a Holiday Stationstore. This investment opportunity is a seasoned, NNN Absolute Net-Leased convenient store property. Excellent for 1031 Tax-Deferred Exchange investors. The property may provide for significant Bonus Depreciation.

OVERVIEW

- Headquarters are located in Bloomington, Minnesota. It is part of the second-largest convenience store chain in the world, with over 600 locations in 10 states.
- No Corporate guarantee
- Excellent Ingress & Egress (Improving)
- Offering Price: \$6,000,000

Building Name: Holiday Stationstores

Address:
18298 Zane St NW Elk River, MN 55330

Property Type: C-Store

Property Subtype: Automotive

Gross Building Area: +/- 6,142 SF

Lot Size: +/- 1.77 Acres

Zoning: PUD

Building Class: Class A

Year Built: 1984

Year Renovated: 2001

Roof Type: Metal Covered Gable

Fuel Stations: 10

Parking Ratio: 1.96

Parking Spaces: 20

Construction Status:
Existing, Renovations in Progress

County: Sherburne

Parcel ID: 75-566-0230

HOLIDAY STATIONSTORES LEASE SUMMARY

LEASE SUMMARY

Tenant	Holiday Stationstores
Lease Commencement	December 30, 2020
Offering Price	\$6,000,000
Leased Area	± 6,142 SF
Lease Term	Fifteen (15) Years
Renewal Options	Two (2), Ten (10) Year Options
First Year Annual Base Rent	\$300,000.00
First Year Monthly Rent	\$25,000.00
Increases in Base Rent	2.00% Annually

HOLIDAY STATIONSTORES RENT ROLL

TENANT NAME	UNIT SIZE (SF)	LEASE TYPE	LEASE TERM	LEASE START	LEASE END	ANNUAL RENT	% OF GLA
Holiday	+/- 6,142	Absolute NNN	15 Years w/ two (2), 10 Year Options to Extend the Term. 2.00% Rent Bumps Every Year	December 30, 2020	December 31st, 2035	\$300,000	100%
			Renewal Option 1			\$403,760.50; or 2.00% increase from previous term rent	
			Renewal Option 2			\$492,181.80 or 2.00% increase from previous term rent	
FIRST YEAR MONTHLY BASE RENT						\$25,000.00	

HOLIDAY STATIONSTORES PHOTOS



VALVOLINE INSTANT OIL CHANGE PROPERTY DETAILS



PROPERTY DESCRIPTION

The Valvoline Instant Oil Change property is being renovated. The asset will be combined in one DST with the adjacent Holiday Gas Convenience Store.

The Property is well situated at the Southwest intersection of Highway 169 and Zane St NW in Elk River, MN, and is situated at the gateway entrance to Walmart, Home Depot, and other nationally recognized retailers. This highly visible store is easily accessible from the feeder road to Walmart.

The Property is 100% leased for fifteen (15) years to a private Valvoline, LLC. This is a corporate credit. This investment opportunity is a seasoned, NNN Absolute Net-Leased auto service property. Excellent for 1031 Tax-Deferred Exchange investors. The property should provide for significant Bonus Depreciation.

OVERVIEW

- Valvoline LLC (NYSE: VVV | S&P: BB) is located in Lexington, KY, United States, and is part of the Automotive Repair & Maintenance Services Industry. Valvoline LLC has 1,000 total employees across all of its locations and generates \$143.29 million in sales (USD). (Sales figures are modeled). There are 400 companies in the Valvoline LLC corporate family.
- Approximately \$5.50 Billion Market Cap (July 2021, NASDAQ)
- <http://investors.valvoline.com/overview/default.aspx>
- Renovation and Brand Change Underway
- Offering Price: \$1,500,000

Building Name:
Valvoline Instant Oil Change

Construction Status: Existing

County: Sherburne

Address:
18298 Zane St NW Elk River, MN 55330

Property Type: Retail Oil Change Store

Gross Building Area: ± 1740 SF

Lot Size: ± 1.77 Acres

Zoning: PUD

Car Bays: 3

VALVOLINE INSTANT OIL CHANGE LEASE SUMMARY

LEASE SUMMARY

Tenant	Valvoline LLC
Lease Commencement	May 2021
Offering Price:	\$1,500,000
Leased Area	± 1,740 SF
Lease Term	Fifteen (15) Years
Renewal Options	Two (2), Ten (10) Year Options
First Year Annual Base Rent	\$75,000
First Year Monthly Base Rent	\$6,250
Increases in Base Rent	10.00% Every Five (5) Years Including the Option Periods

VALVOLINE RENT ROLL

TENANT NAME	UNIT SIZE (SF)	LEASE TYPE	LEASE TERM	LEASE START	LEASE END	ANNUAL RENT	% OF GLA
Valvoline	1,740	Absolute NNN	15 Years w/ Three (3), 10 Year Options to Extend the Term. 10.00% Rent Bumps Every five (5) years	July 1, 2021	July 31, 2027	\$75,000	100
			Renewal Option 1			\$99,825	
			Renewal Option 2			\$120,788.25; or 110% increase of previous period rent	
			Renewal Option 3			\$146,153.78; or 110% increase of previous period rent	
FIRST YEAR MONTHLY BASE RENT						\$6,250.00	

VALVOLINE
PHOTOS



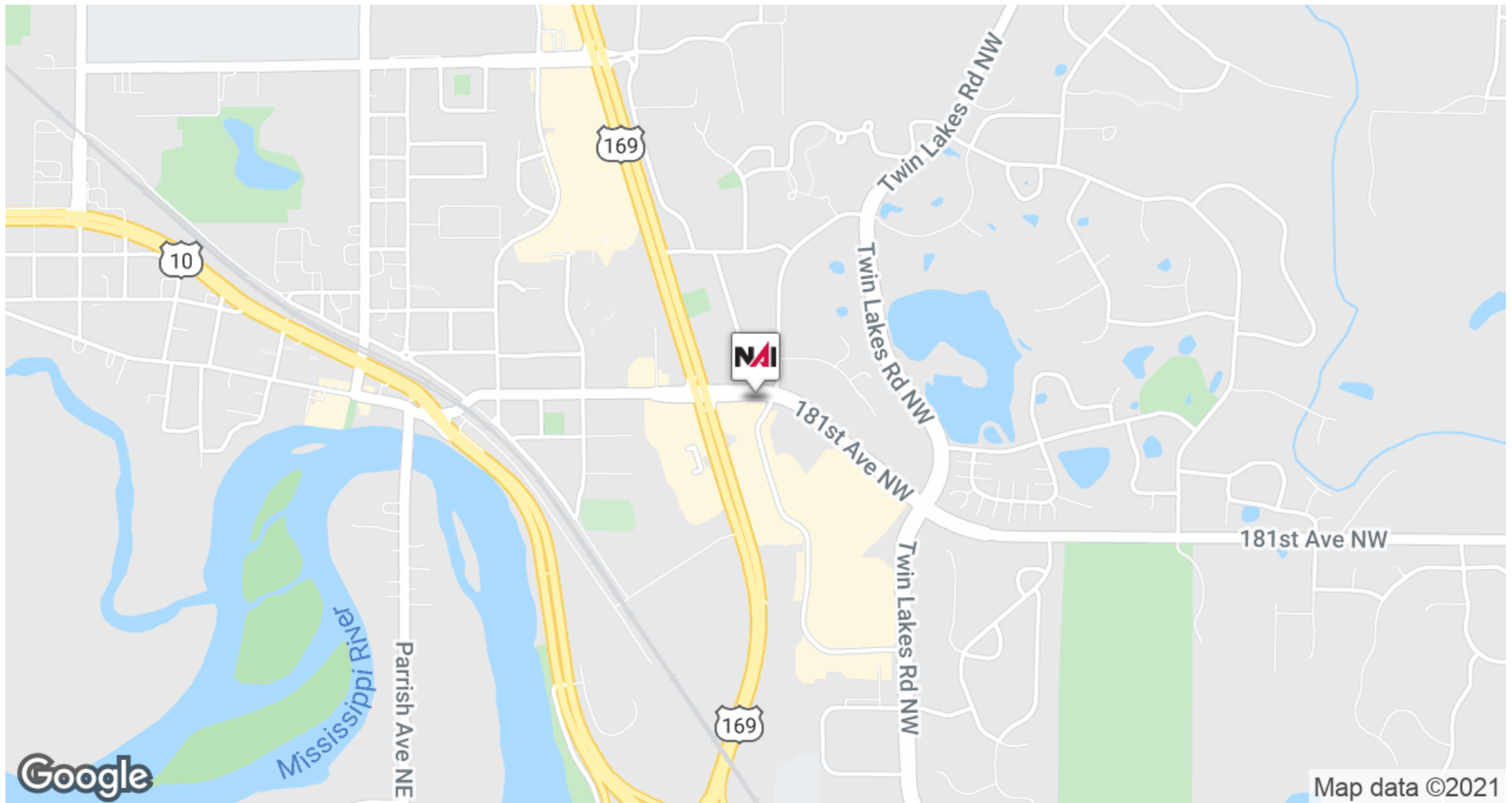
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SECTION 2

Location Information

LOCATION
MAP



RETAILER MAP



SECTION 3

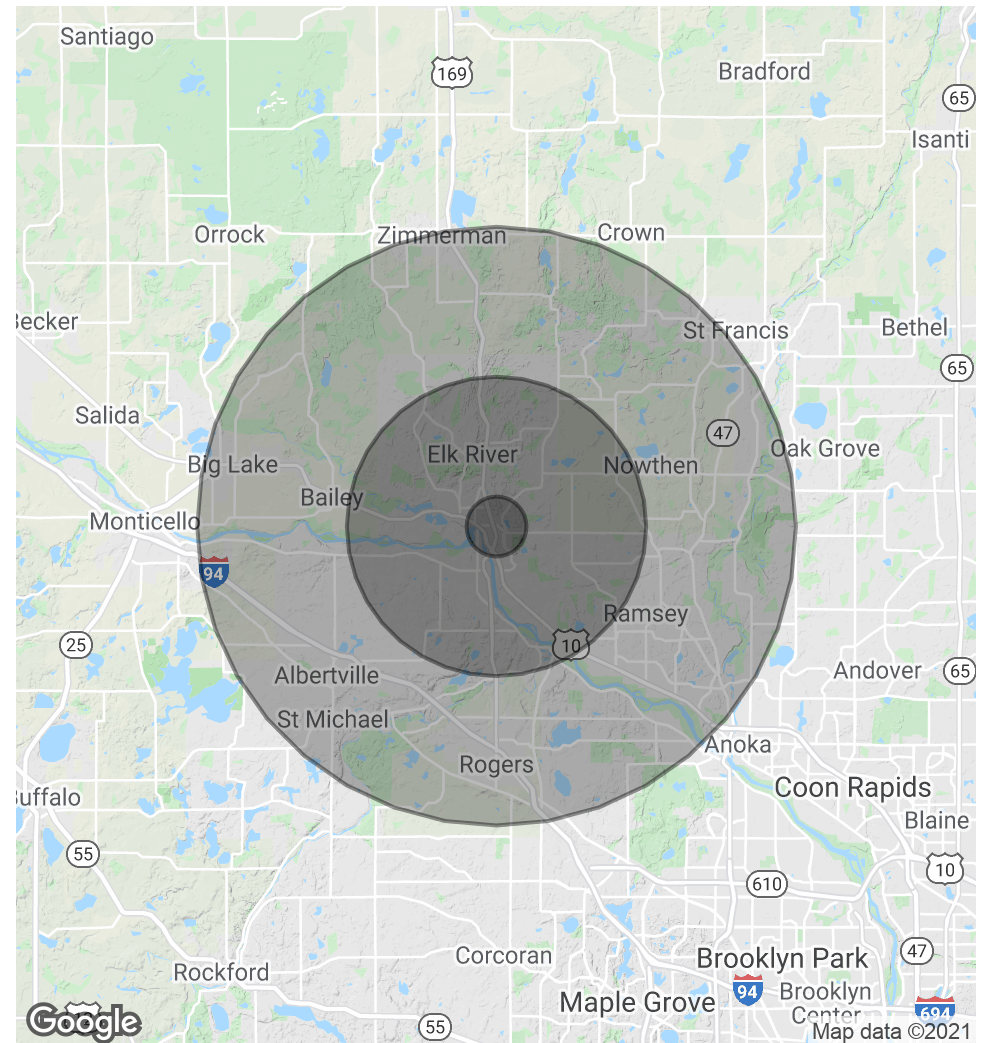
Demographics

DEMOGRAPHICS MAP & REPORT

POPULATION	1 MILE	5 MILES	10 MILES
Total Population	1,512	39,363	123,251
Average age	33.5	33.9	34.1
Average age (Male)	32.1	33.4	33.9
Average age (Female)	34.6	34.4	34.1

HOUSEHOLDS & INCOME	1 MILE	5 MILES	10 MILES
Total households	554	13,968	42,563
# of persons per HH	2.7	2.8	2.9
Average HH income	\$75,490	\$82,456	\$86,524
Average house value	\$236,700	\$259,554	\$261,621

* Demographic data derived from 2010 US Census



SECTION 4

Financial Analysis

DELAWARE STATUTORY TRUST FINANCIAL INFORMATION

HOLIDAY DST INFORMATION

Price	\$6,000,000
Price/SF	\$979.75
NOI	\$296,500
Cap Rate	4.94%
Average Cash-on-Cash	3.75%
*Average Effective Cash-on-Cash	7.96%
Loan to Value (LTV)	58.30%
*INCLUDES PRINCIPAL LOAN REDUCTION	

PORTFOLIO DST INFORMATION

Price	\$7,500,000
Price/SF	\$953.71
NOI	\$368,000
Cap Rate	4.86%
Average Cash-on-Cash	3.48%
*Average Effective Cash-on-Cash	7.49%
Loan to Value (LTV)	60.00%
*INCLUDES PRINCIPAL LOAN REDUCTION	

VALVOLINE DST INFORMATION

Price	\$1,500,000
Price/SF	\$862.07
NOI	\$71,500
Cap Rate	4.73%
Average Cash-on-Cash	2.21%
*Average Effective Cash-on-Cash	7.46%
Loan to Value (LTV)	66.00%
*INCLUDES PRINCIPAL LOAN REDUCTION	



LEVERAGE ASSUMPTIONS

PORTFOLIO DST INFORMATION

Loan to Value	55%
Total Loan Proceeds	\$4,490,000
Interest Rate	3.97%
Fixed or Floating	Fixed for 5 Years
Interest Only Period	Please See Below*
Amortization	25 Years
First Year Debt Service	\$283,840

HOLIDAY DST INFORMATION

Loan to Value	55%
Total Loan Proceeds	\$3,500,000
Interest Rate	3.99%
Fixed or Floating	Fixed for 5 Years
Interest Only Period*	1 Year
Loan Term	120 Months
Amortization	25 Years
First Year Debt Service	\$221,460

VALVOLINE DST INFORMATION

Loan to Value	55%
Total Loan Proceeds	\$990,000
Interest Rate	3.950%
Fixed or Floating	Fixed for 5 Years
Interest Only Period*	NA
Loan Term	60 Months
Amortization	25 Years
First Year Debt Service	\$62,380

DELAWARE STATUTORY TRUST

“The Delaware Statutory Trust (“DST”) is a legal structure that can be used to hold commercial real estate assets. The DST structure establishes a trust under Delaware law that holds 100% fee-simple of the underlying commercial real estate assets. Investors invest directly into the Trust, holding beneficial interests or “shares” of the Trust. The DST ownership structure allows for multiple investors to own beneficial interests and provides investors with flexibility and other benefits over traditional ownership.

NAI Legacy is a DST Sponsor, meaning our firm identifies an investment opportunity, performs all due diligence, arranges financing, and closes on the asset before making it available to accredited investors. As a Sponsor, we provide investors with quality “pre-packaged” investment opportunities.

BENEFITS

- Quality and Scale of Asset
- Passive Ownership of DST Investment
- Flexibility of Ownership
- Qualifies for 1031 Tax-Deferred Exchange
- Pre-Arranged and Non-Recourse Financing
- Professional Management
- Limited Personal Liability
- Lower Minimum Investment
- Flexible Estate Planning Tool
- Portfolio or Investment Diversification
- Defined Exit Strategy
- Sponsor Track Record

DST 1031 - EXCHANGE SOLUTION

IRS Revenue Ruling 2004-86 deemed DST interest to qualify as Real Property under the tax code, allowing a DST interest to be eligible for 1031 Tax-Deferred Exchanges. DSTs are a popular solution to 1031 exchanges due to several key benefits. The 1031 DST market in the US raised approximately \$3 Billion in equity in 2020.



Ease of Close

Since DSTs are “pre-packaged” investments, the lengthy and often complex process of closing a commercial real estate transaction is avoided through a DST. Since the Sponsor has already acquired the asset and arranged financing, investors can come into the DST in a matter of hours. Due to the time constraints of a 1031 exchange, DST are an attractive solution to efficiently invest in a quality offering.



Avoid Boot With 100% Deferral

The structure of a DST allows an investor to receive beneficial interests in the Trust based on their proration of their investment amount. The flexibility in allocating shares allows an investor to defer 100% of their 1031-exchange by directly allocating the necessary amount of “shares” to match their 1031 exchange.



Assumable Non-Recourse Debt

The DST already has debt in place on the offering. Since investors need to replace their debt from their relinquished property when executing a 1031 exchange, Investors can allocate the debt from the DST to match the relinquished debt requirement.

BONUS DEPRECIATION

The expansion of the Bonus Depreciation rules was one of the most significant taxpayer friendly surprises in the Tax Cuts and Jobs Act of 2017 (TCJA) under section 168(k) of the Internal Revenue Code. The Bonus Depreciation provision allows a tax-payer to immediately deduct a certain percentage of the cost of qualifying property in the year the property is acquired rather than capitalizing that cost and depreciating it over a period of years. The TCJA allows 100% of first-year bonus depreciation in Year 1 for qualifying assets placed in service between September 28, 2017 and December 31, 2022. The Bonus Depreciation percentage will begin to phase out in 2023, dropping 20% each year for four (4) years until it expires at the end of 2026, absent congressional action to extend the break.

PRIOR LAW

- Immediate tax deduction equal to 50% of the cost of the qualifying personal and real property.
- Expired for property placed in service after December 31, 2019.
- Only new property qualified for the deduction.

TCJA CHANGES TO LAW

- Immediate tax deduction equal to 100% of the cost of qualifying personal and real property.
- Effective for property acquired and placed in service after September 27, 2017; expires after December 31, 2026.
- New and used property qualifies for the deduction that is acquired and placed in service after September 27, 2017.

NAI Legacy intends to utilize these tax provisions offered under the Tax Cuts and Jobs Act of 2017. Additional information regarding the specific Bonus Depreciation impact for the Investment will be provided outside of the scope of this Offering Summary.

The 100% Bonus Depreciation deduction is a valuable tax-saving tool and allows property owners to take an immediate first-year deduction on the purchase of eligible property.

QUALIFIED PROPERTY

Under the proposed regulations, “qualified property” for Bonus Depreciation purposes is defined to include:

- Property depreciation under the Modified Accelerated Cost Recovery System that has a recovery period of twenty (20) years or less,
- Certain computer software,
- Water utility property,
- Qualified film, television and live theatrical productions, and specified plants.

ACQUIRED USED PROPERTY

The regulations provide that the acquisition of used property is eligible for Bonus Depreciation if the property wasn’t used by the taxpayer or a predecessor at any time prior to acquisition of the property. Property is treated as used by the taxpayer or a predecessor had a depreciable interest in the property at any time before the acquisition, regardless of whether the taxpayer or predecessor actually claimed depreciation. Used property also must satisfy certain related party and carryover basis requirements, as well as certain cost requirements.

AMOUNT OF DEDUCTION

According to the regulations, the amount of first-year depreciation deduction equals the applicable percentage of the property’s adjusted depreciable basis. The unadjusted depreciable basis generally is limited to the property’s basis attributable to manufacture, construction or production of the property before January 1, 2017.

SECTION 5

Advisor Bios

MEET THE THE TEAM



MICHAEL HOUGE
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MICHAEL HOUGE

CCIM, SIOR, MANAGING DIRECTOR

Michael Houge, CCIM, SIOR is the Managing Director of NAI Legacy, a member of the NAI Global network of over 7,000 professionals and 400 offices worldwide. NAI Legacy is coupling the latest technology with a traditional emphasis on customer service. Our team provides strategic guidance, administrative support and brokerage services for properties totaling nearly 2,500,000 square feet. With business lines including property management, traditional sales, and leasing services, and 1031 tax-deferred exchange solutions, the NAI Legacy team is adept at navigating all aspects of quality commercial real estate assignments.

Mr. Houge has over 30 years of experience in project leasing and investment sales. Michael is a specialist in the sale of net-leased investment properties, 1031 Tax Deferred Exchanges, and more recently, commercial real estate in the Bakken oilfield markets of Western North Dakota. Mr. Houge has completed over a billion dollars in investment property transactions. Michael has also leased well over a million square feet as a landlord and tenant representative and is a frequent contributor and author in various real estate trade publications and he speaks frequently on panels and in conferences on investment sales, capital markets, marketing, the net-lease industry, 1031 tax-deferred exchanges, and North Dakota real estate.

Specialties Include: • The Purchase or Sale of Net-Leased Properties • 1031 Tax-Deferred Exchanges • Commercial Real Estate Investments • Energy (Oil Field) Related Real Estate • Real Estate Technology • Office Properties • Retail and Industrial Real Estate • Land Sales • Financing • Property Sales and Acquisitions • Consulting for Real Estate Projects • Public Speaking and Presenting on Related Topics • Real Estate Marketing • Branding and Web-Based Initiatives • Investment Analysis

MEET THE THE TEAM



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GARRETT FARMER

SENIOR DIRECTOR

Garrett has 18 years of experience in the commercial real estate industry and has worked with both public and private organizations. Garrett has served roles in property acquisition/disposition, equity syndication, and business development as well as company growth. Garrett's primary emphasis has been on leadership and management as well as strategic planning and consulting / transaction services.

Throughout his career, Garrett has been involved in over \$900 million of commercial and residential property investment transactions accounting for over 4.5 million square feet of space, 300+ tenants and over 2,500 apartment units - including ground-up development/management of single-tenant retail, medical office, senior housing, and apartment projects.

Garrett's diverse background and experience provides clients with a significant benefit in evaluating select opportunities and determining appropriate ownership and investment strategies.

NAI Global is strategic & innovative.



We are an international real estate services organization with the institutional strength of one of the world's leading property investment companies.

Our experts are strategic and innovative, working collaboratively to realize maximum potential and generate creative solutions for our clients worldwide.

Our collaborative services platform provides an expansive, yet nimble and responsive structure enabling us to efficiently deliver superior results.



36
COUNTRIES



6,000
COMMERCIAL
REAL ESTATE
PROFESSIONALS



375+
OFFICES

COMPANY OVERVIEW

NAI Legacy is your Minneapolis | St. Paul full-service commercial real estate firm, with a combined 150 years and \$6 billion of brokerage, investment, and property management experience. We are headquartered in Minneapolis with a reach as far north as Duluth and south to Rochester; we serve our clients' needs in all geographical areas in between. Our affiliation with NAI Global connects us to our regional offices and beyond.

Our Team has an extensive background in structuring Tax Deferred Exchanges - including 1031 Exchanges, Property Contributions, Delaware Statutory Trusts (DSTs) and Net Leased Investments. Beyond traditional brokerage services, we are here to help manage your next tax efficient real estate investment. From buyer representation on the purchase of an investment or business use property, to planning the appropriate investment exit strategy, our professionals have the experience to guide you appropriately.



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