OFFERING MEMORANDUM

STARBUCKS – TUMWATER

340 CLEVELAND AVE SE | TUMWATER, WA

Kidder Mathews

Kidder Mathews

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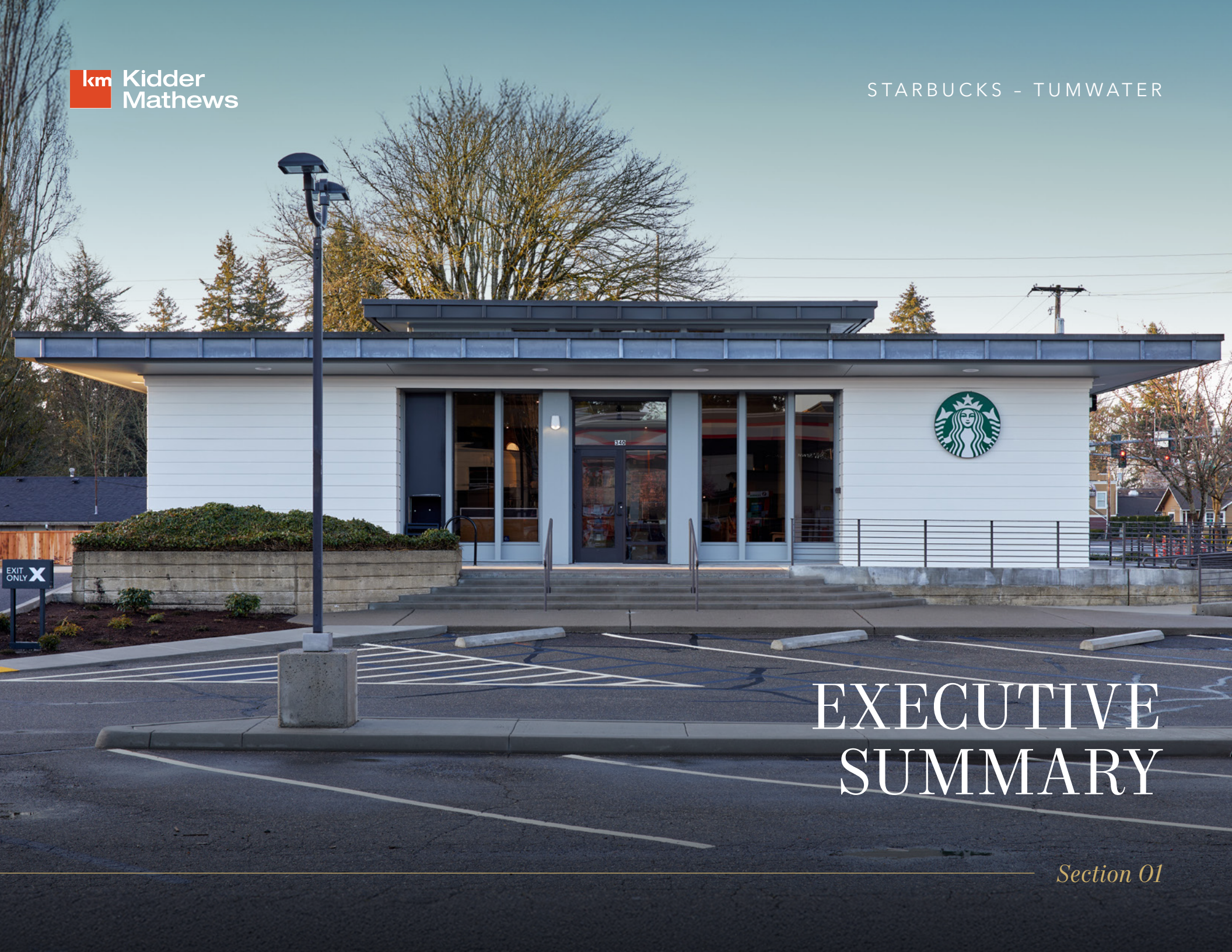
TABLE OF CONTENTS

01 INVESTMENT SUMMARY

02 PROPERTY OVERVIEW

03 FINANCIALS

04 LOCATION OVERVIEW



EXECUTIVE SUMMARY

Section 01

STARBUCKS
TUMWATER, WA

Kidder Mathews is pleased to present the opportunity to acquire a net leased Starbucks in Tumwater, WA. This opportunity features extremely strong real estate fundamentals with a drive-thru offering investors a passive investment backed by an investment-grade tenant. The property is offered as a leasehold interest subject to an existing ground lease.

ADDRESS	340 Cleveland Ave SE, Tumwater, WA 98501
PRICE	$1,789,100
CAP RATE	5.50%
LEASE TYPE	NNN
SALE TYPE	Leasehold Interest
LEASE TERM	4 Years, 9 Months
LAND AREA	0.89 acres
YEAR RENOVATED	2021

INVESTMENT HIGHLIGHTS

STRONG NATIONAL TENANCY

The Property is leased to Starbucks, an investment-grade tenant with an S&P credit rating of BBB+, offering security of a globally recognized brand with strong financial performance and a long history of successful operations

NEIGHBORING NATIONAL TENANT SYNERGY

Starbucks is shadow-anchored by Safeway that includes a Safeway Fuel station.

DRIVE-THRU-EQUIPPED LOCATION

The Tumwater Starbucks store features a drive-thru, a format that consistently generates higher average sales volumes and aligns with evolving consumer demand for convenience and speed of service.

HIGH-QUALITY CONSTRUCTION

Originally constructed as a bank branch, the building features high-quality construction designed for long-term durability. The 2021 conversion to a stand-alone Starbucks retained the property's infrastructure, with the approximately 3,000 SF basement dedicated to mechanical and electrical systems, and landlord storage and access. Total building square footage is 6,000 SF.

LEASEHOLD INTEREST OPPORTUNITY

The Property is offered as a leasehold interest subject to an existing ground lease, allowing investors to acquire the improvements and associated leasehold rights without fee simple land ownership.

TENANT OVERVIEW

Starbucks Corporation is the world's premier specialty coffee retailer, with more than 38,000 stores in over 80 markets worldwide.

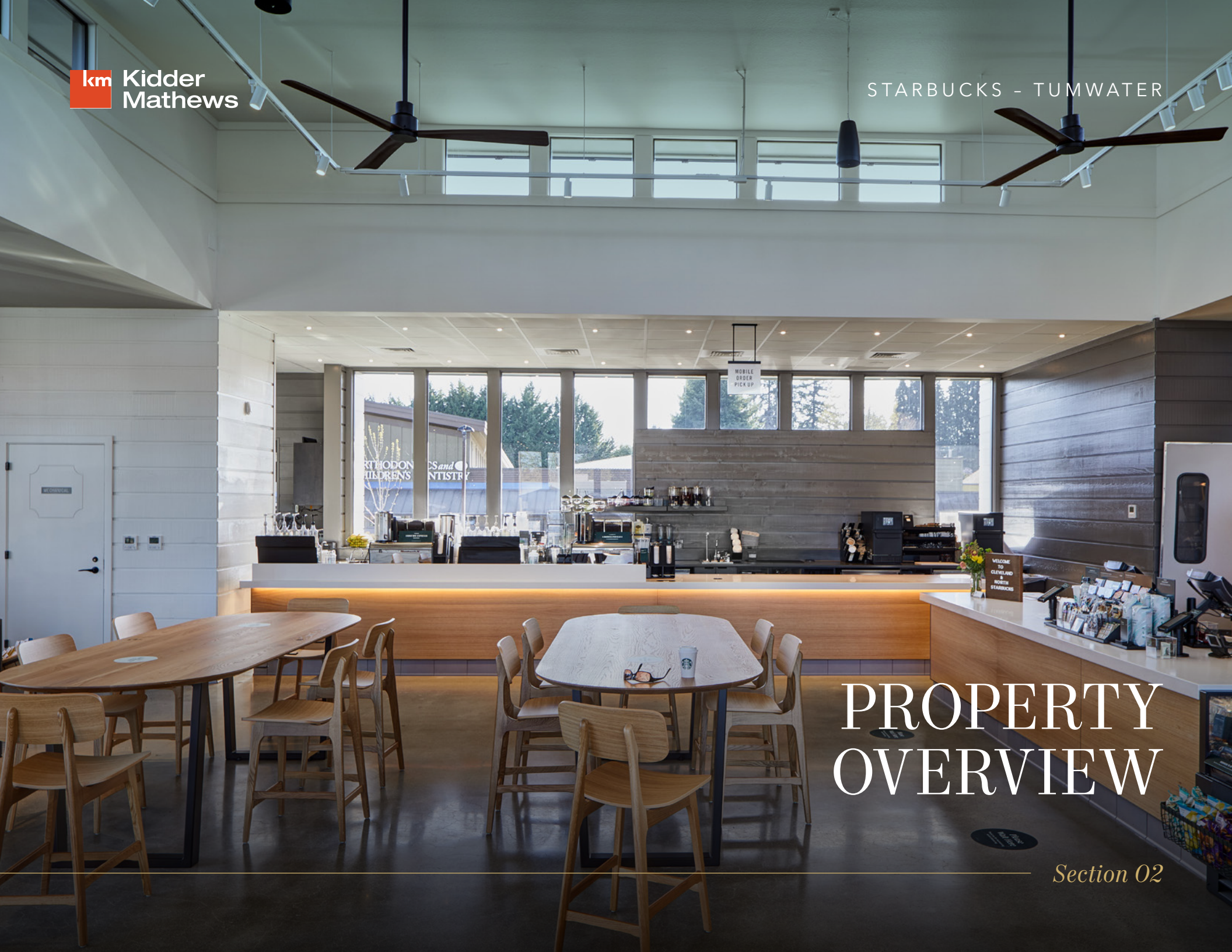
Since its founding in Seattle in 1971, Starbucks has grown into a global brand recognized for its premium coffee, customer experience, and strong commitment to quality. The company serves millions of customers daily through a mix of company-operated and licensed stores, offering a variety of beverages, food items, and consumer packaged goods.

As of 2025, Starbucks ranks among the most creditworthy tenants in the retail net lease sector, carrying an investment-grade credit rating of BBB+ (S&P). The company reported over $36 billion in annual revenue in fiscal year 2024, supported by consistent same-store sales growth and international expansion. Starbucks has proven resilient across economic cycles, supported by a loyal customer base and its ability to adapt to evolving consumer preferences, including the integration of mobile ordering, delivery, and loyalty programs that drive repeat business.

In the United States, Starbucks maintains a significant real estate footprint, often selecting high-traffic, visible locations in strong retail corridors, near universities, and along major transportation routes. Stores are typically backed by corporate-guaranteed leases with long initial terms and regular rental escalations, making Starbucks one of the most sought-after tenants in the single-tenant net lease market.

For investors, a Starbucks lease represents stability, long-term security, and dependable income backed by one of the most iconic and financially strong brands in the world. The company's continued expansion and ability to innovate ensure it remains a leader in the quick-service retail space, providing confidence for both near-term performance and long-term value.

NASDAQ	*SBUX*
FOUNDED	*1971 in Seattle, WA*
EMPLOYEES	*402,000*
LOCATIONS	*38,038*
INVESTMENT-GRADE CREDIT RATING	*BBB+ S&P*



PROPERTY OVERVIEW

Section 02

340 Cleveland Ave SE Tumwater, WA

PARCEL NO.	0925-00-52002
LOT AREA	38,768 SF (0.89 AC)
BUILDING AREA	6,000 SF
ZONING	General Commercial

TUMWATER CENTER NORTH
DRIVE THRU

CLEVELAND AVE SE

STARBUCKS
DRIVE THRU

FINANCIALS

Section 03

CASH FLOW SUMMARY

SCHEDULED REVENUE

	Annual
Scheduled Base Rent	$132,000
Rent Increases During Analysis Period	NNN
Operating Expense Reimbursement	NNN
Effective Gross Revenue (EGR)	**$132,000**

OPERATING EXPENSES

	Annual
Property Taxes	NNN
Insurance, Utilities, CAM	NNN
Ground Lease Rent	$33,600
Total Operating Expenses	$33,600
Net Operating Income*	**$98,400**

RENT ROLL

RENT SUMMARY						RENT DETAILS		
Tenant Name	Leased SF	% of NRA	Lease Start	Lease Expiration	Recovery Type	Current Monthly Base Rent	Current Annual PSF Base Rent	Renewal Options
STARBUCKS	3,000	100.0%	3/22/2021	3/31/2031	NNN	$11,000	$44.00	Four (4) consecutive 5-year extension options 10% rent increase in each option period
Totals	**3,000**	**100.0%**				**$11,000**	**$44.00**	

STARBUCKS LEASE ABSTRACT

LEASE DETAILS

TENANT NAME	Starbucks Corporation
ADDRESS	340 Cleveland Ave SE, Tumwater, WA
LEASE TYPE	NNN
LEASE COMMENCEMENT	March 22, 2021
LEASE EXPIRATION	March 31, 2031
RENEWAL OPTIONS	Four (4) consecutive five (5)-year periods; 10% rent increase in each option period

EXPENSES

Property Taxes

Tenant shall pay all real property taxes as additional rent.

Tenant's Insurance

Tenant, at Tenant's sole cost, shall obtain and keep in full force and effect the following insurance, which may be provided under blanket insurance policies covering other properties as well as the Premises and shall be maintained with an insurance company with an A.M. Best Company ("Best's") rating of at least A- and a Best's financial performance rating of at least VII.

- Liability Insurance. Bodily injury, personal injury, product liability and property damage insurance, including by blanket endorsement Landlord, as well as Landlord's managing agent, as additional insureds, against Tenant's liability arising out of Tenant's use or occupancy of the Premises, Drive-Thru, Outdoor Seating Area and Tenant's Property.
- Property Insurance. Commercial property form insurance with a special form endorsement providing coverage on a replacement cost basis for Tenant's trade fixtures, equipment and inventory in the Premises, Drive-Thru and Outdoor Seating Area.

Landlord's Insurance

Landlord shall obtain and keep in full force and effect, the following insurance ("Landlord's Insurance") from an insurance company with a Best's rating of at least A- and a Best's financial performance rating of at least VII. Upon Tenant's request, Landlord will provide Tenant with a copy of the certificate(s) evidencing such coverage and a premium bill for Landlord's Insurance.

- Liability Insurance. Bodily injury, personal injury and property damage insurance (to include contractual liability) insuring against claims of bodily injury or death, personal injury or property damage arising out of or in

STARBUCKS LEASE ABSTRACT *Continued*

connection with: (a) Landlord's and its agents', employees', or independent contractors' conduct upon, in or about the Premises, Drive-Thru, and Outdoor Seating Area, and (b) events occurring in the Common Areas, with an each occurrence limit of not less than One Million Dollars ($1,000,000) and a general aggregate limit of not less than Two Million Dollars ($2,000,000).

- Property Insurance. Special Form commercial property insurance insuring the Building and the Property (including all Landlord Work but excluding any property which Tenant is obligated to insure under Section 7.1.2), for the full replacement value, as such value may change from time to time.

Utilities

Tenant shall pay directly to the applicable utility provider the utility charges for all water, sewer, gas and electricity used by Tenant during the Term.

MAINTENANCE & REPAIR

Landlord's Obligations

Landlord shall maintain, repair and make replacements to the Building, the Outdoor Seating Area and the Property (including the Common Areas). Landlord shall, at its sole cost and expense but subject to Tenant's payment obligations, if any, pursuant to Article 12 below, make the repairs and replacements and perform such work that is necessary to maintain the Building in a condition comparable to other remodeled buildings in the Tumwater, Washington metropolitan area. Such repairs, replacements and maintenance shall include (without limitation): (a) 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 the Property and (b) the maintenance and repair of all parking areas, sidewalks, landscaping and drainage systems on the Property. Landlord shall not be required to maintain, repair or replace the interior surface of exterior walls, windows, doors or plate glass and store fronts (except where maintenance of the same is caused by Landlord's negligence or failure to perform its obligations under this Section) or any of the repairs, maintenance and replacement which Section 6.1 or another provision of this Lease delegates to the Tenant.

Tenant's Obligations

Tenant, at Tenant's expense, shall maintain, repair, and make replacements to the Premises, items installed by Tenant in the Drive-Thru, and Tenant's Property, including but not limited to the store front and all doors, plate glass, plumbing, HVAC, janitorial, fire alarm, fire safety systems, security systems, electrical and lighting facilities, and sanitation systems within the Building as needed to keep them in good order and repair. Tenant shall also be responsible for the janitorial day-to-day cleanup of the Outdoor Seating Area. At Tenant's request, Landlord shall transfer or assign to Tenant all warranties, express or implied, under any contract or subcontracts relating to any improvements or equipment Landlord built or installed within the Premises to serve the Premises exclusively, including, without limitation, the warranty for the HVAC system. Notwithstanding any provision to the contrary, Tenant's obligations under this Section shall not include making: (a) any repair or improvement necessitated by the negligence or willful misconduct of Landlord, its agents, employees or servants; (b) any repair or improvement caused by Landlord's failure to perform its obligations hereunder or under any other agreement between Landlord and Tenant; or (c) any structural or seismic repairs, improvements or alterations to the Premises, the Building, or the Property.

GROUND LEASE ABSTRACT

LEASE DETAILS

TENANT NAME	Berschauer Group 340 Cleveland LLC
PARCEL NO.	0925-00-52002
PARCEL SIZE	38,768 SF (0.89 acres)
LEASE TYPE	NNN
LEASE COMMENCEMENT	August 1, 2018
LEASE EXPIRATION	July 31, 2059
RENEWAL OPTIONS	Two (2) fifteen (15) options with no later than 180-day notice to Landlord

EXPENSES

Property Taxes

Tenant shall pay: (a) real property taxes assessed against the Premises and any buildings or fixtures located thereon; (b) tax on Tenant's personal property located on the Premises; and (c) all special taxes and assessments or license fees levied, assessed or imposed by law or ordinance, by reason of the use of the Premises for the specific purposes set forth in this Lease Agreement. Tenant shall not be required to pay any estate, gift, inheritance, succession, franchise, income, or excess profits taxes that may be payable by Landlord or Landlord's legal representative, successors, or assigns, nor shall Tenant be required to pay any tax that might become due on account of ownership of property other than that leased in this Lease Agreement which may become a lien on or collectable out of the property leased under this Lease Agreement.

Tenant's Insurance

Tenant shall, at its own expense procure and maintain in full force and effect, full property and casualty insurance on the improvements, and comprehensive general liability insurance with products and completed operation coverage and contractual coverage to insure any obligation under this Lease, in responsible companies licensed to do business in the state of Washington, which shall insure Tenant and its agents and employees against all claims for injuries or death to persons occurring in or about the leased premises in a combined single limit amount of not less than $1,000,000.00.

GROUND LEASE ABSTRACT *Continued*

MAINTENANCE & REPAIR

Tenant's Obligations

Premises shall at all times be kept and used in accordance with all applicable laws, ordinances and regulations, and with all directions, rules and regulations of the health officers, fire marshall, building inspectors, and other proper officials all at Tenant's sole cost and expense. This is a triple-net lease. Beginning on the Commencement Date, Tenant shall pay all property taxes, insurance and maintenance of the Premises. This obligation is over and above the Base Rent amount due, and shall be paid directly by Tenant.

Landlord's Obligations

None

MISCELLANEOUS

Assignment and Subletting

Tenant may sublet the Premises in whole or in part without Landlord's consent, but the making of any sublease shall not release Tenant from, or otherwise affect in any manner, any of Tenant's obligations under this Lease.

Tenant shall not assign or transfer this Lease, or any interest in this Lease, without the prior, express, and written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

Right of First Refusal

In the event Landlord is willing and able to sell the property, Tenant shall have a right of first refusal to purchase the Premises. At such time as Landlord obtains a bona fide offer to purchase the Premises which Landlord desires to accept, Landlord may accept said offer (hereafter the "Accepted Offer") subject to the Right of First Refusal contained in this Agreement. Within five (5) business days of accepting said offer, Landlord shall deliver to Tenant Notice of Landlord's intent to sell the Premise, which Notice shall include a fully executed copy of the Accepted Offer.

LOCATION OVERVIEW

Section 04

TUMWATER *WASHINGTON*

Located at the southern tip of the Puget Sound in Thurston County, Tumwater serves as the historic gateway to Washington's capitol region and benefits from its strategic position immediately south of Olympia.

Tumwater's economy is anchored by government, healthcare, education, and professional services, supported by its proximity to Washington state government offices and numerous regional employers throughout the Olympia metropolitan area. Major employers in the region include the State of Washington, Providence Health & Services, MultiCare Health System, and South Puget Sound Community College, providing a stable employment foundation and consistent consumer demand.

The city offers exceptional regional connectivity via Interstate 5, which provides direct access to Seattle approximately 60 miles to the north and Portland approximately 110 miles to the south. Tumwater also benefits from convenient access to U.S. Highway 101, linking the community to the Olympic Peninsula and surrounding markets. This strategic transportation network has made the area increasingly attractive to businesses seeking access to the broader Puget Sound region while maintaining lower operating costs than larger metropolitan markets.

Retail development in Tumwater continues to expand alongside population growth throughout Thurston County. The city serves as a key commercial hub for South Sound residents, drawing consumers from Olympia, Lacey, Tumwater, and surrounding communities. National retailers, restaurants, and service providers have established a strong presence throughout the market, supported by favorable demographics and a steadily growing customer base.

LOCATION OVERVIEW

DEMOGRAPHICS

POPULATION

	1 Mile	3 Miles	5 Miles
2020 CENSUS	8,672	69,232	139,291
2026 ESTIMATED	8,424	70,895	143,619
2031 PROJECTED	8,705	73,855	147,991
ADJ. DAYTIME POPULATION	5,689	75,225	124,021

MEDIAN AGE & GENDER

	1 Mile	3 Miles	5 Miles
MEDIAN AGE	39.2	39.0	39.4
FEMALE	51.1%	51.3%	51.0%
MALE	48.9%	48.7%	49.0%

HOUSEHOLDS & INCOME

	1 Mile	3 Miles	5 Miles
2026 EST. HOUSEHOLDS	3,788	32,515	62,353
2026 EST. MEDIAN INCOME	$100,997	$93,240	$95,438
2031 MEDIAN PROJECTED	$100,999	$93,112	$95,393
2026 EST. AVERAGE INCOME	$126,138	$117,382	$120,770
2031 AVERAGE PROJECTED	$126,398	$117,305	$120,777

Data Source: ©2026, Sites USA

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