

SHOPKO Hometown

Shopko Hometown

301 South Mantorville Avenue | Kasson, MN | 55944

Deborah K. Vannelli, CCIM | 612.376.4475 | deb@upland.com

Keith A. Sturm, CCIM | 612.376.4488 | keith@upland.com

Amanda C. Leathers | 612.436.0045 | amanda@upland.com

50 South 6th Street | Suite 1418

Minneapolis, MN | 55402

www.nnnsales.com

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Any projections, opinions, assumptions or estimates used in this Marketing Package are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial, legal and other advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal, financial and other advisors must request and carefully review all legal, financial and other documents related to the property and tenant. While past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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PRICE: \$4,580,645

CAP: 7.75%

NOI: \$355,000

- Remaining lease term is 12 years and 9 months.
- Lease is signed by Shopko Stores Operating Co., LLC which operates 363 stores in 24 states.
- \$3 billion retailer ranked on Forbes' list of America's Largest Private Companies.
- Shopko Stores Operating Co., LLC is an affiliate of Sun Capital Partners, Inc., a leading private investment firm.
- Traffic counts on South Mantorville Avenue are 11,600 vehicles daily, and over 17,000 on nearby Highway 14.
- Area properties include Hardware Hank, Napa Auto Parts, Burger King, Home Federal Savings Bank, Domino's Pizza, Subway, Daniel's Restaurant, Kwik Trip, Baymont Inn and Suites, Wells Fargo, Anytime Fitness, Erdmans Supermarket, Weber & Judd Pharmacy and many more.
- Average household income in 1-mile radius of \$73,726.

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INVESTMENT SUMMARY

| | |
|----------|-------------|
| PRICE | \$4,580,645 |
| CAP | 7.75% |
| NOI | \$355,000 |
| RENT/SF | \$9.81 |
| PRICE/SF | \$126.58 |

RENT ADJUSTMENTS

| | |
|--------------|-----------|
| YEARS 3-5: | \$355,000 |
| YEARS 6-10: | \$369,200 |
| YEARS 11-15: | \$383,968 |

PROPERTY INFORMATION

| | |
|---------------|--|
| ADDRESS | 301 South Manterville Avenue Kasson, MN 55944 |
| BUILDING SIZE | 36,187 SQ FT |
| LOT SIZE | 2.10 ACRES |
| COUNTY | Dodge |
| YEAR BUILT | 2014 |

LEASE INFORMATION

| | |
|--------------------|-------------------------------------|
| LEASE TYPE | NN |
| LEASE TERM | 15 YEARS |
| RENEWAL OPTIONS | Four 5-year with 4.00% increases |
| LEASE COMMENCEMENT | November 1, 2014 |
| LEASE EXPIRATION | October 31, 2029 |



LEASE NOTES:

This Shopko Hometown has a pharmacy.

Four 5-year renewal options as follows: Years 16-20: \$399,326.72, Years 21-25: \$415,299.79, Years 26-30: \$431,911.78, Years 31-35: \$449,188.25.

Throughout the Term, Tenant, at Tenant's sole expense, shall keep the roof joists, roof decking, roof membrane or covering, sidewalks and HVAC system serving the Premises in good condition and shall be responsible for any and all maintenance, repairs and /or replacements thereof, subject to a maximum of \$5,000 per calendar year incurred by Tenant for maintenance repairs and replacements to the HVAC systems. Tenant shall cause the HVAC system to be serviced not less than twice per calendar year.

Throughout the Term, Landlord, at Landlord's sole expense, shall keep the foundation and exterior wall and all structural components of the Building in good condition and shall be responsible for any and all maintenance, repairs and/or replacements thereof. Landlord shall obtain upon initial construction (and assign to Tenant) a 20 year warranty on the roof.

DEMOGRAPHIC INFORMATION

| | 1-MILE RADIUS | 10-MILE RADIUS | 15-MILE RADIUS |
|-------------------------------|---------------|----------------|----------------|
| 2016 POPULATION | 5,140 | 24,400 | 129,273 |
| 2021 POPULATION | 5,306 | 25,770 | 135,801 |
| 2016 MEDIAN HOUSEHOLD INCOME | \$66,633 | \$73,438 | \$68,462 |
| 2016 AVERAGE HOUSEHOLD INCOME | \$73,726 | \$89,623 | \$92,218 |

All demographic information is obtained from Site To Do Business, which compiles US Census Bureau data and Esri projections for 2016 and 2021.

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| | |
|-----------------------|----------------------------------|
| PROPERTY | Shopko Hometown |
| TENANT | Shopko Stores Operating Co., LLC |
| REVENUES | Private |
| NET WORTH | Private |
| S&P RATING | Not Rated |



Overview

Shopko Stores focuses on a select product range across US small and rural areas. Founded in 1962 and headquarter in Green Bay, Wisconsin, Shopko Stores Operating Co., LLC is a \$3 billion retailer that operates 363 stores in 24 states throughout the Central, Western and Pacific Northwest regions. The company's operations including about 131 Shopko, 5 Shopko Express Rx, 5 Shopko Pharmacy locations, and 220 Shopko Hometown stores. Shopko Stores Operating Co., LLC is an affiliate of Sun Capital Partners, Inc., a leading private investment firm focused on leverage buyouts, equity, debt, and other investments in market-leading companies that can benefit from its in-house operating professionals and experience.

Strategy

Pharmacies are big business for Shopko, which fills more than 12 million pharmacy prescriptions each year. In 2014 Shopko extended its reach in Nebraska with several new stores. In 2014 the company opened new 36,000- sq. ft. Shopko Hometown stores in Quincy, Washington; Mayville, Wisconsin; and Kasson, Minnesota.

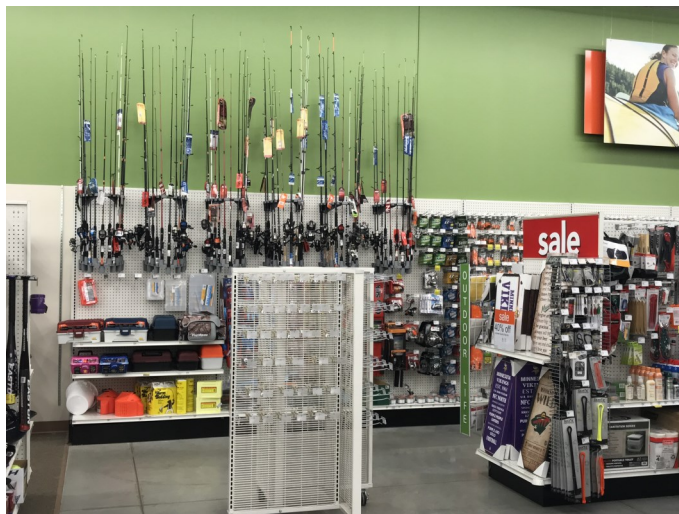
On the media front, in 2014 the company expanded Omnichannel by providing customers more access, including the ability to buy products on-line and ship them to the store for free. That same year, Shopko also launched TREND.spire, a fashion blog for its customers.

Operations

Shopko Hometown stores, which fill the intermediate ground between full-size Shopko stores and the smaller Shopko Express format, sell convenience foods, consumable goods, home products, apparel, and more. They may house pharmacies and some have optical centers. The company also operates five Shopko Express Rx drugstores, and five Shopko Pharmacy locations. It also sells goods online. Instead of offering a watered-down selection of many retail categories, it pushes popular, high-margin categories such as casual apparel, health and beauty aids, and housewares.



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STATE THEATRE

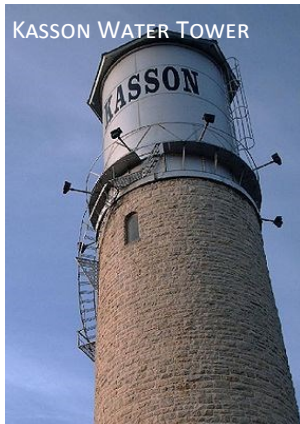


This Shopko Hometown property is located on South Mantorville Avenue in Kasson, Minnesota. Mantorville Avenue South is the main retail corridor between Highway 14 and downtown Kasson. Traffic counts here are 11,600 vehicles daily, and over 17,000 nearby on Highway 14. Area properties include Hardware Hank, Napa Auto Parts, Burger King, Home Federal Savings Bank, Domino's Pizza, Subway, Daniel's Restaurant, Kwik Trip, Baymont Inn and Suites, Wells Fargo, Anytime Fitness, Erdmans Supermarket, Weber & Judd Pharmacy and many more. This Shopko is located one mile south of the Dodge County Fairgrounds, Kasson-Montorville Elementary, Middle, and High Schools, Veterans Memorial Park, and Kasson City Swimming Pool.

Kasson is a city in Dodge County. The city is located 13 miles west of Rochester, Minnesota along U.S. Highway 14 and is one of the end points of Minnesota State Highway 57. The Dakota, Minnesota and Eastern Railroad's main freight rail line also runs through the city. Kasson shares a school system with nearby Mantorville, Minnesota (the "K-M Komets"). The K-M school system is a member of the Zumbro Education school district (ZED). Kasson is part of the Rochester Metropolitan Statistical Area. Kasson is known for its annual Festival in the Park celebration in August, a volunteer-organized weekend with events celebrating the town's heritage and bringing together members of the community. The festival began in 1991 and has continued to grow over the years, including traditional events like a parade, a fireworks display, and the "Miss Kasson" ceremony, which was recently changed to "Kasson Ambassador," allowing men to take part. More recent events include a bellyflop contest, an eating contest, and a musical showcase. The Festival in the Park takes place the second weekend in August every year at the North Park.

Rochester is the largest city located outside of the Twin Cities MSA, with almost 108,000 residents. As of 2015, the Rochester MSA has a population exceeding 200,000. Rochester is best known for being the home of the Mayo Clinic, which is the core of Rochester's economy, directly employing over 33,000 people in the city, and drawing over 2 million visitors annually. U.S. News & World Report selected the Mayo Clinic as the Best Hospital in the nation for 2106-2017. Mayo Clinic, Saint Mary's Hospital and Rochester Methodist Hospital form the first and largest integrated medical center in the world, providing comprehensive diagnosis and treatment in virtually all medical and surgical specialties. The clinic's many facilities, along with hotels, restaurants and retail stores, comprise nearly the entire downtown of the city, which has over 225,000 sq-ft of event space connected to 2,200 hotel rooms. With Mayo Clinic at its heart, Destination Medical Center (DMC) is a 20-year economic development initiative to position Rochester, Minnesota as the world's premier destination for health and wellness; attracting people, investment opportunities, and jobs to America's City for Health and supporting the economic growth of Minnesota, its bioscience sector, and beyond. IBM's Rochester campus is one of the company's most important manufacturing centers and employs over 2,000 people. The economy of Rochester is also influenced by the agricultural nature of the region. Seneca Foods, Kemps, and Kerry Flavour and Ingredients (subsidiary of KerryGroup) are all active in the area. The city has consistently ranked in Money magazine's "Best Places to Live". In addition to a booming business sector, Rochester also maintains many parks and recreational facilities. Rochester's park system includes more than 100 sites covering 5 square miles. The city also maintains 85 miles of paved trails.

KASSON WATER TOWER



KASSON SCHOOL DISTRICT



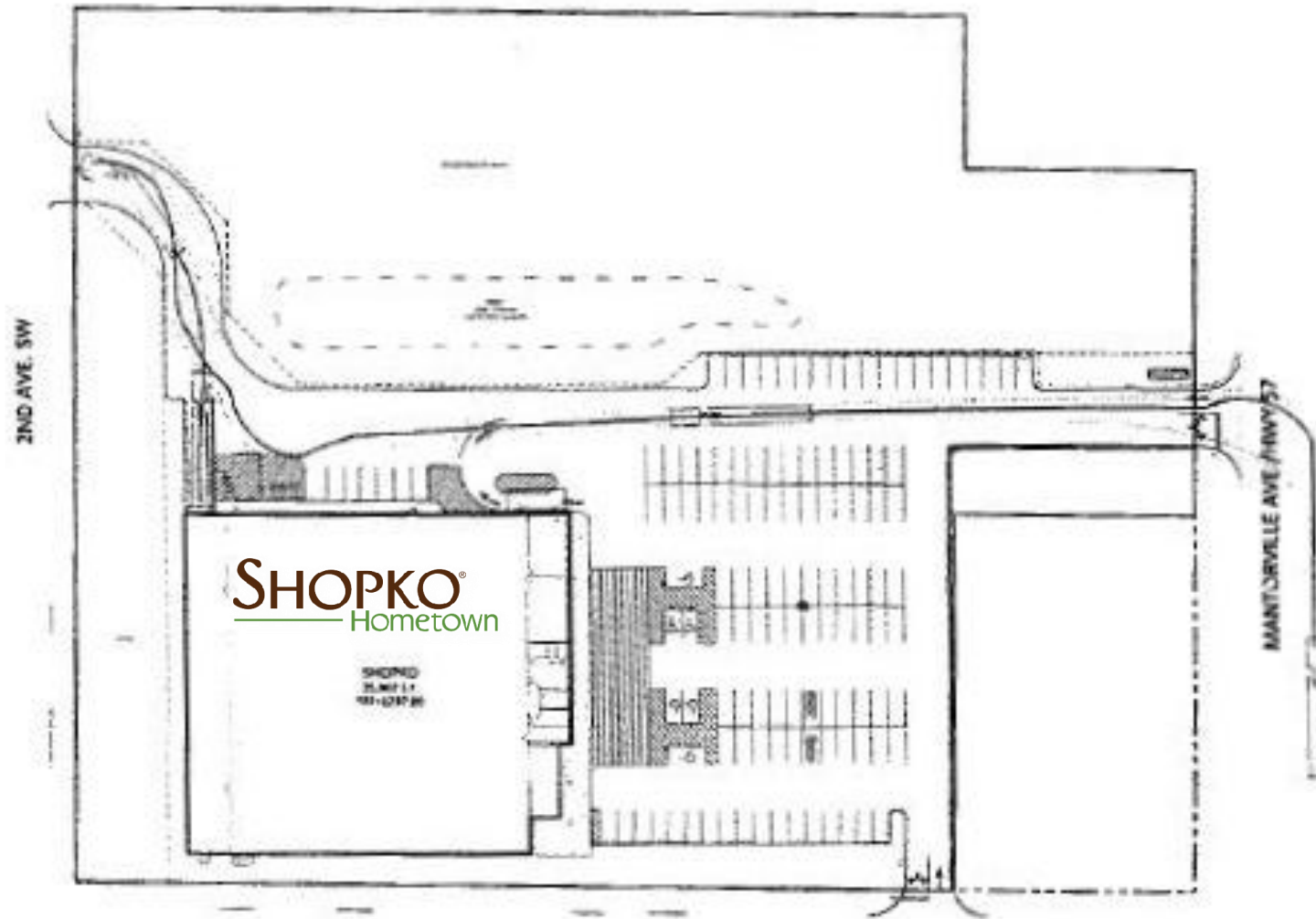
KASSON



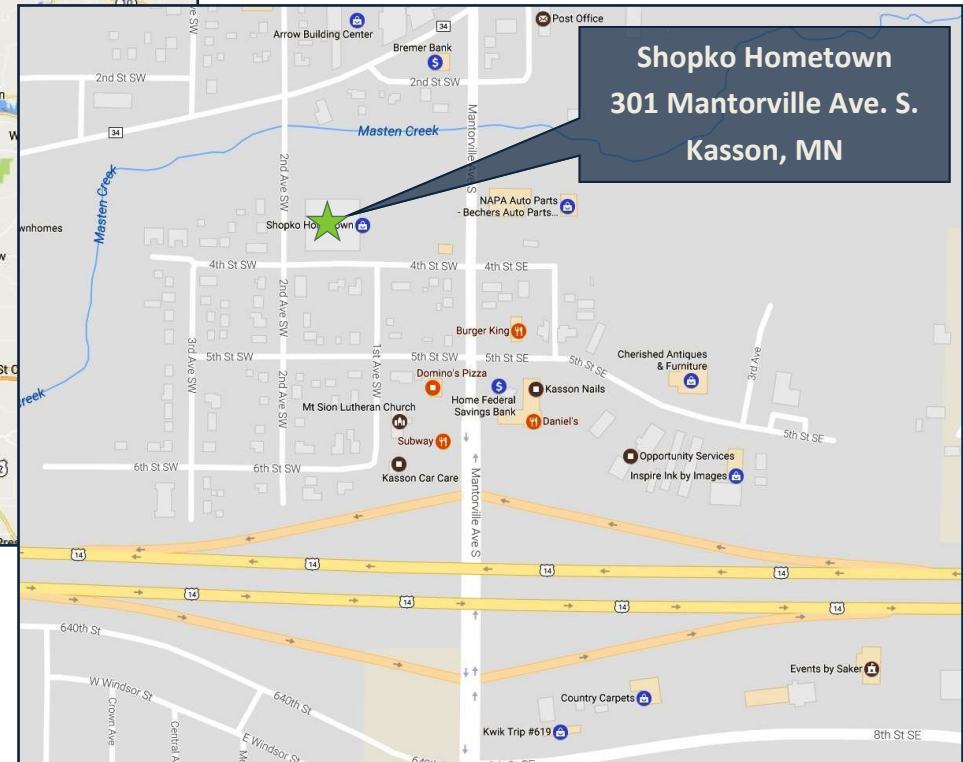
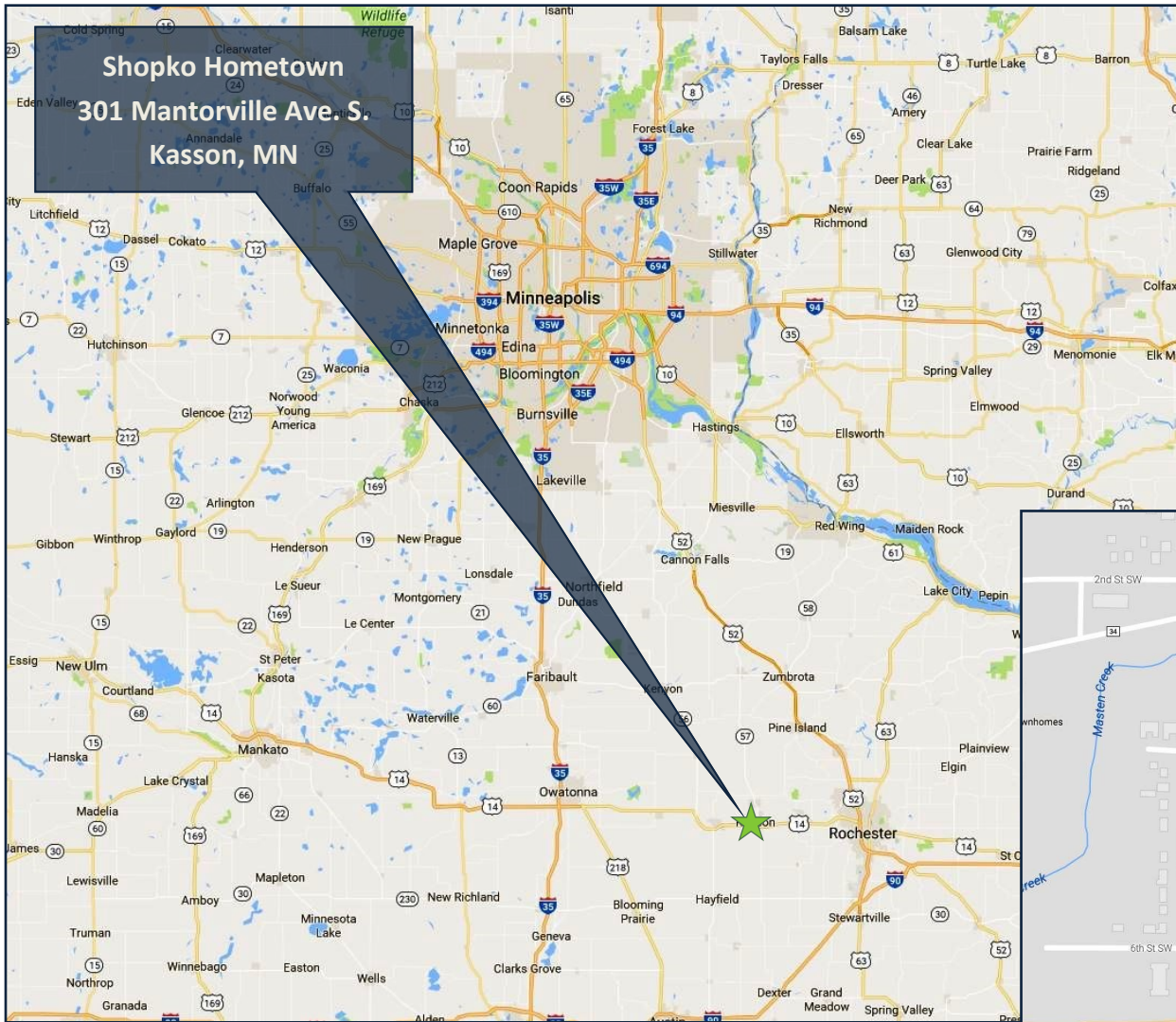
KASSON AQUATIC CENTER



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2016 Fortune 500 Rankings

| State Rank | Company | Fortune 500 Rank | City | Revenues (\$ Billions) | Net Worth (\$ Billions) | 2015 Rank |
|------------|----------------------------------|------------------|---------------------|------------------------|-------------------------|-----------|
| 1 | UnitedHealth Group | 6 | Minnetonka | \$157.1 | \$33.830 | 14 |
| 2 | Target Corporation | 38 | Minneapolis | \$73.8 | \$12.957 | 36 |
| 3 | Best Buy Co., Inc. | 71 | Richfield | \$39.7 | \$4.387 | 72 |
| 4 | CHS, Inc. | 84 | Inver Grove Heights | \$34.6 | \$7.657 | 69 |
| 5 | 3M Company | 93 | St. Paul | \$30.3 | \$11.708 | 98 |
| 6 | U.S. Bancorp | 131 | Minneapolis | \$21.5 | \$46.131 | 138 |
| 7 | Supervalu, Inc. | 160 | Eden Prairie | \$17.8 | -\$441.00 | 164 |
| 8 | General Mills, Inc. | 161 | Minneapolis | \$17.6 | \$4.930 | 171 |
| 9 | Ecolab, Inc. | 206 | St. Paul | \$13.5 | \$6.909 | 213 |
| 10 | C.H. Robinson Worldwide, Inc. | 208 | Eden Prairie | \$13.5 | \$1.150 | 225 |
| 11 | Land O'Lakes, Inc. | 215 | Arden Hills | \$13.2 | N/A | 203 |
| 12 | Ameriprise Financial, Inc. | 232 | Minneapolis | \$12.2 | \$7.217 | 247 |
| 13 | Xcel Energy, Inc. | 257 | Minneapolis | \$11.0 | \$10.600 | 255 |
| 14 | Hormel Foods Corporation | 304 | Austin | \$9.3 | \$3.988 | 310 |
| 15 | The Mosaic Company | 316 | Plymouth | \$8.9 | \$9.531 | 320 |
| 16 | Thrivent Financial for Lutherans | 318 | Minneapolis | \$8.8 | N/A | 333 |
| 17 | St. Jude Medical, Inc. | 465 | St. Paul | \$5.5 | \$4.042 | 466 |

Source: Fortune 500 (2016) from *FORTUNE Magazine*. Retrieved from: <http://beta.fortune.com/fortune500/list/> [December 2016].

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THE UPLAND ADVANTAGE

Upland Real Estate Group, Inc., which was founded in 1995, is a Minneapolis based commercial real estate, brokerage, and investment company, which focuses on passive real investments, 1031 solutions, real estate portfolio diversification, and wealth preservation. Upland offers "big business service" with the attentiveness you expect from a boutique shop.

Our ability to swiftly match buyers with sellers is one of the many reasons Upland Real Estate Group, Inc. is the nation's primary resource for the purchase or sale of net leased, credit investment properties. Many investors and 1031 tax deferred exchange buyers have benefited from the experience and expertise of our team of net leased investment sales specialists.

BENEFITS OF WORKING WITH UPLAND

- Nationally recognized CCIM accredited sales team
- Comprehensive and searchable online database
- Excellent reputations and credibility
- Online Letter of Intent forms
- Access to confidential off-market properties
- Extensive referral network
- Prompt follow-up and attention to detail

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PROVEN SUCCESS RECORD

- Completed in excess of 700 net leased sales transactions totaling over \$1.85 billion
- Combined sales experience of over 60 years
- Specialized in NNN investment market for more than 20 years

Upland's 1031 investment specialists have successfully completed net lease sales transactions with tenants including, but not limited to:

| | | |
|-----------------------|----------------------------|---------------------|
| 7-Eleven | Dollar General | O'Reilly Auto Parts |
| Advance Auto | Family Dollar | Petco |
| Applebee's | Gander Mountain | Sherwin Williams |
| Arby's | Goodwill | Starbucks |
| BJ's Wholesale | Jack in the Box | Taco Bell |
| Bridgestone/Firestone | Jiffy Lube | Tires Plus |
| Buffalo Wild Wings | KinderCare Learning Center | Tractor Supply |
| Burger King | Kohl's | Trader Joe's |
| Camping World | McDonald's | Valvoline |
| CVS Pharmacy | National Tire & Battery | Walgreens |



L to R: Ebony Pruitt; Amanda Leathers; Keith Sturm, CCIM; Deb Vannelli, CCIM; Kelly Rasmussen