KinderCare

New 10-Year Lease Extension | Absolute Net Lease | $136,000+ AHHI in a 5-Mile Radius

OFFERING MEMORANDUM

COTTAGE GROVE, MINNESOTA (MINNEAPOLIS MSA)

Marcus & Millichap
THE SULO GROUP

CONFIDENTIALITY & DISCLAIMER

Exclusively Listed by:

Dominic Sulo
Senior Managing Director
CHICAGO OAKBROOK
Tel: (630) 570-2171
DSulo@marcusmillichap.com
License: IL 475.134920

Sam Malato
Director Investments
CHICAGO OAKBROOK
Tel: (630) 570-2263
SMalato@marcusmillichap.com
License: IL 475.179469

Patrick Dluzniewski
Associate Investments
CHICAGO OAKBROOK
Tel: (630) 570-2213
PDluzniewski@marcusmillichap.com
License: IL 475.194110

Co-Listed With:

Mitchell Kiven
Managing Director
CHICAGO DOWNTOWN
Tel: (312) 624-7006
Mitchell.Kiven@marcusmillichap.com
License: IL 475.164486

Broker of Record:
Jon Ruzicka
Minneapolis, MN
License: 40583288

Marcus & Millichap

Oakbrook, IL
1 Mid America Plaza #200
Oakbrook Terrace, IL 60181
P: +1 630-570-2200

Information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE
Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

SPECIAL COVID-19 NOTICE
All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)

MARCUS & MILLICHAP HEREBY ADVISES ALL PROSPECTIVE PURCHASERS OF SINGLE TENANT NET LEASED PROPERTY AS FOLLOWS:
The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a single tenant property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a single tenant property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.
Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any single tenant 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 and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's 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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this single tenant property.

OFFERING SUMMARY

PROPERTY ADDRESS

KinderCare
8453 E Point Douglas Road
Cottage Grove, MN 55016

OFFERING SUMMARY	
Price:	$1,257,000
Cap Rate:	6.50%
Net Operating Income:	$81,699
Building Square Footage:	6,200 Sq Ft
Year Built:	1991
Lot Size:	+/- 0.80 Acres

LEASE SUMMARY	
Tenant:	KinderCare Learning Centers, LLC
Guaranty:	Corporate
Lease Commencement:	9/1/1991
Rent Commencement:	9/1/2026
Lease Expiration:	8/31/2036
Lease Term Remaining:	10+ Years
Lease Type:	Absolute Net
Roof and Structure:	Tenant Responsible
Rental Increases:	See Rent Roll
Renewal Options:	One, Five-Year
Right of First Refusal:	None

OPERATING DATA

Year	Start Date	End Date	Annual Rent	Cap Rate
1-5	9/1/2026	8/31/2031	$81,699	6.50%
6-10	9/1/2031	8/31/2036	$86,569	6.89%
11-15 **(Option 1)**	9/1/2036	8/31/2041	$91,763	7.30%

INVESTMENT HIGHLIGHTS

- **Corporate Guaranty (NYSE: KLC) from the #1 Corporate Operator in the Country**
  - KinderCare is the largest provider of high-quality early childhood education in the US by center capacity with the ability to serve over 200,000 children across its more than 2,400 centers and sites.
  - KinderCare currently operates in over 40 states across the United States.
- **10+ Years Remaining at a Proven 35-Year Location with Below Market Rents**
  - KinderCare has over 10 years of remaining lease term with an additional five-year renewal option.
  - KinderCare has occupied the property since its original construction in 1991 and has demonstrated a long-term commitment to the location through multiple lease renewals. The tenant's ongoing commitment is further demonstrated by their recent capital expenditures, including the replacement of the asphalt parking lot in 2022.
  - Extremely low in-place rent of just $13.17 PSF provides strong economic incentives for long-term tenant retention and future lease renewal.
  - The property is leased on an absolute net basis, providing a truly passive ownership opportunity.
- **Prime Position Within Cottage Grove's Dominant Retail Corridor**
  - Strategically located in the heart of Cottage Grove's primary commercial district, the property benefits from excellent visibility, convenient access, and traffic counts exceeding 14,900 vehicles per day.
  - The property is surrounded by a critical mass of national retailers and daily-need shopping destinations that generate consistent consumer activity and reinforce the location's long-term viability for childcare operations.
  - Cottage Grove is a densely populated and affluent suburban trade area with a 5 mile AHHI of $136,000+, aligning closely with KinderCare's target customer profile and providing a strong foundation for continued enrollment demand.
- **Minneapolis - St.Paul, MN MSA - One of the Largest and Most Stable Metropolitan Economies in the Midwest in the Midwest**
  - The Minneapolis–St. Paul MSA is home to approximately 3.8 million residents and the region continues to attract residents due to its strong employment base, high quality of life, and diverse economy.
  - The Twin Cities is home to numerous Fortune 500 headquarters and leading healthcare systems, supporting a large concentration of dual-income households that drive sustained demand for childcare services.

WHY BUY A DAYCARE CENTER?

High Growth Business - The U.S. child care market is expected to grow at a compound annual growth rate of 4.18% from 2023 to 2030 and is expected to reach USD 83.6 billion by 2030. The key factors driving the U.S. child care market growth include increasing government funding for childcare, rising demand for daycare centers; and an increase in the number of women employment.

Recession, E-Commerce & AI Resistant - Early education is considered a recession-resistant asset class, as working parents continue to rely on childcare regardless of economic cycles. Unlike traditional retail properties vulnerable to e-commerce disruption or automation, daycare centers provide an essential service that remains dependent on physical locations, human oversight, and personal interaction.

Sticky Tenant Business Model - Childcare operators benefit from strong customer retention, as parents rarely switch schools after enrollment. Families often enroll multiple children within the same center and become a valuable source of referrals, supporting occupancy and long-term operating performance.

Strong Re-Tenanting Potential - Early education properties are easy to re-tenant, benefiting from consistent demand among national, regional, and local childcare operators. In addition, the flexible building layouts and ample parking can appeal to a variety of medical, educational, and service-oriented users, supporting long-term residual real estate value.

Institutionally Endorsed Investment Sector - Institutional capital has increasingly targeted the early education sector, investing in both childcare operating platforms and the real estate they occupy. This level of participation underscores investor confidence in the industry's long-term fundamentals and defensive characteristics driven by it essential-service nature, resilient demand profile, and favorable net lease characteristics.

SITE PLAN

AERIAL OVERVIEW

AERIAL OVERVIEW

TENANT PROFILE

Founded in 1969, KinderCare Learning Companies (NYSE: KLC) is the nation's largest private provider of early childhood education and care by center capacity. Through its family of brands, including KinderCare® Learning Centers, Champions®, and Crème de la Crème®, the company serves families across neighborhood-based centers, employer-sponsored child care facilities, and before and after school programs. KinderCare operates more than 2,400 centers and sites nationwide and maintains a presence in over 40 states and Washington, D.C.

KinderCare's national platform, established brand recognition, and extensive operating infrastructure have positioned the company as a leader within the highly fragmented early education industry. In 2024, KinderCare completed its initial public offering, further enhancing its access to capital and reinforcing its long-term growth strategy. With more than five decades of operating experience, a broad geographic footprint, and a proven track record of serving communities throughout the country, KinderCare remains one of the most established and recognizable names in the early childhood education sector.

Company Type:	Public
Location:	Lake Oswego, Oregon (2,400+ Locations)
Website:	https://www.kindercare.com/

$2.73B
2025 Total Revenue

NYSE: KLC
Publicly Traded Company

2,400+
Locations Globally

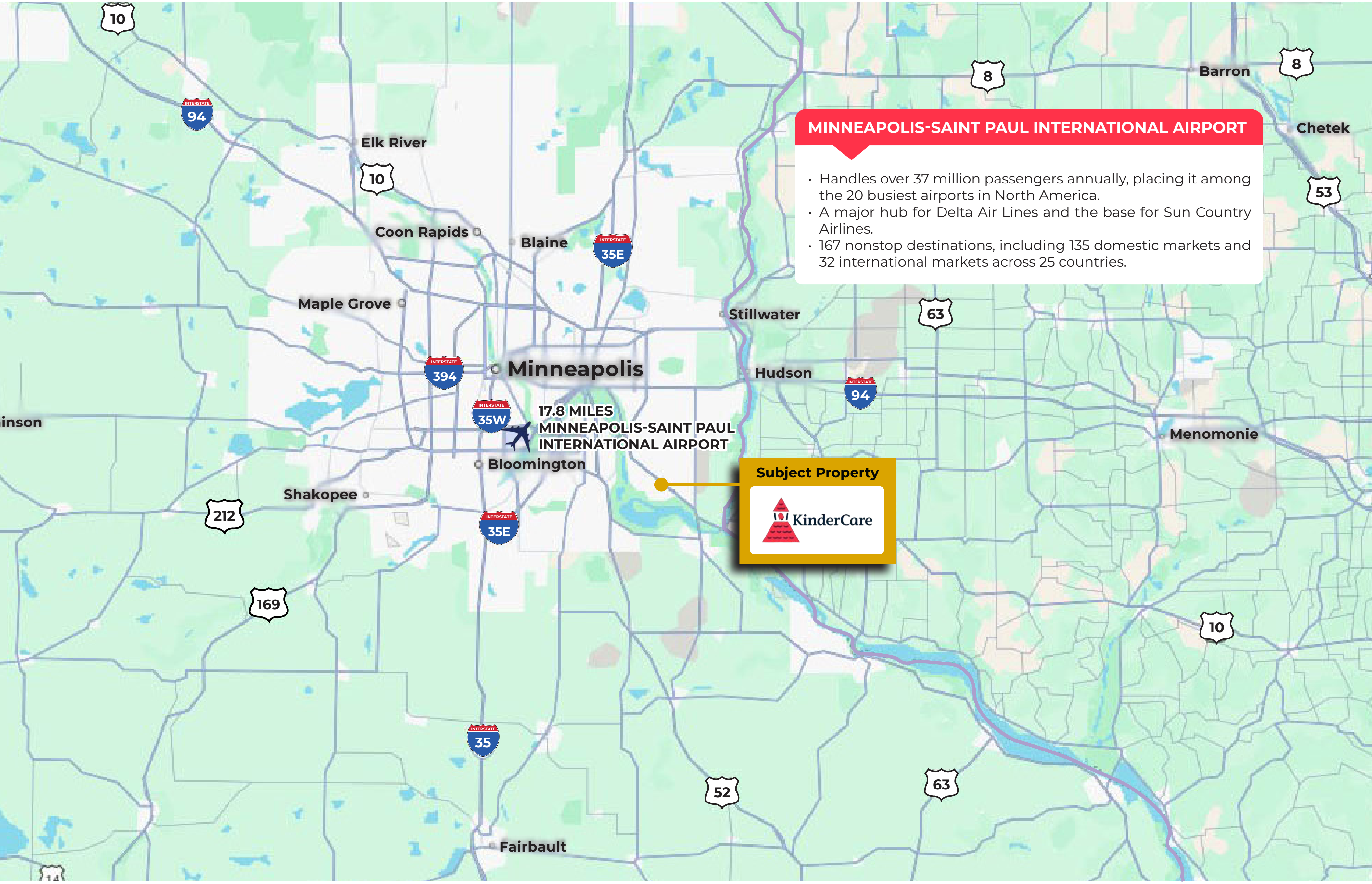
2025 | TOP 20 CORPORATE CHILD CARE COMPANIES

	ORGANIZATION	HEADQUARTERS	CAPACITY (EST.)	# OF CENTERS (EST.)
1	**KinderCare Learning Centers**	**Oregon**	**200,000**	**2,400**
2	Learning Care Group	Michigan	167,000	1,103
3	Bright Horizons	Massachusetts	115,000	1,028
4	Cadence Education	Arizona	53,400	326
5	Child Development Schools	Texas	46,916*	272*
6	Spring Education Group	California	39,488**	182**
7	Busy Bees North America	Canada	32,784	223
8	Premier Early Education	Illinois	25,000	160
9	Endeavor Schools	Florida	22,000	110
10	The Sunshine House	South Carolina	21,000	140
11	Kids and Company, Ltd.	Canada	14,612	159
12	New Horizon Academy	Minnesota	15,673	103
13	Big Blue Marble Academy	Alabama	15,149	83
14	O2B Kids	Florida	14,078	75
15	Early Learning Academies	Virginia	13,294	77
16	Otter Learning	South Carolina	10,500	76
17	The Nest Schools	Florida	9,300	54
18	The Gardner School	Tennessee	7,600	39
19	LLE Educational Group	Virginia	7,000	47
20	Never Grow Up, Inc.	Tennessee	6,613	46

Based on data supplied by the organizations. Data on capacity is total licensed capacity as of January 1, 2025
*Data from January 2024 report. **Data from January 2023 report.

PROPERTY PHOTOS

REGIONAL MAP



AREA OVERVIEW

COTTAGE GROVE

- A growing, family-friendly suburb in Washington County, located about 11 miles south of St. Paul along the Mississippi River.
- Cottage Grove continues to experience significant residential and industrial growth, with multiple new housing communities, multifamily projects, and logistics/business park developments advancing throughout the market.
- Notable projects include the 575-lot Ravara Trails development, the 177-lot Talcott Glenn community, the 164-unit Hadley Ridge apartments, the 144-unit Ellwyn multifamily project, and the large-scale Cottage Grove Logistics Park along 100th Street South.
- This continued investment is further supported by public infrastructure improvements, including the 100th Street extension and new industrial park water tower, reinforcing Cottage Grove's long-term growth trajectory and expanding base of families, employees, and daily traffic generators.

UNIVERSITY OF WISCONSIN – RIVER FALLS

MINNEAPOLIS

- The Minneapolis-St. Paul metro consists of 16 counties in the southeastern portion of central Minnesota. The metro has a population of more than 3.8 million people and covers 6,364 square miles.
- Nearly 1,000 of Minnesota's 10,000 lakes are located within the metro, along with the Mississippi, Minnesota and St. Croix rivers.
- The growing urban region is home to six professional sports teams: the Minnesota Vikings, the Minnesota Twins, the Minnesota Timberwolves, the Minnesota Lynx, the Minnesota Wild and the Minnesota United.
- College sports are enjoyed at the University of Minnesota — Twin Cities and St. Thomas campuses.
- The metropolitan area is noted for its vast array of cultural amenities that contribute to a high quality of life, including orchestras, art museums and gardens.
- Strong arts education is supported by the Minneapolis College of Art and Design, the Children's Theatre Company, MacPhail Center for Music and the Perpich Center for Arts Education.

COTTAGE GROVE RAVINE REGIONAL PARK

ECONOMY

- The metro's diverse economic base includes 14 Fortune 500 companies, such as Target Corp., Land O'Lakes, Best Buy, 3M Company, U.S. Bancorp and General Mills.
- Medical institutions, including the University of Minnesota and the nearby Mayo Clinic in Rochester, underpin a growing biomedical research and development sector.
- Minneapolis, with its strong financial base, houses the Ninth Federal Reserve District overseeing Montana, North and South Dakota, Minnesota, and parts of Wisconsin and Michigan.

MINNESOTA ZOO

DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2010 Population	6,492	35,115	49,898
2020 Population	6,566	38,808	59,825
2024 Population	6,642	41,705	66,869
2029 Population	6,869	44,108	71,475
HOUSEHOLDS			
2010 Households	2,244	12,037	17,474
2020 Households	2,298	13,325	20,584
2024 Households	2,482	15,142	23,952
2029 Households	2,577	16,093	25,714
OWNER OCCUPIED HOUSING UNITS			
2010 Owner Occupied Housing Units	84.1%	85.5%	83.8%
2020 Owner Occupied Housing Units	83.0%	83.9%	82.1%
2024 Owner Occupied Housing Units	83.8%	83.8%	81.9%
2029 Owner Occupied Housing Units	83.9%	83.7%	81.8%
RENTER OCCUPIED HOUSING UNITS			
2010 Renter Occupied Housing Units	13.0%	11.3%	12.4%
2020 Renter Occupied Housing Units	15.6%	13.5%	14.6%
2024 Renter Occupied Housing Units	14.8%	13.5%	14.5%
2029 Renter Occupied Housing Units	14.7%	13.6%	14.5%
AVERAGE HOUSEHOLD INCOME	**$128,134**	**$134,939**	**$136,456**

AREA SNAPSHOT

66,869
POPULATION (5-MILE)

47,974
DAYTIME POPULATION (5-MILE)

2.8%
POPULATION GROWTH (2025-2030)

$136,456
AVERAGE HOUSEHOLD INCOME (5-MILE)