

OFFERING MEMORANDUM



LANCASTER
CALIFORNIA

NNN Ground Lease
Strong 71 Unit Operator

NNN
NNN DEAL
THE SINGLE TENANT RESOURCE

Marcus & Millichap



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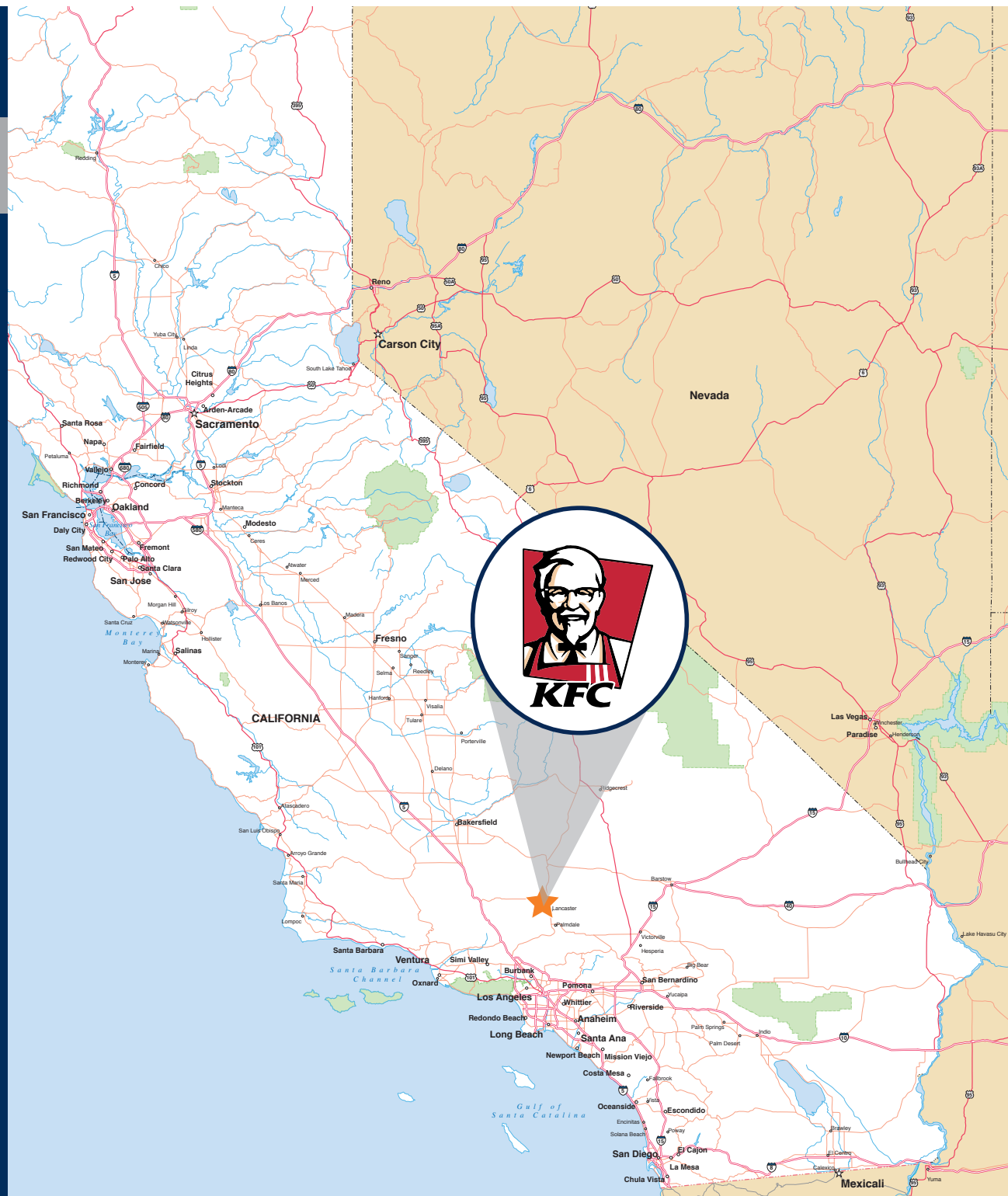
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INVESTMENT SUMMARY

1827 E AVENUE J, LANCASTER, CA 93535

PRICE: \$1,612,700

CAP: 5.25%

RENT: \$84,667

OVERVIEW

Price	\$1,612,700
Gross Leasable Area (GLA)	3,555 SF
Lot Size (approx.)	0.79 Acres
Net Operating Income	\$84,667
CAP Rate	5.25%
Year Built	2004

LEASE ABSTRACT

Lease Type	NNN Ground Lease
Original Lease Term	20 Years
Lease Start (Estimate)	1/1/2005
Lease Expiration (Estimate)	12/31/2025
Renewal Options	2x5 and 1x4
Increases	Written into lease - see sidebar
Landlord Obligation	None At All

ANNUALIZED OPERATING DATA

Lease Term	Annual Rent
Current Term	\$84,667
1/2020-12/2024	\$93,137
Options 1 thru 3	FMV

INVESTMENT HIGHLIGHTS

Strong 71 unit operator. This NNN Ground Lease offers 6+ years remaining on a base term of a 20 year lease, followed by two 5-year options and one 4-year option. The first rent bump is scheduled for January 2020 (just 13-months from the date this listing commenced). The option rent bumps will be set at fair-market-value (FMV).

The site is adjacent to a WalMart Super Center which also draws patrons to the immediate area.

NNN

NNN Ground lease - no landlord obligations



High visibility with 30,000 +/- vehicles passing in front of the site daily.



Strong growth area with new Ross and various other national retailers earmarked to commence construction in the immediate area.



U.S. AIR FORCE

Located near Edwards Air Force Base.



The surrounding national retail draws patrons to the immediate area, creating a steady stream of consumer traffic.



INVESTMENT HIGHLIGHTS

- ◆ **\$1,612,700** - one of the best priced QSR ground leases in California
- ◆ 6+ years remaining on base term of NNN Ground Lease - No landlord obligations
- ◆ Strong 71 unit Franchisee
- ◆ High population density (128,692 residents within five miles)
- ◆ Located in heart of expansionary retail market
- ◆ Adjacent to WalMartSuper Center



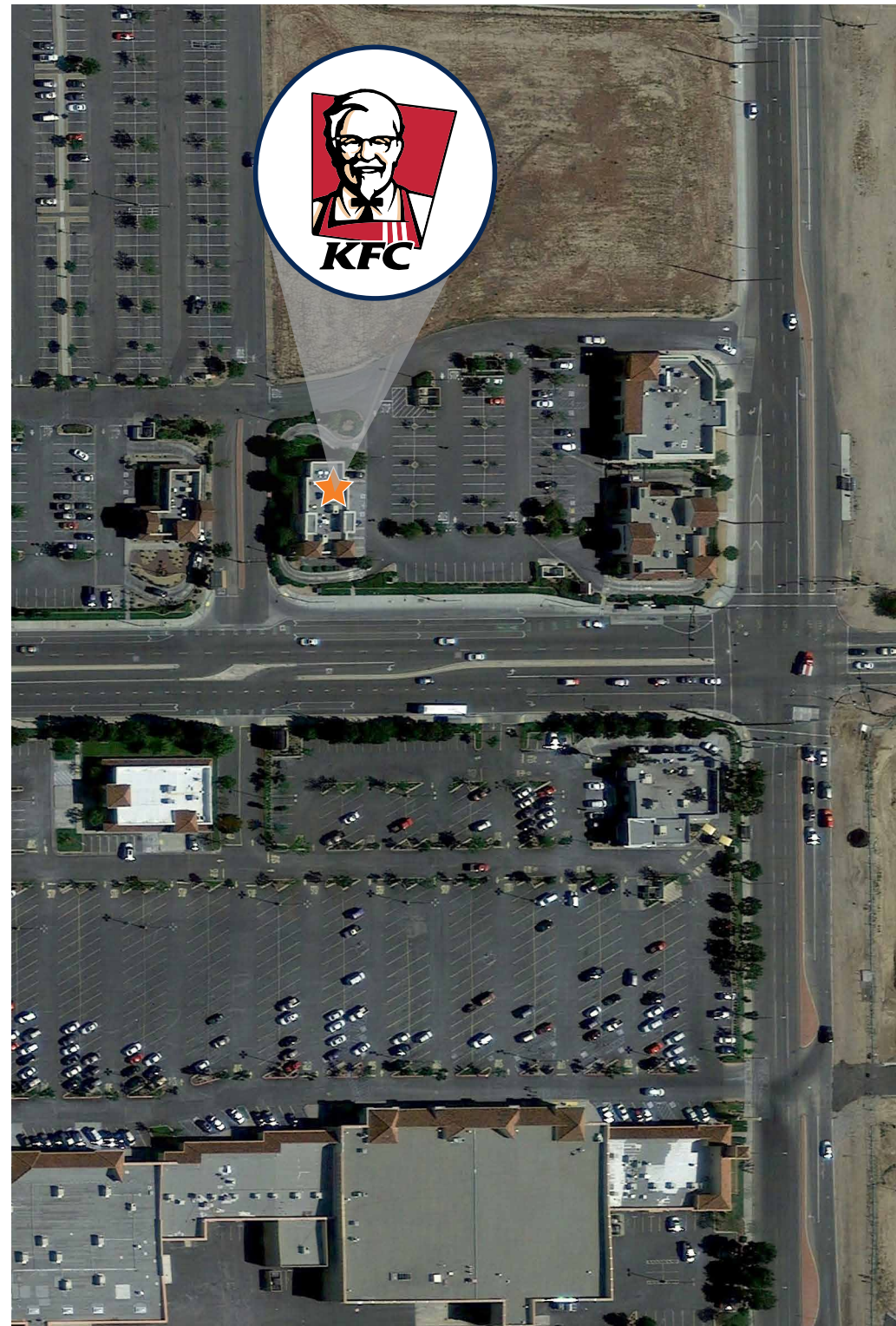
120,491
TOTAL
POPULATION
WITHIN 5-MILE
RADIUS



\$57,848
AVERAGE
HOUSEHOLD
INCOME WITHIN
5-MILE RADIUS



17,285 VPD - E AVENUE J
13,475 VPD - 20TH STREET E





GameStop McDonald's Bank of America
Walmart Supercenter DELTACO Jack in the box
PAPA JOHN'S



metroPCS
CVS pharmacy
Domino's Pizza
DOLLAR TREE

20TH ST E - 13,475 VPD

E AVENUE J - 17,285 VPD

SUPERIOR GROCERS 99c only
usbank SALLY HANDBAGS
SUBWAY boost mobile
Little Caesars
SUBWAY WING STOP
FATER
IN-SHAPE HEALTH CLUBS
McDonald's
PAPA JOHN'S
9
Pizza Hut



Tierra Bonita Elementary School

Gifford C. Cole Middle School

Columbia Elementary School

Eastside High School



DRIVE THRU
ENTRANCE

DRIVE THRU
EXIT



TENANT SUMMARY



KFC

KFC, also known as Kentucky Fried Chicken, is an American fast food restaurant chain that specializes in fried chicken. Headquartered in Louisville, Kentucky, it is the world's second-largest restaurant chain (as measured by sales) after McDonald's, with almost 20,000 locations globally in 123 countries and territories as of December 2015. The chain is a subsidiary of Yum! Brands, a restaurant company that also owns Pizza Hut, Taco Bell, and WingStreet chains.

KFC was founded by Colonel Harland Sanders, an entrepreneur who began selling fried chicken from his roadside restaurant in Corbin, Kentucky during the Great Depression. Sanders identified the potential of the restaurant franchising concept, and the first "Kentucky Fried Chicken" franchise opened in Utah in 1952. KFC popularized chicken in the fast food industry, diversifying the market by challenging the established dominance of the hamburger. By branding himself as "Colonel Sanders", Harland became a prominent figure of American cultural history, and his image remains widely used in KFC advertising.

KFC was one of the first American fast food chains to expand internationally, opening outlets in Canada, the United Kingdom, Mexico, and Jamaica by the mid-1960s. In the early 1970s, KFC was sold to the spirits distributor Heublein, which was taken over by the R.J. Reynolds food and tobacco conglomerate; that company sold the chain to PepsiCo. The chain continued to expand overseas. In 1987, it became the first Western restaurant chain to open in China. It has

since expanded rapidly in China, which is now the company's single largest market. PepsiCo spun off its restaurants division as Tricon Global Restaurants, which later changed its name to Yum! Brands.

KFC's original product is pressure fried chicken pieces, seasoned with Sanders' recipe of 11 herbs and spices. The constituents of the recipe represent a notable trade secret. Larger portions of fried chicken are served in a cardboard "bucket", which has become a well known feature of the chain since it was first introduced by franchisee Pete Harman in 1957. Since the early 1990s, KFC has expanded its menu to offer other chicken products such as chicken fillet sandwiches and wraps, as well as salads and side dishes, such as French fries and coleslaw, desserts, and soft drinks, the latter often supplied by PepsiCo. KFC is known for its slogans "It's Finger Lickin' Good!", "Nobody does chicken like KFC" and "So good".

ABOUT THE FRANCHISEE

Great American Chicken Corp is a privately held, Los Angeles based 71 unit franchisee operator of KFCs. According to State of California Secretary of State business filings, the franchisee was established in October 2011. The operators are Aryeh Aslan, Anthony Frazier, Koorosh Zaghi and Ataollah Aminpour. Great American Chicken Corp is headquartered on San Vicente Boulevard in Los Angeles, California.



KFC



LOUISVILLE, KY

HEADQUARTERS (INTERNATIONAL / US)

**FRANCHISE
GUARANTEED**

FRANCHISEE IS 71 UNIT OPERATOR

SUBJECT SITE

21,000+

OF COMPANY LOCATIONS
(INTERNATIONAL / US)

YUM! BRANDS, INC

PARENT COMPANY

YUM

NYSE

\$23 BIL

REVENUE

ROGER EATON

CEO, KFC

WWW.KFC.COM

WEBSITE



Walmart
Supercenter

Big Box national retail
currently finalizing lease

PAPA JOHN'S

DEL TACO

Jack
in the box

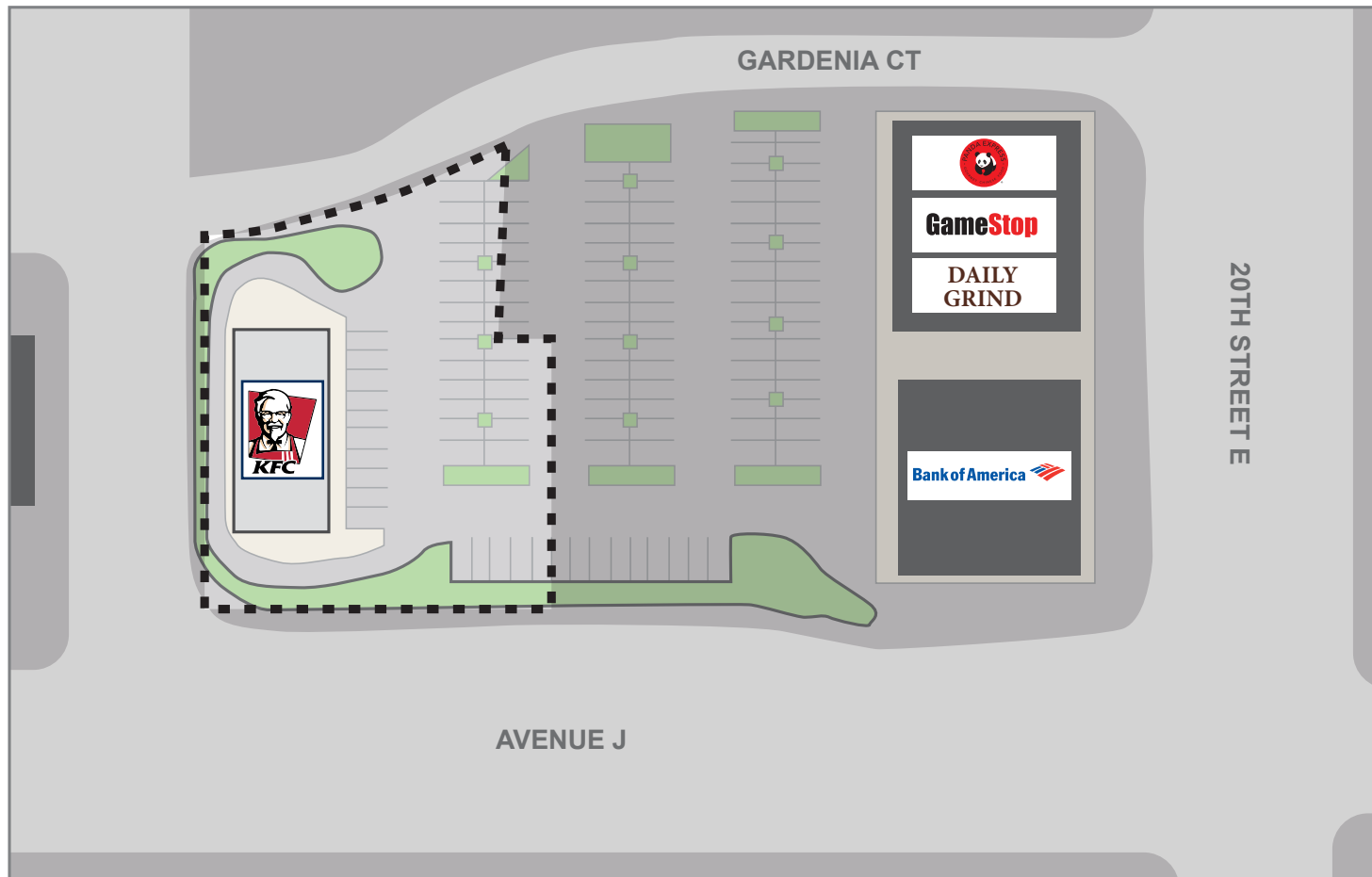


Part of Big Box
development

Bank of America

GameStop
DAILY GRIND

SITE PLAN









LOCATION OVERVIEW



LANCASTER/PALMDALE, CALIFORNIA

Lancaster is a charter city in northern Los Angeles County, in the Antelope Valley of western Mojave Desert in southern California. Lancaster is the 31st largest city in California and is part of a twin city complex with its southern neighbor Palmdale and together they are the principal cities within the Antelope Valley region and California's High Desert.

The site is adjacent to a Walmart Super Center. The immediate area is also home to Del Taco, Radio Shack, Papa John's, Advance America, Game Stop, Bank of America, Panda Express, Starter Bros., and a new El Pollo Loco. Wells Fargo, Pizza Hutt, T-Mobile, Subway, and McDonalds are also in the immediate area.

The immediate retail benefits from Lockheed Martin and Northrup Grumman manufacturing plants. Lancaster/PALMDALE, California

Today's **Palmdale** offers world-class engineering and state-of-the-art manufacturing facilities; plus, high-end housing developments, remarkable new medical facilities, a strong service sector, and a robust retail marketplace.

Palmdale, California is located in northern Los Angeles county, at the cultural, residential, retail, and medical hub of the Antelope Valley. Separated from Los Angeles (\pm 60 miles) by the San Gabriel Mountains, Palmdale has a population of nearly 162,000 people—making it the 6th largest and fastest-growing city in the county and the 33rd most

populous city in California. Covering 106 square miles, Palmdale is also the second-largest city in Los Angeles County by area. Over the last 25 years, the city has consistently been ranked in the top 25 fastest growing cities in the United States (based on percentage change).

COMMERCIAL DEVELOPMENT

Downtown Palmdale has revitalized itself with hundreds of new senior housing units, a new senior center, and expanded open space. Palmdale Regional Medical Center (157-bed), a first-class medical facility opened in 2010, includes a well-equipped emergency room, a helipad, medical office towers, and a senior housing complex. A voter-initiated and approved tax fund has allowed for park and recreation expansions, including the Palmdale Amphitheater with capacity of 10,000, two new pools, other recreation buildings, satellite library, and the Dry Town Water Park.

TRANSPORTATION

Palmdale is located about an hour north of Los Angeles along CA 14 Freeway. This freeway connects with Interstate 5, while Interstates 10, 15, and 40 are reached via State Route 138, providing rapid access to all of Southern California and the entire Western US.

LOCATION OVERVIEW



ECONOMIC ANALYSIS

With a workforce topping 60,000, Palmdale's labor base is skewed toward white collar professionals with about half employed in office, managerial, or professional jobs. Local employers draw from a regional pool of nearly 150,000. Almost half of all Antelope Valley workers commute long distances to work and provide a ready pool of talent that local businesses can quickly tap.

Palmdale's healthy economy is characterized by a broad range of is characterized by a vast mix of businesses of all sizes, including a strong presence of aerospace companies and an increasing number of high-tech manufacturers.

Noted as the Aerospace Capital of the World, Palmdale is home to some of the nation's largest and most successful aerospace companies. Prominent aerospace employers in the area include **Lockheed Martin Aeronautics Company** (\pm 3,700 employees), **Northrop Grumman Corporation** (\pm 2,100 employees), **The Boeing Company** (\pm 850 employees), and the AERO Institute.

As discussed on the following page, Palmdale is undergoing significant growth as a result of a recently-awarded contract between Northrop Grumman and the US Defense Department to manufacture up B-21 bombers utilizing the latest stealth technology.



Lockheed Martin Aeronautics | Palmdale, CA



Lockheed Martin Aeronautics | Palmdale, CA



LOCATION OVERVIEW

Several international and US-based corporations and manufacturing firms have major facilities in Palmdale. **Delta Scientific**, a manufacturer of high strength vehicle barrier systems and a major supplier to the US Government; **BYD**, which operates North America's largest electric bus manufacturing facility in Palmdale; **US Pole**, a manufacturer of street lighting poles; and, **Lance Camper**, a 50 year+ manufacturer of truck campers and travel trailers, are companies expanding and adding good paying jobs to the region

NORTHROP GRUMMAN

The biggest boost to the area's economy and job creations is the B-21 bomber contract won by Northrop Grumman in 2015. The Pentagon is aiming to buy 100 of the stealthy bat-winged jet over the next 20 years, at a total outlay exceeding \$80 billion. The aircraft will be assembled at the Air Force Plant 42 facility in Palmdale, where other weaponry is produced and assembled including the Air Force's Global Hawk and the Navy's Triton high-altitude surveillance drones, and the center fuselage for the F-35 Joint Strike Fighter.

The project will provide thousands of new jobs for the area, including over 1,000 construction jobs for the 1 million square foot plant expansion currently underway. Northrop currently has over 3,000 employees at the Palmdale plant and expects to have 5,200 employees at the site by late 2019 and continue adding jobs for several more years. The ripple effect is expected to create jobs among subcontractor and supporting employers.



Northrop Grumman Palmdale California Manufacturing Plant

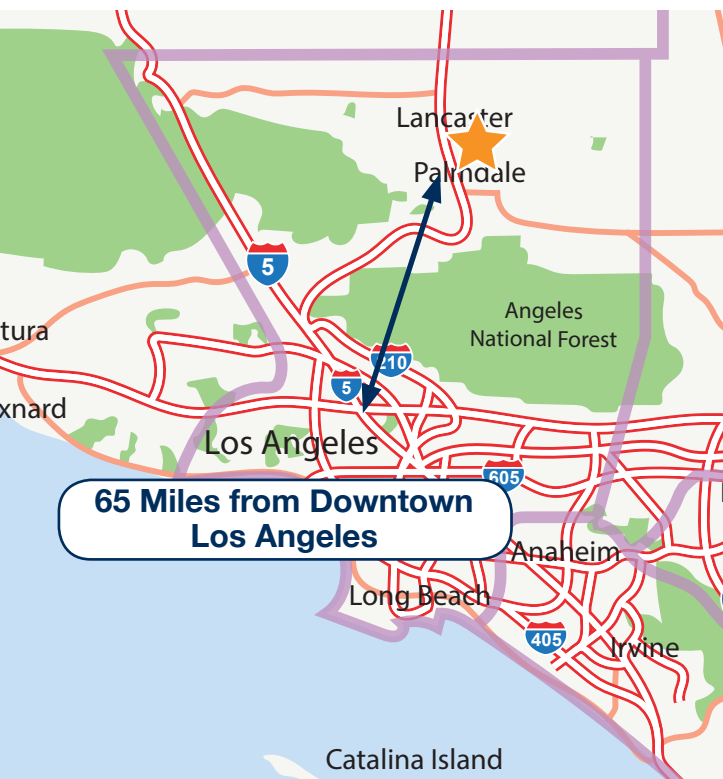


US NAVY Triton Surveillance Drone - Northrop Grumman



Artist' Rendering | B-21 Stealth Bomber - Northrop Grumman





MAJOR EMPLOYERS: 2017 ANTELOPE VALLEY

Edwards Air Force Base	11,457
China Lake NWC	6,520
Northrop Grumman	4,200
County of Los Angeles	4,136
Lockheed Martin	3,700
Antelope Valley Hospital Medical Center	2,500
Antelope Valley Union High School District	2,500
Lancaster School District	2,200
Wal-Mart (5) stores	1,922
Antelope Valley Mall (All Stores)	1,800

LOCATION HIGHLIGHTS

LANCASTER, CA

HOME TO EDWARDS AIR FORCE BASE



Located just 65 Miles
from Downtown
Los Angeles



Surrounded by military
aerospace government
contractors and Edwards
Air Force Base



Strong traffic counts in
the immediate area and
just 8 blocks from
the 14 freeway



Strong visibility
with ease of
ingress/egress

DEMOGRAPHICS / LANCASTER, CA



120,491

Total Population Within 5-Mile Radius



\$57,848

Average Household Income
Within 5-Mile Radius



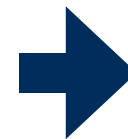
\$42,510

Median Household Income
Within 5-Mile Radius



37,969

Total Households in 5-Mile Radius



19.76%

From 2000



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Marcus & Millichap

POPULATION	1 MILE	3 MILES	5 MILES
2022 Projection			
Total Population	23,287	81,421	126,486
2017 Estimate			
Total Population	21,869	77,453	120,491
2010 Census			
Total Population	20,908	72,191	113,567
2000 Census			
Total Population	16,900	57,817	93,904
Current Daytime Population			
2017 Estimate	10,730	72,603	123,204
HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2022 Projection			
Total Households	6,807	24,318	40,322
2017 Estimate			
Total Households	6,351	22,925	37,969
Average (Mean) Household Size	3.4	3.3	3.09
2010 Census			
Total Households	6,061	21,349	35,682
2000 Census			
Total Households	5,403	18,930	31,704
Occupied Units			
2022 Projection	6,807	24,318	40,322
2017 Estimate	6,765	24,690	41,108
HOUSEHOLDS BY INCOME	1 MILE	3 MILES	5 MILES
2017 Estimate			
\$150,000 or More	2.94%	3.63%	4.61%
\$100,000 - \$149,000	10.09%	8.84%	9.27%
\$75,000 - \$99,999	11.43%	11.25%	11.37%
\$50,000 - \$74,999	20.57%	17.99%	18.09%
\$35,000 - \$49,999	17.08%	15.49%	15.14%
Under \$35,000	37.91%	42.81%	41.52%
Average Household Income	\$56,118	\$54,578	\$57,848
Median Household Income	\$44,568	\$40,906	\$42,510
Per Capita Income	\$16,327	\$16,419	\$18,527

HOUSEHOLDS BY EXPENDITURE	1 MILE	3 MILES	5 MILES
Total Average Household Retail Expenditure	\$61,286	\$58,981	\$60,553
Consumer Expenditure Top 10 Categories			
Housing	\$18,469	\$17,778	\$18,171
Shelter	\$12,349	\$11,896	\$12,108
Transportation	\$9,429	\$9,013	\$9,314
Food	\$6,407	\$6,231	\$6,334
Personal Insurance and Pensions	\$5,252	\$4,978	\$5,203
Health Care	\$3,050	\$2,953	\$3,117
Utilities	\$2,987	\$2,878	\$2,934
Entertainment	\$2,210	\$2,140	\$2,219
Apparel	\$2,084	\$1,998	\$2,051
Household Operations	\$1,323	\$1,258	\$1,309

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
Population By Age			
2017 Estimate Total Population	21,869	77,453	120,491
Under 20	34.46%	34.13%	32.05%
20 to 34 Years	22.80%	23.09%	23.23%
35 to 39 Years	6.33%	5.97%	5.73%
40 to 49 Years	12.48%	12.11%	11.94%
50 to 64 Years	15.75%	15.97%	16.67%
Age 65+	8.18%	8.72%	10.38%
Median Age	29.73	29.53	30.92
Population 25+ by Education Level			
2017 Estimate Population Age 25+	12,519	44,163	71,499
Elementary (0-8)	7.08%	7.99%	7.10%
Some High School (9-11)	11.19%	11.97%	11.09%
High School Graduate (12)	33.61%	32.43%	30.40%
Some College (13-15)	26.50%	26.42%	27.77%
Associate Degree Only	8.71%	8.03%	8.30%
Bachelors Degree Only	7.46%	7.26%	8.67%
Graduate Degree	3.66%	3.70%	4.62%



**LANCASTER
CALIFORNIA**

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