



7-ELEVEN®



OFFERING
MEMORANDUM

7-ELEVEN ABSOLUTE NNN GROUND LEASE

1040 LAUREL RD OAKLEY, CA 94561

OFFERING MEMORANDUM
PRESENTED BY:

KASE ABUSHARKH

FOUNDING PRINCIPAL

PHONE **925.348.1844**

EMAIL **kase@thekasegroup.com**

TX LICENSE **#708586**

JACOB ABUSHARKH

MANAGING PRINCIPAL

PHONE **415.269.2474**

EMAIL **jacob@thekasegroup.com**

BRE **#01385529**



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To the extent Owner or any agent of Owner corresponds with any prospective purchaser, any prospective purchaser should not rely on any such correspondence or statements as binding Owner. Only a fully executed Real Estate Purchase Agreement shall bind the property and each prospective purchaser proceeds at its own risk.

Recipients of Offering Brochure shall not contact employees or tenants of property directly or indirectly regarding materials without prior written approval.



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INVESTMENT OVERVIEW



The Kase Group is pleased to present a 7-Eleven absolute NNN ground lease. The new lease includes 15 years of term, with three 5-year options to review. The lease calls for 10% increases in rent every five years throughout the primary term, as well as at each of the three 5-year options. The asset is well positioned on a major commercial thoroughfare.

The property is situated on 1.25 acres of land with a building size of 3,795 SF. Included are 6 MPDs with Chevron brand fuel.

INVESTMENT HIGHLIGHTS

LONG TERM NNN GROUND LEASE
15 YEARS REMAINING ON INITIAL TERM
ZERO LANDLORD OBLIGATIONS
6 MPDS — CHEVRON BRAND FUEL
LOCATED ON A MAJOR COMMERCIAL THOROUGHFARE
SCHEDULED INCREASES IN RENT

OFFERING SPECIFICATIONS

PRICE	\$3,157,895
CAP RATE	4.75%
NET OPERATING INCOME	\$150,000
SQUARE FOOTAGE	3,795
LOT SIZE	1.26 AC
MARKET	BAY AREA

FINANCIAL SUMMARY

7-ELEVEN • ABSOLUTE NNN GROUND LEASE OFFERING

1040 LAUREL RD OAKLEY, CA 94561

\$3,157,895 • 4.75%

SUMMARY

TENANT NAME	7-Eleven
SQUARE FOOTAGE	3,795
LEASE BEGINS	6/1/2019
LEASE ENDS	6/1/2034
ANNUAL RENT	\$150,000
OPTIONS	Three, 5-Year
INCREASES	10% every 5 years and at Options

OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
YEARS 1-5	\$150,000.00	4.75%
YEARS 6-10	\$165,000.00	5.23%
YEARS 11-15	\$181,500.00	5.75%
OPTION 1	\$199,650.00	6.32%
OPTION 2	\$219,615.00	6.95%
OPTION 3	\$241,576.50	7.65%

LEASE ABSTRACT

BASIC TERMS

TENANT	7-Eleven
GUARANTOR	7-Eleven
BUILDING SIZE	3,795 SF
LOT SIZE	1.26 AC
ADDRESS	1040 Laurel Rd Oakley, CA 94561
LEASE START	June 1, 2019
LEASE END	June 1, 2034
RENEWAL OPTIONS	Three, 5-Year
INCREASES	10% every 5 years

OBLIGATIONS

LANDLORD OBLIGATIONS	NO LANDLORD OBLIGATIONS
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RENT SCHEDULE

PERIOD (YEARS)	MONTHLY RENT	ANNUAL RENT	RENT/SF
1-5	\$12,500	\$150,000.00	\$39.52
6-10	\$13,750	\$165,000.00	\$43.47
11-15	\$15,125	\$181,500.00	\$47.82
OPTION 1	\$16,637	\$199,650.00	\$52.60
OPTION 2	\$18,301	\$219,615.00	\$78.13
OPTION 3	\$20,131	\$241,576.50	\$85.94



TENANT OVERVIEW



7-ELEVEN

7-Eleven is an international chain of convenience stores, headquartered in Irving, Texas, that operates, franchises, and licenses some 56,600 stores in 18 countries. The chain was known as Tote'm Stores until renamed in 1946. Its parent company, Seven-Eleven Japan Co., Ltd., is located in Chiyoda, Tokyo. Seven-Eleven Japan is held by the Seven & I Holdings Co.

7-Eleven is moving toward franchising most of its remaining corporate locations inside the US. The 7-Eleven franchise system splits the gross profits 50:50 or close to it, between the company and the individual franchisee. The initial 7-Eleven franchise term is 15 years. The franchise fee and other upfront fees collected by 7-Eleven from a newly approved franchisee, in addition to ongoing 50:50 sharing of profits, is not transferable to another incoming franchisee in the same store, for the unexpired portion, if any, of the current-15 year contract. For example if one pays full franchise fee for 15 years and has to leave the store after one year due to any reason, they stand to lose the franchise fee for the remaining 14 years of their term.



S&P RATED CREDIT
AA- CREDIT RATING



56,600+ LOCATIONS



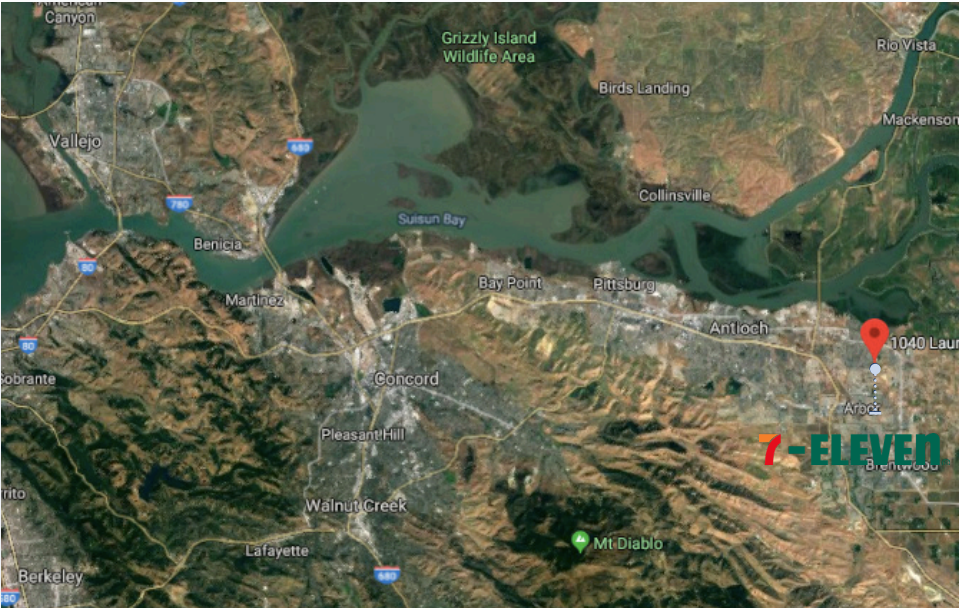
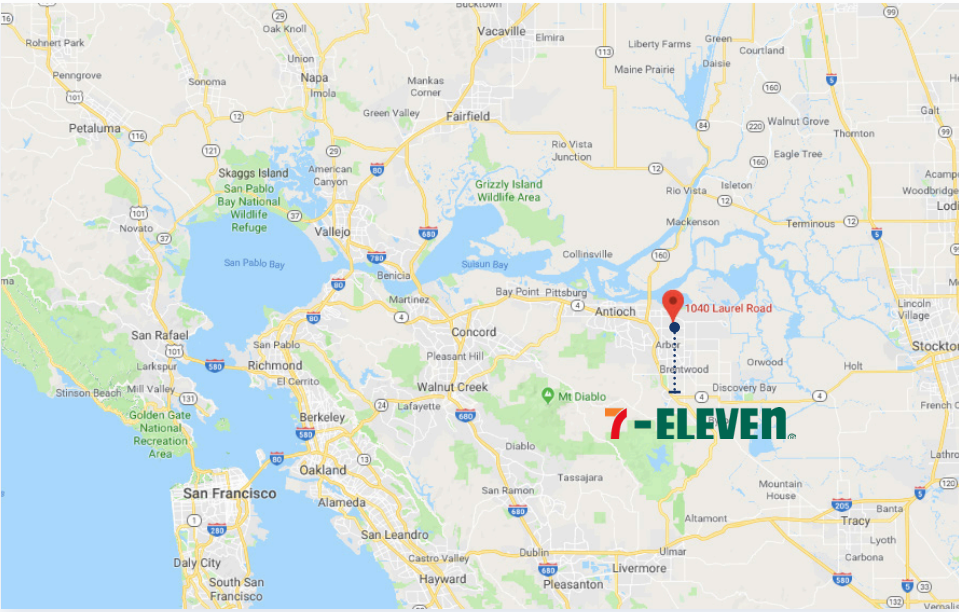
45,000+ EMPLOYEES

7-Eleven has been consistently ranked in Entrepreneur's Franchise 500, most recently being selected as the #1 overall franchise. In addition, they were also ranked #38 in Fastest Growing Franchises and #2 in Low Cost Franchises.

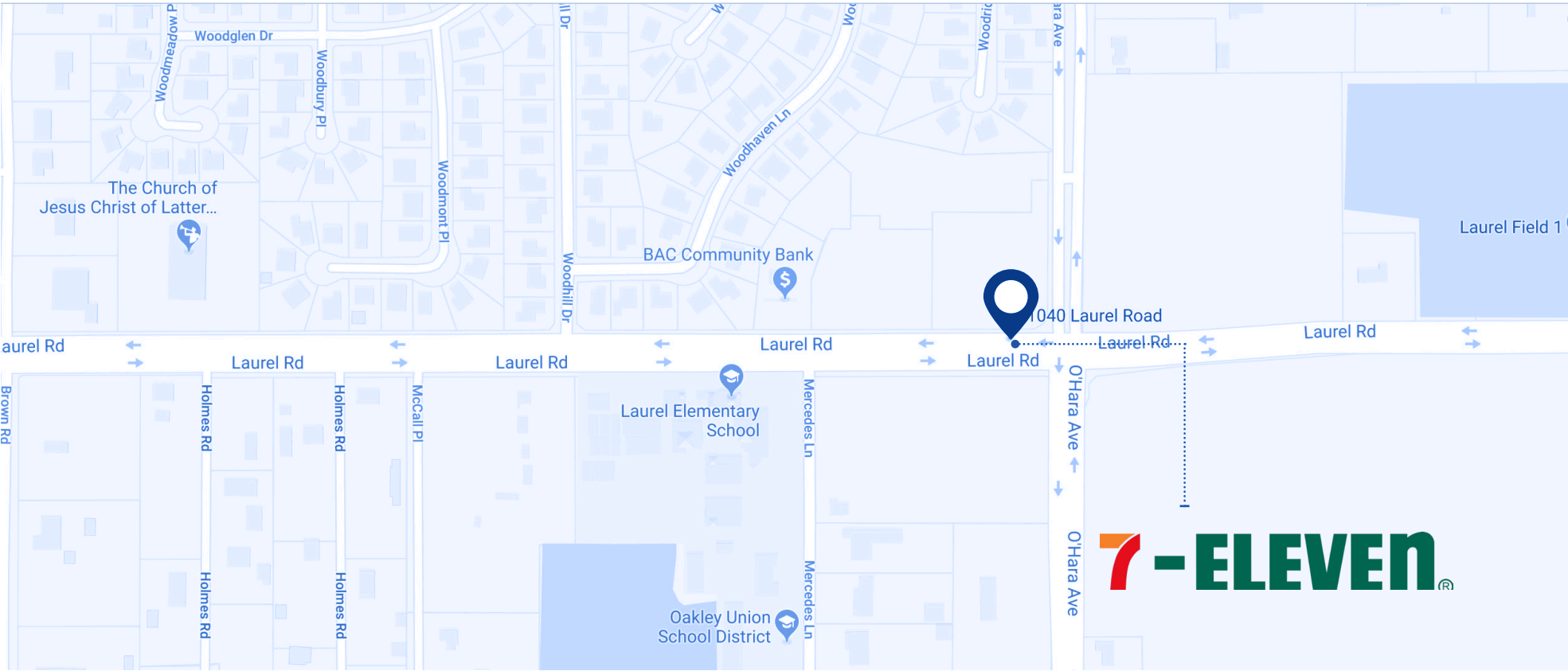
In 2008, 7-Eleven was named the number one franchise by Entrepreneur, beating out Subway, who had held the number one spot for 15 years.

This aerial map of the Diamond Hills area in San Jose, California, is overlaid with numerous logos for local businesses and services. The map highlights major thoroughfares such as Empire Ave., Laurel Rd., and O'Hara Ave. A red star is positioned near the intersection of O'Hara Ave and Laurel Rd. The logos represent a wide variety of establishments, including retail giants like Walmart and Target, grocery stores such as WinCo Foods and JCPenney, and a diverse range of restaurants, pharmacies, and specialty shops. The map also identifies local landmarks like Freedom High School and the Diamond Hills Sports Club and Spa.

REGIONAL OVERVIEW



DEMOGRAPHICS



	3 MILES	5 MILES	10 MILES
TOTAL POPULATION	84,218	166,049	280,561
TOTAL HOUSEHOLDS	25,886	52,278	91,303
AVERAGE HOUSEHOLD INCOME	\$109,929	\$109,051	\$100,530
AVERAGE AGE	35.20	36.20	36.50

AREA OVERVIEW

DEMOGRAPHICS	3 MILES	5 MILES	10 MILES
TOTAL HOUSEHOLDS	25,886	52,278	91,303
TOTAL POPULATION	84,218	166,049	280,561
PERSONS PER HOUSEHOLD	3.30	3.20	3.10
AVERAGE HOUSEHOLD INCOME	\$109,929	\$109,051	\$100,530
AVERAGE HOUSE VALUE	\$461,583	\$435,825	\$419,837
AVERAGE AGE	35.20	36.20	36.50
POPULATION WHITE	58,753	113,051	189,092
POPULATION BLACK	8,926	19,571	36,762
POPULATION AM. INDIAN & ALASKAN	1,083	2,101	3,924
POPULATION ASIAN	9,516	19,665	31,124
POPULATION HAWAIIAN & PACIFIC ISLAND	557	1,150	2,266
POPULATION OTHER	5,383	10,510	17,393

OAKLEY, CALIFORNIA

Oakley is a city in Contra Costa County, California, United States. It is within the nine-county San Francisco Bay Area. The January 1, 2016 population was 40,144, as determined by the State Department of Finance. Oakley was incorporated in 1999 and is the most recently incorporated city in Contra Costa County. Oakley is part of the East Contra Costa Bicycle Plan, which has existing facilities in Oakley as well as plans for further expansion.

AREA OVERVIEW

EAST BAY MARKET AND ECONOMY

The East Bay's economy continues to expand at a moderate pace. Strong employment gains throughout the expansion cycle slashed the market's unemployment rate, which registered just 2.9% as of December 2018 (preliminarily), according to the Bureau of Labor Statistics. Unemployment in the East Bay is now near historic lows last reached in the dotcom expansion era.

A handful of large tech companies are expanding in the East Bay, leading to the moderate gain in information sector employment. One standout is Tesla, which signed a lease for 230,000 SF of expansionary office space in Fremont in 2017. Tesla is already the largest tech employer in the market, and their new lease, which begins in early 2019, will provide space needed to grow the company's East Bay workforce far beyond 10,000.

Following Tesla, the East Bay's largest tech employers include Lam Research, a semiconductor equipment maker that employs over 3,000 in Fremont, and Workday, which employs over 4,000 at Pleasanton's Stoneridge Corporate Plaza. Workday is on the verge of completing a 410,000-SF building addition to its corporate campus near the West Dublin/Pleasanton BART Station, which will increase its total footprint in the market to more than 1 million SF in 2019.





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