

FIRETOUSE GRAWFISH

AT ZINFANDEL CROSSINGS

• Two-Tenant Pad to 99¢ Only • Internet Resistant Tenants • \$92,000 AHHI •





OFFERING MEMORANDUM

RANCHO CORDOVA, CALIFORNIA

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OFFERING SUMMARY

CHIPOTLE & FIREHOUSE CRAWFISH



LOCATION

Chipotle & Firehouse Crawfish Pad to 99¢ Only 2878 Zinfandel Drive Rancho Cordova, CA 95670

OFFERING SUMMARY

Price:	\$2,535,000
Current NOI:	\$139,391
Capitalization Rate:	5.50%
Price per Square Foot:	\$574
Net Rentable Area:	4,414
Year Built:	2005
Lot Size (Acres):	0.65
Lot Size (Square Feet):	28,227

FINANCING SUMMARY

All Cash or Cash to New Financing

(Contact Hanley Investment Group for Further Details)







INVESTMENT HIGHLIGHTS

CHIPOTLE & FIREHOUSE CRAWFISH



Two-Tenant Chipotle and Firehouse Crawfish

- o Chipotle (NYSE: CMG) operates 2,450 restaurants
- o Chipotle has operated at the center since it was built in 2005
- o Chipotle exercised a 5-year option in 2015
- o Firehouse Crawfish is a local restaurant, established in 2011
- o Firehouse Crawfish executed a new 7-year lease in 2018
- o Firehouse Crawfish enjoys 4-5 star reviews on Yelp, Facebook and Google
- Shadow Anchored by 99¢ Only: Other national/regional tenants that are located within the center, but not included in the offering are California Check Cashing and Jersey Mike's
- **Ease of Management:** Passive investment with minimal landlord responsibilities
- Pride of Ownership; 2005 Construction
- Excellent Accessibility, Identity, and Visibility: The property benefits from eight points of ingress/egress and three prominent monument signs
- **Dominant Retail Signalized Intersection; 44,000 Cars per Day:** Zinfandel Crossings is located at the dominant retail signalized intersection in Rancho Cordova of Zinfandel Drive and Folsom Boulevard; other national tenants located at the intersection include Grocery Outlet, Marshalls, Michaels, PetSmart, Ross Dress for Less, Safeway, Target, ULTA Beauty, Walgreens and Walmart Supercenter





INVESTMENT HIGHLIGHTS



- Easily Accessible to U.S. Route 50: Zinfandel Crossings is located at the on/off ramp to U.S. Route 50, connecting Downtown Sacramento to Rancho Cordova, and then extending to Lake Tahoe
- **Proximity to Light Rail:** The Zinfandel Train Station is located immediately adjacent to Zinfandel Crossing. This station is part of the Sacramento Regional Transit District Gold Line, with service to Downtown Sacramento, California State University, Sacramento, Gold River and Folsom. This station's location is strategic in the overall plan of connecting residential communities to the employment hub of Rancho Cordova and driving customer traffic directly to the center
- Affluent Demographics: There are 216,000 people with an average household income of \$92,000 within a 5-mile radius
- Rancho Cordova is the 2nd Largest Office Hub/Employment Center in the Region:
 - Fastest growing city in the county
 - o 55,000 jobs and 3,000 businesses located in the city
 - o 11.4 million square feet of office space; 18 million square feet of industrial space
 - o Fortune 500 companies with regional facilities include Cisco Systems, Centene, Anthem Blue Cross, Teledyne Technologies, and Franklin Templeton
 - o Companies headquartered in the city include Vision Service Plan Global, Health Net Federal Services, and AMPAC Fine Chemicals
 - o 30,000 residential units proposed, planned or under construction







TENANT	SUITE	SQUARE FOOTAGE	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
Chipotle	Α	2,274	2015	11/16/05	11/15/20	\$2.89	\$6,572	None	NNN	One 5-Year @ \$7,367
Firehouse Crawfish	В	2,140	2018	10/03/18	10/31/25	\$2.45	\$5,243	3% Annually (October 2020)	NNN	One 5-Year @ 3% Annually
TOTAL SQUARE FOOT	SQUARE FOOTAGE: 4,414 100% Occupancy \$11,815 Total Monthly Rent		nt							
	\$141,778 Total Annual Rent		t							



INCOME & EXPENSE

CHIPOTLE & FIREHOUSE CRAWFISH



ANNUALIZED OPERATING DATA

	<u>Current</u>
Scheduled Gross Income:	\$141,778
Expense Reimbursement:	\$58,089
Effective Gross Revenue (EGR):	\$199,867
Total Operating Expenses:	(\$60,476)
Net Operating Income (NOI):	\$139,391

OPERATING EXPENSES

	<u>Amount</u>	<u>\$/SF</u>	
Taxes (1.2%):	\$29,846	\$6.76	
Insurance:	\$635	\$0.14	
Common Area Maintenance:	\$23,963	\$5.43	
Management (3.0% of EGR):	\$5,992	\$1.36	
Total Expenses:	\$60,436	\$13.69 A	nnually Per SF
		\$1.14 N	lonthly Per SF





SITE PLAN / PARCEL MAP

CHIPOTLE & FIREHOUSE CRAWFISH







TOTAL	QUARE FOOTAGE	4,414
2878B	Firehouse Crawfish	2,140
2878A	Chipotle	2,274
SUITE	TENANTS	SF







APN: 072-0330-006











AERIAL OVERVIEW





AERIAL OVERVIEW





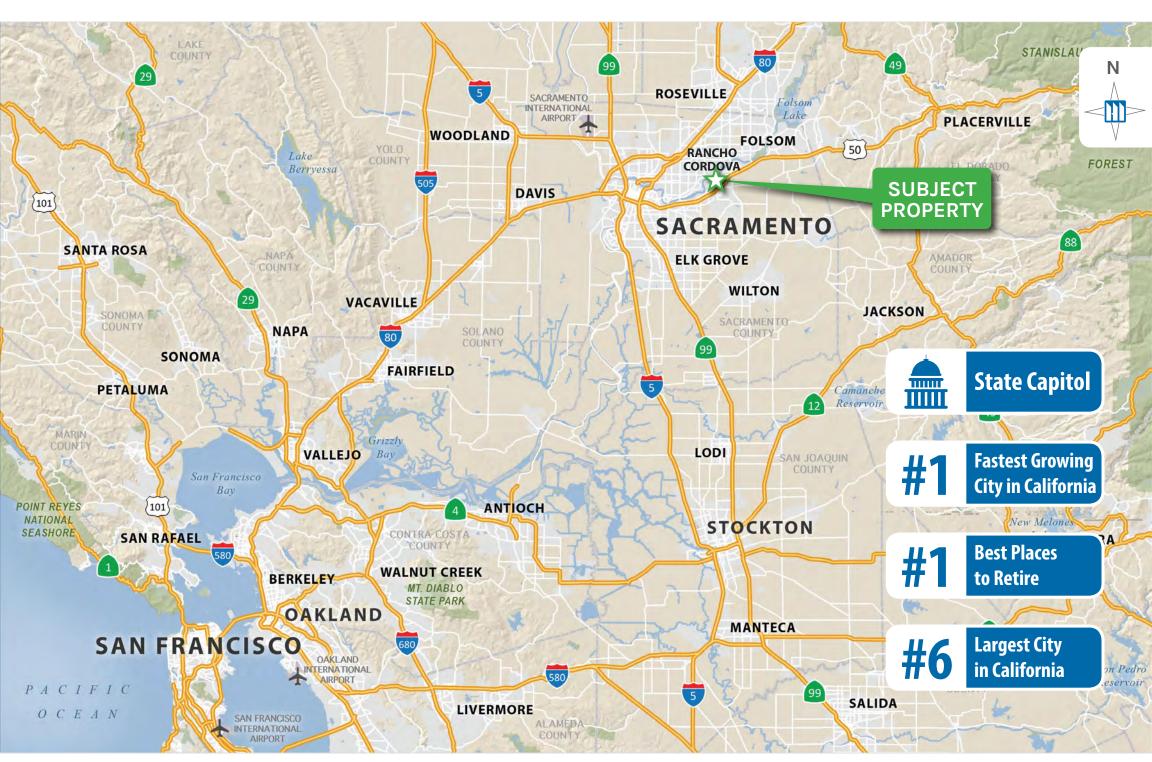
AERIAL OVERVIEW





REGIONAL MAP





TENANT PROFILES

CHIPOTLE & FIREHOUSE CRAWFISH











STABLE ANCHOR TENANT

- OPERATED AT CENTER SINCE 2002
- EXTENDED LEASE IN 2016

99 Cents Only is a leading deep-discount retailer providing communities with full-service, affordable shopping. Its stores offer name-brand consumable products and household items, including fresh produce, deli, dairy, and frozen and refrigerated food products. The company additionally offers seasonal and party merchandise, including decorations, costumes, and gifts.

The dollar store industry has performed strongly the last 5 years as consumers continue to seek low prices and convenience for household essentials and analysts expect the industry will continue to grow at an annual rate of 4% between 2017 and 2021. 99 Cents Only earned \$2 billion in net sales during fiscal 2017, a 2.9% increase compared to the prior year. The company also reported increased net sales of 10.7% over the prior year in the third quarter of fiscal 2018. For the first 9 months of fiscal 2018, net sales increased 8.7% to \$1.64 billion compared to \$1.5 billion in the first nine months of fiscal 2017.

99 Cents Only operates 391 stores in California, Nevada, Arizona, and Texas and two distribution centers in California and Texas. 99 Cents Only has expanded rapidly, adding over 35% to its store base between 2011-2016. 99 Cents Only has profited handsomely between 2011-2016 as recession prodded shoppers sought better bargains. Instead of laying off workers, the discount chain opened more stores and expanded into more states to capitalize on the potential for growth, said Brian Sozzi, an analyst with Wall Street Strategies in New York. The company is still continuing its growth as it opened its newest location in Eastvale, California in September 2018 and expects to open 3 new locations by the end of first quarter 2019.

Founded in 1982 by David Gold, the once family-owned company is now owned and operated by Ares Management, a Los Angeles private equity firm, and the Canada Pension Plan Investment Board who bought the retailer for \$1.6 billion in 2012, taking the firm private.

Company Type: Private **Locations:** 391

Website: www.99only.com



TENANT PROFILES

CHIPOTLE & FIREHOUSE CRAWFISH







Chipotle Mexican Grill is a fast-casual restaurant chain serving burritos, tacos, burrito bowls, and salads. Meals are made directly in front of the customer and the company uses high-quality, raw ingredients and classic cooking techniques to show that food served fast can be healthy. The business focuses on its "Food With Integrity" model, showing customers that they partner with humane and

environmentally friendly farmers, ranchers, and suppliers in order to source the most responsible and highest-quality ingredients.

The company was founded by Steve Ellis in Denver, Colorado and opened its first restaurant in 1993. They currently operate more than 2,450 restaurants in the United States, Canada, United Kingdom, France and Germany. In the first 6 months of 2018, Chipotle reported revenue growth of 7.9% to \$2.4 billion. The increase was driven by new restaurant openings and a 3.3% increase in comparable restaurant sales. Chipotle is #557 on the 2017 Fortune 1000 list.

Company Type: Public (NYSE: CMG)

Locations: 2,450

Website: www.chipotle.com





Firehouse Crawfish is a locally owned restaurant established in 2011 in South Sacramento. The restaurant specializes in seafood by the pound and serves crawfish, shrimp, clams, mussels, Dungeness crab, snow crab, king crab, and lobster. Food is served out of plastic bags filled with seafood and the customer's choice of 6 flavored sauces and 6 heat options. Visitors enjoy eating with their

hands in the casual, friendly setting and may order side dishes such as the popular Cajun garlic fries.

The family-run business opened a second seafood restaurant in Sacramento in 2016. Station 16 offers a modern industrial setting, fresh raw oyster bar, private dining room, full bar, and outdoor patio dining area. The restaurant specializes in garlic roasted seafood served on sizzling cast iron skillets. The owners are known for being hands-on restaurant operators and putting their personal touch into every detail. The family continues to grow its restaurant business and its passion for great seafood with its third restaurant and second Firehouse Crawfish concept which opened in Rancho Cordova in October 2018.

Company Type: Private

Locations: 3 (2 Firehouse Crawfish)

Website: www.sacfhc.com



CHIPOTLE & FIREHOUSE CRAWFISH



Rancho Cordova, California

- Sacramento County's newest city; incorporated in 2003
 - o 13 miles east of the State Capitol, 90 miles northeast of San Francisco, 80 miles west of Lake Tahoe
- Fastest growing city in the county; 2nd fastest growing city in the metropolitan area
 - o 74,500+ population; 1.53+ million in the county
 - o 7.5% project population increase between 2018-2023
- Situated along U.S. Route 50, a major transcontinental highway featuring vast office and industrial networks and direct access to Downtown Sacramento and California State University Sacramento
- Suburban community appreciated for its central location, business park climate, and recreational opportunities
- 2 of the region's most popular recreation destinations are American River Parkway and Lake Natom
- The new Barrell District boasts 6 breweries, the only 2 distilleries since Prohibition and the only meadery in the region

ECONOMY

- 2nd largest office hub and employment center in the region (Downtown Sacramento is the largest)
 - O Central location, affordable real estate, business park environment, and large workforce attract companies to the area
 - o 55,000 jobs and 3,000+ businesses located in the city; 11.4 million square feet of office space
- \$74,000 average household income that is projected to increase 15.6% between 2018-2023
 - Highest paying industries include: tech, professional, and scientific services; utilities; and agriculture, forestry, fishing, and hunting
 - Largest industries by employment are finance and insurance; manufacturing; administration and support; and healthcare and social assistance
- Top employers are State of California (3,000 employees), Health Net (2,500), Vision Service Plan (2,500), Veterans Affairs Medical Center (2,300), Sutter Health (1,400), and Delta Dental (1,300)
- Fortune 500 companies with regional facilities include Cisco Systems, Centene, Anthem Blue Cross, Teledyne Technologies, and Franklin Templeton
 - O Companies headquartered in the city include Vision Service Plan Global, Health Net Federal Services, and AMPAC Fine Chemicals
- Largest home improvement industry in the region; 54% projected job growth in construction industry in the next decade









CHIPOTLE & FIREHOUSE CRAWFISH

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REAL ESTATE ADVISORS

- Largest hub for vehicle aftermarket industry in Northern California; 25% of firms located in the city
- 18 million square feet of industrial space; accessibility to U.S. Route 50, Interstate 5, Mather Airport, and Sacramento International Airports fuel industrial growth
 - O Business park climate impacted 50,000 hotel room stays; 17.5% increase in hotel room revenue in 2017
 - 2 additional hotel are in the work, Homewood Suites by Hilton (105 rooms; under construction) and TownePlace Suites (118 rooms; proposed)

DEVELOPMENTS

- 15% population growth since 2010 (8% growth in Sacramento County); new subdivisions, central location, career opportunities and high-quality schools draw residents to the area
- 30,000+ residential units proposed, planned, or under construction
 - Sunridge Specific Plan 2,606-acre mixed-use development; 4,077 residential units; under construction
 - O Rio Del Oro Specific Plan 2,312-acre mixed-use development; 7,000 residential units and 2 million square feet of non-residential; construction beginning 2018/2019
 - Westborough Specific Plan 1,665-acre mixed-use development; 5,400 residential units, 400 acres of commercial space, 3 public schools, and extensive transportation network; proposed
 - The Ranch 1,329 residential units and 6.2 acres of commercial; under review
 - SunCreek Specific Plan 1,265-acre mixed-use development; 4,893 residential units and 82 acres of commercial development; planned
 - O Aboretum Specific Plan 1,349-acre mixed-use development; 4,717 residential units and 465,000 square feet of commercial development; proposed
 - o BDX at Capital Village 199-unit upscale apartment complex near Capital Village
- \$100 million interchange planned for U.S. Route 50 between Sunrise Boulevard and Hazel Avenue; a southentry only connector to accommodate large housing developments in the city
- California Military Department consolidated headquarters complex; 285,000 square-foot, multi-building campus on 31 acres; under construction

TRANSPORTATION

- Sacramento Regional Transit Light Rail is a world-class rail transit system with 70 routes covering 43 miles of rail and 367 square-miles of service area
 - Weekday ridership averages approximately 40,000 passengers per day
 - Originally designed 30 years ago as a downtown transportation network, the light rail system now reaches the cities of Folsom to the east, Elk Grove to the south, and Citrus Heights to the north, with further expansion proposed to the Sacramento International Airport









CHIPOTLE & FIREHOUSE CRAWFISH

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Sacramento

- Capital city of California; located at the confluence of the Sacramento River and the American River in the northern portion of California's Central Valley
- 500,000 population; 6th largest city in California and the 35th largest city in the nation
- Economic center of the Sacramento MSA which includes 7 counties and a population in excess of 2.5 million
- Home to professional sports teams such as the Kings (NBA), Sirens (IWFL), and the River Cats (MiLB)
- #1 "Best Place to Retire in California" Forbes (2018)

ECONOMY

- Diverse, thriving economy experiencing a growth of nearly 1.5%, making it the fastest growing city in California according to ABC News (2017)
 - o 5.4% expected job growth and 6.4% expected retail growth between 2017-2022
 - Employment growth will be greatest in professional and business services, education and healthcare, and leisure and hospitality which will account for 71% of net job growth in the county
- Stable base and low business costs, compared with the region, attracts major corporations
 - Among these are Intel Corp., Apple Computer, and Siemens Transportation Systems
 - The former McClellan Air Force Base is now an industrial park and includes tenants such as Northrop Grumman and JCPenney
- Home to many agricultural companies such as Blue Diamond, HP Hood, and Imperial Valley Seeds
 - o Industry has economic impact of over \$3 billion and provides approximately 6,400 jobs
 - O Blue Diamond Growers supplies 80% of the world's almond supplies
- Life Science and Healthcare is an \$8.64 billion dollar industry; supplies over 98,000 jobs and provides 20% of the total payroll in the Sacramento region
- California's Capitol experienced the fastest growing rent in the country in 2017, according to Apartment List, a real estate site which analyzes apartment data
 - Rent went up 11% compared to the same time last year; more than double the national pace
 - Significantly more than California's rent growth of 6.5% over the past 12 months
 - Rent growth in the U.S. was nearly 4% over the past year
- More affordable than other California cities, such as San Francisco, with a median 2-bedroom rent of \$3,140
 - O No other major city in California experienced nearly as large of a spike in rent price like Sacramento; it's the only city that saw year-over-year rent growth above the state average
 - O Analysts expect area will continually experience some of the fastest rent growth in the nation in 2018









CHIPOTLE & FIREHOUSE CRAWFISH



DEVELOPMENTS

- The downtown and midtown retail core has undergone a major transformation in recent years, and will likely continue to do so in the near future
- 7-county Sacramento region is projecting 285,000 new housing units over the next 25 years
 - o 30% region expansion
 - The city of Sacramento has recently issued 1,500 housing units in its Natomas community, with an ultimate expectation of 14,000 new residences
 - Rancho Cordova, Elk Grove, and Sacramento County have been laying plans for tens of thousands of homes in open fields on the county's eastern flank
 - In Placer County, Roseville expects 19,000 more homes in the next two decades and Lincoln is expecting 11,000 more homes

Golden 1 Center

- \$559 million project to change the former Sacramento Downtown Place into a multi-use indoor venue for entertainment and sporting events
- One of the most significant developments in recent Sacramento history
- Located in four city blocks within Downtown Sacramento
- Project is a joint partnership between Sacramento Basketball Holdings, LLC and the City of Sacramento
- Currently constructing an additional development project that adds up to 1.5 million square feet
 - Branded as DOCO (Downtown Commons); includes 250,000 square feet of office, 630,000 square feet of retail, a 250-room Kimpton hotel, and 45 residential units

The Railyards Project

- 244 acre site located north of the arena north of Downtown and south of the River District, at the former historic Union Pacific site
- O Goal is to transform the historic Union Pacific site into a dynamic, urban environment featuring a state-of-the-art mass transit hub that will serve residents, workers, and visitors
 - One of the nation's largest infill redevelopment projects; under construction since 2016
- o Project will connect with Downtown Sacrament, essentially doubling the size of the downtown area
- Features 6,000-10,000 housing units; 515,000 square feet of retail; 1.2 million medical campus; 1,100 hotel rooms; 19,621 seat soccer stadium; and 2.8-3.8 million square feet of office space

Delta Shores

- 0 800 acre master-planned development, projected to house 5,200 residents
- Encompasses 1.3 million square feet of planned retail; 250,000 square feet of hotel and commercial uses









CHIPOTLE & FIREHOUSE CRAWFISH

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TRANSPORTATION

- Situated at the hub of several highways, a deep-water inland port, an international airport, and transcontinental railroad line
- Located at the intersection of 4 major highways: Interstate 80, Interstate 5, Highway 99, and Highway 50
 - o Interstate 5 is the major north/south arterial running from the Mexican border to the Canadian border
 - Interstate 80 is the major east/west arterial going from San Francisco to New York City
- Sacramento International Airport (SMF)
 - Offers more than 155 daily nonstop flights on 11 domestic and international carriers to 35 destinations
 - \$4 billion regional economic impact annually
 - Served 10.9 million passengers in 2017; 1.1 million passengers in July 2018 set record for airport's busiest month in history
 - 7.8% robust annual growth rate from 2016
 - Airport's record-breaking numbers reflect strong community support, demand for air travel helped by a surging local economy, and the airport's successful efforts to reduce operational cost, according to John Wheat, Director of Airports for the Sacramento County Department of Airports

EDUCATION

- California State University, Sacramento
 - Public university that offers 58 undergraduate and 41 graduate majors
 - o 30,670 students; 3,130 employees
 - o \$816 million regional economic impact and more than \$1 billion statewide impact
 - Supports 9,000 jobs in the region and statewide economy
 - o 7 miles west of the city; directly accessible via U.S. Route 50
- Sacramento City College
 - Local community college with more than 24,000 students
 - Employs over 800 faculty and staff
- University of California, Davis
 - O Public research university; one of the 10 campuses of the University of California system
 - o 29,000 undergraduate enrollment; \$6.8 billion economic impact
 - o Provides 65,000 jobs within the local region









DEMOGRAPHICS



			A STATE OF THE STA
	<u>1-Mile</u>	3-Mile	5-Mile
Population	10.107	02.745	222 221
2023 Projection	18,127	82,715	222,221
2018 Estimate	17,926	80,504	215,578
2010 Census	16,878	75,539	202,212
2000 Census	15,939	72,244	191,747
Growth 2000-2010	5.89%	4.56%	5.46%
Growth 2010-2018	6.21%	6.57%	6.61%
Growth 2018-2023	1.12%	2.75%	3.08%
Households			
2023 Projection	6,929	32,202	89,009
2018 Estimate	6,684	30,896	85,879
2010 Census	6,244	28,759	79,859
2000 Census	5,947	27,412	76,200
Growth 2000-2010	4.99%	4.91%	4.80%
Growth 2010-2018	7.05%	7.43%	7.54%
Growth 2018-2023	3.67%	4.23%	3.64%
2018 Est. Population by Single-Classification Race			
White Alone	10,741	51,031	151,142
Black or African American Alone	1,542	7,092	14,595
American Indian and Alaska Native Alone	194	773	1,876
Asian Alone	1,859	8,493	20,760
Native Hawaiian and Other Pacific Islander Alone	125	716	1,380
Some Other Race Alone	2,115	6,625	11,835
Two or More Races	1,271	5,416	13,103
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	4,524	15,581	32,888
Not Hispanic or Latino	13,402	64,923	182,690
			\$92,045

CONFIDENTIALITY AGREEMENT

CHIPOTLE & FIREHOUSE CRAWFISH



The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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retail sales nationwide











