

CIRCLE K

K 20-Year Abs. NNN Ground Lease

K Corporate Guarantee

K \$150,000+ AHHI



RANKED
#20

"America's 50 Best Places to Live"
(Wall Street 24/7)

OFFERING MEMORANDUM
SANTA CLARITA (VALENCIA), CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

SANTA CLARITA (VALENCIA), CALIFORNIA

TABLE OF CONTENTS:

Offering Summary	3
Investment Highlights	4
Site Plan	6
Aerial Overview	7
Regional Map	8
Tenant Profile	9
Area Overview	10
Demographics	13

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OFFERING SUMMARY

CIRCLE K (GROUND LEASE)



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LOCATION

Circle K (Ground Lease)
24010 Copper Hill Drive
Santa Clarita (Valencia), CA 91354

OFFERING SUMMARY

Price:	\$4,125,000
Current Net Operating Income (NOI):	\$165,000
Current Capitalization Rate:	4.00%
October 2023 Net Operating Income (NOI):	\$181,500
October 2023 Capitalization Rate:	4.40%
Net Rentable Area:	3,819
Year Built:	2018
Lot Size (Acres):	1.31

LEASE TERMS (1)

Lease Commencement:	10/14/2018
Lease Expiration:	10/13/2038
Lease Term:	20 Years
Lease Type:	Absolute NNN Ground Lease
Roof & Structure:	Tenant Responsibility
Monthly Rent:	\$13,750
Annual Rent:	\$165,000
Rental Increases:	10% Every 5 Years
Renewal Options:	Five 5-Year @ 10% Each Option

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.



NOT A PART



INVESTMENT HIGHLIGHTS

CIRCLE K (GROUND LEASE)



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- **Brand New Construction Single-Tenant Circle K Ground Lease:**
 - Absolute NNN ground lease; zero landlord responsibilities
 - 18+ years remaining on a 20-year corporate guaranteed lease
 - 10% increases every 5 years
 - Circle K ranked #2 in the CSP Magazine's "Top 40 C-Store Chains" in 2018 and 2019; ranked #3 in the Franchise Times' 2019 "Top 10 Fastest Growers by Sales" (26% Growth)
 - Circle K's parent company, Alimentation Couche-Tard Inc., is the largest independent convenience store operator in terms of number of company-operated stores in North America
- **Hard Corner, Signalized Intersection Location:** 36,000 cars per day at the intersection of Copper Hill Drive and Rio Norte Drive
- **Affluent and Growing Demographics:** The city of Santa Clarita is one of the fastest growing communities in the region with over 150,000 residents within a 5-mile radius and an average household income of nearly \$151,000 within a 1-mile radius
- **Dense, Infill Suburban Los Angeles County:** The city of Santa Clarita is the 3rd largest city in Los Angeles County and the 18th largest city in California, with a population of over 216,000
- **One of America's Best Cities to Live:** Ranked #20 (out of 550 cities) by Wall Street 24/7 as one of "America's 50 Best Places to Live" based on employment growth, access to restaurants and attractions, and housing affordability



INVESTMENT HIGHLIGHTS

CIRCLE K (GROUND LEASE)



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- **Lowest Vacancy Rates in L.A. County:** Santa Clarita is the tightest real estate market in Los Angeles County with the lowest vacancy rates in apartments, commercial space, and industrial space
- **Most Business-Friendly City in L.A. County:** Consistently ranked as one of the top business-friendly cities by the Los Angeles County Economic Development
- **Site of New Development:** By the end of 2019 there were 35,310 residential units in some phase of the planning process in the Santa Clarita Valley, many of these have now been approved, including some within the Newhall Ranch project
 - **Newhall Ranch** – New net zero master-planned community developed by FivePoint, the largest owner and developer of mixed-use master planned communities in coastal California
 - ◆ 21,500 brand new homes
 - ◆ Will add 75,000 permanent jobs and generate more than \$800 million a year in state and local taxes
 - **Vista Canyon** – 185-acre mixed-use development featuring over 1,100 homes, and close to 1 million square feet of commercial space; under construction
 - ◆ Jefferson Vista Canyon, the project's first major residential development with 480 luxury apartments, is under construction, with its first tenants expected to move in by summer 2020
 - **Needham Ranch** – 132-acre business park; Trammel Crow and Clarion Partners have broken ground on Phase 1B of the largest commercial project currently in L.A. County
 - ◆ Fully entitled for up to 4.2 million square feet of Class A industrial space
 - **Paloma at West Creek** – 155 new townhomes recently completed adjacent to the subject property



SITE PLAN

CIRCLE K (GROUND LEASE)



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SUBJECT PROPERTY



NOT A PART



PROPERTY PARCEL

APN: 2810-110-234

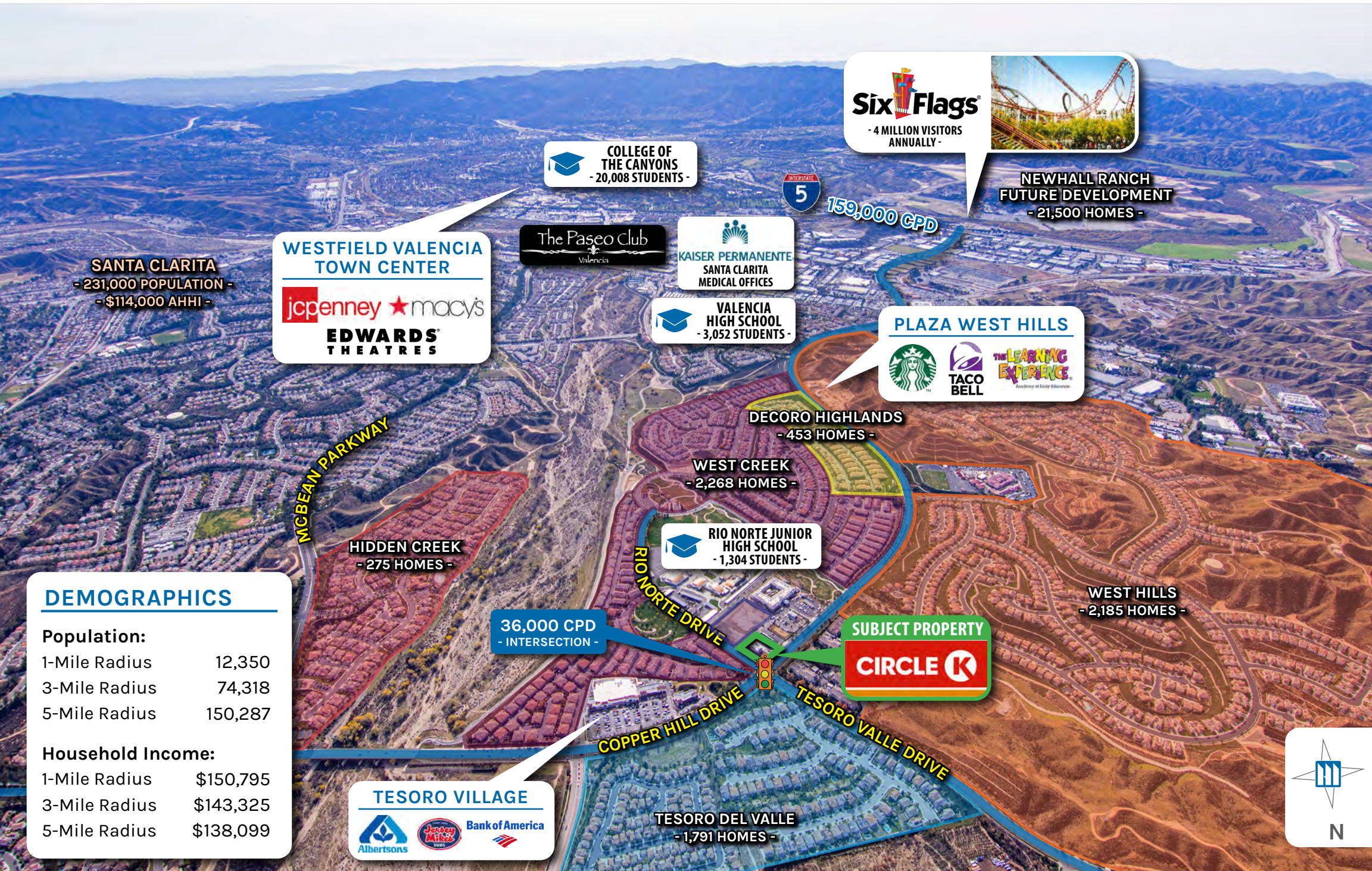


AERIAL OVERVIEW

CIRCLE K (GROUND LEASE)



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REGIONAL MAP

CIRCLE K (GROUND LEASE)



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SANTA CLARITA QUICK FACTS

- Valencia is the #1 Most Populous Community in Santa Clarita
- Santa Clarita is the #3 Most Populous Community in Los Angeles County
- Home to Six Flags Magic Mountain (4 Million Visitors Annually)
- Largest Master Planned Business Center in the U.S.



TENANT PROFILE

CIRCLE K (GROUND LEASE)



CIRCLE K

Circle K is an international chain of convenience stores with locations in the United States, Canada, Europe, Asia, and Latin America. The company's roots trace back to 1951 when Fred Hervey purchased 3 Kay's Food Stores in El Paso, Texas. By 1975, there were 1,000 Circle K stores across the country and by the 1980's, Circle K was the largest company-owned convenience store chain in the United States. Today, operations are continuing to expand in 42 states, as well as in all 10 Canadian provinces, Asia, and Eastern Europe.

The parent company of Circle K, Alimentation Couche-Tard Inc., is the largest independent convenience store operator in terms of number of company-operated stores in North America. Couche-Tard is a Canadian company with 3 main store brands: Couche-Tard, Mac's, and Circle K.

Couche-Tard's network is comprised of roughly 10,000 convenience stores throughout North America including close to 8,600 stores with road transportation fuel dispensing. Approximately 120,000 people are employed throughout its network of in North America. In Europe, Couche-Tard operates a broad retail network comprising of 2,750 stores, the majority of which offer road transportation fuel and convenience products. Including employees at its branded franchise stores, approximately 25,000 people work in its retail network, terminals, and service offices across Europe. In addition, under licensing agreements, close to 1,800 stores are operated under the Circle K banner in 14 other countries and territories which brings the total network to over 16,200 stores.

In 2019, The Franchise Times Top 200+ placed Circle K at #14 in the exclusive ranking of the 500 largest franchises with a reported \$10.2 billion in sales. Circle K also took the No. 3 spot on the Franchise Times Top 10 Fastest Growers by Sales (26% growth) and the No. 8 spot on the Franchise Times Top 10 Fastest Growers by Units (13.7% growth). There are currently 5,908 locations in the U.S. (562 franchised units) and 8,501 locations worldwide.

TOP HONORS

- **#1 "Top 5 Store Brands by Market Share"** - CSP Magazine (2019)
- **#2 "Top 40 C-Store Chains"** - CSP Magazine (2018, 2019)
- **#3 "Top 10 Fastest Growers by Sales (26 percent)"** - Franchise Times (2019)

Company Type: Public (TSX: ATD.A & ATD.B)
Locations: 5,908 U.S. locations (8,501 worldwide)
Website: www.circlek.com | corpo.couche-tard.com/en



Valencia, California

- Neighborhood situated centrally in the city of Santa Clarita, running from Newhall to the south (below Lyons Avenue) to north of Copper Hill Drive
- 1 of 4 planned communities that make up Santa Clarita; also includes Saugus, Newhall, and Canyon County
 - Most populous of the 4 unincorporated communities
- Known for its landscaped boulevards that connect to a mix of residential, retail, office parks, and industrial warehouses
- Access to 60 miles of pristine trails, golf courses, fine dining, shopping, and wine throughout Santa Clarita Valley

ECONOMY

- Top employers include Six Flags Magic Mountain (3,200), Princess Cruises (2,177), Boston Scientific (900) Newhall School District (785), and Woodward HRT (680)
- Other notable companies include Quest Diagnostics, Advanced Bionics, ITT Aerospace Controls, Aerospace Dynamics International, and Pharmavite
- **Valencia Gateway** - Largest master planned center for business, technology, and industry in the county
 - 7 business parks on 4,700 acres with 22.5 million square feet of building space
 - 1,400 companies; 41,500 employees
- Six Flags Magic Mountain and Six Flags Hurricane Harbor occupies over 260 acres
 - 4 million visitors each year; open 365 days
 - Most roller coasters found in a single theme park worldwide; 100 rides and 19 roller coasters
- **Valencia Country Club** - Ranked by Golf Digest as one of the top 25 golf courses in California

- Hosted 15 PGA Tours and PGA Tour Champions tournaments
- Par-72, 7,076 yard championship golf course designed by Robert Trent Jones, Sr., the father of modern golf architecture

DEVELOPMENTS

- **Henry Mayo Newhall Memorial Hospital** - \$151 million, 6-story patient tower with a helipad, and underground parking structure; broke ground October 2016
- **Westfield Valencia Town Center - The Patios Connection**
 - \$100 million redevelopment that will include a new Costco, luxury cinema, and fitness center; completion late 2020
 - \$6 million+ in expected revenue to the city; additional 486 full-time jobs
 - A \$20 million renovation was recently completed to improve the interior of the shopping center
 - ◆ Considered to be the city's 2nd largest economic generator, with more than 1,000 jobs associated with operations



4M

**ANNUAL VISITORS TO SIX
FLAGS MAGIC MOUNTAIN**



**LARGEST MASTER PLANNED
BUSINESS CENTER IN THE U.S.**

#1

**MOST POPULOUS COMMUNITY
IN SANTA CLARITA**



VALENCIA COUNTRY CLUB



SIX FLAGS MAGIC MOUNTAIN



HENRY MAYO NEWHALL MEMORIAL HOSPITAL



Santa Clarita, California

- The largest city in terms of geographic size within the county of Los Angeles
- Located 30 miles north of downtown Los Angeles, between Interstate 5 and State Highway 14
- 3rd most populous city in L.A. County; 216,589 population
 - 6.2% predicted increase in total population between 2017-2022
 - 7.6% projected increase in the total number of households between 2017-2022

ECONOMY

- Strong and diverse economy makes this city the ideal destination for business
 - 7,600+ business establishments are based within the city
 - 2.7 million workers in a 30 minute radius
 - "Most Business-Friendly City in L.A. County" - Los Angeles Economic Development Corporation
- 92,437 jobs reported for the last quarter of 2018 (a record high), compared to 76,334 in the last quarter of 2008
 - 20,000+ jobs added since the 4th quarter of 2009 when the recession ended, a 29.3% increase
- 10,000+ local jobs are in manufacturing, retail, leisure services, and professional services
- 850,000 square feet of industrial building, 265,000 square feet of office, and 117,000 square feet of retail space currently under construction in the Santa Clarita Valley
- Aerospace and biomedical industries have a strong presence in the city

DEVELOPMENTS

- **Southern California Innovation Park** - Currently 612,075 square feet of medical offices and buildings
 - Adding 3 new buildings to the site, comprising 125,000 square feet of space
- **Newhall Crossings** - New 500-seat, 17,000 square foot Laemmle Theatre; 20,000 square feet of retail and restaurant space, and 47 apartment units
- 8,043 residential units in planning or under construction as of March 2019
- **Kaiser Permanente** - Opened a new 64,000 square foot "next generation" specialty care facility in February 2018; 2nd Kaiser Permanente facility in the city
- One of the most filmed areas in California due to its varied topography, 20+ sound stages, 10+ movie ranches, and thousands of film-friendly locations
 - Part of the entertainment industry's coveted "Thirty Mile Zone" because parts of the city can double as various locations around the world

City of Santa Clarita *at a Glance*

\$118,996

**AVERAGE
HOUSEHOLD INCOME**

216,589

TOTAL POPULATION

#3

**MOST POPULOUS CITY
IN LOS ANGELES COUNTY**





Santa Clarita, California

- Ranked among "Best Cities for Doing Business in Southern California" - Kosmont-Rose Institute Cost of Doing Business Survey (2018)
- Known for its highly educated workforce, master planned communities & business parks, distinguished schools, and business incentives
- #25 Most Diverse Suburbs in Los Angeles County - Niche (2019)

- 1,376 film days in 2018 brought a \$32.9 million economic impact for the local community
 - ◆ Some locally based shows filmed in 2019 include "Atypical," "Ballers," "MythBusters," "NCIS," "Santa Clarita Diet," and "Westworld"

○ Disney | ABC Studio Ranch

- ◆ 58-acre movie ranch located within the Golden Oak Ranch, an 890-acre filming paradise located in the Santa Clarita Valley
- ◆ Plans to include 500,000+ square feet of sound stage and production space
- ◆ The construction will create 3,152 new jobs and generate \$522 million in direct economic activity
- ◆ At full buildout, the studio ranch will create 2,854 full-time jobs and generate \$533 million in annual economic activity in the county
- **Needham Ranch** - 4 million square foot business park; under construction
- **Aliento Neighborhood** - 400 units; 95 age qualified units; 2 recreation centers; 900-acres of open space; under construction

- **River Village Area D** - 184 multi-family units on 32 acres; under construction
- **Valencia Town Center Square** - 60 units; 10,000 square feet of commercial space; under construction

EDUCATION

- Close to 15 area colleges and universities; 2 major colleges reside in the area including the California Institute of the Arts and College of the Canyons
- **California Institute of the Arts (Cal Arts)** - Private arts college offering degrees in music, art, dance, film and video, animation, theater, puppetry, and writing
 - Approximately 1,500 students and 690 employees
 - #9 "World's Top Universities for Art and Design" - QS World University Rankings
- **College of the Canyons** - 70-acre community college with 17,150 students and 2,115 employees

City of Santa Clarita *at a Glance*



**BEST CITIES FOR DOING
BUSINESS IN SOUTHERN
CALIFORNIA**

32.9M

**ECONOMIC IMPACT BY THE
ENTERTAINMENT INDUSTRY**

2.7M

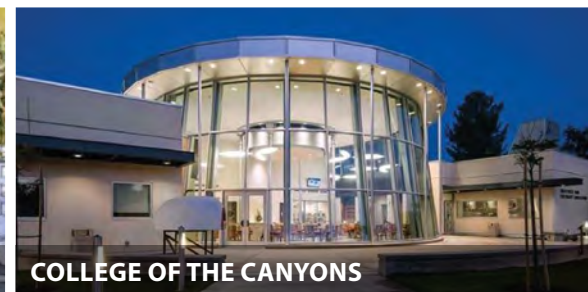
**WORKERS WITHIN
A 30-MINUTE RADIUS**



DISNEY | ABC STUDIO



GOLDEN OAK RANCH



COLLEGE OF THE CANYONS





	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2023 Projection	16,298	85,934	168,791
2018 Estimate	12,350	74,318	150,287
2010 Census	9,561	67,965	138,815
2000 Census	1,470	38,271	97,988
Growth 2000-2010	550.41%	77.59%	41.67%
Growth 2010-2018	29.17%	9.35%	8.26%
Growth 2018-2023	31.97%	15.63%	12.31%
Households			
2023 Projection	5,580	26,490	54,919
2018 Estimate	4,225	22,463	48,377
2010 Census	3,301	20,317	44,317
2000 Census	494	12,346	30,323
Growth 2000-2010	568.22%	64.56%	46.15%
Growth 2010-2018	27.99%	10.56%	9.16%
Growth 2018-2023	32.07%	17.93%	13.52%
2018 Est. Population by Single-Classification Race			
White Alone	7,387	47,757	101,098
Black or African American Alone	517	4,162	6,402
American Indian and Alaska Native Alone	25	268	631
Asian Alone	3,059	10,627	19,763
Native Hawaiian and Other Pacific Islander Alone	14	82	180
Some Other Race Alone	516	7,528	13,811
Two or More Races	643	3,561	7,760
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	2,183	17,565	35,951
Not Hispanic or Latino	10,167	56,753	114,336
2018 Est. Average Household Income	\$150,795	\$143,325	\$138,099

CONFIDENTIALITY AGREEMENT

CIRCLE K (GROUND LEASE)



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\$6+ BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



TOP BROKERAGE GLOBALLY
in investment sales



COSTAR POWER BROKER
top sales brokers & firm in OC



NATIONWIDE REACH
retail & investors across the U.S.