



Offering Memorandum

Subject Property

Taco Bell (Ground Lease)

444-452 Avenue 295 | Farmersville, CA 93277

Sale Leaseback | New 25-Year Ground Lease | Absolute NNN | Proven Site with Strong Sales | Top Operator

 **Stan Johnson Co.**

Confidentiality and Restricted Use Agreement

This Confidential Offering Memorandum ("COM") is provided by Stan Johnson Company ("SJC"), solely for your consideration of the opportunity to acquire the commercial property described herein (the "Property"). This COM may be used only as stated herein and shall not be used for any other purpose, or in any other manner, without prior written authorization and consent of SJC.

This COM does not constitute or pertain to an offer of a security or an offer of any investment contract. This COM contains descriptive materials, financial information and other data compiled by SJC for the convenience of parties who may be interested in the Property. Such information is not all inclusive and is not represented to include all information that may be material to an evaluation of the acquisition opportunity presented. SJC has not independently verified any of the information contained herein and makes no representations or warranties of any kind concerning the accuracy or completeness thereof. All summaries and discussions of documentation and/or financial information contained herein are qualified in their entirety by reference to the actual documents and/or financial statements, which upon request may be made available. An interested party must conduct its own independent investigation and verification of any information the party deems material to consideration of the opportunity, or otherwise appropriate, without reliance upon SJC.

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BY ACCEPTING THIS COM, YOU AGREE THAT: (1) all information contained herein, and all other information you have received or may hereafter receive from SJC relating to the Property, whether oral, written or in any other form (collectively, the "Information"), is strictly confidential; (2) you will not copy or reproduce, and claim as your own without attribution to SJC, all or any part of this COM or the Information; (3) upon request by SJC at any time, you will return and/or certify your complete destruction of all copies of this COM and the Information; (4) for yourself and all your affiliates, officers, employees, representatives, agents and principals, you hereby release and agree to indemnify and hold harmless SJC all of its affiliates, officers, employees, representatives, agents and principals, from and with respect to any and all claims and liabilities arising from or related to the receipt or use of this COM and/or any other Information concerning the Property; (5) you will not provide this COM or any of the Information to any other party unless you first obtain such party's acceptance and approval of all terms, conditions, limitations and agreements set forth herein, as being applicable to such party as well as to you; and (6) monetary damages alone will not be an adequate remedy for a violation of these terms and that SJC shall be entitled to equitable relief, including, but not limited to, injunctive relief and specific performance, in connection with such a violation and shall not be required to post a bond when obtaining such relief.

Offered Exclusively by

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Section One

Executive Summary



The Offering

Stan Johnson Company is pleased to present this single-tenant sale leaseback opportunity located in Tulare County, CA. Under the new lease, the property will be 100% occupied by Cotti Foods, ranked 32nd on the Franchise Times list of the top 200 US restaurant operators.

The tenant will commence a new absolute NNN ground lease at the close of escrow, with effectively zero day-to-day responsibilities for the owner/buyer.

Typical of a ground lease, the land will be owned by the landlord, whereas during the lease, the improvements will be owned by the tenant.

Prospective buyers may notice the building was originally demised for two users. The tenant may elect to use the extra space for expansion of the restaurant, a regional office, or to sublease. In any event, the building itself remains an asset and responsibility of the tenant, leaving the landlord with no leasing responsibilities.



Subject Property

Investment Highlights



New 25-Year Absolute NNN Ground Lease

At the close of escrow, a brand new ground lease will be commenced, with the tenant taking responsibility for all property taxes, insurance and maintenance.



Proven Site with Strong Sales and Continual Growth (Despite the Pandemic)

Since 2017, sales have grown at a compound rate of over 9% per year. 2020 sales exceeded 2019 by over 16%, and January & February 2021 sales are up by approximately 27% versus 2020.



Improved Resale Value

Over the next 25 years of ownership, there will always be 5 additional years of committed lease term on this property versus comparable NNN properties with 20-year commitments - a critical factor in resale value.



Top 35 Operator

Cotti Foods currently operates a total of 195 restaurants in six states, and is ranked 32nd nationally in the 2020 Franchise Times top 200. They currently operate 85 Taco Bell locations.



Attractive Rents

At just \$105,000 per year, the base rent is advantageous for both tenant and landlord, as low rents improve tenant profitability, in turn improving landlord income security.



10% Increases Every 5 Years

Healthy increases to hedge against future inflation.



Clean Phase I

Phase I environmental study produced a clean bill of health.

Section Two

Property Overview



Purchase Price: \$2,560,980

Cap Rate: 4.10% **NOI:** \$105,000

Rent Schedule

Property Summary	
Address	444-452 Avenue 295, Farmersville, CA
Tenant Trade Name	Taco Bell
Tenant / Lessee	Cotti Foods Corporation
Building Area (SF)	3,216
Land Area (SF/AC)	19,344/0.44
Year Built	2006
Lease Type	Absolute NNN Ground Lease
Lease Term	25 Years
Remaining Term	25 Years
Landlord Responsibilities	None (Absolute NNN)
Rental Increases	10% Every 5 Years
Option Periods	4 x 5 Years

Years	Annual Rent	PSF	Monthly Rent	PSF	Rental Increases
1 - 5	\$105,000	\$32.65	\$8,750	\$2.72	
6 - 10	\$115,500	\$35.91	\$9,625	\$2.99	10.00%
11 - 15	\$127,050	\$39.51	\$10,588	\$3.29	10.00%
16 - 20	\$139,755	\$43.46	\$11,646	\$3.62	10.00%
21 - 25	\$153,731	\$47.80	\$12,811	\$3.98	10.00%
Options					
Option 1	\$169,104	\$52.58	\$14,092	\$4.38	10.00%
Option 2	\$186,014	\$57.84	\$15,501	\$4.82	10.00%
Option 3	\$204,615	\$63.62	\$17,051	\$5.30	10.00%
Option 4	\$225,077	\$69.99	\$18,756	\$5.83	10.00%



Subject Property



Subject Property Photos



Section Three

Tenant Overview



Tenant Overview



The **Cotti Foods** story begins in 1967 with the purchase of a Taco Bell by Peter Capriotti Senior. A family business from the start, the store count grew organically through the years, with Peter Sr.'s son later purchasing a Taco Bell restaurant of his own in 1982. The two joined forces in 1996, with a total of 5 Taco Bells locations, creating Cotti Foods Corporation in the process.

Since that time, through a combination of continued organic growth and strategic acquisitions, Cotti Foods has built a substantial portfolio of successful restaurants under some of the most popular brands in the world, including 85 Taco Bell locations, 106 Wendy's locations, and 4 Pieology locations. Through that growth, the company still maintains its family-owned roots having added the third generation to the company. Cotti Foods is currently ranked 32nd on the Franchise Times list of the top 200 US restaurant operators, and currently outperforms its peers in both sales and growth.

Taco Bell Corporation is a subsidiary of Yum! Brands, Inc (NYSE: YUM) and is the world's leading Mexican-inspired quick service restaurant. The food conglomerate has more than 350 franchisees worldwide that together operate over 7,000 Taco Bell locations, serving more than two billion customers every year. 86% of the company's locations are run by franchisees.



Yum! Brands, Inc., based in Louisville, Kentucky, is one of the World's largest fast food companies, with over 50,000 restaurants and 1.5 million employees in more than 150 countries and territories. Brand names include Taco Bell, KFC, Pizza Hut, and the Habit Burger Grill. Yum! Brands is ranked #422 on the FORTUNE 500 list with Total Revenue of approximately \$5.6 billion. In 2019, the company was named to the Dow Jones Sustainability North America Index and in 2020, it ranked among the top 100 "Best Corporate Citizens" by 3BL Media.

Public Company Profile

Tenant	Taco Bell
Industry	Food Service - QSR
No. of Locations	7,000+
Stock Ticker	NASDAQ: WEN
Total Revenue*	\$1.74 Billion
Total Net Income*	\$0.9 Billion
Total Net Worth	\$32,39 Billion
Headquarters	Irvine, CA
Website	www.tacobell.com

Source: According to public filings



Representative Photos

Section Four

Market Overview



Area Overview

Farmersville, CA

Farmersville is a city in the San Joaquin Valley in Tulare County, located 5 miles east of Visalia. It has a population of 10,703 and is steadily growing as Visalia residents move eastward in search of more affordable housing.

Historically an agricultural city, the City of Farmersville has made robust economic development a top priority in recent years. Farmersville has issued incentives to assist in the attraction of new businesses, including a sales tax reimbursement program for developers/individual retailers generating sales tax revenues above a certain threshold, and a hotel incentive program, approved by the City Council, designed to encourage both new development and reinvestment into existing hospitality venues and opportunities.

Visalia, CA

Visalia, a Central California Valley metro located approximately halfway between Los Angeles and San Francisco, is primarily driven by agriculture. The metro, which encompasses Tulare County, benefits from a central location, direct access to Highway 99, and the availability of rail service, making it an ideal location for distribution, warehousing, and light manufacturing. Visalia is situated in the agricultural San Joaquin Valley of California, approximately 230 miles southeast of San Francisco, 190 miles north of Los Angeles. With a population of roughly 135,000, Visalia is the 5th largest city in the San Joaquin Valley. As the county seat of Tulare County, **Visalia serves as the economic and governmental center to one of the single most productive agricultural counties within the US, and regions in the world, leading in both commodities and dairy products. Tulare County regularly tops the list of California counties in terms of agricultural production, with a state-leading \$7.028 billion in 2017 crops.**

Outside of the pandemic, metro rent growth has been strong, with vacancies among the lowest in the Central Valley at 2.1%, largely due to burgeoning demand that has resulted from lower rent costs as compared to other Central Valley Markets while providing users with similar logistics and intermodal connectivity. Although post recession construction was limited, activity resumed in 2017 when more than 300,000 SF of new product was added. Proximity to Highway 99, which runs through the Central Valley and is one of the state's major trucking corridors, and the San Joaquin Valley Railroad, which connects with both the Union Pacific Railroad and Burlington Northern Santa Fe railroad, allows producers to efficiently reach nearly all of California—plus portions of Arizona, Oregon and Nevada—overnight, making it a desirable logistics hub.



Farmersville, CA



Visalia, CA



Visalia, CA

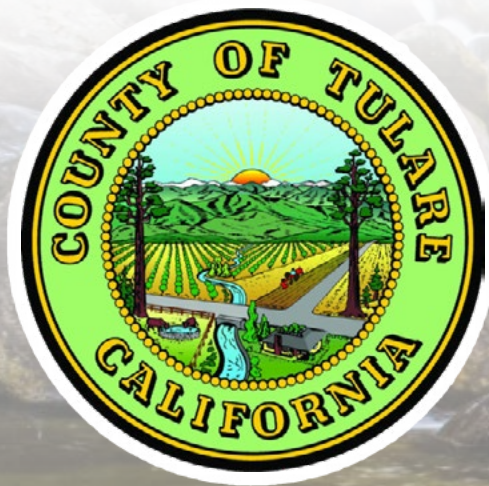
Tulare County Overview

Tulare County

Centrally located within the State of California, Tulare County is situated in a geographically-diverse region. The County includes an area of 4,863 square miles.

The extensively cultivated and very fertile valley floor in the Western half of Tulare County has made it the top producer of agricultural commodities in the United States. In addition to substantial packing/shipping operations, light and medium manufacturing plants are also increasing in number and are becoming an important factor in the County's total economic picture.

The Eastern half of the County is comprised primarily of public lands within the Sequoia National Park, National Forest, and the Mineral King, Golden Trout, and Domeland Wilderness areas.



Fact Sheet



479K+ Population



**Top Producer
of Agricultural
Commodities in the US**



4,863 Square Miles



**Home to Sequoyah
National Park**



82,784 People
Within 5 Miles



Visalia, CA
±5 Miles from Subject Property



Token
Farms

Valley
Pure

Estrada
Automotive

Windows
Plus



MCDONALD'S



Hellwig
Products



CA 198 (27,996 VPD)



Farmersville Rd (9,817 VPD)





CA 198 (27,996 VPD)

Retail Corridor

- Gary's Jewelry
- Caltrans-Visalia Maintenance Station
- Mid Valley Storage
- Mariscos El Chaparrito inc
- Sunplay Pool 'n Spa Supplies
- Visalia Tire & Wheel
- Visalia Sales Yard
- Newberry's Hi-Performance Muffler
- Hans' Boat Works, Inc.
- Precision Plumbing Backhoe Service
- Kiko's Auto Repair
- Affordable Secure Storage
- Sandoval Construction
- Mc Graphics

Retail Corridor

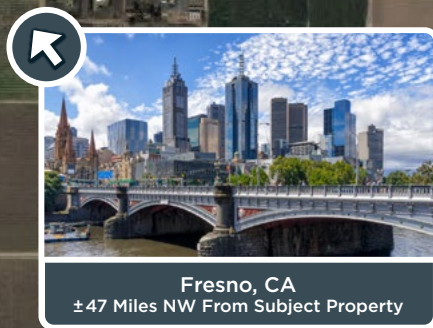
- Estrada Automotive
- SiteOne Hardscape Center
- Stone Yard
- Griffin Property Management Group, INC
- Valley Pure Farmersville Window Plus Inc
- Kaweah Delta Water Conservation



Farmersville Rd (9,817 VPD)



W Walnut Ave (6,268 VPD)



Farmersville High School
718 Students

Freedom Elementary School
580 Students

Farmersville Junior High School
403 Students



Armstrong Park

J E Hester Elementary School
413 Students



Rd 156 (5,464 VPD)

Site Plan



Demographics

444-452 Avenue 295 | Farmersville, CA 93277



	0 - 3 mi.	0 - 5 mi.
2020 Population	25,932	82,784
2025 Population	26,681	84,806
2010-2020 Annual Rate	0.55%	0.51%
2020-2025 Annual Rate	0.57%	0.48%



2020 Total Households	7,493	25,663
2025 Total Households	7,727	26,293
2010-2020 Annual Rate	0.62%	0.54%
2020-2025 Annual Rate	0.62%	0.49%



2020 Average Household Income	\$70,457	\$68,113
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82K
population
(5 miles)

\$70K
avg. HH inc.
(3 miles)



Area Map



Sacramento, CA
±218 miles

San Francisco, CA
±235 miles

Fresno, CA
±50 miles

Farmersville, CA

Bakersfield, CA
±75 miles

Las Vegas, NV
±362 miles

Los Angeles, CA
±185 miles

San Diego, CA
±305 miles

Phoenix, AZ
±557 miles

Visalia, CA MSA
Population: 466,195



0 < 149 mi

150 < 299 mi

300+ mi

going beyond

Presented by

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