



Single-Tenant, Absolute NNN Investment Opportunity

12972 NEWPORT AVE | TUSTIN (ORANGE COUNTY), CA



WALSETH NET LEASED INVESTMENTS TEAM

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INVESTMENT SUMMARY



Kidder Mathews is pleased to offer the opportunity to acquire the fee simple interest (land & building ownership) in an absolute NNN leased Valvoline, guaranteed by their largest franchisee with over 200 locations nationwide, investment property located in Tustin, California.

The tenant, Henley Pacific LA LLC, recently exercised its second option and now has 4.5 years remaining of term with 1 (5-year) option to extend (15% increase), demonstrating their commitment to the site. Valvoline has been operating at this location since 2000, a testament to the strength of this location. The lease features a 15% rental increase in Jan. 2025 at the beginning of the remaining option period, steadily growing NOI and hedging against inflation. The lease is absolute NNN with zero landlord responsibilities making it an ideal, management free investment opportunity for a passive investor.

Valvoline is strategically located at the signalized, hard corner intersection of Newport Ave and Old Irvine Blvd (combined 40,100 VPD). In addition, the site is also just 1.3 miles north of Interstate 5 (336,000 VPD) and 1.4 miles east of State Highway 55 (259,000 VPD) with convenient on/off ramp access. The site is equipped with a large monument sign, providing excellent visibility along both cross streets. The asset is well positioned directly across from the Tustin Heights Shopping Center which is anchored by Trader Joe's, Smart&Final, Petco, and Michaels, thereby benefitting from crossover traffic. Moreover, the property is just 0.6 miles to Tustin Courtyard with anchor tenants including Sprouts Farmers Market, Kohl's, and CVS. Other nearby national/credit tenants including a Costco, Target, Albertsons, The Home Depot, Best Buy, and Hobby Lobby, which increases consumer traffic and promotes crossover shopping to the site. The asset is less than 2 miles from the Orange County Global Medical Center, a 282-bed medical center that offers advanced medical technology and provides patients with the highest caliber of hand-picked healthcare providers. The 5-mile trade area is supported by a population of over 557,600 residents and 272,500 employees. The immediate 1-mile population boasts an affluent average household income of over \$123,800.

\$3,816,000

PRICE

\$181,264

NET OPERATING INCOME

4.75%

CAP RATE

**ABSOLUTE
NNN**

LEASE TYPE

15%

RENTAL INCREASES

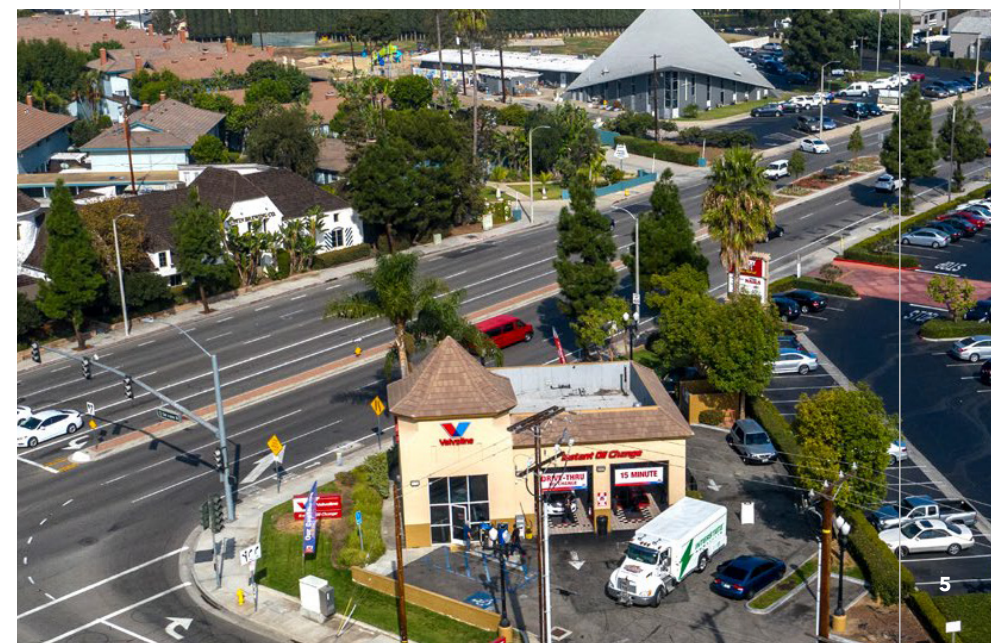
OFFERING SUMMARY

PROPERTY SPECIFICATIONS

PROPERTY ADDRESS	→ 12972 Newport Ave Tustin, CA 92780
RENTABLE AREA	1,800 SF
LAND AREA	0.31 AC
YEAR BUILT	2000
PARCEL NUMBER	501-081-05
OWNERSHIP	Fee Simple (Land & Building Ownership)

OFFERING

PRICE	\$3,816,000
NET OPERATING INCOME (AS OF JAN. 2020)	\$181,264
CAP RATE	4.75%
GUARANTY	Corporate Franchisee (200+ Locations)
TENANT	Henley Pacific LA LLC dba Valvoline
LEASE TYPE	Absolute NNN
LANDLORD RESPONSIBILITIES	None



INVESTMENT SUMMARY

INVESTMENT HIGHLIGHTS



Recently Exercised Option | Largest Valvoline Franchisee Guaranteed Lease (200+ Locations) | Rental Increases

- The lease is guaranteed by Henley Enterprises, Inc., the largest Valvoline franchisee in the nation with over 200 locations
- The tenant has been operating at this location since 2000 and recently extended their lease for the second 5 year option, demonstrating their commitment to the site
- The lease features a 15% rental increase in Jan. 2025 the remaining option period, and ability to make the rent to market in 2030, steadily growing NOI and hedging against inflation
- Valvoline is the second-largest quick-lube chain in the United States

Absolute NNN | Fee Simple Ownership | Zero Landlord Responsibilities

- Tenant pays for CAM, taxes, insurance and maintains all aspects of the premises
- No landlord responsibilities
- Ideal, management-free investment for an out-of-state, passive investor

Prominent Tustin Crossing Outparcel | Across Tustin Heights Shopping Center | Near Tustin Courtyard | Primary Retail Corridor with National/Credit Tenants

- The asset is well positioned at the prominent outparcel of the Tustin Crossings Shopping Center anchored by Grocery Outlet.
- Directly across from the Tustin Heights Shopping Center which is anchored by Trader Joe's, Smart&Final, Petco, and Michaels
- Just 0.6 miles to Tustin Courtyard with anchor tenants including Sprouts Farmers Market, Kohl's, and CVS
- Other nearby national/credit tenants including a Costco, Target, Albertsons, The Home Depot, Best Buy, and Hobby Lobby
- Strong tenant synergy increases consumer draw to the trade area and promotes crossover store exposure

Near Orange County Global Medical Center (282-Bed) | Woodcrest Apartments (100-Unit)

- Less than 2 miles from the Orange County Global Medical Center, a 282-bed medical center that offers advanced medical technology and provides patients with the highest caliber of hand-picked healthcare providers
- Across the street from Woodcrest Apartment complex (100-unit)

Strong Demographics In Trade Area | Affluent Incomes

- The 5-mile trade area is supported by more than 557,600 residents and 272,500 employees
- The immediate 1-mile population boasts an affluent average household income of over \$123,800

Signalized, Hard Corner Intersection | Major Thoroughfares | Excellent Visibility & Access | Monument Sign

- Located at the signalized, hard corner intersection of Newport Ave and Old Irvine Blvd (combined 40,100 VPD)
- Just 1.3 miles north of Interstate 5 (336,000 VPD) and 1.4 miles east of State Highway 55 (259,000 VPD) with convenient on/off ramp access
- Monument sign provides excellent visibility along both cross streets
- The asset has excellent visibility and multiple points of ingress/egress

Premier Orange County Location | High Barriers To Entry

- Strong economy, quality of life, weather, and highly rated communities make Orange County one of the most desirable markets for retailers in the country
- Rare opportunity to acquire real estate within a dense, infill trade area with extremely high barriers to entry

QUICK FACTS



Location

12972 Newport Ave
Tustin, CA

Located in
Orange County



Access

Newport Ave
1 access point

Old Irvine Blvd
2 access points



Traffic Counts

Newport Ave
29,000 cars per day

I-5
336,000 cars per day



Improvements

There is approximately
1,800 SF of existing
building area



Parking

The parking ratio is
approximately 10.56 stalls
per 1,000 SF of RSF

Approximately 19
parking spaces



Parcel

Parcel No. 501-081-05

Parcel SF: 13,504

Parcel Acreage: 0.31



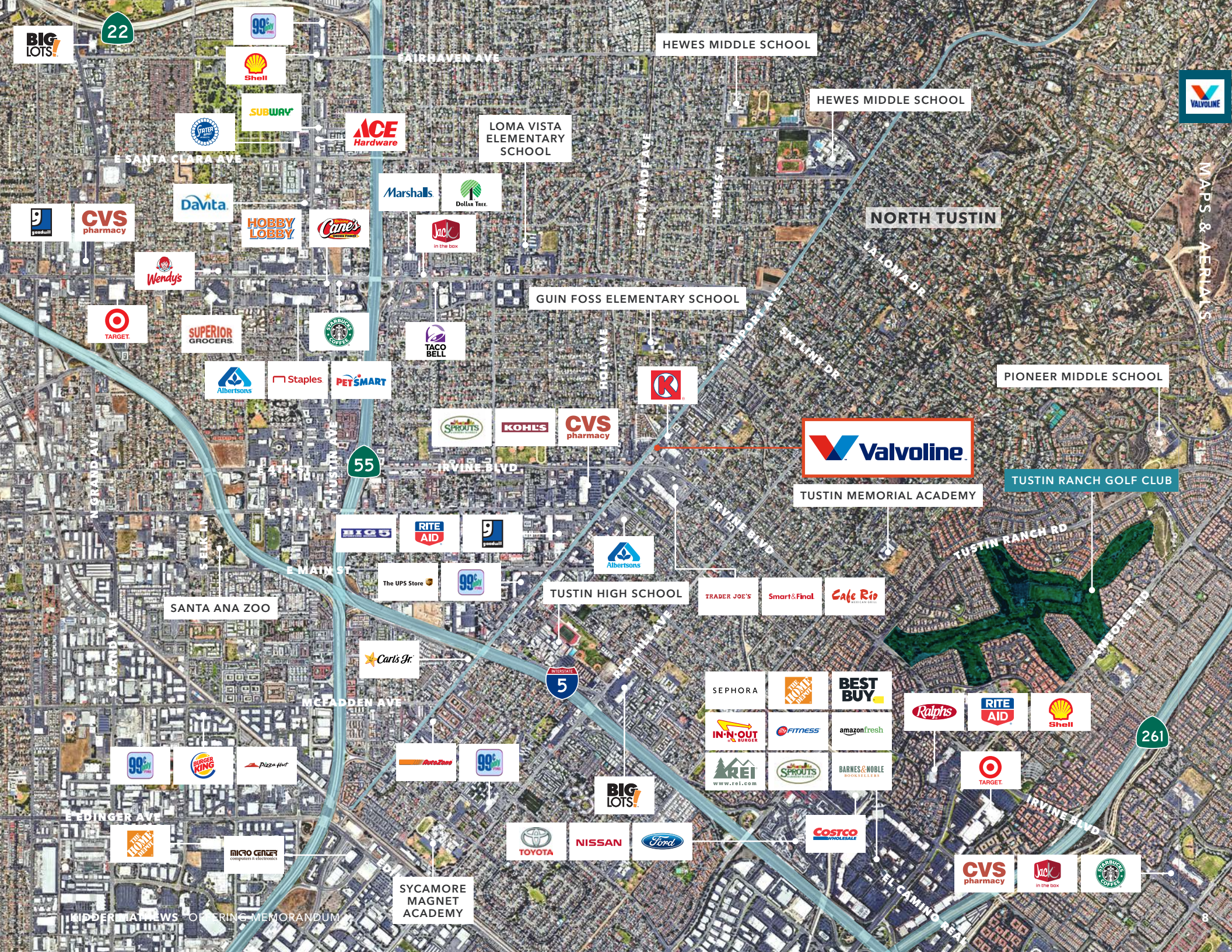
Year Built

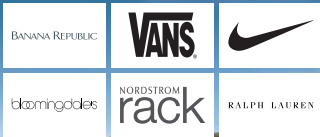
2000



Zoning

Commercial





COLUMBUS TUSTIN
MIDDLE SCHOOL



WOODCREST APARTMENTS
(100 UNIT)

TRAFFIC COUNT
29,000 CARS/DAY

NEWPORT AVE



TRAFFIC COUNT
11,100 CARS/DAY



Biggs
Cherry Auto Parts
Goodwill

CVS
pharmacy

Sprouts

Kohl's

Citibank

CHASE

Rodriguez's
Mexican Grill

Sumwest Bank

Italian Express

Wells Fargo

BRONX

BANK OF CALIFORNIA

NUVO

Walgreens

TRAFFIC COUNT
11,100 CARS/DAY

OLD IRVINE BLVD

GROCERY OUTLET
Savory Market

Valvoline

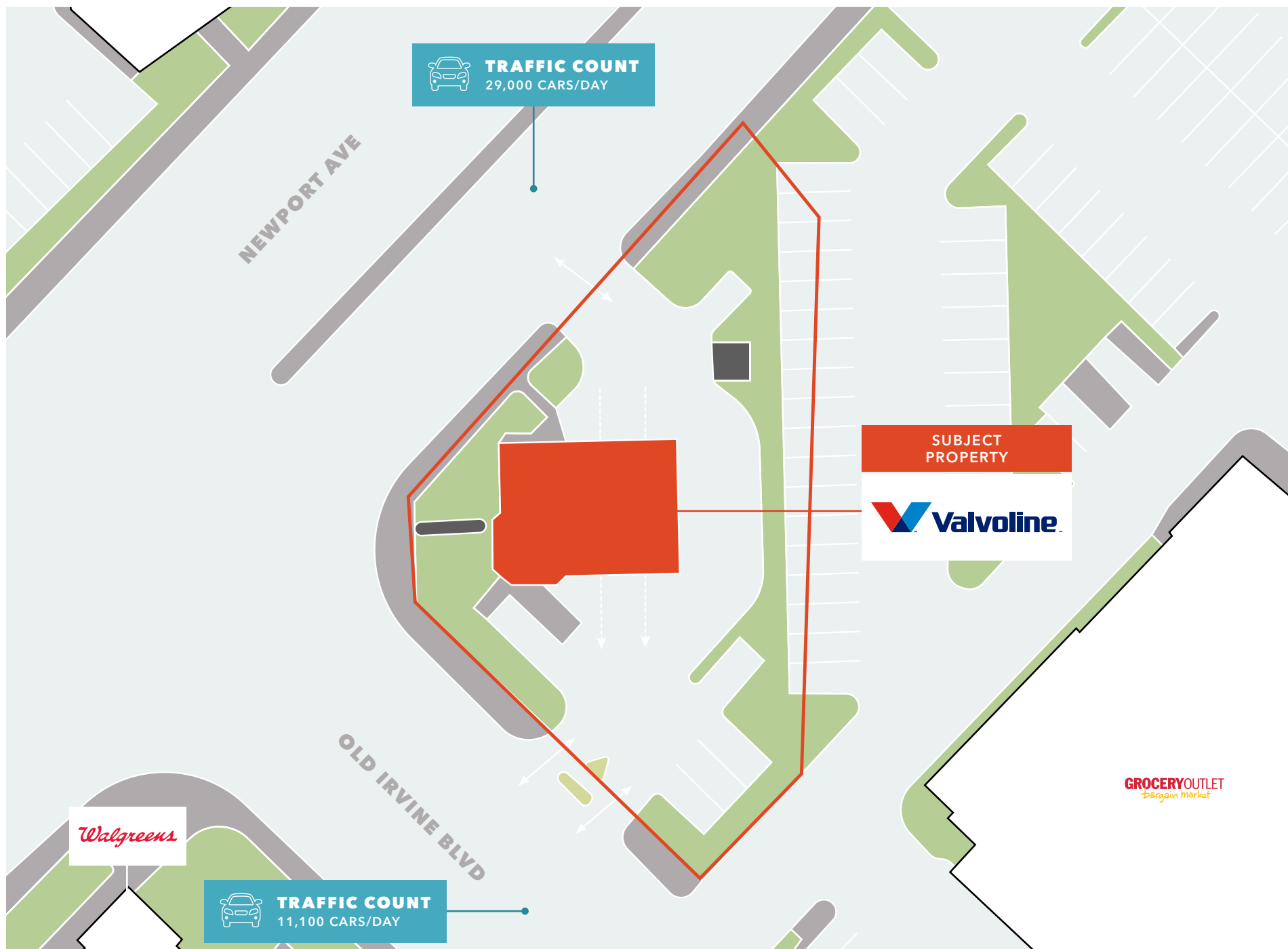
SOCIAL SECURITY
ADMINISTRATION

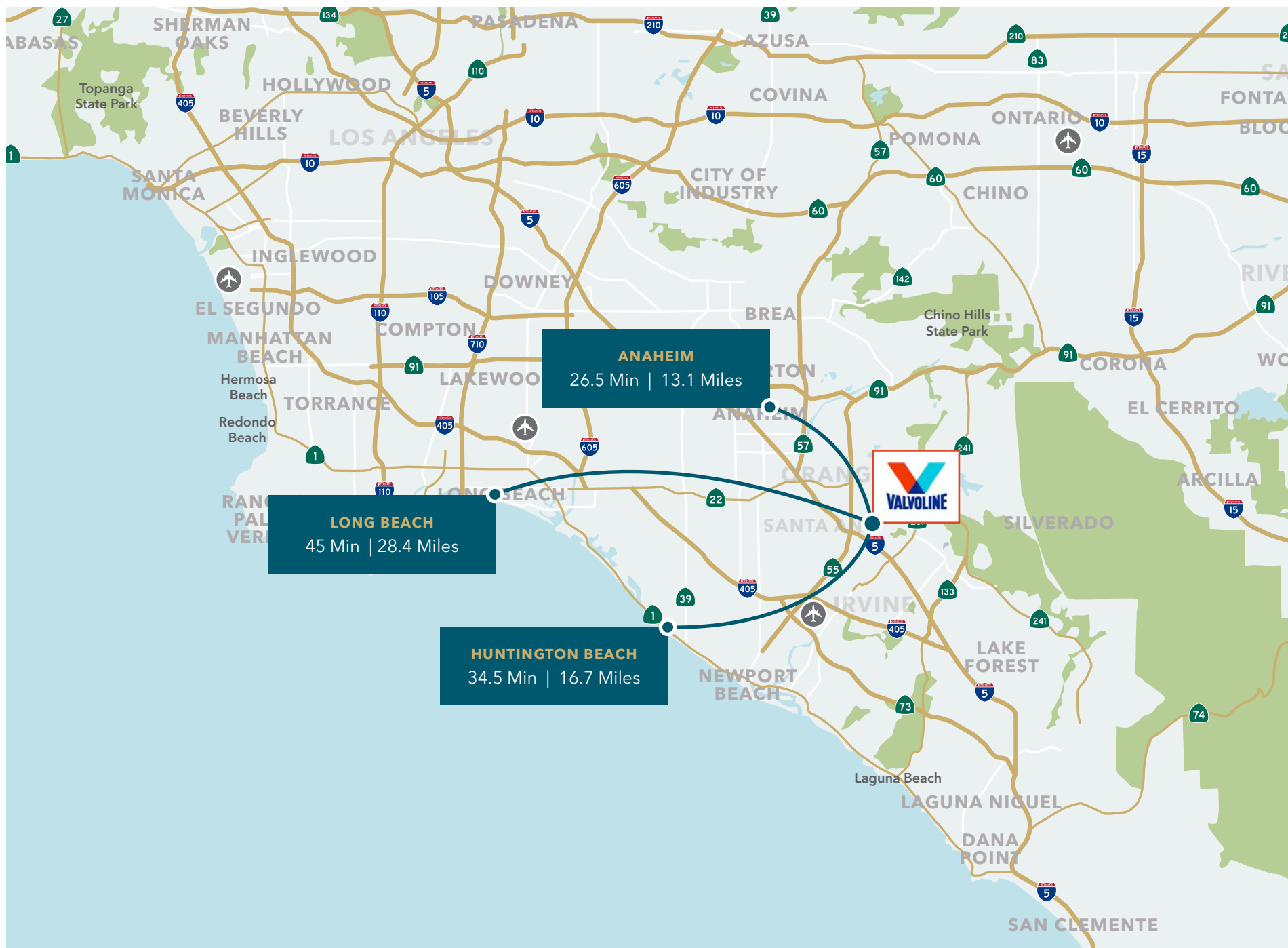
Caltrans

COLUMBUS TUSTIN
MIDDLE SCHOOL

TRAFFIC COUNT
29,000 CARS/DAY

NEWPORT AVE





RENT ROLL



LEASE TERM						RENTAL RATES					
Tenant Name	SF	Lease Start	Lease End	Begin	Increase	Monthly	PSF	Annually	PSF	Recovery Type	Options
Hanley Pacific LA LLC dba Valvoline	1,800	Jan 2000	Dec 2024	Current	-	\$15,105	\$8.39	\$181,264	\$100.70	Absolute NNN	1 (5-Year) 15% Rent Increases at the beginning of option period
				Jan 2025	15%	\$17,371	\$9.65	\$208,454	\$115.81		

\$3,816,000

LIST PRICE

\$181,264

**NET OPERATING INCOME
(AS OF JAN 2020)**

4.75%

CAP RATE

**FOR FINANCING
OPTIONS & LOAN QUOTES,
PLEASE CONTACT:**

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TUSTIN, CA

The City of Tustin is located in the central part of Orange County, about forty miles southeast of Los Angeles and eighty miles north of San Diego, at the intersection of the 5 and 55 Freeways.

Tustin covers over eleven square miles and ad joins the cities of Orange, Santa Ana, and Irvine. The City of Tustin had a population of 82,218 as of July 1, 2019. WhiCity'le Tustin is surrounded by much of the County's main industrial employment, it is essentially a residential community.

The City of Tustin strives to provide businesses with the best tools and information so they can thrive and compete in today's economy.

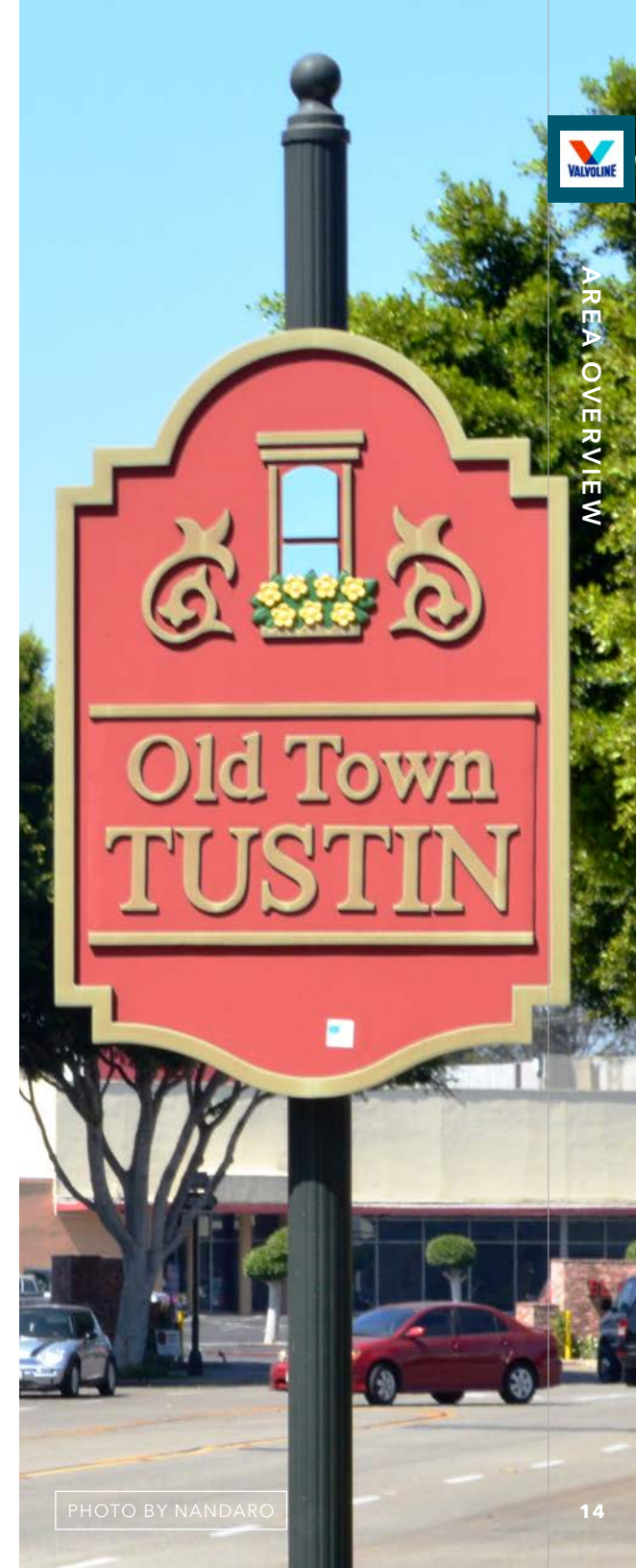
Principal employers of City of Tustin are Tustin Unified School District, Schools First Federal Credit Union, Youngs Market Company LLC, New American Funding, City of Tustin, Costco Wholesale Corporation, Canon Medical, Logomark Inc, Ricoh Electronics Inc, and Kaiser Foundation Hospitals.

The largest industries in Tustin, CA are Health Care & Social Assistance, Manufacturing, and Professional, Scientific, & Technical Services, and the highest paying industries are Professional, Scientific, & Technical Services, Finance & Insurance, and Public Administration.

Tustin has a variety of historical sites and attractions to offer. The Hewes Mansion is a 14-room Victorian structure built in 1881 by prominent California pioneer David Hewes. The Tustin Museum contains a wealth of information about the city's history and photographs chronicling its growth. Visitors can also learn about the city's history by taking the Tustin Historical Walk, which features tours of Victorian and turn-of-the-century homes. Other Tustin attractions include Elizabeth Howard's Curtain Call Dinner Theater, which features some of Broadway's favorite musical comedy productions. The Marconi Automotive Museum houses an impressive collection of historical, exotic, and classic cars. Tustin's proximity to Anaheim and Los Angeles also makes it a prime starting spot for visiting some of Southern California's world-class attractions.

Edgewood Preprimary Academy, First School Montessori, Grace Harbor School, Red Hill Lutheran School, Spirit Academy, St Cecilia School and St Jeanne De Lestonnac School are the Private Schools.

The nearest major airport is John Wayne Airport. This airport has international and domestic flights from Santa Ana, California and is 7 miles from the center of Tustin, CA. Another major airport is Long Beach Airport, which has domestic flights from Long Beach, California and is 25 miles from Tustin, CA.



ORANGE COUNTY, CA

Orange County is located in the Los Angeles metropolitan area in the U.S. state of California.

As of the 2010 census, the population was 3,010,232, making it the third-most populous county in California, the sixth most populous in the U.S., and more populous than 21 U.S. states. Although mostly suburban, it is the second most densely populated county in the state, behind San Francisco County. The county's three most populous cities are Anaheim, Santa Ana, and Irvine, each of which has a population exceeding 250,000. Santa Ana is also the county seat. Six cities in Orange County are on the Pacific coast, including Seal Beach, Huntington Beach, Newport Beach, Laguna Beach, Dana Point, and San Clemente. The county has 34 incorporated cities. Older cities like Santa Ana, Anaheim, Orange, and Fullerton have traditional downtowns dating back to the 19th century, while newer commercial development or "edge cities" stretch along I-5 between Disneyland and Santa Ana and between South Coast Plaza and the Irvine Business Complex, and cluster at Irvine Spectrum.

The county is a tourist center, with attractions like Disneyland, Knott's Berry Farm, Mission San Juan Capistrano, Modjeska House, Segerstrom Center for the Arts, Yost Theater, Bowers Museum, Balboa Island, Angel Stadium, Downtown Santa Ana, Crystal Cove State Park, the Honda Center, and several popular beaches along its more than 40 miles of coastline.

Orange County is the headquarters of many Fortune 500 companies including Ingram Micro and First American Corporation in Santa Ana, Broadcom in Irvine, Western Digital in Lake Forest,

and Pacific Life in Newport Beach. Irvine is the home of numerous start-up companies and also is the home of Fortune 1000 headquarters for Allergan, Edwards Lifesciences, Epicor, and Sun Healthcare Group. Other Fortune 1000 companies in Orange County include Beckman Coulter in Brea, Quiksilver in Huntington Beach and Apria Healthcare Group in Lake Forest. Irvine is also the home of notable technology companies like TV and sound bar company VIZIO, router manufacturer Linksys, video/computer game creator Blizzard Entertainment, and in-flight product manufacturer Panasonic Avionics Corporation. Also, the prestigious Mercedes-Benz Classic Center USA is located in the City of Irvine. Many regional headquarters for international businesses reside in Orange County like Mazda, Toshiba, Toyota, Samsung, Kia, in the City of Irvine, Mitsubishi in the City of Cypress, Kawasaki Motors in Foothill Ranch, and Hyundai in the City of Fountain Valley. Fashion is another important industry to Orange County. Oakley, Inc. is headquartered in Lake Forest. Hurley International is headquartered in Costa Mesa. Both the network cyber security firm Milton Security Group and the shoe company Pleaser USA, Inc. are located in Fullerton. St. John is headquartered in Irvine. Tustin, is home to Ricoh Electronics, New American Funding, and Safmarine. Wet Seal is headquartered in Lake Forest. PacSun is headquartered in Anaheim. Restaurants such as Taco Bell, El Pollo Loco, In-N-Out Burger, Claim Jumper, Marie Callender's, Wienerschnitzel, have headquarters in the city of Irvine as well. Del Taco is headquartered in Lake Forest. Gaikai also has its headquarters in Orange County.

ORANGE COUNTY TOP EMPLOYERS

	Company	Employees	Type
1	WALT DISNEY CO.	27,000	Entertainment
2	UNIVERSITY OF CALIFORNIA, IRVINE	22,385	Education
3	ST. JOSEPH HEALTH	12,227	Health
4	KAISER PERMANENTE	7,000	Health
5	THE BOEING COMPANY	6,890	Aerospace
6	WAL-MART STORES INC.	6,000	Retail
7	MEMORIAL CARE HEALTH SYSTEMS	5,650	Health
8	BANK OF AMERICA CORP.	5,500	Finance
9	TARGET CORP.	5,400	Retail
10	CA STATE UNIVERSITY - FULLERTON	5,147	Education
11	HOAG MEMORIAL HOSPITAL	4,639	Health
12	TENET HEALTHCARE CORP	4,102	Health
13	WELLS FARGO & CO.	4,067	Finance
14	ALBERTSONS	4,017	Retail
15	CEDAR FAIR LP	4,000	Entertainment



DEMOGRAPHICS

The subject property is ideally situated in Tustin which benefits from very strong demographics.

POPULATION

	1 Mile	3 Miles	5 Miles
2020 ESTIMATE	18,930	205,539	558,347
2025 PROJECTION	18,791	205,125	557,616
2010 CENSUS	17,965	196,592	518,468
GROWTH 2020 - 2025	-0.1%	-	-
GROWTH 2010 - 2020	0.5%	0.5%	0.8%
AVERAGE AGE	41.2	36.5	35.9

HOUSEHOLDS

	1 Mile	3 Mile	5 Mile
2020 ESTIMATE	6,810	66,590	170,394
2025 PROJECTION	7,044	69,294	177,315
2010 CENSUS	6,274	62,081	152,759
GROWTH 2020 - 2025	0.7%	0.8%	0.8%
CHANGE 2000 - 2020	0.4%	1.1%	1.1%

2020 EMPLOYMENT & INCOME

	1 Mile	3 Mile	5 Mile
AVG HH INCOME	\$130,430	\$128,209	\$124,677
MEDIAN HH INCOME	\$107,488	\$107,712	\$102,984
PER CAPITA INCOME	\$47,044	\$41,608	\$38,215
TOTAL BUSINESSES	2,057	11,554	28,885
TOTAL EMPLOYEES	13,567	107,357	316,188

BRAND PROFILE



Valvoline Inc. (NYSE: VVV) is a leading worldwide marketer and supplier of premium branded lubricants and automotive services, with sales in more than 140 countries.

Established in 1866, the company's heritage spans more than 150 years, during which time it has developed powerful brand recognition across multiple product and service channels. Valvoline ranks as the No. 3 passenger car motor oil brand in the DIY market by volume.

It operates and franchises approximately 1,400 quick-lube locations, and it is the No. 2 chain by number of stores in the United States under the Valvoline Instant Oil ChangeSM brand and the No. 3 chain by number of stores in Canada under the Valvoline Great Canadian Oil Change brand. It also markets Valvoline lubricants and automotive chemicals, including the Valvoline High Mileage with MaxLife technology motor oil for engines over 75,000 miles; Valvoline Advanced Full Synthetic motor oil; Valvoline Premium BlueTM heavy-duty motor oil; Valvoline Multi-Vehicle Automatic Transmission Fluid; and ZerexTM antifreeze.

VALVOLINE, INC.

PARENT COMPANY

NYSE: VVV

TICKER SYMBOL

S&P: BB

CREDIT RATING

\$2.35 BILLION

REVENUE (2020)

\$317 MILLION

NET INCOME (2020)

\$1.44 BILLION

ASSETS (2020)

+1,170

LOCATIONS

+5,500

NO. OF EMPLOYEES

→ [VIOC.COM](https://www.vioc.com)



AREA OVERVIEW

IN THE NEWS



Valvoline (VVV) Tops Q1 Earnings and Revenue Estimates

February 3, 2021

Valvoline (VVV) came out with quarterly earnings of \$0.41 per share, beating the Zacks Consensus Estimate of \$0.36 per share. This compares to earnings of \$0.35 per share a year ago. These figures are adjusted for non-recurring items.

This quarterly report represents an earnings surprise of 13.89%. A quarter ago, it was expected that this automotive and industrial lubricants maker would post earnings of \$0.36 per share when it actually produced earnings of \$0.46, delivering a surprise of 27.78%.

Over the last four quarters, the company has surpassed consensus EPS estimates four times.

Valvoline, which belongs to the Zacks Chemical - Specialty industry, posted revenues of \$653 million for the quarter ended December 2020, surpassing the Zacks Consensus Estimate by 3.16%. This compares to year-ago revenues of \$607 million. The company has topped consensus revenue estimates three times over the last four quarters.

→ [READ MORE](#)

Valvoline Prepares to Gain an Edge in Logistics

February 6, 2021

When Valvoline was spun-off from its parent company Ashland in a two-step process, beginning with an IPO in 2016 and final distribution in 2017, the impact across the company was significant. The separation itself was a major project, since it had shared the supply chain organization and all IT systems with Ashland.

Although the decoupling process was very complex, the IT and organizational separations took place with few if any issues thanks to the hard work of many associates. However, the positive impacts of the IPO on the priorities and aspirations of Valvoline were much more significant.

For example, although the company's share is higher in the U.S. than in most international markets, its products are available in over 140 countries. The international business had grown significantly over the last decade before the separation. However, limited capital availability hampered the supply chain's ability to grow with the business, leading to uncompetitive service levels in some cases. Since the IPO, Valvoline has made supply chain investments to support renewed international growth.

These include the company's first plant in China, which is due to begin operation in the middle of this year. It also acquired an existing plant in Serbia, which will serve continued growth in Eastern Europe and Russia.

Limited capital had also restricted Valvoline's ability to grow its VIOC store count, although it had developed a very successful business model. Since the end of fiscal 2015, when Valvoline began making a concerted effort to invest in its quick-lube business, the company has added 443 franchise and company-owner VIOC locations, including its first company-owned stores in Canada. In addition, this past fiscal year, VIOC achieved a remarkable milestone: 13 straight years of same-store sales growth.

The rapid growth in quick lubes is having multiple impacts on the company's supply chain, including an increased importance of using the store's point-of-sale information in the supply chain planning process.

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EXCLUSIVELY MARKETING BY

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