STARBUCKS COFFEE

TM

682 West 9th Street

San Pedro, CA, 90731

Single Net PROPERTIES

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EXECUTIVE SUMMARY

Starbucks NNN Ground Lease

PROPERTY
Prime San Pedro corner ground lease to Starbucks with drive-thru

LOCATION
682 West 9th Street San Pedro, CA 90731

SALES PRICE
$2,850,000

CAPITALIZATION RATE
4.25% - Currently (2/1/2026 - 4/30/2028)
4.67% - (5/1/2028 - 4/30/2033)
5.14% - (5/1/2033 - 4/30/2038)

RENT

	Years 1-5	**Years 6-10**	Years 11-15	Years 16-20
Monthly Rent	$9,166.67	**$10,083.33**	$11,091.67	$12,200.83
Annual Rent	$110,000	**$121,000**	$133,100	$146,410

BUILDING SIZE
Approximately 880 square foot free-standing drive-thru restaurant building, featuring a pick-up window which was newly constructed in 2017

LAND PARCEL SIZE
Approximately 13,076 square feet at a hard corner with a signalized intersection

PRIMARY GROUND LEASE TERM
Original 20 year ground lease term that commenced on May 1, 2017 with approximately 12+ year remaining ground lease term as of January 1, 2026.

OPTIONS TO EXTEND
Three additional five-year options with ten (10%) fixed increases

GROUND LEASE FEATURES
- Absolute NNN Ground Lease with no landlord responsibilities
- No right to early cancelation for poor economic performance issues
- No Right of First Refusal for Starbucks to purchase under the ground lease
- Owner will carry a new loan at 4.0% interest rate to a qualified buyer

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EXECUTIVE SUMMARY

Starbucks NNN Ground Lease

COMMENTS

Rare **Starbucks Corporate Ground Leased investment in great Los Angeles location** in San Pedro California. **Original 20 year ground lease terms that commenced in May of 2017 with approximately 15 years remaining.** Absolute NNN lease with Starbuck's Inc. with tenant paying all property taxes, insurance, and maintaining the land & building for the term of the ground lease plus options at their sole expense. There are 10% fixed land rent increases every 5 years during the primary ground lease term & options.

Newer **880 Square Foot drive thru restaurant with a pickup window that was constructed in 2017** by Starbucks at their expense. Free standing building at **heavily traffic hard corner signalized intersection with traffic counts that exceed 43,000 cars per day.** Successful very high volume Starbucks location as a result of the **tremendous vehicle traffic combined with dense residential developments surrounding the property with over 110,000 residents within a 3 mile radius.**

There is also a **very strong daytime population with over 23,000 employees** within a 2 mile radius of the Starbucks. A **Von's grocery store, CVS & Rite Aid drug stores anchor a very strong retail trade area** which features **numerous national fast food restaurants, retailers, automotive uses, and many professional offices** along Gaffey and 9th Streets. This combination of **unique factors creates one of the more successful Starbucks drive thru restaurants in the Los Angeles area market.**

The Starbucks property is also located **adjacent to the Historic Old Town San Pedro as well as the Port of Long Beach tourist attractions featuring the Queen Mary, Battleship Iowa and the Catalina Ferry. The Port of Long Beach is one of the largest shipping terminals in the United States and employs over 50,000 people, a $9 billion economic impact, and over $3 million in income to the city of Long Beach.** The Port of Long Beach is also experiencing **tremendous redevelopment currently with over $1 billion of investments in new retail centers, restaurants, parks, residential development, and municipal facilities.**

There are **no landlord responsibilities for any maintenance obligations – Starbucks pays all taxes, insurance, and maintains everything in addition to paying ground rent. There is no "right to cancel the lease for economic performance issues"** like other Starbucks NNN leased Investments. There is also **no "right of first refusal" for Starbuck's to acquire the property** under the lease. Overall, **the Starbucks Ground Lease offers an investor the rare opportunity to acquire an urban infill ground lease drive-thru asset in a submarket with extremely high barriers to entry in a mature Los Angeles market.**

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Starbucks Coffee

Prime Hard Corner Location

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Starbucks Coffee

Drive-Thru & Pick-Up Window

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Starbucks Company Profile

TENANT INFORMATION

Starbucks Corporation is the world's largest roaster, marketer, and retailer of coffee. Each Starbucks location offers more than 170,000 ways to customize coffee and tea beverages. Starbucks stores also offer various food products such as pastries, sandwiches, and lunch items.

From 2014 to 2019, the company saw its market value double and top-line revenue grow from $16.4 billion to $26.5 billion. Despite being saturated in a plethora of markets, the company has been able to significantly outperform industry-level revenue growth. In March, 2022 Starbucks confirmed they plan to expand to 55,000 stores in over 100 markets by 2030. The company continues to deliver record financial performances in part to their 3-fold strategy: increase digital engagement, grow relevancy in China, and promote the Starbucks Reserve brand as the company's innovation lab for the future.

Perhaps its greatest opportunity lies in China where the number of stores has grown to 4,100 in the past 5 years. Knowing that consumers prefer the ease, convenience, and contactless option of a drive-thru, Starbucks will continued to provide this alternative resulting in the largest capital expenditure in the company's history. 80% of all future stores will be built to include a drive-thru.

The company's global store portfolio is expected to grow 6% annually in fiscal 2022. Starbucks shareholders have seen a return of $25 billion over the last 4 years. Starbucks plans to return another $20 billion by 2025.

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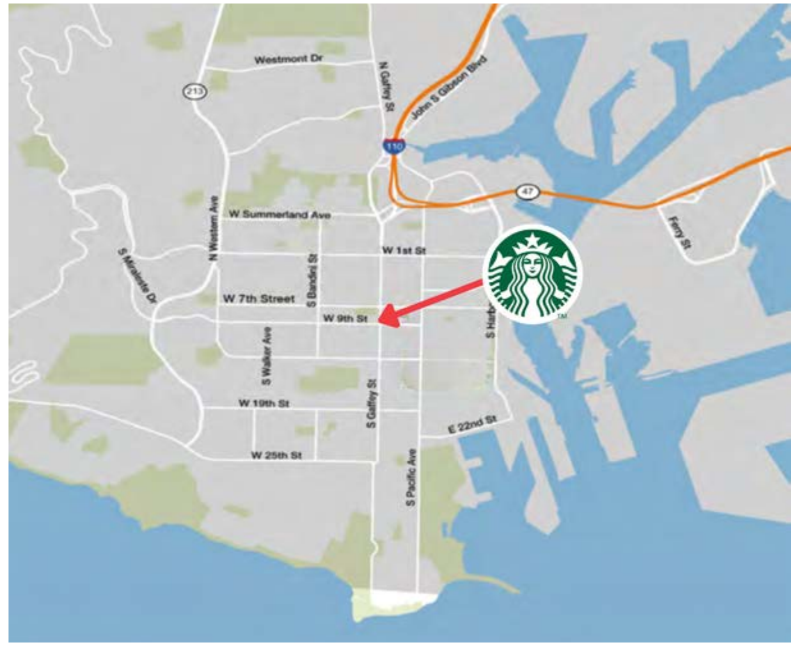
MAPS & AERIALS

Starbucks Coffee – San Pedro, CA

CITY OF SAN PEDRO, LOS ANGELES CALIFORNIA



STRATEGIC LOCATION OF THE STARBUCKS PROPERTY

LOS ANGELES DEMOGRAPHICS 2020

POPULATION	AVERAGE HH INCOME	DAYTIME POPULATION
10,014,009	$76,367	4,685,224

SAN PEDRO DEMOGRAPHICS 2020

POPULATION		AVERAGE HH INCOME		DAYTIME POPULATION	
1 Mile	46,518	1 Mile	$75,060	1 Mile	10,322
2 Miles	85,647	2 Miles	$103,043	2 Miles	28,229
3 Miles	106,834	3 Miles	$111,813	3 Miles	34,494

Demographic Source: Applied Geographic Solutions 11/2020, TIGER Geography

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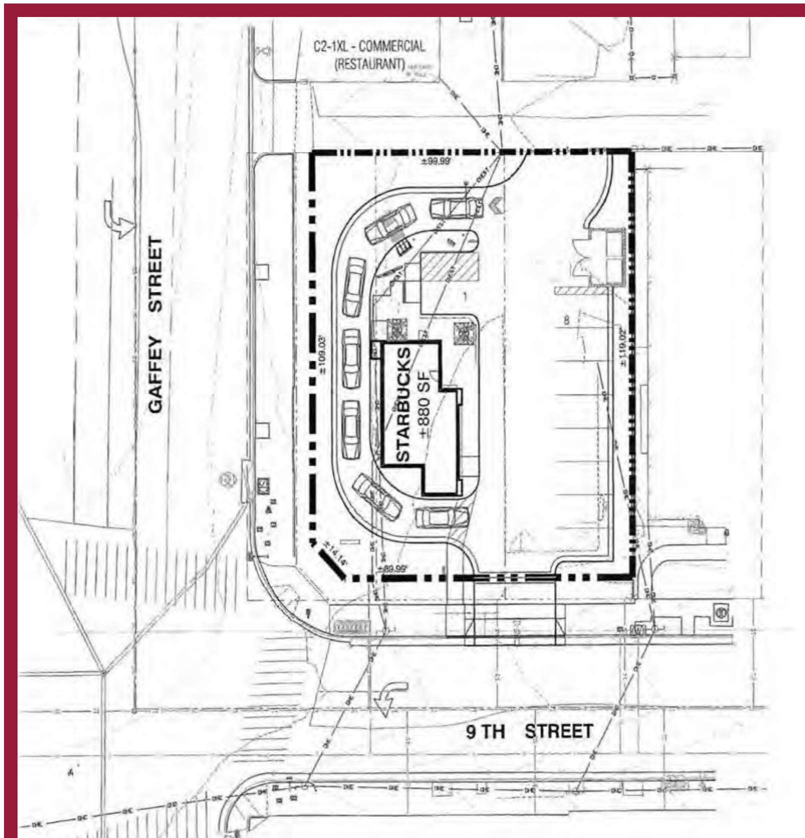
Starbucks Coffee – San Pedro, CA



HARD-CORNER SIGNALIZED INTERSECTION WITH EXCELLENT INGRESS AND EGRESS ONTO GAFFNEY AND 9TH STREETS

STARBUCKS SITE PLAN DEPICTING DRIVE-THRU LANE AND PARKING LOT

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Starbucks Coffee

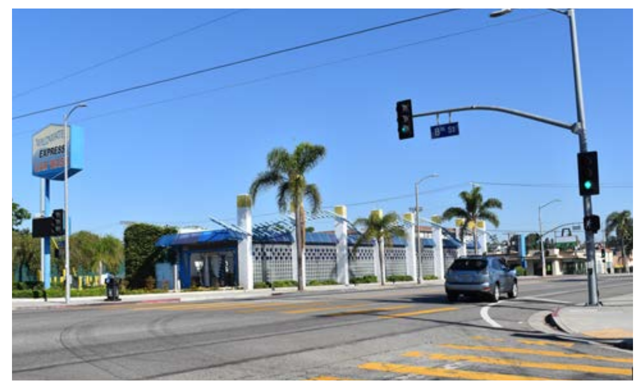
CVS Drug Store

Vons Grocery Store

Rite Aid Drug Store

7-11 Convenience Store

Big 5 Sporting Goods



Wildwater Car Wash

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TRADE AREA

Starbucks Coffee

McDonald's Resturant

Taco Bell Restaurant

Jack in the Box Restaurant

El Pollo Loco Restaurant

KFC Restaurant

Del Taco Restaurant

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TRADE AREA
Starbucks Coffee

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CitiBank Branch

Chase Bank Branch

Pizza Hut & Wing Stop Restaurant

O'Reilly Auto Parts

Chevron Gas & Convenience Store

Two Local Hotels

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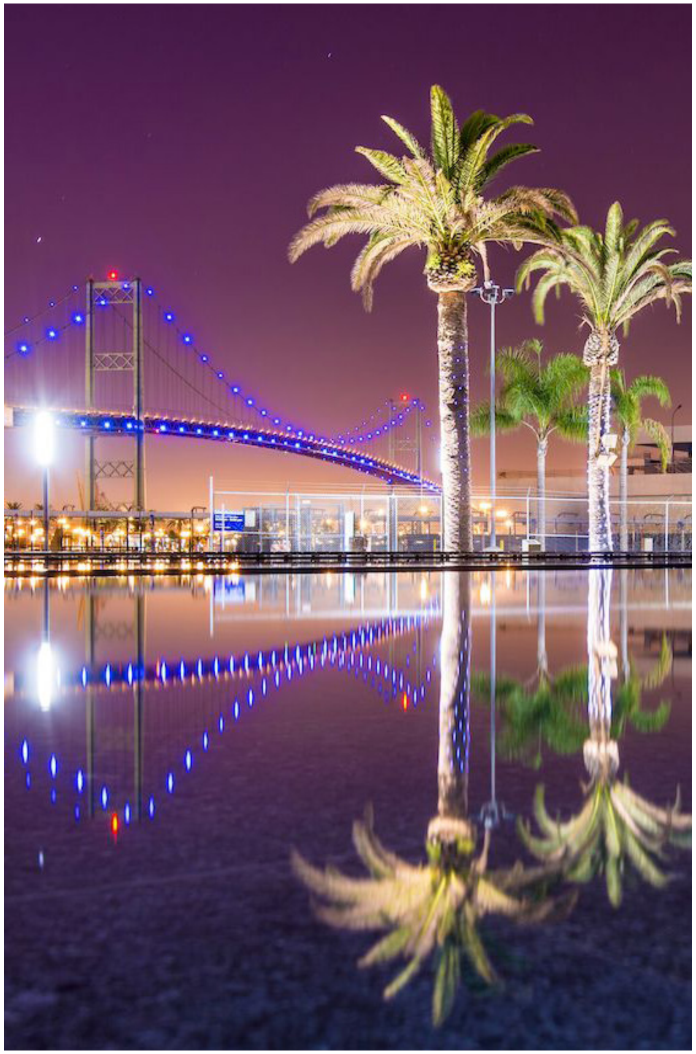

CITY OF SAN PEDRO

San Pedro is a community within the city of Los Angeles, California. The Port of Los Angeles, a major international seaport, is partially located within San Pedro. The community has many outstanding places to visit including fabulous beaches bordering the Pacific Ocean, the Port of Los Angeles, parks, historical monuments, museums, aquariums, restaurants, shopping and the historical downtown area. It is also a culturally rich area featuring artist galleries and theatrical venues.

Multiple new projects are part of a two-decade process to turn unused docks, wharves and warehouses into a place where more people will want to work or visit for fun. To smooth the path of new development catering to visitors, the Port of Los Angeles is investing about $1 billion in infrastructure improvements over 10 years. Private developers building West Harbor, AltaSea and other projects will invest an estimated $500 million. Beyond this, the Port of Los Angeles has just released a connectivity plan that aims to link Downtown San Pedro, the adjacent neighborhoods, and the LA Waterfront area. This plan would further unite the surrounding communities.

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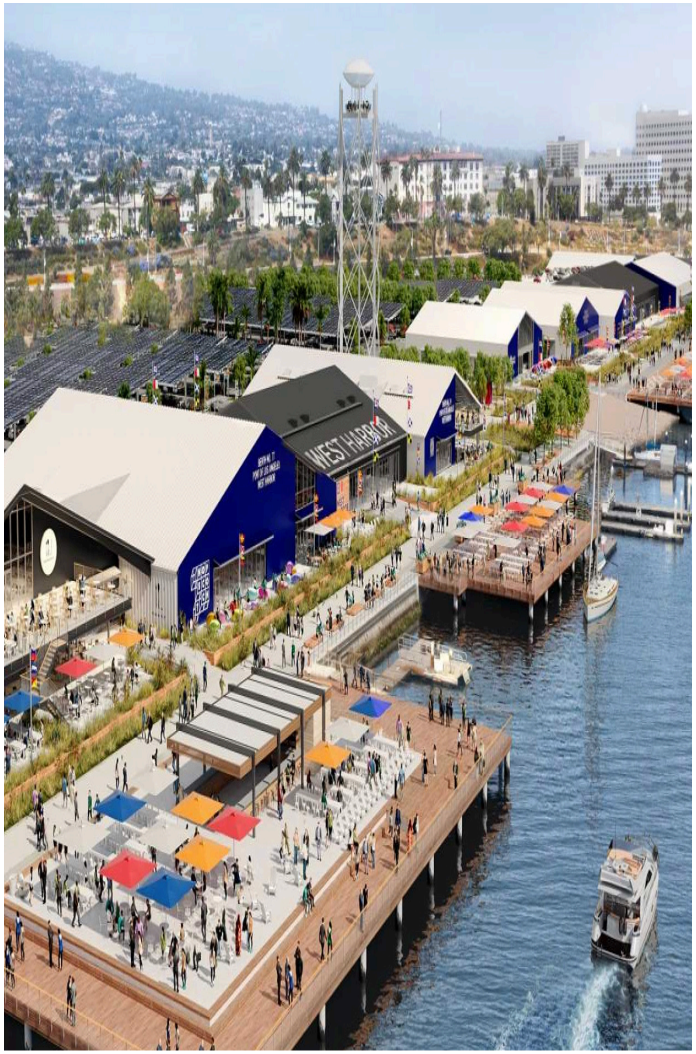
AREA INFORMATION

Starbucks Coffee



West Harbor Development

West Harbor: Construction is set to begin on the $150-million first phase of West Harbor; a 42-acre retail, dining, shopping and entertainment complex that will replace Ports O' Call. It will have five times as much outdoor space as the Grove mall in Los Angeles. Expect to find a seaside brewery and beer garden among the spread of stores and restaurants. Rising nearby will be a solar-powered "lighthouse" as tall as the Statue of Liberty, towering over a cluster of century-old warehouses containing new-economy businesses such as the headquarters of undersea explorer Robert Ballard, who located the wreck of the Titanic and the German battleship Bismarck. His research vessel the Nautilus docks there, as does Boeing's prototype unmanned research submarine Echo Voyager. West Harbor will evoke the industrial nature of the port with warehouse-style buildings filled with restaurants, bars and shops. The central courtyard will be flanked by repurposed shipping containers turned into small restaurant kitchens, seating, fire pits and a stage for live music and dancing. There will be native plant gardens and family activities such as children's playgrounds and bocce ball courts. For people arriving by water, there will be courtesy slips for private boats and water taxis. With much of the infrastructure now in place, including most of the waterfront promenade, construction on the buildings began in the summer of 2023 and the attraction is expected to open to the public in 2024.

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Greater Los Angeles Area

Los Angeles County: The Greater Los Angeles Region is the second largest urban region in the United States and is second only to the New York Metropolitan Area in terms of population and economic output; encompassing five counties in Southern California, Orange County, Los Angeles County, Riverside County, San Bernardino County and Ventura County. As of the 2020 U.S. Census, the population was 18.7 million. The region has continuously urbanized stretching from Ventura County to the southern border of Orange County. The Los Angeles area continues to grow, primarily on the periphery where new, less expensive, undeveloped areas are being sought. In these areas, populations as well as housing prices continue to explode especially in Riverside and San Bernardino Counties. Growth continues not only outside the existing urbanized area but also adjacent to existing development in the central areas. As in virtually all US core cities, there is now vigorous residential development in the downtown area with both new buildings and renovation of former office buildings. The Region is home to over a quarter of all California residents.

Los Angeles County is part of the Los Angeles Metropolitan Area, the inner core of the Greater Los Angeles Region. The explosive growth of the Greater Los Angeles Region can be attributed to its climate, the availability of land and many booming industries such as oil, automobile, motion pictures and aerospace which make it easy for employers to attract employees from around the world. Factors affecting continued growth and economic success in the Los Angeles area include:

- The area’s economy is diverse with an emphasis on aerospace, business, services, entertainment, technology, tourism and trade
- The ports of Long Beach and San Pedro provide deep water shipping access
- Five international airports provide air freight and passenger service, plus extensive freeway and rail systems
- The Basin is strategically situated for transacting business in two growing trade areas; the Pacific Rim and Mexico

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