

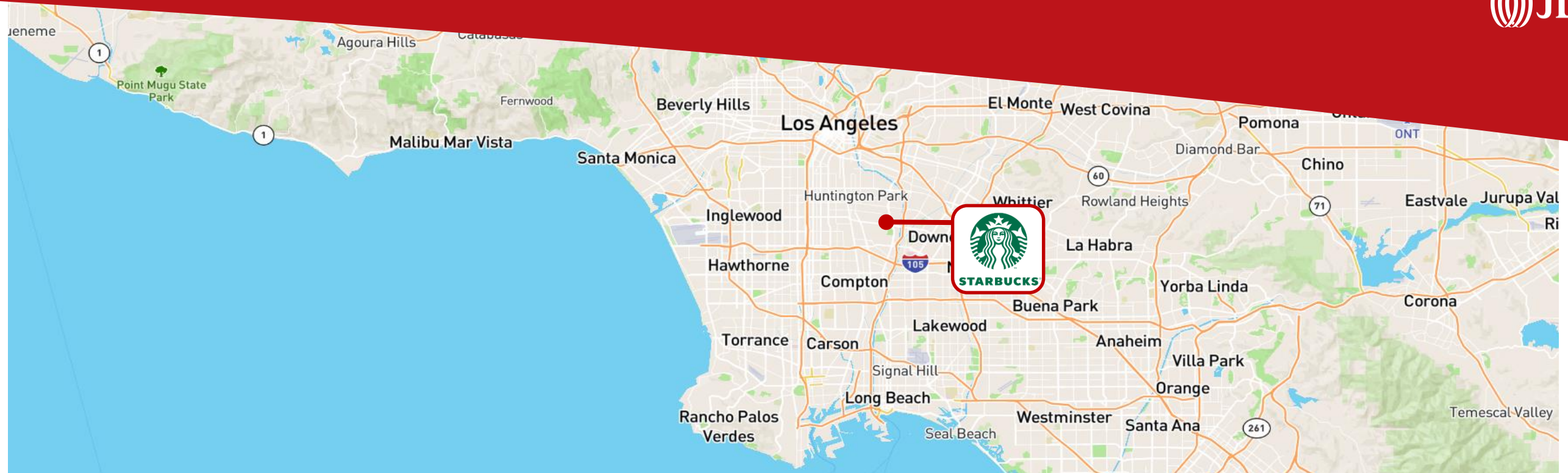


Starbucks – Rare 20-Year NNN Ground Lease – New Construction

South Gate (Los Angeles), CA

Coveted Southern California Real Estate | Direct Positioning on Major Thoroughfare





The Offering

JLL is pleased to offer for sale the fee-simple ground-lease interest in a single-tenant Starbucks (the “Property” or “Asset”), located along a bustling thoroughfare in South Gate, California. Situated on the hard corner of Firestone Boulevard and Hildreth Avenue, the Asset features brand-new construction, 20 years of primary term, regular rental escalations, and three, five year renewal options. Starbucks (S&P: “A”) is well-positioned within a market boasting impressive and convenient access to a mix of retail, office, residential, and industrial occupiers. This offering represents the opportunity to purchase a new prototype, freestanding, drive-thru Starbucks location, one of the most desirable tenants in the net lease investment world.

PROPERTY SUMMARY

Address	4700 Firestone Blvd South Gate, CA 90280
Building Size	880 SF
Parcel APNs	6222-015-027 6222-015-011
Estimated Delivery	September 2017 (Under Construction)
Parcel Size	0.29 AC / 12,506 SF
Ownership Interest	Fee Simple Ground Lease
Parking	9 Surface Spaces
Drive-Thru Window	Yes

Investment Highlights

BRAND NEW CONSTRUCTION AND RARE 20-YEAR GROUND LEASE

- The Property is expected to be delivered in 3Q2017 featuring a new drive-thru prototype
- 20-year ground lease features 10% rental increases throughout primary term and three option periods

STRATEGIC POSITIONING ON MAJOR THOROUGHFARE

- The Asset is situated on a signalized hard corner with frontage on Firestone Boulevard (50,000+ VPD)
- Starbucks’ drive-drive thru structure is ideal to capitalize on the extensive traffic exposure

DESIRABLE INVESTMENT-GRADE & INDUSTRY-LEADING TENANCY

- Starbucks Corporation currently holds an investment grade “A” rating by Standard & Poor’s
- Same-store sales in the United States have grown 4% year over year

CENTRAL POSITIONING ACROSS FROM RETAIL POWER CENTER

- The Property sits directly across Firestone Blvd from Walmart-anchored Azalea Shopping Center
- Nearby retailers in the 375,000 SF Regional Shopping Center include Walmart, CVS, In-N-Out, Petco, Marshalls, Ross, Ulta and Michaels

PROPERTY & LEASE SUMMARY

Address	4700 Firestone Blvd South Gate, CA 90280
Purchase Price	\$3,430,000
Cap Rate	3.50%
Annual Rent	\$120,000
Building Size	880 SF
Parcel Size	0.29 AC / 12,506 SF
Year Built	2017
Ownership Interest	Fee-Simple Ground Lease
Parking	9 Surface Spaces
Tenant	Starbucks Corporation
Lease Type	NNN Ground Lease
Remaining Lease Term	20 Years
Lease Expiration*	8/31/2037
Rent Escalations	10% every 5 years
Renewal Options	3 x 5-year options
Termination Option	None
ROFR	None
Drive Thru	Yes

*Assumes delivery date of 9/1/2017



Location Characteristics

Signalized Intersection

370,000 SF Azalea Shopping Center across Firestone Blvd

Primary point of Ingress & Egress for shopping center across from Starbucks

50,000+ Traffic Counts

RENT SCHEDULE

START DATE	END DATE	MONTHLY RENT	ANNUAL RENT	RENT INCREASE
9/1/2017	8/31/2022	\$10,000	\$120,000	-
9/1/2022	8/31/2027	\$11,000	\$132,000	10%
9/1/2027	8/31/2032	\$12,100	\$145,200	10%
9/1/2032	8/31/2037	\$13,310	\$159,720	10%
RENEWAL OPTIONS				
9/1/2037	8/31/2042	\$14,641	\$175,692	10%
9/1/2042	8/31/2047	\$16,105	\$193,261	10%
9/1/2047	8/31/2042	\$17,716	\$212,587	10%

*Assumes delivery date of 9/1/2017

Starbucks Overview

As the preeminent coffee company and coffeehouse chain in the world, Starbucks (NASDAQ: SBUX) operates over 23,000 locations in more than 65 countries and serves nearly five billion cups of coffee annually. Furthermore, the Company is the fourth largest coffee producer in the world and benefits from its strong brand loyalty.

Coffee Industry Overview

- The coffee production and coffee/snack shop industries have grown 3.8% and 3.0% since 2010, respectively.
- The two industries (coffee production and coffee/snack shop) combined for a total of \$51.3 billion in revenue in 2016.
- The coffee production industry has performed well in recent years, exhibiting growth due to several increases in coffee commodity prices that were passed along to end consumers.
- The coffee industry in the next five years is expected to grow with an increased emphasis from consumers for premium-coffee products.

Financial & Credit Profile

Starbucks (S&P rated “A/stable”) has performed very well in recent years, exhibiting steady growth in revenue and increases in all reportable segments. In fiscal 2015, Starbucks’ net revenues increased 17% over fiscal 2014 and had a steady uptick in fiscal 2016, with the America’s segment growing 11% to \$13.3 billion. Moreover, global store sales grew 7% and were driven by a 4% increase in average purchases and a 3% increase in the number of transactions.

- In fiscal 2016, Starbucks opened 731 company-operated stores and is expected to open an additional 1,800 new stores in fiscal 2017, with the majority of openings occurring in China/Asia Pacific.
- Rated “A/stable” by Standard and Poor’s, Starbucks Corporation is a world renown, investment grade tenant with a dominant position in the United States coffee segment.

COMPANY OVERVIEW

Company	Starbucks Corporation
Ticker Symbol	NASDAQ: SBUX
Headquarters	Seattle, WA
Employees (2016)	238,000
Income (2016)	\$3.14 billion
Assets (2016)	\$14.33 billion
Market Cap (Jan 2017)	\$84.19 billion
S&P Rating	A / Stable
Number of Locations (2017)	25,000+
Business Summary	Coffee shop
Company Website	www.starbucks.com



Starbucks Market Outlook

Wall Street analyst opinion of Starbucks in 2017 is to buy. Of the 34 analysts who gave their opinion (see the adjacent chart), none would sell the stock, thus proving the future viability and growth of the investment grade credit tenant.

STARBUCKS' SELL-SIDE EXPECTATIONS

Buys	28
Holds	6
Sellers	0
Average Target Price	\$58.09
Last Closing Price (February 15 th , 2017)	\$56.20
Upside Potential Over the Last Closing Price	3.40%

Retail Map

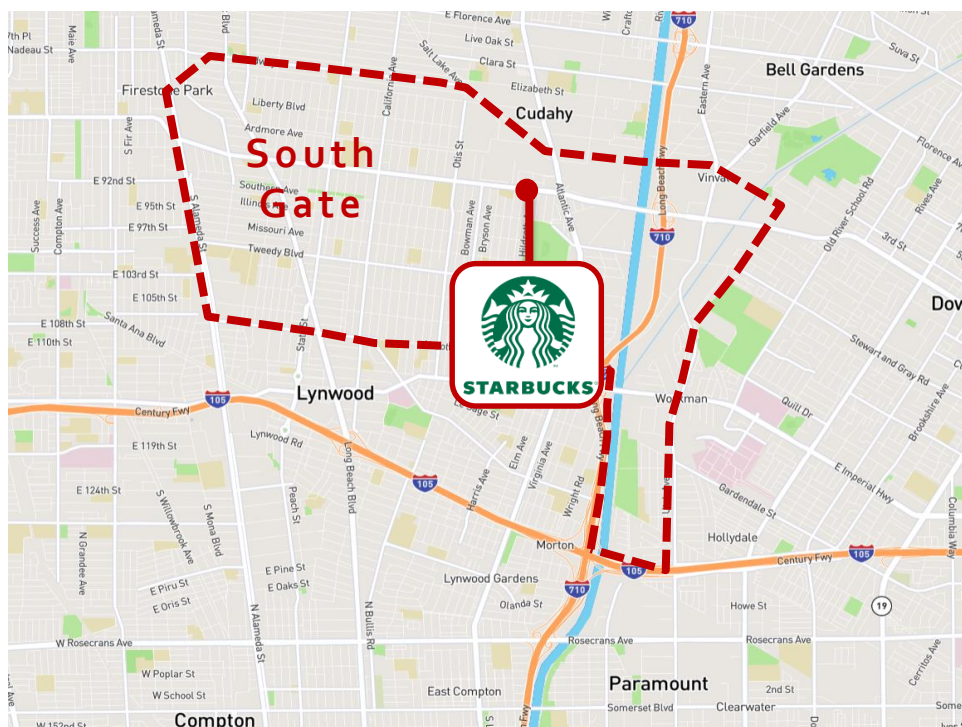


AREA DEMOGRAPHICS

	1 - mile	3 - mile	5 - mile
2016 Total Population	38,053	406,019	932,203
# of Households	9,188	96,426	225,722
Avg. Household Income	\$52,619	\$52,627	\$53,350
Median Household Income	\$42,303	\$40,937	\$40,800

RETAIL MARKET SNAPSHOT (As of 1Q 2017)

	Firewood Blvd (Corridor)	Mid-Cities (Submarket)	LA (Market)
Total Inventory (SF)	3,223,861	47,857,978	429,657,430
Total Vacancy	3.8%	4.2%	3.9%
12 Mo. Net Absorption (SF)	20,895	626,910	2,573,608
Average Net Rent PSF	\$20.40	\$21.37	\$29.75



South Gate Overview

South Gate is a city located approximately 7 miles south of downtown Los Angeles, boasting a population just under 100,000 residents. Served by Interstates 710 and 105 to the east and 105 to the south, the city's central location provides a concentrated population density that drives demand within the local economy.

The area's main retail corridors are Firestone Boulevard and Tweedy Mile, both of which host national and local retailers and office space. Recent developments in the South Gate Marketplace include The Crossroads Shopping Center, a transformative development anchored by Aldi, as well as a brand new 216-unit multifamily on Firestone Boulevard and Garfield Rd.

Property Location Highlights

PROXIMITY TO CONCENTRATED INDUSTRIAL CORRIDOR

Within a one-mile radius of the Asset, there is just under 6 million SF of industrial space, offering an extensive customer base among those working in the Property's immediate vicinity. This concentrated industrial corridor will continue to support the area's commercial economy, specifically coffee-retailers.

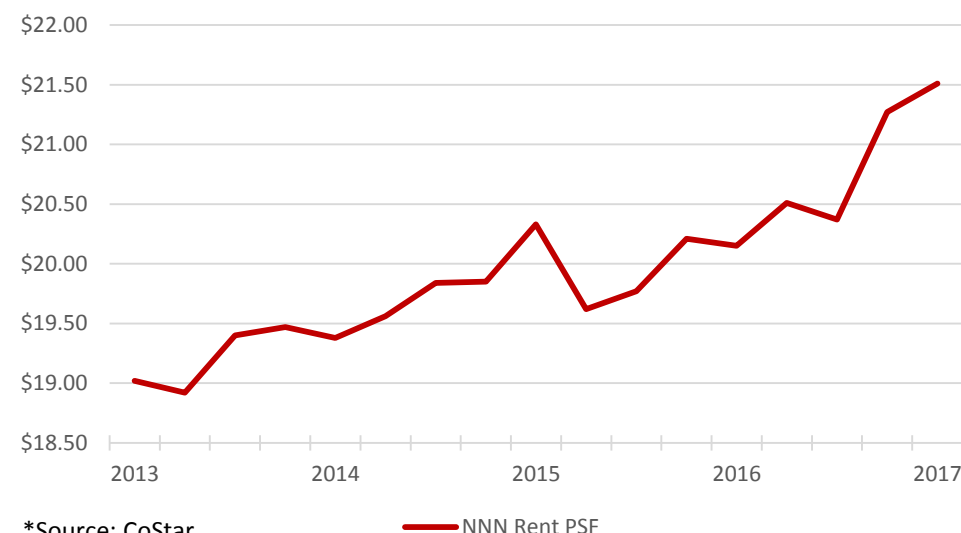
STRATEGIC POSITIONING IN THE PRIMARY RETAIL POCKET

Azalea Shopping Center is "Position A" for retailers in the area, driven by anchors Wal-Mart, Marshalls, CVS, and many more. Sitting just across Firestone Boulevard, the Asset will benefit tremendously from the power center's consistent draw of customers and traffic into the region.

ONLY STARBUCKS WITHIN 1.5-MILE RADIUS

As the only Starbucks in the Firestone corridor, the tenant's brand recognition and strong customer loyalty will allow the location to obtain a significant market share immediately upon opening.

Mid-Cities NNN Historical Rent



*Source: CoStar



Los Angeles County Market Overview

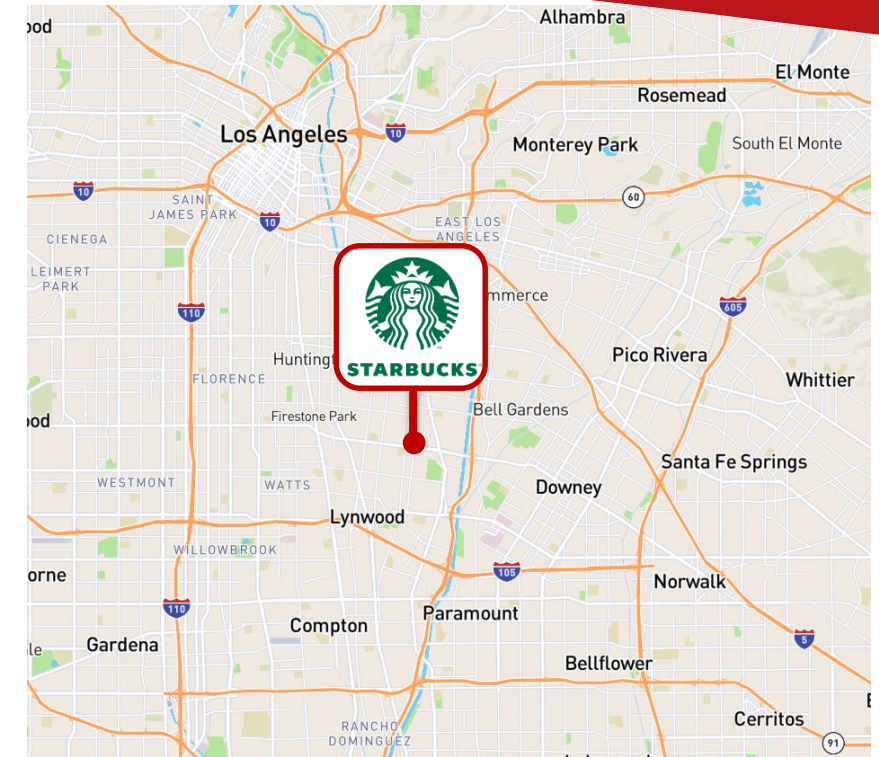
Covering approximately 470 square miles, Los Angeles county is the largest county in the United States with a population exceeding 10 million. The city of Los Angeles totals just under four million residents earning an average household income of \$81,000. The city and its collective sprawling neighborhoods serve as the largest economic producers within the overall Greater Los Angeles economy, including Los Angeles, Orange, San Bernardino, Riverside and Ventura Counties. The Greater Los Angeles five-county area would rank as the 10th largest economy in the world on the basis of gross domestic product. The county features a highly-educated workforce situated in a concentrated area, combining to create a massive source of spending power.

- Across the Los Angeles market, there are many positive indicators reaffirming the overall confidence in real estate investment. Of the 430 million square feet in retail inventory, the Los Angeles market boasts a mere 3.9 percent vacancy rate and an average NNN rental rate hovering around the \$30 per square foot mark.
- The Los Angeles economy is driven by entertainment, aerospace, technology, and industrial trade. In addition, Los Angeles has a sizeable tourism industry, hosting over 45.5 million visitors in 2015.

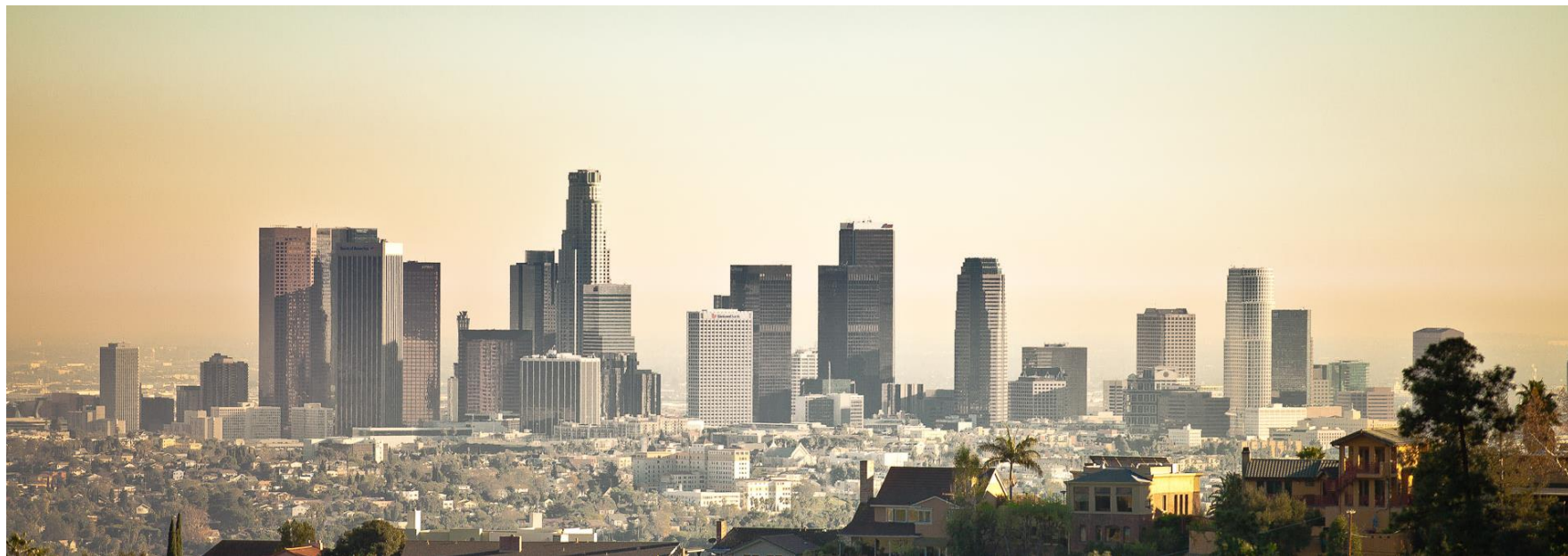
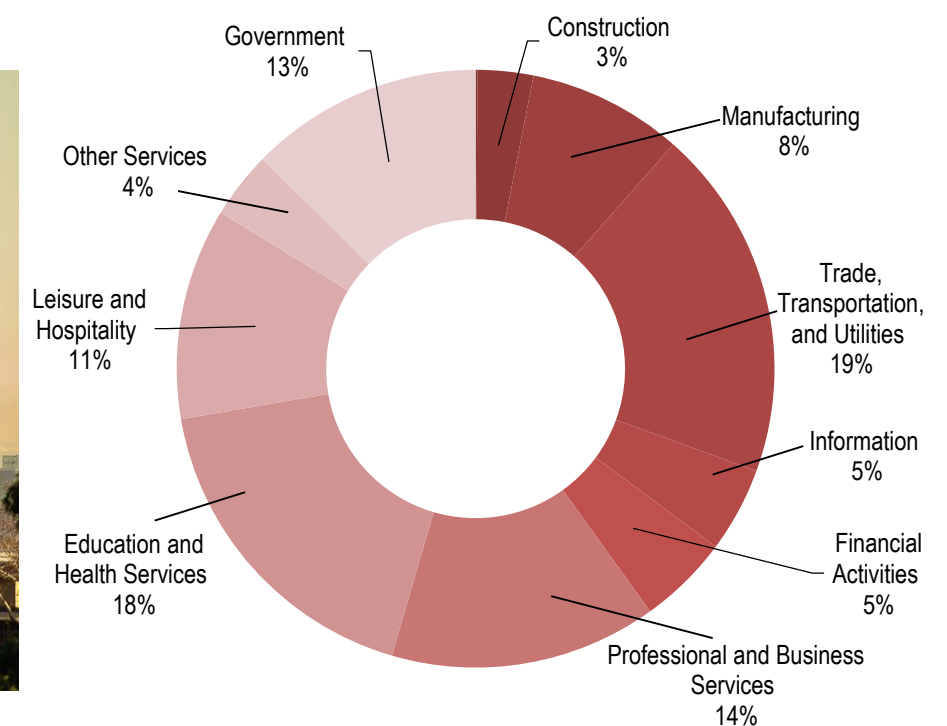
Los Angeles Economy

Los Angeles generates \$544 billion in annual output and \$765 billion in gross product annually. Over the course of the past fifty years, the County has developed into an influential commercial and industrial powerhouse as well as become the trade and financial center of California and the Western United States at large. Los Angeles currently serves as the primary gateway to Asia and the Pacific Rim, with global trade as the major economic driver for the region. Internationally recognized as the entertainment capital of the world, Los Angeles ranks as the most visited region in the country for foreign travelers, making tourism the second largest industry for the County.

An influential and dynamic metropolitan area, Los Angeles is also the largest manufacturing center in the United States, employing over 360,000 people in 2014. Trade, transportation and utilities, however, is the largest source of employment in the County employing over 780,000 people. The City has recently experienced a shift and is now home to many high-growth sectors such as technology, digital information, multimedia, and bioscience. The City's impressive roster of higher education institutions has facilitated Los Angeles emergence as one of the United States fastest growing economies. As this change continues to take hold, expect the Los Angeles economy to continue to prosper resulting in increased resident wealth and property values.



Los Angeles Employment Breakdown



High Visibility Intersection



Azalea Shopping Center



Primary Sales Contact:

Matthew Berres

+1 424 901 8202

matthew.berres@am.jll.com

Adam Friedlander

+1 424 901 8201

adam.friedlander@am.jll.com

Scott Bailey

+1 424 901 8204

scott.bailey@am.jll.com

JONES LANG LASALLE AMERICAS, INC.

11620 Wilshire Boulevard, Suite 1150

Los Angeles, CA 90025

Your Resource for Net Lease Investment Offerings

<https://www.jllproperty.us/net-lease/p/retail/for-sale/>



The material in this Offering Memorandum is confidential, furnished solely for the purpose of considering the "AS IS" acquisition of 4700 Firestone Blvd (the "Property" or "Asset") located in the State of California. The information is not to be used for any other purpose or to be made available to any other person without the express written consent of Agent on behalf of Owner. The material is based, in part, upon information supplied by Owner and, in part, upon information obtained by Agent from sources they deem to be reliable. Summaries contained herein of any legal documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. No warranty or representation, expressed or implied, is made by Owner, Agent or any of their respective related agents or entities as to the accuracy or completeness of the information contained herein. Prospective investors should make their own investigations, projections and conclusions regarding the Property. It is expected that prospective investors will conduct their own independent due diligence concerning the Asset, including such engineering and environmental inspections as they deem necessary to determine the condition of the Property and the existence or absence of any potentially hazardous materials used in the construction or maintenance of the Asset. No representations, expressed or implied, are made as to the foregoing matters by the Owner, Agent or any of their respective officers, employees, affiliates and/or agents.