

# OFFERING MEMORANDUM.



## McDonald's Ground Lease Sonora, CA

TheMaffiaTeam



File Photo



**\$2,933,000**  
**3.75% CAP Rate**

- ◆ New 20-Year NNN Corporate Ground Lease
  - ◆ 10% Rental Escalations Every Five Years
- ◆ Major Anchors Nearby include Walmart, Safeway, Lowe's and Save Mart
- ◆ Adjacent to the Largest Shopping Center in Tuolumne County – Sonora Crossroads
- ◆ Located Near Highly Trafficked Intersection
  - ◆ Mono Way and State Highway 108 – Combined 41,500 AADT

**Newmark Knight Frank**  
**Cornish & Carey Commercial**  
Leased Investment Group



## Confidentiality & Disclosure

Cornish & Carey Commercial Newmark Knight Frank (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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# Table of Contents

- ◆ Property Information .....1
- ◆ Tenant Information ..... 2
- ◆ About the Area ..... 3
- ◆ Site Plans ..... 4
- ◆ Aerials ..... 5
- ◆ Location Maps ..... 8
- ◆ Demographics ..... 11



## Property Information

Location	The property is located at the southwest corner of Mono Way and Sanguinetti Road in Sonora, California.		
Lot Size	Approximately 1.07 acres, or 46,600 square feet. <i>Only the land is for sale.</i>		
Improvements	Construction completed in May 2014 of an approximately 4,327 square foot quick-service restaurant building with a double drive thru for <b>McDonald's</b> . There is ample parking on site. <i>The improvements were built and are owned by the tenant; the improvements are not for sale.</i>		
Lease	Leased to <b>McDonald's USA, LLC</b> , for 20 years with the primary term commencing on May 8, 2014 upon tenant's opening for business at an initial annual net rent of \$110,000. There are four 5-year options to renew the lease. The rent increases by 10% every five years throughout the initial term and option periods. The lease is absolute net, with the tenant responsible for taxes, insurance, and all maintenance, including roof and structure.		
Net Annual Income	<u>Years</u>	<u>Annual Rent</u>	<u>Return</u>
	1-5	\$110,000	3.75%
	6-10	\$121,000	4.12%
	11-15	\$133,100	4.54%
	16-20	\$146,410	4.99%
	21-25 (Option 1)	\$161,051	5.49%
	26-30 (Option 2)	\$177,156	6.04%
	31-35 (Option 3)	\$194,872	6.64%
	36-40 (Option 4)	\$214,359	7.31%
Price	<b>\$2,933,000 (3.75% Return)</b>		
Financing	The property will be delivered free and clear of permanent financing.		
Right of First Refusal	McDonald's has a right of first refusal to purchase which it must exercise within 30 days after receipt of notice.		



## Tenant Information



**McDonald's Corporation** (NYSE: "MCD"), together with its subsidiaries, operates as a worldwide foodservice retailer. It franchises and operates McDonald's restaurants that offer various food items, soft drinks, coffee, and other beverages. As of December 31, 2013, the company operated over 35,000 restaurants in 119 countries. More than 80% of their restaurants worldwide are owned and operated by Franchisees. McDonald's Corporation was founded in 1948 and is based in Oak Brook, Illinois.

For the fiscal year ended December 31, 2013, McDonald's Corporation reported revenues of \$28.105 billion with net income of \$5.585 billion and net worth of \$16.009 billion. McDonald's Corporation is rated "A" by Standard & Poor's and is ranked #111 on the 2013 Fortune 500.

**McDonald's USA, LLC**, the entity on the lease, is a subsidiary of McDonald's Corporation. It had 2007 sales of \$8.455 billion and employs approximately 390,000 people. More recent financials are not readily available. *This is a corporate lease.*



## About the Area

### Site Information

Located just off State Highway 108 on Mono Way (41,500 AADT), the property is near one of the most heavily traveled bypasses in Tuolumne County. State Highway 108 runs along the south end of the property, providing excellent visibility to traffic traveling between Modesto to the west and Yosemite to the east.

The corridor is made up of Timber Hills Shopping Center, Sonora Plaza and Sonora Crossroads – the largest shopping center in Tuolumne County. Major anchors include Walmart, Safeway, Lowe's, Ross, Save Mart, Orchard Supply Hardware and Cost-U-Less. Additional tenants include PetSmart, Big Lots, Staples, Regal Cinemas, Big 5 Sporting Goods, Game-Stop, AT&T, RadioShack, Starbucks, AutoZone, Applebee's, Edward Jones, AAA, The UPS Store, H&R Block, Taco Bell, Carl's Jr., Denny's, Rite Aid, Big O Tires, Wells Fargo, Sierra Bargain Outlet, Gus's Steakhouse, and others. Less than one mile east of the property on Mono Way is Junction Shopping Center anchored by Kohl's, T.J. Maxx and Price Co Foods. Additional retailers include CVS Pharmacy, Dollar Tree, Subway, Starbucks, KFC, Wells Fargo, Round Table and Famous Footwear.

Located just a mile away on the southeast corner of State Highway 108 and Old Wards Ferry Road, directly behind Walmart, is an approved 48 acre lot for the new Law and Justice Center. Additionally the property is located in the vicinity of Sonora Elementary School, Gold Rush Charter School and Dario Cassina High School.

### General Overview

Sonora is the county seat of Tuolumne County. As of 2012, the county's population was estimated at 54,008. Sonora is the only incorporated community in Tuolumne County. Sonora's continuity today as an active city is sustained via tourism, small high tech companies, mining, logging, service industry to serve retirees, and construction and government jobs. Many residents travel to Central Valley or Bay Area for work, but live in the beautiful Sierra Nevada Foothills. Sonora offers residents a robust community with a country setting, a rich heritage, historical charm and affordable living.

Columbia College is the local institute of higher education and Sonora is within driving distance of the new University of California at Merced. California State Highways 108 and 49 pass through the city. The closest major commercial airport is Sacramento International Airport, approximately 100 miles to the northwest, although Stockton Metropolitan Airport (65 miles to the west) does offer commercial service. Tuolumne County-operated Columbia Airport, just eight miles away, is available for use by private aircraft.

Sonora Regional Medical Center serves the community and is part of Adventist Health, a network of 19 hospitals and over 180 clinics that operate in California, Hawaii, Oregon and Washington. In the summer of 2014, they plan to break ground on the Sonora Outpatient Pavilion, a 3-story, 63,500 square foot facility that includes a cancer outpatient center as well as medical offices.



# Site Plan

MONO WAY



SANGUINETTI ROAD





Aerial | Mid-Range View

Future Law and Justice Center



Old Wards Ferry Rd

Sonora Crossroads



Sanguinetti Rd

Timber Hills Shopping Center

Mono Way



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**GROCERY OUTLET**  
bargain Market

**O'Reilly**

**SUBWAY**

**SONORA PLAZA SHOPPING CENTER**

**Orchard Supply**  
HARDWARE

**WELLS FARGO**

**COST U LESS**  
Your Best Value

Downtown Sonora

Sonora High School

Sonora Elementary School

Sonora Regional Medical Center

**LOWE'S**  
Home Improvement Warehouse

**REGAL CINEMAS**

**RITE AID**

**TIMBER HILLS SHOPPING CENTER**

**SAVE MART SUPERMARKETS**

**ROSS DRESS FOR LESS**

baskin **BR** robbins

**Starbucks**



Old Wards Ferry Rd

Sanguinetti Rd

**McDonald's**

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Future Law and Justice Center

Mono Way

SONORA CROSSROADS

**Walmart**

**SAFeway**

**BIG LOTS!**

**Applebee's**

**STAPLES**

**PET SMART**

**Payless**

**Papa Murphy's**  
TAKE 'N BAKE PIZZA

**SALLY BEAUTY**

**Starbucks**

**BIG 5**  
SPORTING GOODS

**RadioShack**

**JO-ANN**  
stores inc.

**GameStop**







Mono Way

THE JUNCTION SHOPPING CENTER

**KOHL'S** **TJ-maxx** **PriceCo Foods**  
 Expect Low Prices

**DOLLAR TREE** **CVS/pharmacy** **SUBWAY**

**WELLS FARGO** **Famous Footwear** **Starbucks** **Jack in the box** **Round Table** **KFC**



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SONORA CROSSROADS

**Walmart** **SAFEWAY**

**BIG LOTS!** **Applebee's** **STAPLES** **PET SMART**

**Papa Murphy's** **Sally's Beauty** **Starbucks** **BIG 5**

**RadioShack** **JO-ANN** **GameStop**



Sanguinetti Rd

TIMBER HILLS SHOPPING CENTER

**SAVE MART SUPERMARKETS** **ROSS DRESS FOR LESS**

**baskin BRobbins** **Carib Jr.**



Future Law and Justice Center



Mono Way



Old Wards Ferry Rd





# Location Map

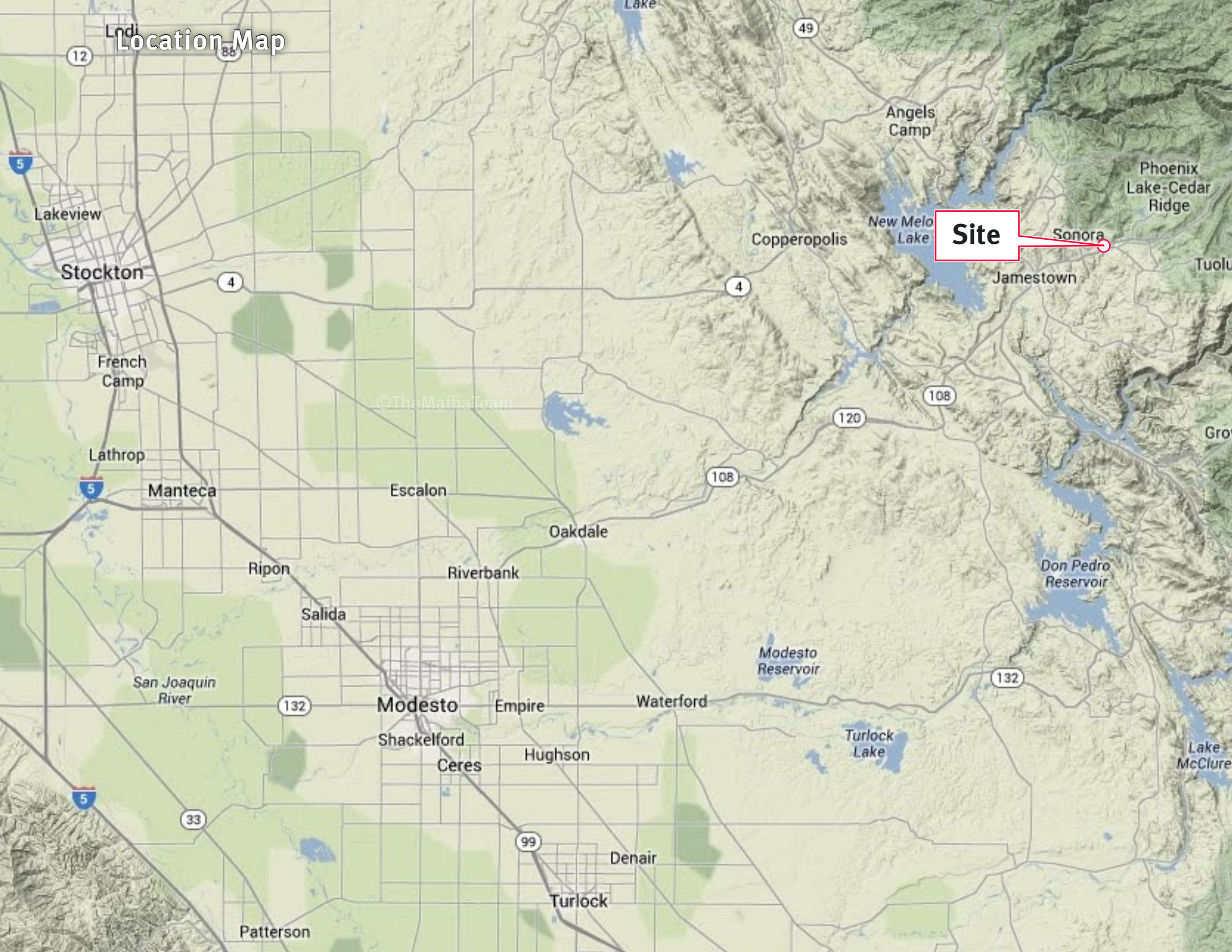


Site

©TheGaffiaTeam



# Location Map



Site

Sonora

12

85

49

5

4

4

108

120

108

5

132

132

33

99



# Location Map



**Site**

©TheMafiaTeam



# Demographics

Mono Way & Sanguinetti Rd  
Sonora, CA 95370

	5 miles	10 miles	15 miles
<b>Population Summary</b>			
2000 Total Population	23,933	44,090	63,165
2010 Total Population	25,893	44,277	66,145
2012 Total Population	25,761	44,216	66,358
2012 Group Quarters	615	767	4,583
2017 Total Population	25,085	43,218	65,320
2012-2017 Annual Rate	-0.53%	-0.46%	-0.31%
<b>Household Summary</b>			
2000 Households	10,313	17,665	24,819
2000 Average Household Size	2.28	2.38	2.36
2010 Households	11,178	18,781	26,779
2010 Average Household Size	2.26	2.32	2.30
2012 Households	11,051	18,635	26,707
2012 Average Household Size	2.28	2.33	2.31
2017 Households	10,905	18,455	26,592
2017 Average Household Size	2.24	2.30	2.28
2012-2017 Annual Rate	-0.27%	-0.19%	-0.09%
2010 Families	6,818	12,042	17,363
2010 Average Family Size	2.80	2.81	2.77
2012 Families	6,679	11,848	17,175
2012 Average Family Size	2.82	2.82	2.79
2017 Families	6,653	11,836	17,250
2017 Average Family Size	2.77	2.78	2.75
2012-2017 Annual Rate	-0.08%	-0.02%	0.09%
<b>Housing Unit Summary</b>			
2000 Housing Units	11,191	20,542	31,312
Owner Occupied Housing Units	59.5%	59.9%	56.9%
Renter Occupied Housing Units	32.7%	26.1%	22.4%
Vacant Housing Units	7.8%	14.0%	20.7%
2010 Housing Units	12,453	22,634	35,590
Owner Occupied Housing Units	57.4%	56.7%	52.7%
Renter Occupied Housing Units	32.3%	26.2%	22.6%
Vacant Housing Units	10.2%	17.0%	24.8%
2012 Housing Units	12,503	22,709	35,806
Owner Occupied Housing Units	55.5%	55.1%	51.3%
Renter Occupied Housing Units	32.9%	27.0%	23.3%
Vacant Housing Units	11.6%	17.9%	25.4%
2017 Housing Units	12,579	22,843	36,147
Owner Occupied Housing Units	54.9%	54.6%	51.1%
Renter Occupied Housing Units	31.8%	26.2%	22.5%
Vacant Housing Units	13.3%	19.2%	26.4%
<b>Median Household Income</b>			
2012	\$40,462	\$45,829	\$48,699
2017	\$46,715	\$52,020	\$54,039
<b>Median Home Value</b>			
2012	\$183,480	\$180,426	\$183,982
2017	\$203,368	\$198,238	\$200,992
<b>Per Capita Income</b>			
2012	\$24,561	\$25,855	\$27,061
2017	\$27,457	\$28,752	\$29,878
<b>Median Age</b>			
2010	47.6	47.6	47.5
2012	48.5	48.4	48.2
2017	50.2	50.1	49.7





# Demographics

Mono Way & Sanguinetti Rd  
Sonora, CA 95370

	5 miles	10 miles	15 miles
<b>2012 Households by Income</b>			
Household Income Base	11,051	18,635	26,707
<\$15,000	15.4%	12.6%	12.0%
\$15,000 - \$24,999	16.3%	13.8%	13.3%
\$25,000 - \$34,999	11.6%	11.7%	11.3%
\$35,000 - \$49,999	15.0%	15.2%	14.3%
\$50,000 - \$74,999	17.1%	19.8%	19.3%
\$75,000 - \$99,999	9.5%	10.4%	10.9%
\$100,000 - \$149,999	10.5%	11.3%	12.3%
\$150,000 - \$199,999	2.2%	2.6%	3.5%
\$200,000+	2.3%	2.7%	3.0%
Average Household Income	\$56,221	\$60,649	\$64,102
<b>2017 Households by Income</b>			
Household Income Base	10,905	18,455	26,592
<\$15,000	14.5%	11.7%	11.2%
\$15,000 - \$24,999	13.0%	11.0%	10.5%
\$25,000 - \$34,999	10.8%	10.5%	10.0%
\$35,000 - \$49,999	14.1%	13.9%	13.0%
\$50,000 - \$74,999	19.9%	22.8%	22.2%
\$75,000 - \$99,999	11.1%	12.1%	12.6%
\$100,000 - \$149,999	11.4%	12.0%	13.2%
\$150,000 - \$199,999	2.6%	3.0%	4.0%
\$200,000+	2.6%	2.9%	3.1%
Average Household Income	\$62,072	\$66,607	\$70,138
<b>2012 Owner Occupied Housing Units by Value</b>			
Total	6,934	12,503	18,370
<\$50,000	6.5%	5.5%	4.8%
\$50,000 - \$99,999	14.2%	13.4%	12.8%
\$100,000 - \$149,999	15.8%	18.2%	18.2%
\$150,000 - \$199,999	20.0%	21.1%	20.7%
\$200,000 - \$249,999	15.9%	15.7%	15.9%
\$250,000 - \$299,999	9.3%	8.8%	8.9%
\$300,000 - \$399,999	9.6%	9.0%	9.5%
\$400,000 - \$499,999	4.2%	4.2%	4.8%
\$500,000 - \$749,999	3.5%	3.2%	3.5%
\$750,000 - \$999,999	0.7%	0.6%	0.6%
\$1,000,000 +	0.2%	0.1%	0.2%
Average Home Value	\$211,550	\$208,572	\$214,240
<b>2017 Owner Occupied Housing Units by Value</b>			
Total	6,911	12,477	18,468
<\$50,000	4.5%	3.8%	3.3%
\$50,000 - \$99,999	10.5%	10.5%	9.6%
\$100,000 - \$149,999	14.0%	16.2%	16.2%
\$150,000 - \$199,999	19.8%	20.8%	20.5%
\$200,000 - \$249,999	17.3%	17.1%	17.5%
\$250,000 - \$299,999	10.1%	9.7%	9.9%
\$300,000 - \$399,999	11.3%	10.7%	11.1%
\$400,000 - \$499,999	6.6%	6.5%	6.3%
\$500,000 - \$749,999	4.6%	4.2%	4.4%
\$750,000 - \$999,999	1.0%	0.8%	0.8%
\$1,000,000 +	0.2%	0.2%	0.2%
Average Home Value	\$237,424	\$232,886	\$235,739



# Demographics

Mono Way & Sanguinetti Rd  
Sonora, CA 95370

	5 miles	10 miles	15 miles
<b>2010 Population by Age</b>			
Total	25,895	44,277	66,145
0 - 4	4.7%	4.7%	4.3%
5 - 9	5.0%	5.0%	4.6%
10 - 14	5.6%	5.7%	5.3%
15 - 24	11.6%	11.6%	11.0%
25 - 34	9.9%	9.7%	10.6%
35 - 44	9.8%	9.8%	10.7%
45 - 54	14.3%	15.2%	15.4%
55 - 64	16.6%	17.3%	17.2%
65 - 74	11.0%	11.1%	11.5%
75 - 84	7.6%	6.9%	6.6%
85 +	3.9%	3.0%	2.7%
18 +	81.0%	80.8%	82.2%
<b>2012 Population by Age</b>			
Total	25,762	44,216	66,356
0 - 4	4.7%	4.6%	4.3%
5 - 9	4.9%	4.9%	4.5%
10 - 14	5.5%	5.6%	5.2%
15 - 24	11.3%	11.3%	10.7%
25 - 34	10.0%	9.8%	10.7%
35 - 44	9.5%	9.5%	10.4%
45 - 54	13.8%	14.7%	14.9%
55 - 64	17.2%	17.9%	17.8%
65 - 74	11.6%	11.7%	12.2%
75 - 84	7.4%	6.8%	6.5%
85 +	4.0%	3.1%	2.8%
18 +	81.4%	81.3%	82.7%
<b>2017 Population by Age</b>			
Total	25,086	43,218	65,320
0 - 4	4.6%	4.5%	4.2%
5 - 9	4.8%	4.8%	4.4%
10 - 14	5.4%	5.5%	5.1%
15 - 24	10.5%	10.5%	10.0%
25 - 34	9.9%	9.7%	10.6%
35 - 44	9.1%	9.1%	10.0%
45 - 54	12.6%	13.4%	13.6%
55 - 64	17.7%	18.4%	18.2%
65 - 74	13.7%	13.8%	14.3%
75 - 84	7.6%	7.0%	6.7%
85 +	4.2%	3.3%	2.9%
18 +	81.9%	81.7%	83.2%
<b>2010 Population by Sex</b>			
Males	12,499	21,808	34,488
Females	13,394	22,469	31,657
<b>2012 Population by Sex</b>			
Males	12,467	21,830	34,667
Females	13,295	22,386	31,692
<b>2017 Population by Sex</b>			
Males	12,174	21,395	34,244
Females	12,910	21,823	31,075



# Demographics

Mono Way & Sanguinetti Rd  
Sonora, CA 95370

	5 miles	10 miles	15 miles
<b>2010 Population by Race/Ethnicity</b>			
Total	25,894	44,278	66,144
White Alone	90.8%	90.7%	87.7%
Black Alone	0.5%	0.4%	1.8%
American Indian Alone	1.6%	2.0%	1.7%
Asian Alone	1.3%	1.1%	1.0%
Pacific Islander Alone	0.1%	0.1%	0.2%
Some Other Race Alone	1.8%	1.8%	4.0%
Two or More Races	3.9%	3.9%	3.6%
Hispanic Origin	9.2%	9.0%	10.7%
Diversity Index	31.3	31.2	37.8
<b>2012 Population by Race/Ethnicity</b>			
Total	25,761	44,216	66,360
White Alone	90.3%	90.2%	87.1%
Black Alone	0.5%	0.5%	1.8%
American Indian Alone	1.7%	2.0%	1.7%
Asian Alone	1.3%	1.1%	1.0%
Pacific Islander Alone	0.1%	0.1%	0.2%
Some Other Race Alone	2.2%	2.1%	4.4%
Two or More Races	4.0%	4.0%	3.7%
Hispanic Origin	10.4%	10.2%	11.8%
Diversity Index	33.7	33.5	39.9
<b>2017 Population by Race/Ethnicity</b>			
Total	25,086	43,218	65,320
White Alone	89.3%	89.1%	85.8%
Black Alone	0.5%	0.5%	1.8%
American Indian Alone	1.8%	2.1%	1.8%
Asian Alone	1.3%	1.1%	1.1%
Pacific Islander Alone	0.1%	0.1%	0.2%
Some Other Race Alone	2.7%	2.7%	5.3%
Two or More Races	4.3%	4.3%	4.0%
Hispanic Origin	13.0%	12.7%	14.6%
Diversity Index	38.3	38.2	44.7
<b>2010 Population by Relationship and Household Type</b>			
Total	25,893	44,277	66,145
In Households	97.6%	98.3%	93.1%
In Family Households	76.7%	79.1%	75.3%
Householder	26.3%	27.2%	26.2%
Spouse	19.7%	20.9%	20.6%
Child	24.9%	25.4%	23.4%
Other relative	2.8%	2.8%	2.6%
Nonrelative	2.9%	2.8%	2.5%
In Nonfamily Households	21.0%	19.2%	17.8%
In Group Quarters	2.4%	1.7%	6.9%
Institutionalized Population	1.3%	0.9%	6.2%
Noninstitutionalized Population	1.1%	0.9%	0.7%





# Demographics

Mono Way & Sanguinetti Rd  
Sonora, CA 95370

	5 miles	10 miles	15 miles
<b>2010 Households by Type</b>			
Total	11,178	18,781	26,779
Households with 1 Person	31.5%	28.5%	28.1%
Households with 2+ People	68.5%	71.5%	71.9%
Family Households	61.0%	64.1%	64.8%
Husband-wife Families	45.6%	49.2%	50.9%
With Related Children	14.4%	15.2%	15.0%
Other Family (No Spouse Present)	15.4%	14.9%	13.9%
Other Family with Male Householder	4.9%	5.1%	4.8%
With Related Children	3.0%	3.1%	2.9%
Other Family with Female Householder	10.5%	9.7%	9.2%
With Related Children	6.4%	5.9%	5.6%
Nonfamily Households	7.5%	7.4%	7.1%
All Households with Children	24.3%	24.8%	24.1%
Multigenerational Households	2.7%	2.8%	2.7%
Unmarried Partner Households	7.3%	7.2%	6.9%
Male-female	6.6%	6.5%	6.1%
Same-sex	0.7%	0.8%	0.7%
<b>2010 Households by Size</b>			
Total	11,180	18,780	26,779
1 Person Household	31.5%	28.5%	28.1%
2 Person Household	38.6%	40.4%	41.9%
3 Person Household	13.6%	14.0%	13.4%
4 Person Household	9.4%	9.7%	9.5%
5 Person Household	4.2%	4.6%	4.4%
6 Person Household	1.7%	1.7%	1.7%
7 + Person Household	1.1%	1.1%	1.0%
<b>2010 Households by Tenure and Mortgage Status</b>			
Total	11,178	18,781	26,779
Owner Occupied	64.0%	68.4%	70.0%
Owned with a Mortgage/Loan	37.6%	42.4%	43.6%
Owned Free and Clear	26.4%	25.9%	26.4%
Renter Occupied	36.0%	31.6%	30.0%