

Highland Development Sells New Carl's Jr. and AutoZone for \$3.46 Million, 5.34% Cap Rate

Highland Development Company sold two newly built, single-tenant leased buildings currently occupied by Carl's Jr. and soon to be occupied by AutoZone at its new 84,500-square-foot mixed-use retail/office project located at the southwest corner of Panama Lane and Wible Road in Bakersfield, Calif. The purchase price for both assets was approximately \$3.46 million, representing a 5.34% cap rate.

January 16, 2008 (FPRC) -- PASADENA, CA – Highland Development Company, a dynamic retail and retail-driven mixed-use development company, announced that Bolthouse Properties, LLC has purchased two newly built, single-tenant leased buildings currently occupied by Carl's Jr. and soon to be occupied by AutoZone at its new 84,500-square-foot mixed-use retail/office project located at the southwest corner of Panama Lane and Wible Road in Bakersfield, Calif. The purchase price for both assets was approximately \$3.46 million, representing a 5.34 percent cap rate.

The Carl's Jr. leased investment is a 2,593-square-foot single-tenant NNN Carl's Jr. with a drive-thru located at 3501 Panama Lane. Situated on 0.80 acres, Carl's Jr. has a new 20-year lease with five-year increases tied to Consumer Price Index (CPI) but not to exceed 10 percent. The lessee, Carl Karcher Enterprise, Inc., opened on December 28, 2007.

The AutoZone leased investment is a 7,386-square-foot single-tenant NNN AutoZone located at 3325 Panama Lane. Situated on 0.725 acres, AutoZone has a new 15-year lease with 10 percent increases every five years. AutoZone will open in February 2008.

According to Vincent M. Roche, senior vice president with CB Richard Ellis of Bakersfield, the agent that represented Highland Development in the sale transaction, the acquisition offers the buyer stable income with improving future cash-on-cash returns with fixed rental increases over the long-term NNN leases. The buyer, Bolthouse Properties, LLC, was represented by Grubb & Ellis/ASU & Associates of Bakersfield in the sale transaction.

"Highland Developments' new retail/office center, which is anchored by an existing Walgreens, will consist of a total of five new retail buildings upon completion at the end of February including nearly 40,000 square feet of proposed restaurant and shop space," added Roche. "We currently have 1,200-3,000 square feet of inline and pad space available for lease and a 9,980-square-foot pad building anchored by Wells Fargo and T-Mobile available for sale."

Located in what is known as the Panama Lane Retail Corridor in the southwest part of Bakersfield, Highland Development's new retail/office center is situated one block west of Highway 99 and less than one mile from the 75-acre Bakersfield Auto Mall. Neighboring tenants include Costco, Lowe's, Rite Aid, Albertsons, fast-food restaurants and a proposed Wal-mart Supercenter and Office Depot.

"This is a great location in an underserved market for both retail and office," says Highland's Director of Development Michael J. Singelyn. "It offers convenient access, great demographics and impressive traffic counts, high profile visibility and retail synergy along the Panama Lane Corridor, with more residents continuing to move into the trade area. We are very excited about this project

and have received a great response from the retail and office communities.”

More than 118,417 people live within three miles of the project, with a median household income of \$44,109. Over 217,670 people reside within a five-mile trade area, with a median household income of \$42,991. An average of nearly 45,000 cars pass by on a daily basis and more than 7,000 new homes are in development within the trade area of the project.

CBRE in Bakersfield is handling the marketing, leasing and sales of both the retail and office components. Vincent M. Roche is handling the sale of retail property. Office leasing and sales will be handled by Patrick Thompson. CBRE’s Alex Bendlin and Amanda Wolff are the leasing agents for the retail component. KKE Architects of Pasadena, Calif. is the project’s designer.

About Highland Development Company

Highland Development Company is a developer of retail and retail-driven mixed-use projects throughout the Western United States. The company’s development strategy includes both ground-up shopping center development and acquisition of existing properties with value-add and/or parcelization opportunities. As a subsidiary of The Marcus & Millichap Company (TMMC), Highland can expand its project types by partnering with TMMC subsidiaries SummerHill Homes and Urban Housing Group for the development of mixed-use projects incorporating single-family residents and apartment homes. Currently, Highland has more than one million square feet in various stages of development or redevelopment in California and Arizona. For more information, visit www.highlanddevco.com or call Michael Singelyn, Senior Director of Development at (626) 696-2004.

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