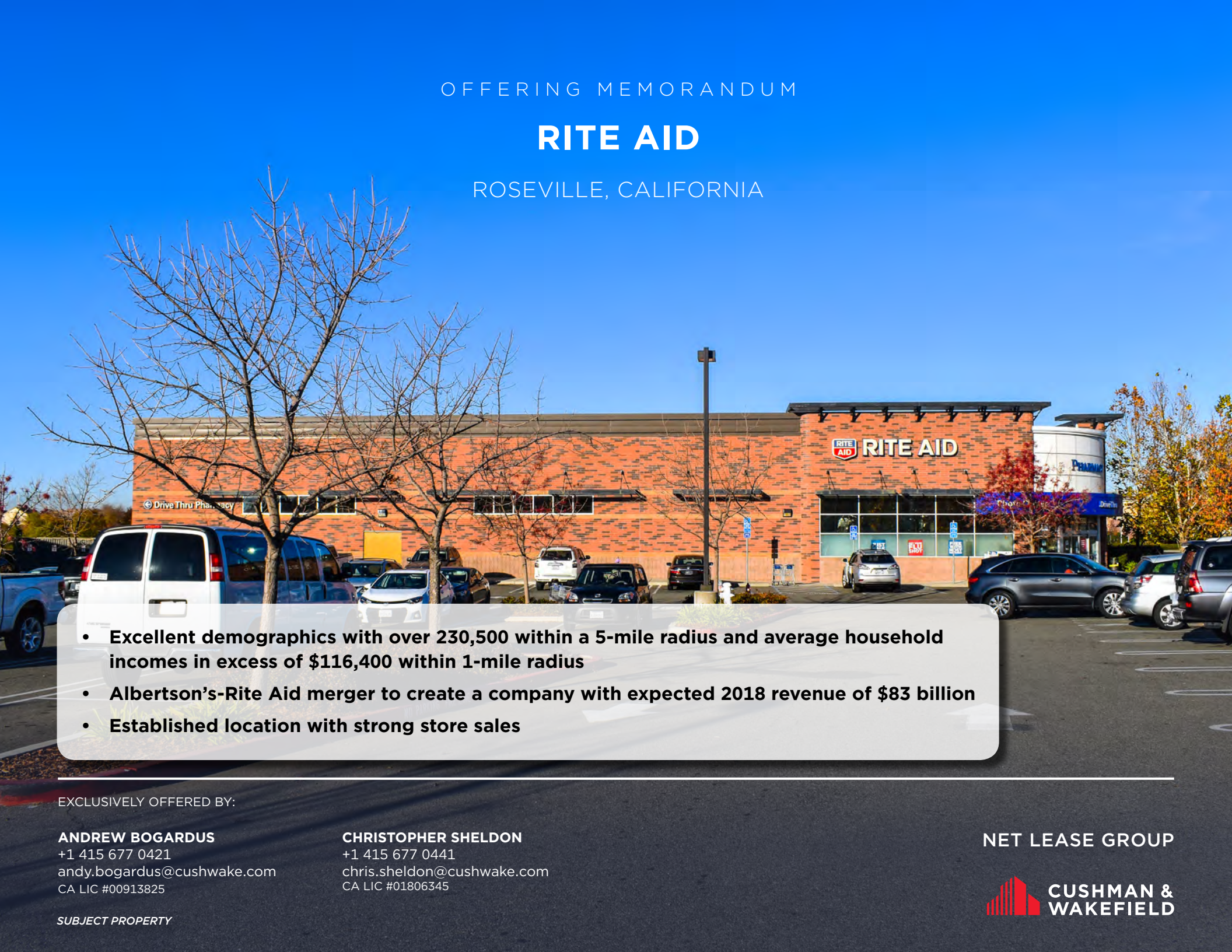


OFFERING MEMORANDUM

RITE AID

ROSEVILLE, CALIFORNIA

- 
- **Excellent demographics with over 230,500 within a 5-mile radius and average household incomes in excess of \$116,400 within 1-mile radius**
 - **Albertson's-Rite Aid merger to create a company with expected 2018 revenue of \$83 billion**
 - **Established location with strong store sales**

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NET LEASE GROUP

SUBJECT PROPERTY



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Investment Offering & Highlights

The Offering

- Completed in 2009, a 17,272± square foot free standing pharmacy building with drive thru leased to **RITE AID** with 11 years remaining
- **Price: \$11,600,000 — 5.00% Cap Rate**

Lease / Tenant

- Triple net lease with over 11 years remaining with 10% rental increases
- Alberstons recently announced plans to buy Rite Aid to create a company with expected 2018 revenue of \$83 billion
- Established location with strong store sales
- High barrier to entry for another drug store with deed restriction on only undeveloped corner lot at the intersection and CVS being in-line without a drive thru

Real Estate / Area Strengths

- One of Roseville's busiest intersection with combined traffic counts of over 100,000 cars per day
- Close proximity to the 1.3 million square foot Westfield Galleria at Roseville anchored by Nordstroms and Macys
- Excellent demographics with over 230,500 within a 5-mile radius and average household incomes in excess of \$116,400 within 1-mile radius
- Tenants nearby include Safeway, Sams Club, California Sun, The Sandwich Spot, Subway, Tri Counties Bank, Waffle Barn, Round Table Pizza, The Habit Burger, Taco Bell, Sonic Drive-In, and Panera Bread



Investment Overview

Location

990 Pleasant Grove Blvd, Roseville, CA — Veterans Plaza Shopping Center

Lot Size

Approximately 1.796 acres — 78,233± square feet

Improvements

Completed in 2009, a 17,272± square foot free-standing **RITE AID** drug store with drive-thru access and ample on-site parking. This was a built-to-suit by a Rite Aid preferred developer. As a result, the lease was executed by Thrifty Payless and is guaranteed by Rite Aid Corporation. This Rite Aid guaranty was not typical and only given to a small group of preferred developers.

Lease

Leased to **THRIFTY PAYLESS** and guaranteed by **RITE AID CORPORATION** for 20 years from July 2009 until July 31, 2029 with over 11 years remaining. The current annual rent of \$527,669 increases to \$580,436 on August 1, 2019. The lease is triple net, with the tenant responsible for taxes, insurance, and maintenance, including roof and structure. There are six, five-year options to renew with 10% increases in Options 1 and 3, and Fair Market Value increases in Options 5-6.

Adjacent Retail & ATM

The center has a second parcel with a free-standing multi-tenant building and a Bank of America ATM in the parking lot. The owner would consider selling this parcel as well. Contact broker regarding this opportunity.

Annual Rent

Years	Annual Rent	Cap Rate
Current - 7/2029	\$580,436	5.00%
8/2029 - 7/2034 (Option 1)	\$638,480	5.50%
8/2034 - 7/2039 (Option 2)	\$638,480	5.50%
8/2039 - 7/2044 (Option 3)	\$702,327	6.05%
8/2044 - 7/2049 (Option 4)	\$702,327	6.05%
8/2049 - 7/2054 (Option 5)	FMV	
8/2054 - 7/2059 (Option 6)	FMV	

PRICE: \$11,600,000 — 5.00% Cap Rate

* Price based on capitalization of the August 2019 rent. Seller to credit the difference in rent between closing date and August 2019 at COE.

Rent Per Square Foot

\$33.61 net per year - \$2.80 net per month

Site Plan



Rite Aid

RITE AID (NYSE: RAD) founded in 1927 and headquartered in Camp Hill, Pennsylvania, is the 3rd largest drug store chain in the U.S., operating over 4,500 stores in 31 states, and the District of Columbia. The company typically holds either the number one or two market share position in over 50% of the markets in which it operates. Stores sell prescription drugs and a wide variety of general merchandise (front-end products), including over the counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, photo processing, greeting cards, convenience foods and seasonal merchandise. Sales of prescription drugs accounted for 69% of total sales in 2016, with the company filling about 304 million prescriptions. Over the counter medications and personal care items, health and beauty aids, and general merchandise generated 31% of sales over the course of the year.

The company distinguishes itself from other national chain drug stores through its emphasis on private label brands and its store within a store program with General Nutrition Companies Inc. (GNC). Rite Aid has opened over 2,200 GNC store within a store concepts (50% of its store base), and has a contractual commitment to open 230 private label products in its stores, contributing 18.5% of front-end sales in categories where private label products are offered.

WALGREENS ACQUISITION

On September 19, 2017, Walgreens Boots Alliance agreed to buy 1,932 Rite Aid Corp. stores for \$4.4 billion. The revised sale preserves the three largest drugstore chains as independent entities, but the new agreement enabled Walgreens to edge past CVS to become the largest U.S. pharmacy chain by number of stores. Rite Aid has already transferred 625 of its stores to Walgreens and will transfer the remaining 1,307 stores plus three distribution centers to Walgreens over the next few months.

Because of the acquisition by Walgreens, Rite Aid's debt has been reduced from \$7.3 billion to \$3.0 billion. After the acquisition, the new Rite Aid will have 60% less debt and a stronger EBITDA.

ALBERTSON'S ACQUISITION

Grocery operator Albertsons Cos. announced in February 2018 its plans to buy drugstore chain Rite Aid Corp. Albertsons would acquire 1,250 of the strongest stores Rite Aid operates prior to the Walgreen's acquisition which are mainly located on the west coast. The deal would clear the way for closely held Albertsons to become a public concern whose shares trade on the New York Stock Exchange. Albertsons — which operates the grocery chains Vons, Pavilions and Safeway as well as its namesake grocery stores — said it's acquiring the part of Rite Aid that isn't being sold to Walgreens Boots Alliance Inc. under a previously announced deal. Albertsons would get slightly more than half of Rite Aid's retail locations, plus additional Rite Aid assets such as its pharmacy benefit company and its wellness/loyalty program.

Rite Aid stockholders would receive either Albertsons stock or a combination of Albertsons stock and cash. The value of the deal wasn't disclosed, but Rite Aid has a current stock market value of \$2.3 billion. The combined company would have 4,900 locations, including 4,350 pharmacies and 320 clinics in 38 states and Washington, D.C., and annual revenue of \$83 billion.

Albertsons and Rite Aid said that their deal remains subject to approval by regulators and Rite Aid shareholders, and that it is expected to be completed in the second half 2018.

HIGHLAND RESERVE MARKETPLACE

TARGET BevMo!
 Ashley Starbucks PETSMART
 aaronbrothers KOHL'S
 IN-N-OUT
 Kravitz Home Jamba Juice BLAZE

ROSEVILLE CROSSINGS

SPRINGHILL SUITES MARRIOTT
 ETHAN ALLEN
 chilis
 Chevron
 Johnny Rockets

FAIRWAY COMMONS

COSTCO WHOLESALE JO-ANN
 STAPLES TSY'S
 Sprouts Total Wine & More Center
 Tuesday Morning HOME
 GOLF GALAXY LOPE LOCO
 Lowe's WinCo FOODS BIG LOTS!

FAIRWAY CREEK

Rassett 9 Starbucks
 LUMBER LIQUIDATORS Sprint

WILLOW ROCK PLAZA

FLOOR DECOR TILE-WOOD-STONE
 Chevron AutoZone SUBWAY

WALMART/SAMS COMPLEX

Walmart Sams Club
 Wendy's Chick-fil-A UPS
 T-Mobile GameStop

53,199 CARS PER DAY

48,232 CARS PER DAY

RITE AID

CVS

DEED RESTRICTION:
 NO PHARMACY ALLOWED

SAFeway
 PLEASANT GROVE BOULEVARD

ROSEVILLE PARKWAY

76

SCANDINAVIAN DESIGNS
 AMERICAN FURNITURE

GREEKSID TOWN CENTER

BARNES & NOBLE BOOKSELLERS OLD NAVY
 BABIES'R US BEST BUY ULTA
 ON THE BORDER M Starbucks BMOA
 COOL STONE carter's
 Marshalls Bank of America
 NORDSTROM RACK Michaels

WESTFIELD GALLERIA AT ROSEVILLE

NORDSTROM macy's jcpenny
 WILLIAMS-SONOMA Crate & Barrel Sears
 FOREVER 21 URBAN OUTFITTERS MICHAEL KORS
 LUSH FRESH COSMETICS Eddie Bauer
 ZARA Lululemon Apple GNC

RIDGE AT GREEKSID

macy's MEI DAVIDS
 WORLD MARKET Olive Garden
 manchi's Mani's Cafe JARED
 BANK OF WEST

FOUNTAINS AT ROSEVILLE

WHOLE FOODS Hand House
 DSW pet food express California Pet Products
 Petco Petco & Pets THE PET STORE MCGORMICK'S

80



EAST VIEW



Site Location

The property is located on the intersection of Pleasant Grove Boulevard and Roseville Parkway, a primary retail arterial in Roseville, connecting retailers from west Roseville to Granite Bay in the east. Just 4 miles to Interstate 80 offering access to over 190,000 vehicles per day.

Less than a mile drive is Westfield Galleria at Roseville, one of greater Sacramento's premier shopping destination, combining over 200 world-class luxury retailers, first-to-market boutiques and gourmet restaurants. Other local shopping centers include Ridge at Creekside, Creekside Town Center, Willow Rock Plaza, Fairway Commons, Highland Reserve Marketplace, Nugget Plaza, Walmart, Sams, Fountains at Roseville, and Lowes/WinCo Foods Complex.

Regional Map

Roseville, California

Roseville, with a population of 134,073, is the largest city in Placer County, California and is part of the Sacramento Metropolitan Statistical Area. Located along Interstate 80 and State Route 65, Roseville is approximately 16 miles from downtown Sacramento and 17 miles from the Sacramento International Airport.





Roseville, California (cont)

The city of Roseville's diverse economy allows the city to thrive. The most dynamic industries include technology, healthcare, agriculture, financial services, and retail. Top business employers within the city include Kaiser Permanente, Hewlett-Packard, Sutter Roseville Medical Center, Telefunken, Semiconductors USA, and the Union Pacific Railroad. Shopping plays a vital role in the economy of Roseville, which has the thirteenth highest retail sales of all California cities. Roseville is considered a regional shopping destination, with the Westfield Galleria at Roseville being the main shopping center in the city and the second largest shopping mall in Northern California. As a result of its success, Westfield embarked on a \$270 million expansion project. Across the street from the Westfield Galleria, Peter Bollinger Investment Company built a \$70 million complex named "Fountains at Roseville". Fountains at Roseville is a 330,000 sq ft retail center that is unique in that it includes several recreation centers. Plans call for future construction of hotel, additional retail, and office buildings as well.

Roseville has continually encouraged the addition of large retail centers, including one of the largest auto malls in the country, which contributes significantly to sales tax receipts at the city and county level. Revenue from sales tax has been a main reason why the city of Roseville has been able to keep up the city's infrastructure as the population has dramatically increased. Roseville's population has increased by 9.7% over the past 5 years. Similarly, Roseville's median household income has increased over 13.8% in the past 5 years.

Sacramento, California

Sacramento, the state capital of California, is located along the Sacramento River and just south of the American River's confluence in California's expansive Central Valley. With a current population of 537,354, it is the sixth largest city in California and the 35th largest city in the United States. Sacramento is the core cultural and economic center of the Sacramento Metropolitan Area which includes seven counties and has a combined population of over 2,927,000.

Setting the course for a dynamic future, Sacramento is fueling its economic development efforts in innovative industry sectors including clean technology, agriculture, and life sciences and health services. Sacramento serves as the state capital, making the government sector important to the region's economy. During the past three decades, however, the local economy has diversified considerably, and government jobs now comprise just 25 percent of total employment, compared with 40 percent in 1970. The government sector is expected to grow by 0.7 percent annually through 2020. Businesses headquartered in the area include Sutter Health, Blue Diamond Growers, Teichert, and The McClatchy Company, with significant operations for Dignity Health and Kaiser Permanente also located in the area. Regional higher education institutions -California State University, Sacramento; University of California, Davis (along with the world-renowned UC Davis Medical Center in the city); University of the Pacific McGeorge School of Law and three community colleges within the county - offer opportunities for internships, technology transfer, and contribute substantially to the quality of the region's labor pool.

The city's major employers are widely dominated by the local and state government and local health systems. The major employers include the State of California, Sacramento County, UC Davis Health System, Kaiser Permanente, Sutter Health Sacramento City Unified School District, Elk Grove Unified School District, Intel, Mercy/Catholic Healthcare West and San Juan Unified School district. The geographic location, qualified workforce, lower cost of living, access to government and higher education, quality of life, amenities and cultural offerings are all key ingredients that make Sacramento the place to be.

EDUCATION

California State University, Sacramento, is the largest university in the city and one of 23 campuses in the California State University system. Drexel University Sacramento and the University of the Pacific McGeorge School of Law are in Sacramento. In addition, the University of California, Davis, is in nearby Davis, 15 miles west of the capital. The UC Davis Medical Center, a world-renowned research hospital, is located in the city of Sacramento. The Los Rios Community College District consists of several two-year colleges in the Sacramento area - American River College, Cosumnes River College, Sacramento City College, Folsom Lake College, plus a large number of outreach centers for those colleges. Sierra College is on the outskirts of Sacramento in Rocklin.

TRANSPORTATION

Due to its central location between the Bay Area and Nevada border, the Greater Sacramento is a key transportation hub into Northern California. While the region doesn't have an extensive public transportation system as the two larger metropolitan areas of California, Greater Los Angeles and the San Francisco Bay Area, Greater Sacramento has had an earlier history of public mass transit and is served by a vast freeway system. Sacramento is served by numerous highways. Five highways merge together in the Capital City Corridor, serving the immediate downtown Sacramento area. The major freeways of the Greater Sacramento area are Interstate 80, U.S. Route 50, Interstate 5 and California State Route 99, which serve the northern Tahoe area, southern Tahoe area, and valley areas respectively as well as forming the Capital City Corridor along with Interstate 80 Business. The main airport servicing Greater Sacramento is the Sacramento International Airport north of downtown while the Sacramento Mather Airport, Sacramento Executive Airport and Minden-Tahoe Airports provide general aviation. The Reno-Tahoe International Airport in Reno provides more direct access to Lake Tahoe than Sacramento International. For a wider range of destinations, residents travel down to San Francisco International Airport, the largest airport in Northern California and 10th largest in the United States.

Property Demographics

2017 Summary	1 mile	3 miles	5 miles	Projected 2022 Summary	1 mile	3 miles	5 miles
Population	11,967	103,573	230,291	Population	12,469	109,031	246,090
Households	4,449	38,773	84,820	Households	4,649	40,867	90,502
Families	3,096	26,567	60,113	Families	3,232	27,977	64,157
Average Household Size	2.68	2.65	2.70	Average Household Size	2.67	2.65	2.70
Owner Occupied Housing Units	2,672	22,589	55,650	Owner Occupied Housing Units	2,770	23,647	59,237
Renter Occupied Housing Units	1,777	16,185	29,170	Renter Occupied Housing Units	1,879	17,220	31,265
Median Age	33.8	35.8	37.5	Median Age	33.8	36.4	37.8
Median Household Income	\$95,356	\$78,237	\$80,816	Median Household Income	\$104,680	\$85,717	\$89,396
Average Household Income	\$116,409	\$97,843	\$103,228	Average Household Income	\$132,790	\$111,423	\$117,463



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