



OFFERING MEMORANDUM
ABSOLUTE NNN WALGREENS
RANCHO CORDOVA, CALIFORNIA (SACRAMENTO MSA)

- New 2012 Construction With 19 Years Of Firm Lease Term Remaining
- 3.80% Fixed Interest-Only Non-Recourse Assumable Financing

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Subject Property



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WAKEFIELD**



Subject Property

Investment Offering & Highlights

The Offering

- Completed in 2012, a 14,550 square foot freestanding Walgreens pharmacy retail building with a drive thru on a long term absolute net lease.
- Price: \$9,600,000 – Cap Rate: 5.19%**

Lease / Tenant

- Absolute Net lease with 19 years remaining
- Large lot size – 1.92± acres with 61 parking spaces
- Walgreens is responsible for all taxes, insurance, and maintenance including rood and structure
- Walgreens interacts with approximately 8 million customers in its stores and online each day
- S&P rated “BBB” investment grade corporate guaranty
- Walgreens Boots Alliance is #17 on the Fortune 500 with \$131.5 billion in revenues

Real Estate / Area Strengths

- Excellent hard corner location on high-traffic intersection, less than 3 blocks from Highway 50 (154,500 ADT)
- Immediate trade area includes Rancho Cordova Town Center (285,000 sq. ft.), Zinfandel Crossings (91,440± sq. ft.), Koreana Plaza (95,867± sq. ft.), WalMart Super Center, as well as over 8.4 million sq. ft. of professional office space and over 2,400 hotel rooms
- Strong demographics with over 216,900 population and average household income over \$95,000 within five miles
- Less than a mile from Sacramento Light Rail, providing access to Downtown Sacramento, California State University Sacramento, Gold River and Folsom

Existing Assumable Below Market Financing

- 3.80% fixed-rate interest only non-recourse assumable financing yielding a cash on cash return of 6.24% at the asking price



Investment Overview

Location

10701 Folsom Boulevard, Rancho Cordova, California

Lot Size

Approximately 1.92 acres – 83,600± square feet

Improvements

Completed in 2012, a 14,550 ± square foot freestanding **WALGREENS PHARMACY**, with a prescription drive thru, as well as 61 available on-site parking spaces.

Lease

Leased to **WALGREENS** for 75 years from September 17, 2012 to September 16, 2087 at a net annual rent of \$498,000. Walgreens may terminate the lease at the end of the 25th lease year and every five years thereafter with at least six months prior notice. Walgreens is responsible for all taxes, insurance, and maintenance including roof and structure. In addition to base rent, Walgreens is potentially liable for percentage rent. See “Percentage Rent”.

Price: \$9,600,000 – 5.19% Cap Rate

Existing Assumable Financing

A Life Insurance Company funded a new ten year non-recourse interest-only loan for the property on September 22, 2016 at 3.80% interest rate with a balance of \$4,550,000, with current fixed interest-only payments of \$173,900 and maturity date of September 15, 2026. The interest rate adjusts on October 15, 2023. The loan can be assumed during the loan term for a fee of 1% of the original balance.

Cash Flow Analysis

Price:	\$9,600,000	Rent:	\$489,000
Loan Amount:	\$4,550,000	Debt Service:	\$173,900
Equity Required:	\$5,050,000	Cash Flow:	\$315,100
Cash on Cash Return:			6.24%

Percentage Rent

The tenant pays the higher of fixed rent or percentage rent. This lease has the standard Walgreens percentage rent clause. The percentage rent calculation is 2% of general sales and 0.5% of food and prescription sales (excluding third-party prescription plans). Real Estate Taxes and insurance costs are then deducted from this, the net amount after this deduction being the percentage rent.

Notwithstanding the paragraph above, it is unlikely Walgreens will “ever” pay percentage rent, on this store or any store. The calculated percentage rent, which excludes prescriptions covered by insurance, HMO’s, or Medicare, is far too difficult to reach.

Right of First Refusal

Walgreens shall have the right of first refusal to purchase the property on the same terms and conditions as those of any bonafide offer received by the landlord within 21 days after receiving notice of such offer.

West Aerial



MILLS CENTER



59,617
CARS PER DAY

Firestone



Bank of America

SAFEWAY

Walmart

Walgreens

FOLSOM BLVD

ZINFANDEL
CROSSINGS



ZINFANDEL PLAZA



ZINFANDEL DRIVE

RANCHO CORDOVA TOWN CENTER



BIG 5
SPORTING GOODS

AutoZone

KOREANA PLAZA



Northeast Aerial



SUNRIVER VILLAGE



RIVERGATE SHOPPING CENTER



RANCHO CORDOVA TOWN CENTER



KOREANA PLAZA



59,617
CARS PER DAY



ZINFANDEL DRIVE

ZINFANDEL CROSSINGS



ZINFANDEL PLAZA



MILLS CENTER



FOLSOM BLVD

68,305
CARS PER DAY

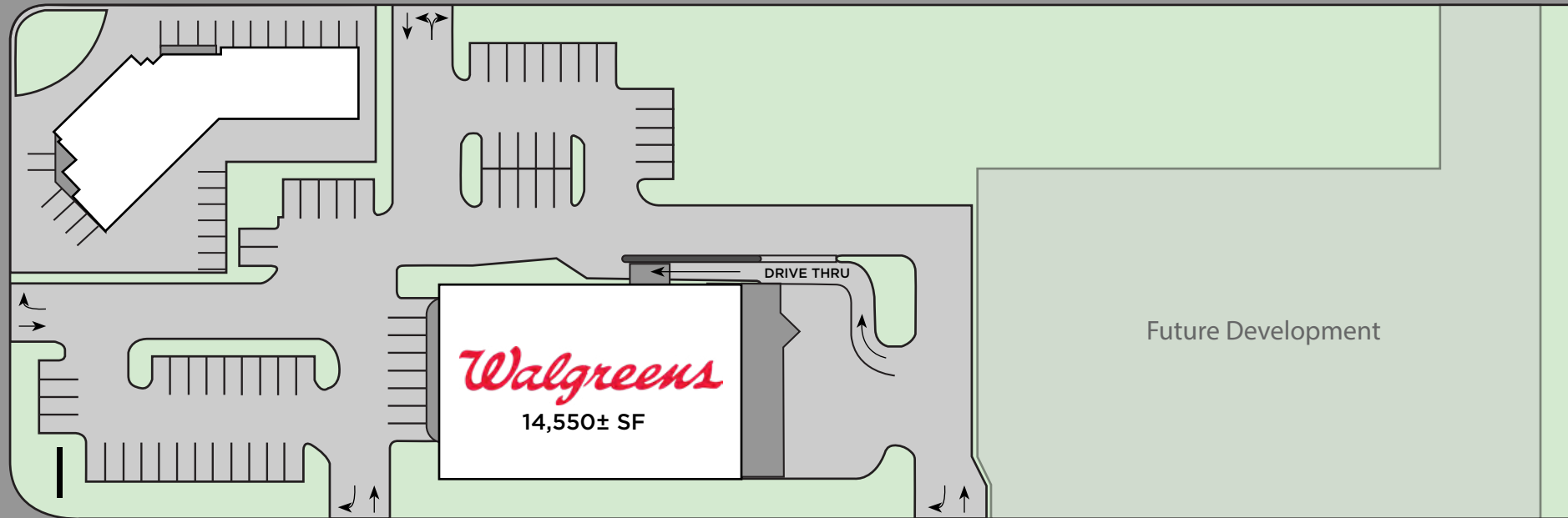
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Site Plan

ZINFANDEL DRIVE - 49,442 AADT

ALICANTE WAY



FOLSOM BOULEVARD - 59,617 AADT

Walgreens Pharmacy

WALGREENS BOOTS ALLIANCE (NASDAQ: WBA) was created through the combination of Walgreens and Alliance Boots in December 2014, bringing together two leading companies with iconic brands, complementary geographic footprints, shared values and a heritage of trusted health care services, dating back over 100 years.

The Company is a global leader in pharmacy-led, health and wellbeing retail and, together with its equity method investments, has approximately 18,500 stores in 11 countries as well as one of the largest global pharmaceutical wholesale and distribution networks, with more than 390 distribution centers delivering to more than 230,000 pharmacies, doctors, health centers and hospitals each year in more than 20 countries. In addition, Walgreens interacts with approximately 8 million customers in its stores and online each day. For the fiscal year ended August 31, 2018, Walgreens reported \$131.54 billion in revenue.

On September 19, 2017, Walgreens Boots Alliance (WBA) agreed to buy 1,932 Rite Aid Corp. (RAD) stores for \$4.4 billion. The sale enables Walgreens to edge past CVS to become the largest U.S. pharmacy chain by number of stores.



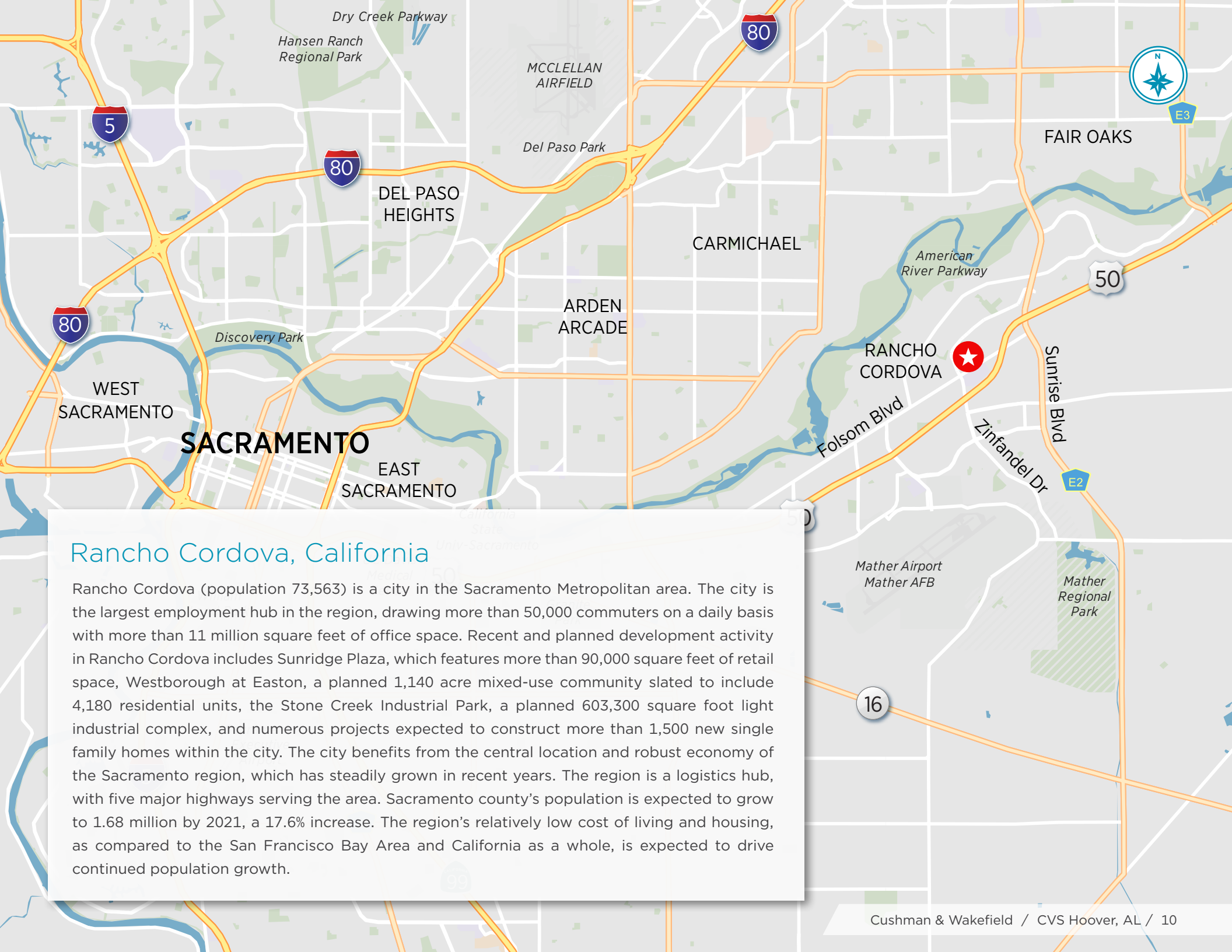
Representative Photograph

Site Location

The subject property is ideally located at the northeast corner of Zinfandel Drive and Folsom Boulevard, only a 20-minute drive from downtown Sacramento. The property is easily accessible at this signalized intersection, as it enjoys ingress/egress from both Folsom Boulevard and Zinfandel Drive, with its highly visible monument signage viewed by more than a collective average of over 109,000 vehicles per day from the intersection. The site's close proximity to the highly travelled U.S. Highway 50 (154,500 ADT) directly to the south draws in substantial traffic to the immediate area. Additionally, the Sacramento RT light rail Zinfandel Station is right near the subject property, further increasing ease of accessibility and foot traffic to the site. As such, there are a number of prominent retail centers surrounding Walgreens in this highly dense retail corridor.

In addition to the thriving presence of retail, the immediate trade area includes 8.4 million square feet of professional office space and over 2,400 hotel rooms.





Rancho Cordova, California

Rancho Cordova (population 73,563) is a city in the Sacramento Metropolitan area. The city is the largest employment hub in the region, drawing more than 50,000 commuters on a daily basis with more than 11 million square feet of office space. Recent and planned development activity in Rancho Cordova includes Sunridge Plaza, which features more than 90,000 square feet of retail space, Westborough at Easton, a planned 1,140 acre mixed-use community slated to include 4,180 residential units, the Stone Creek Industrial Park, a planned 603,300 square foot light industrial complex, and numerous projects expected to construct more than 1,500 new single family homes within the city. The city benefits from the central location and robust economy of the Sacramento region, which has steadily grown in recent years. The region is a logistics hub, with five major highways serving the area. Sacramento county's population is expected to grow to 1.68 million by 2021, a 17.6% increase. The region's relatively low cost of living and housing, as compared to the San Francisco Bay Area and California as a whole, is expected to drive continued population growth.

Sacramento, California

Sacramento, the state capital of California, is located along the Sacramento River, part of 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.

ECONOMY

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 to 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 such as 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, 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 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. Major employers in the area include:

- State of California
- Sacramento County
- UC Davis Health System
- Dignity/Catholic Healthcare
- Intel
- Kaiser Permanente
- Sutter Health
- Sacramento City Unified School District

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.

Sacramento, California ^(cont)

TRANSPORTATION

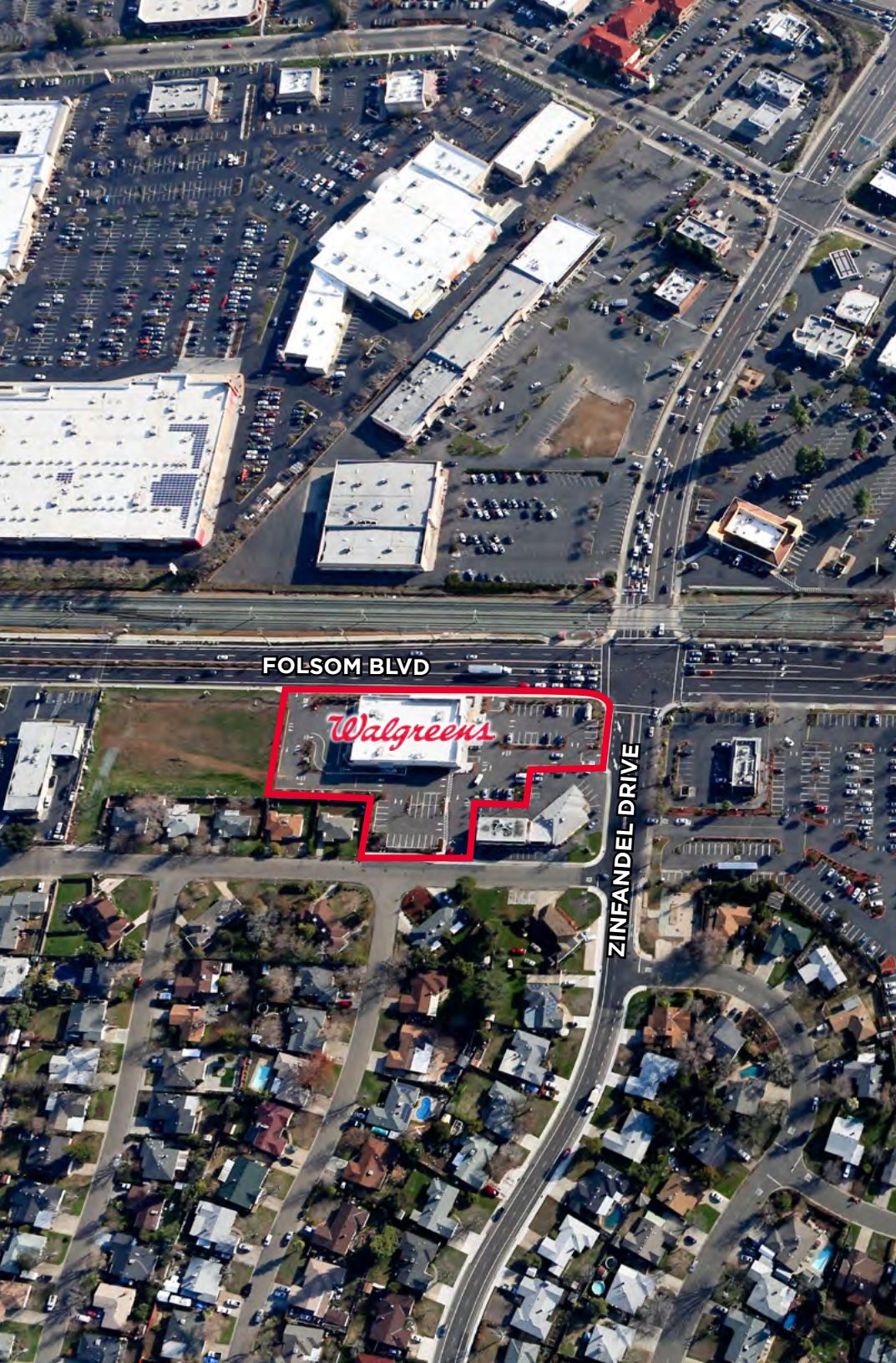
Due to its central location between the Bay Area and Nevada border, the greater Sacramento area is a key transportation hub into Northern California. While the region doesn't have an extensive public transportation system as the two larger metropolitan areas of California, Greater Los Angeles and the 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. 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.

PARKS AND RECREATION

Sacramento boasts an extensive park system consisting of over 5,000 acres of parkland and recreation centers. The city features a collection of smaller parks in the Downtown districts, including Crocker Park, Pioneer Landing and Southside Park. Popular parks outside the central core include American River Parkway which spans 23 miles along the American River, and William Land Park.

Sacramento Capital Building, Sacramento, CA





Demographics

2018 Summary	1 miles	3 miles	5 miles
Population	15,182	81,743	216,924
Households	5,403	31,203	84,896
Families	3,674	20,222	55,325
Average Household Size	2.77	2.59	2.53
Owner Occupied Housing Units	2,827	16,824	51,017
Renter Occupied Housing Units	2,576	14,379	33,878
Median Age	35.6	37.9	40.8
Median Household Income	\$53,030	\$58,910	\$67,716
Average Household Income	\$66,342	\$84,582	\$95,187

Projected 2023 Summary			
Population	16,018	85,870	227,033
Households	5,679	32,575	88,282
Families	3,859	21,135	57,610
Average Household Size	2.79	2.61	2.55
Owner Occupied Housing Units	3,166	18,678	55,966
Renter Occupied Housing Units	2,513	13,897	32,316
Median Age	36.0	38.3	41.2
Median Household Income	\$59,849	\$68,699	\$79,145
Average Household Income	\$78,367	\$100,308	\$112,804

Trends: 2018-2023 Annual Rate			
Population	1.08%	0.99%	0.92%
Households	1.00%	0.86%	0.79%
Families	0.99%	0.89%	0.81%
Owner Households	2.29%	2.11%	1.87%
Median Household Income	2.45%	3.12%	3.17%



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