

OFFERING MEMORANDUM



GROCERY OUTLET
Middletown, California



**YURAS
AICALE
FORSYTH
CROWLE** | Leased Investment Team



\$4,800,000 | CAP RATE: 6.50%

ACTUAL SITE

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**YURAS
AICALE
FORSYTH
CROWLE**

Leased Investment Team

www.YAFCteam.com

INVESTMENT SUMMARY

Tenant	Grocery Outlet		
Address	18657 Oak Meadow Drive, Hidden Valley Lake, CA 95467		
Price	\$4,800,000		
Cap Rate	6.50%		
NOI	\$312,000		
Term	11.5 years		
Rent Commencement	May 26, 2022		
Lease Expiration	May 31, 2037		
Rental Increases	10% rental increases every five (5) years		
	YEAR	RENT	RETURN
	1-5	\$312,000	6.50%
	6-10	\$343,200	7.15%
	11-15	\$377,520	7.87%
	16-20 (Option 1)	\$415,272	8.65%
	21-25 (Option 2)	\$456,799	9.52%
	26-30 (Option 3)	\$502,479	10.47%
	31-35 (Option 4)	\$552,727	11.52%
Lease Type	Net, with tenant responsible for all taxes, insurance, and maintenance, excluding roof and structure		



15-YEAR NET LEASE TO GROCERY OUTLET, A GROWING NATIONWIDE CHAIN

- » 15-year net lease (11.5 years remaining) to Grocery Outlet, with over 500 locations nationwide.
- » 10% rental increases every five (5) years in the initial term and four (4) option periods.
- » Corporate-backed lease by Grocery Outlet Inc., a publicly traded company (NASDAQ: “GO”), enhances investment security with a proven track record.
- » Net sales rose by approximately 10.1% in fiscal 2024, reaching \$4.37 billion.
- » The company expanded its store footprint by 67 new stores during 2024 (including an acquisition of 40 stores from United Grocery Outlet).
- » Comparable store sales increased by 2.7% in 2024.
- » Grocery Outlet plans to open 35 new stores in fiscal 2025.

TOP-PERFORMING LOCATION SURROUNDED BY STRONG TRAFFIC DRIVERS

- » High-visibility and easily accessible location along Hartmann Road, a primary east-west Middletown thoroughfare.
- » The site’s proximity to State Route 29 allows the property to capture significant local and commuter traffic.
- » Top-performing location with 300K annual visits.
- » Beneficial proximity to Clear Lake, which attracts over 1.5 million annual recreational tourists annually.

GROWING CALIFORNIA COMMUNITY WITH DEMOGRAPHICS POISED FOR FUTURE GROWTH

- » The population within 1-, 3-, and 5-mile radii has grown steadily since 2010.
- » Robust average annual household income of \$122,676 within a five-mile radius of the property.
- » Projected income increases within 1-, 3-, and 5-mile radii over the next five years poise this Grocery Outlet and Middletown for steady concurrent growth.
- » Location serves as the only Grocery Outlet location within a 15-mile radius of the property.



COYOTE VALLEY PLAZA



Coyote Valley Elementary School
(427 students)

GROCERY OUTLET
bargain market

HARDESTER'S MARKET & HARDWARE



FUTURE
RETAIL
DEVELOPMENTS

Oak Meadow Dr

Hartmann Rd
(5,560 AADT)

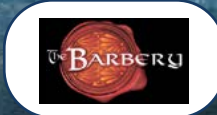
State Route 29
(10,900 AADT)



CLEAR LAKE

(visited by over 1.5 million recreational tourists annually)

(apprx. 23 miles from site)



Coyote Valley Elementary School
(427 students)



FUTURE
RETAIL
DEVELOPMENTS

State Route 29
(10,900 AADT)

Oak Meadow Dr

Hartmann Rd
(5,560 AADT)





MIDDLETOWN

(Population: 1,600+)

(apprx. 4 miles from site)



Brambles

H & D Golf Carts

South Lake Baggers



Hidden Valley Food Mart

MUGSHOTS
espresso

GROCERY OUTLET
bargain market

Hartmann Rd
(5,560 AADT)



State Route 29
(10,900 AADT)

Oak Meadow Dr

FUTURE
RETAIL
DEVELOPMENTS

SITE OVERVIEW



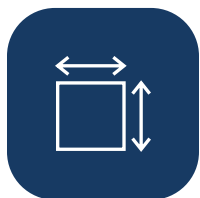
YEAR BUILT

2022



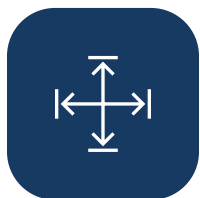
PARKING SPACES

84



BUILDING SIZE

18,000 SF



PARCEL SIZE

2.56 AC
(111,514 SF)



PROPERTY
ACCESS POINTS

- » Oak Meadow Dr.
- » Valley Oaks Blvd.



MAJOR
TRAFFIC DRIVERS

- » Clear Lake
(visited by over 1.5 million recreational tourists annually)
- » Coyote Valley Elementary School
(498 students)
- » Middletown High School
(426 students)



Oak Meadow Dr

Hartmann Rd
(5,560 AADT)

OVERALL SITE PLAN



SITE PHOTOS



TENANT SUMMARY



ABOUT THE TENANT



Grocery Outlet, founded in 1946, is a leading discount supermarket chain with over 520 stores across the United States as of 2025. Known for offering name-brand and private-label products at 40-70% below traditional grocery stores, it appeals to budget-conscious shoppers. The company's unique sourcing model, leveraging opportunistic buying, ensures low prices and high customer loyalty. Headquartered in Emeryville, California, Grocery Outlet generates over \$4 billion in annual revenue.

Each store is independently operated by local owners, fostering community ties and operational flexibility. The chain's focus on fresh produce, organic options, and specialty items caters to diverse consumer preferences. Grocery Outlet's growth strategy emphasizes expansion in high-density markets, supported by a lean, efficient business model. Its consistent performance and recession-resistant sector make it a dependable tenant.

Publicly traded on NASDAQ (GO), Grocery Outlet has demonstrated financial stability, with a market cap exceeding \$1.5 billion as of 2025. The company's ability to adapt to economic shifts, coupled with its value-driven model, positions it well for continued growth. Its corporate guarantee strengthens the reliability of this investment, appealing to risk-averse investors.

Grocery Outlet's commitment to sustainability includes reducing food waste through partnerships with local food banks and implementing energy-efficient store practices. This focus aligns with growing consumer demand for socially responsible businesses, enhancing brand loyalty. The company's innovative marketing, including digital promotions and a loyal customer app, drives repeat visits and supports long-term profitability.

For more information, visit www.groceryoutlet.com.



TICKER SYMBOL

NASDAQ: "GO"



YEAR FOUNDED

1946



HEADQUARTERS LOCATION

Emeryville, California



ANNUAL REVENUE

\$4B+ (2024)



OF LOCATIONS

520+

LEASE ABSTRACT

Tenant	Grocery Outlet, Inc.	
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Net, with tenant responsible for all taxes, insurance, and maintenance, excluding roof and structure		
Tenant & Landlord Responsibilities	REAL ESTATE TAXES	Tenant is responsible for all taxes
	INSURANCE	Tenant is responsible for all insurance costs
	REPAIR & MAINTENANCE	Tenant is responsible for all maintenance, excluding roof and structure
	LANDLORD RESPONSIBILITIES	Landlord is responsible for roof and structure
	RIGHT OF FIRST REFUSAL	None



ACTUAL SITE

AREA OVERVIEW

ABOUT MIDDLETOWN, CA

Middletown has been steadily building a foundation for economic growth through investment in renewable energy and infrastructure. The Middletown Rancheria of Pomo Indians has launched solar energy projects that not only power tribal facilities but also benefit the broader community. These initiatives highlight the town’s commitment to sustainability while creating new jobs in clean energy and demonstrating how innovation can drive local economic expansion.

Tourism and cultural development continue to play a significant role in Middletown’s economy. Mixed use development projects, including residential, commercial, and recreational spaces, are attracting new residents and visitors, while organizations like the Middletown Art Center help strengthen the local cultural scene. These efforts enhance quality of life, support small businesses, and encourage entrepreneurial activity, fostering a vibrant local economy that goes beyond traditional industries.

Middletown is also seeing progress in workforce development and business support. Local programs and partnerships are helping train residents for emerging industries and providing resources for small-business owners. Combined with incentives for new enterprises and investments in community infrastructure, these initiatives are creating an environment conducive to growth, attracting both businesses and talent, and positioning Middletown as a resilient and forward-looking rural economy.



LARGEST EMPLOYERS IN MIDDLETOWN, CA

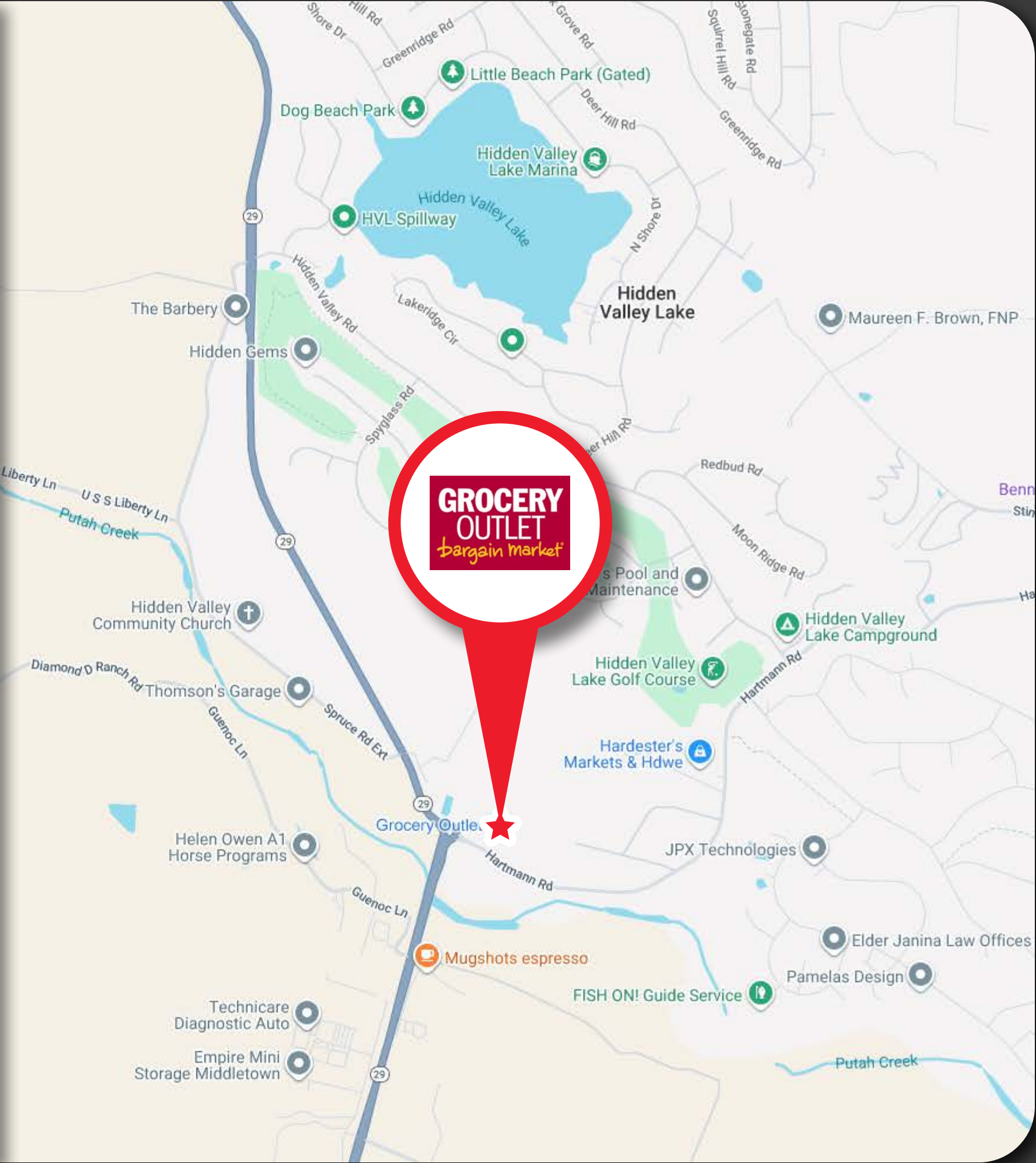
EMPLOYER	APPROX. # OF EMPLOYEES
County of Lake	1,037
Adventist Health St. Helena	634
Konocti Unified School District	556
Sutter Lakeside Hospital	400
Calpine Corp.	271
Lake County Tribal Health	310
Kelseyville Unified School District	334
Robinson Rancheria Resort & Casino	203
Middletown Unified School District	184
Safeway	157

PROPERTY OVERVIEW

- » **Prime Grocery Outlet Location:** High-visibility and easily accessible location along Hartmann Road, a primary east-west Middletown thoroughfare.
- » **Major State Route:** The site's proximity to State Route 29 allows the property to capture significant local and commuter traffic.
- » **Reliable Tenancy:** Net sales for Grocery Outlet rose by approximately 10.1% in fiscal 2024, reaching \$4.37 billion.
- » **Strong Demographic Base:** The five-mile radius serves an affluent region, with an average annual household income of \$122,729 within five miles.
- » **Clear Lake:** Beneficial proximity to Clear Lake, which attracts over 1.5 million annual recreational tourists annually.
- » **Growing Market Dynamics:** Projected income increases within 1-, 3-, and 5-mile radii over the next five years poise this Grocery Outlet and Middletown for steady concurrent growth.



ACTUAL SITE



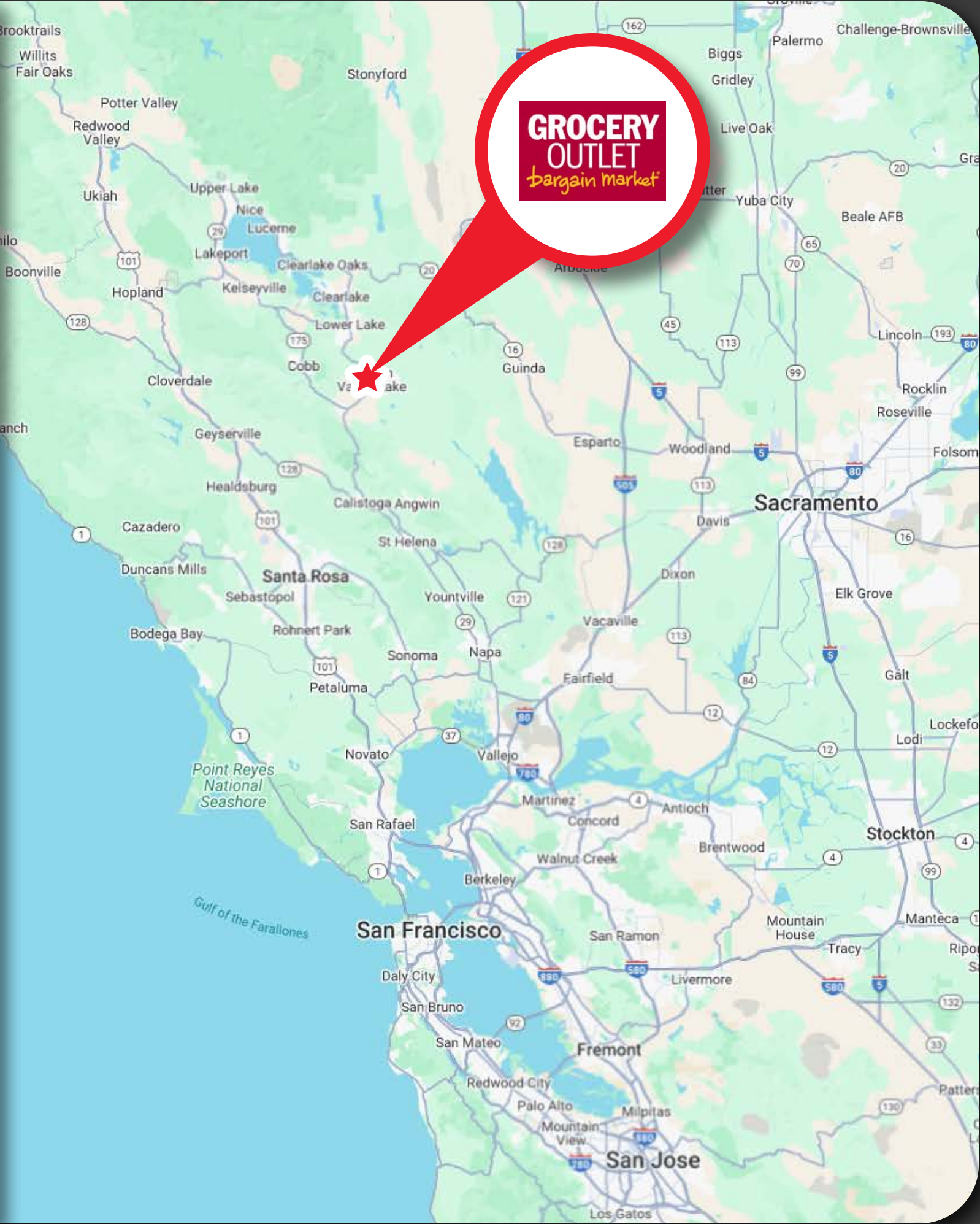
DEMOGRAPHICS PROFILE

2025 SUMMARY

	1 MILE	3 MILES	5 MILES
POPULATION	1,919	6,181	7,624
HOUSEHOLDS	759	2,363	2,930
FAMILIES	530	1,632	2,011
AVERAGE HOUSEHOLD SIZE	2.53	2.62	2.60
OWNER OCCUPIED HOUSING UNITS	632	1,951	2,352
RENTER OCCUPIED HOUSING UNITS	127	412	578
MEDIAN AGE	44.1	44.1	44.4
MEDIAN HOUSEHOLD INCOME	\$101,170	\$92,988	\$100,729
AVERAGE HOUSEHOLD INCOME	\$120,680	\$117,948	\$122,676

2030 PROJECTION

	1 MILE	3 MILES	5 MILES
POPULATION	1,904	6,145	7,583
HOUSEHOLDS	758	2,361	2,930
FAMILIES	528	1,628	2,007
AVERAGE HOUSEHOLD SIZE	2.51	2.60	2.58
OWNER OCCUPIED HOUSING UNITS	634	1,958	2,363
RENTER OCCUPIED HOUSING UNITS	124	403	567
MEDIAN AGE	44.2	44.9	45.1
MEDIAN HOUSEHOLD INCOME	\$107,918	\$104,481	\$109,806
AVERAGE HOUSEHOLD INCOME	\$134,149	\$131,422	\$135,373





GROCERY OUTLET

Middletown, California

DISCLAIMER

Cushman & Wakefield ("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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