

RITE AID | SINGLE TENANT NET LEASE | LODI, CA

OFFERING MEMORANDUM | 28,456 SF | 520 W Lodi Ave, Lodi, CA 95240



Highlights:

Another Major Price Cut \$5.1M to \$4.6M

Absolute NNN 6.1%; Offered at just \$162/sqft; lowest price/sqft class

A income producing property in CA.

5 year lease term till Jan 2030; Major upside of rent in 2030.

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Sandeep Gupta, Broker
Agentsdeal Inc.

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PROPERTY SUMMARY

OFFERING MEMORANDUM | Rite Aid | 520 W. Lodi Avenue, Lodi, CA 95240

Agentsdeal Inc., Sandeep Gupta, Broker

3



Agentsdeal Inc. is pleased to offer for sale the **single tenant net lease** Rite Aid located in the Avenue Plaza Shopping Center in Lodi, CA . This is an opportunity for a new owner to acquire a **recently remodeled, corporate guaranteed investment with above average sales**, 30 years of operating history, and favorable lease structure. The original lease began on June 22, 1989 and in 2015, along with a major remodel, Rite Aid implemented their extension for an additional 10 years through February 1, 2025. Rite Aid recovered from Bankruptcy and assumed this lease and signed an extension for 5 years at \$281,500 NOI on an ABSOLUTE NNN lease structure till 12/31/29. The lease includes CPI increases (10-25%) in each of the remaining (5) 5-year extension options. *Tenant paying significantly below market rent. The lease rent in Jan 2030 to be 25% increase by lease if tenant exercises; higher if they leave. This store is a survivor owing to strategic location, high sales.*

The property is located on W. Lodi Avenue which has high combined traffic counts of 49,037 vehicles per day at the busy intersection of W. Lodi Ave. and S. Hutchins St. Avenue Plaza is **shadow-anchored by Save Mart** and a drive-thru Taco Bell. **Other notable retailers in the center include FedEx, Subway and MetroPCS.** W. Lodi Avenue, a prominent east-west arterial thoroughfare in Lodi, and the immediate trade area boasts strong retail demographics with 25,210 residents within a 1-mile radius.

Lodi, the “Zinfandel Capital of the World”, is in the northern portion of California’s Central Valley. It was founded in 1869 when the Central Pacific Railroad chose a site for a station on its new route. Since then, Lodi has grown to become one of California’s top wine country destinations with over 85 wineries in operation and producing more grapes than any other California wine appellation having more than 110,000 acres in production.



520 W. Lodi Avenue, Lodi, CA 95240

PROPERTY SUMMARY

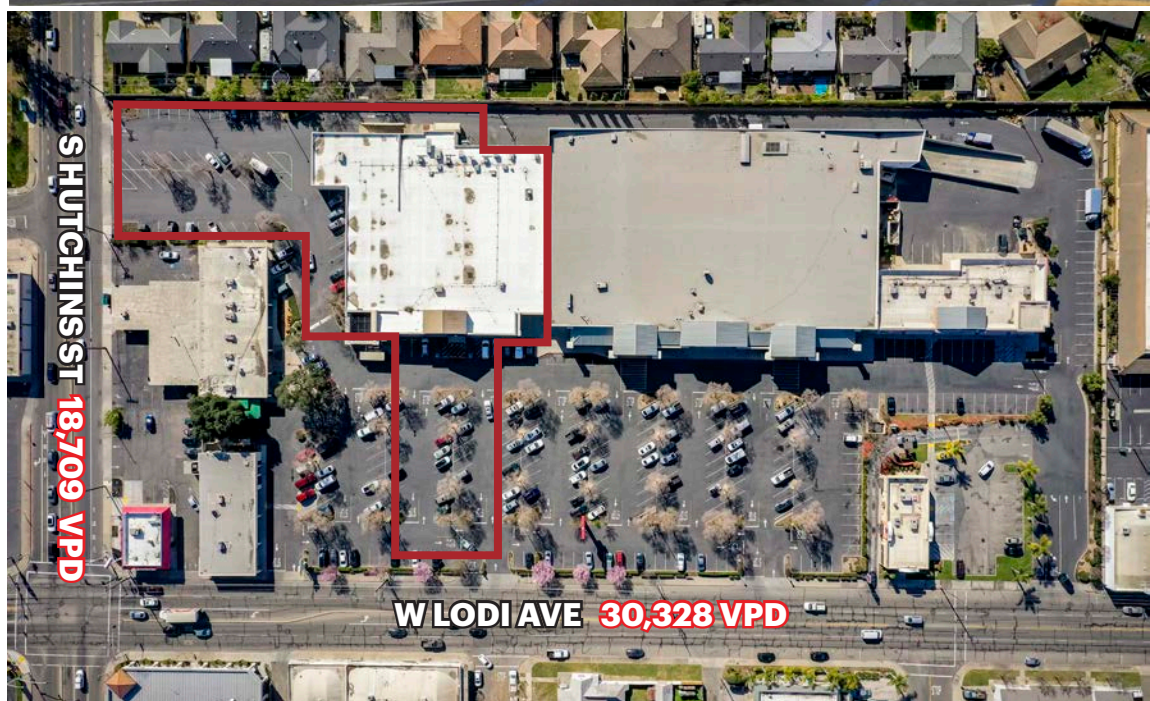
APN	033-190-34
Shopping Center	Avenue Plaza
Gross Leasable Area	28,456 SF
Land Area	1.97 AC
Year Built	1989
Renovated	2015
Zoning	MCO - Mixed Use
Parking	200 stalls / 3:1,000 SF
Highway Access	HWY 12 & HWY 99

OFFERING SUMMARY

Price	\$4,600,000 (another major 10% price cut)
Price / SF	\$162/Sq. Ft. Lowest price/sqft class A in CA
NOI	\$281,500 till 12/31/2029, at least 25%+ higher in 2030
Cap Rate	6.1% <u>ABSOLUTE NET</u> ; 7.65% in 01/30
Rent Per SF	\$ (\$9.89/sqft current, >\$12.4 in 2030, lease rent summary)
Ownership	Fee Simple

LEASE SUMMARY

Tenant	Rite Aid
Lease Type	<u>ABSOLUTE</u> NNN
Term	25 Years + 10 Year Extension
Commencement	June 22, 1989
Expiration	Dec 31st 2029
Options	Five 5-Year Options
Increases	CPI (min. 10% - max. 25%)
Percentage Rent	Rite Aid Corporation Tenant
Guarantor	Tenant
Building Maintenance	Tenant
CAM	Tenant
Tax	Tenant
Insurance	Tenant
Roof	Tenant



- 28,456 SQFT --One of the biggest Rite Aid/DrugStores in entire State of CA.
- MAJOR PRICE REDUCTION. At current Price this is selling at \$162/sqft that is the lowest price/sqft for Class A property in California for this many upgrades & location and National Tenant. Tenant did massive remodel (>\$700K) in past.
- Significantly below market rents: Current Rent is \$0.82/sqft/month, market rent is \$1.2/sqft/month for a building with these kind of upgrades, look and location.
- Current Cap 6.1% but Tenant is Absolute NNN- pays even for roof and all CAM for exterior is paid by Tenant. They got a special deal in bankruptcy negotiations for assuming the lease until 2029 Dec, but rent to go back up 25% in Jan 2030 to \$351,875 and if they leave in 2030, minimally that rent is that much in 2030. Compare this deal to a store that is only NNN, such stores with NNN and not absolute NNN spend a lot on CAPEX which is absent here as CAPEX paid by Tenant as well.
- Buyer's expected cap rate in 2030 is 7.65% and up-to 9% in 2035. Absolute NNN (no landlord responsibility) with large Cap rate upside.

Rent Projections and Summary

OFFERING MEMORANDUM | Rite Aid | 520 W. Lodi Avenue, Lodi, CA 95240



TENANT	SQUARE FEET	YEARS	LEASE TERM	ANNUAL RENT	MONTHLY RENT	ANNUAL RENT/SF	MONTHLY RENT/SF
Rite Aid	28,456 SF	Current	Cur 2029	\$281,500	\$23,458	\$9.87	\$0.82
		Option 1	2030 2035	\$351,875	\$29,323	\$12.36	\$1.03
		Option 2*	2035 2040	\$439,843	\$36,654	\$15.45	\$1.29
		Option 3*	2040 2045	\$505,820	\$42,152	\$17.77	\$1.48
		Option 4*	2045 2050	\$581,693	\$48,474	\$20.44	\$1.70
		Option 5*	2050 2055	\$668,947	\$55,746	\$23.51	\$1.96

Rent increases every 5 years adjusted based on CPI but minimum rent increase amount of 10% and maximum of 25%. Since CPI increase from 2014 Nov to Jan 2030 is expected to way above 25% it is likely that the rent increase would be 25% for 2 terms. After that it is assumed only 15% subsequent increases, per CPI. If Tenant were to leave, market rate rent is substantially higher.

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INVESTMENT HIGHLIGHTS

- **High Performing Location** – The store has seen above average store-level sales, approaching Percentage Rent breakpoint
- **Stabilized Investment** – Tenant has been at this location for 30 years and showed their commitment to this location in 2015 with a substantial store remodel (\$28/SF), which included an updated storefront, paint, and new signage
- **National Tenant** – Corporate lease with Rite Aid
- **Under Market Rent** – Rite Aid is paying \$9.89 per square foot, very substantially below market.





LOCATION HIGHLIGHTS

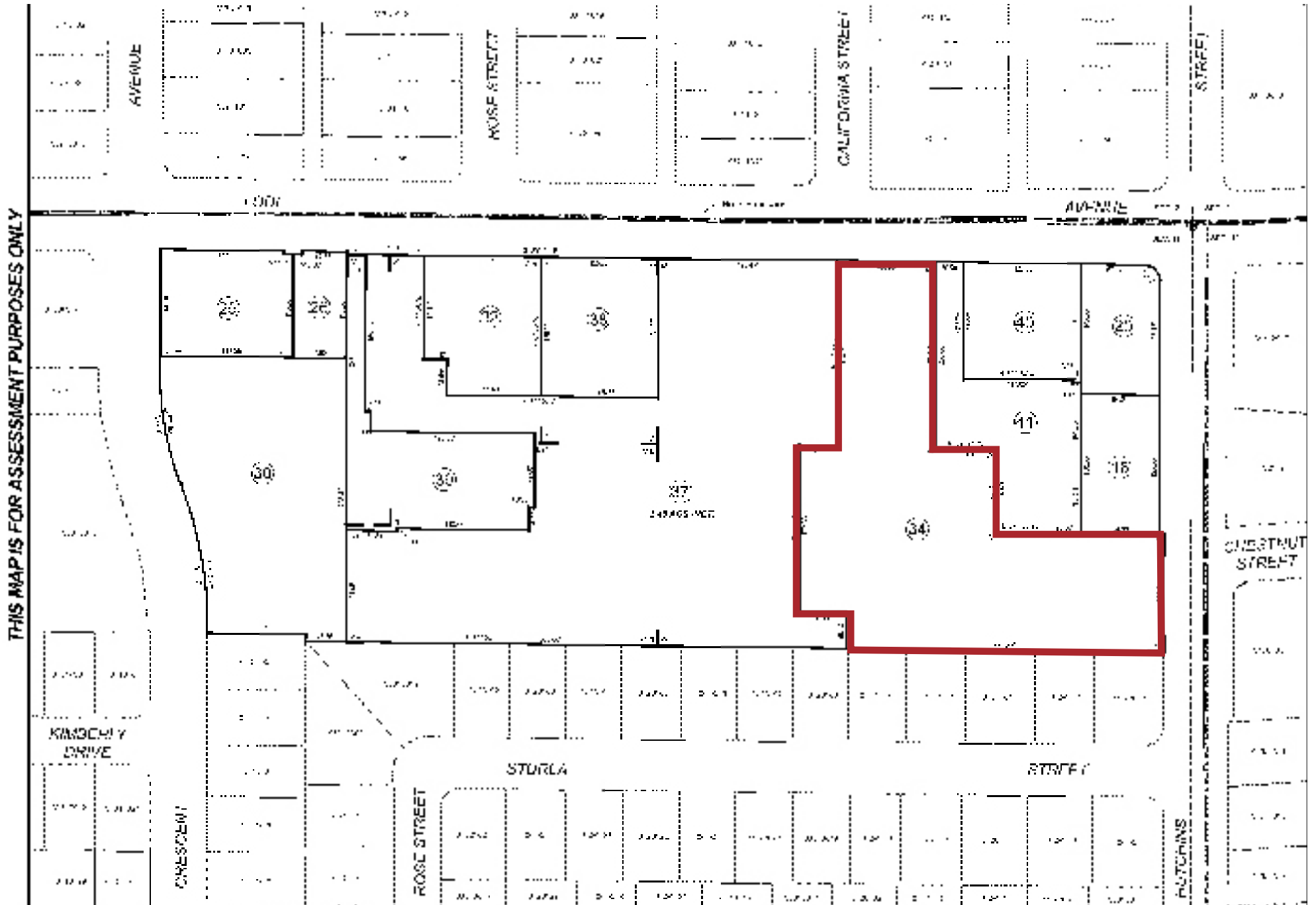
- **High Traffic Counts** – W. Lodi Avenue is one of the busiest streets in Lodi connecting the eastern and western parts of the city and sees 30,328 vehicles daily
- **Retail Synergy** – Center is shadow-anchored by Save Mart and Taco Bell and other major retailers including Subway and MetroPCS
- **Strategically Located** – Well known neighborhood center with stable customer base serving over 25,000 residents in a 1-mile radius
- **Great Accessibility** – Located at busy, signalized intersection with easy egress/ingress

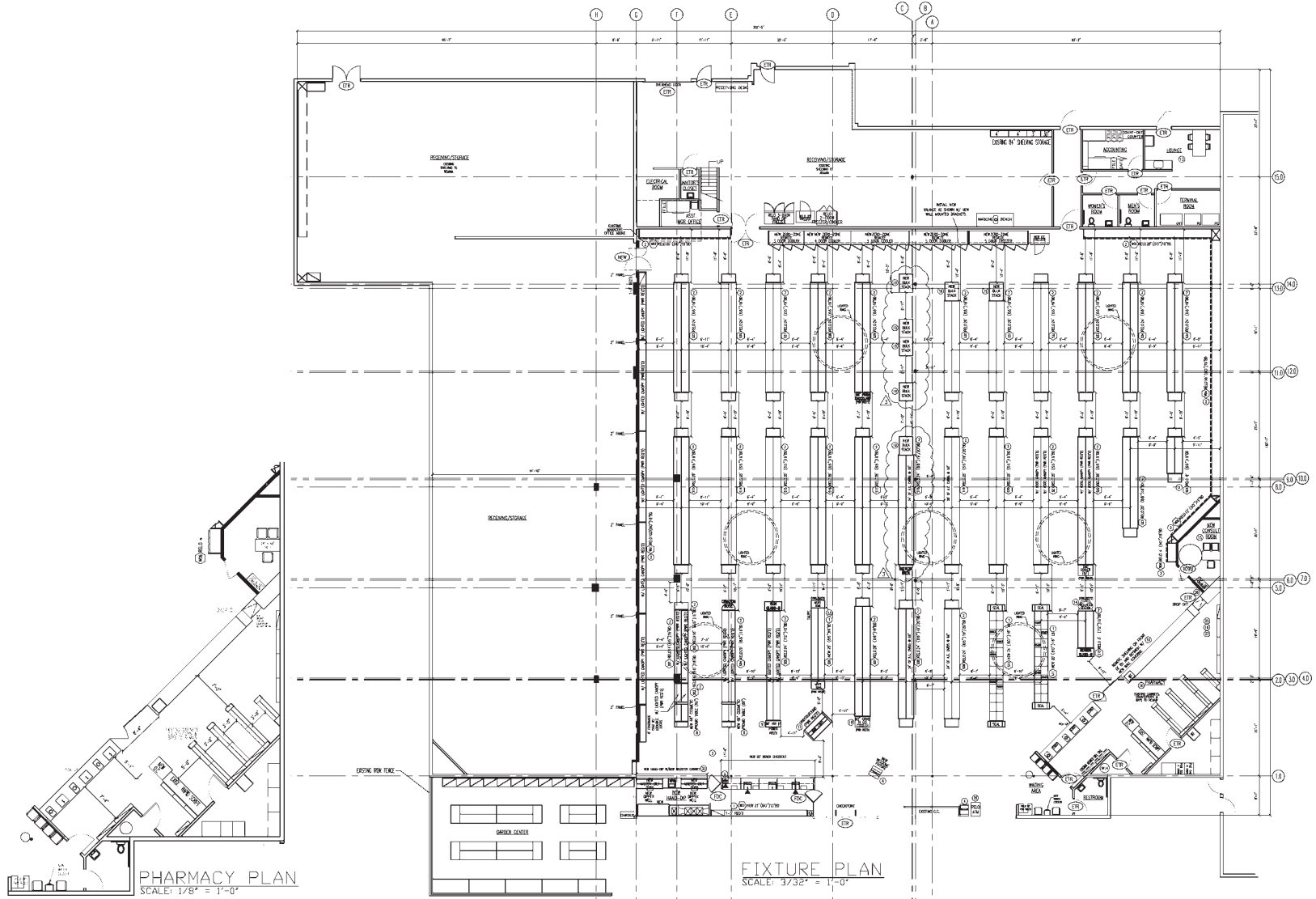
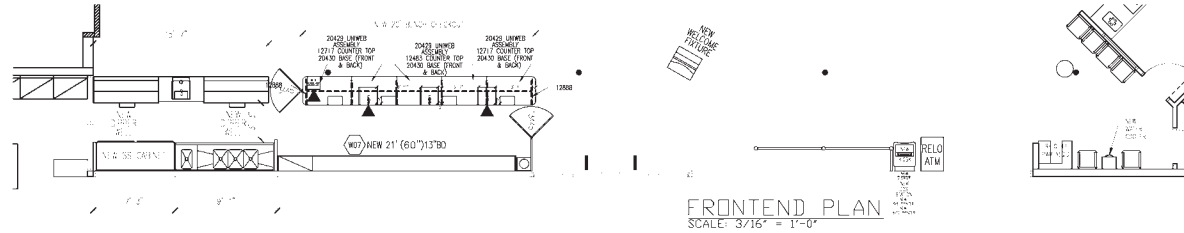




PARCEL MAP

OFFERING MEMORANDUM | Rite Aid | 520 W. Lodi Avenue, Lodi, CA 95240





| LODI, CA

LODI, CA

The City of Lodi is centrally located in northern California with easy access to U.S. western states. As the northern-most city in San Joaquin County, Lodi bridges the areas of Northern and Central California – an ideal location for business and visitors touring the abundant wine grape growing region.

Lodi, like all of San Joaquin County, has excellent transportation accessibility. It is located between two primary north-south highways, Highway 99 and Interstate 5, that respectively connect major cities in Central California and provide direct access to major markets from Canada to Mexico. It is well connected for east-west transportation with the Interstate 580 running to Oakland and the San Francisco Bay Area. Interstate 80 links Lodi to Reno, Nevada and points further east.

SAN JOAQUIN COUNTY

San Joaquin offers tremendous opportunities to the residents and businesses that call it home. San Joaquin’s eight communities of Mountain House, Tracy, Lathrop, Manteca, Ripon, Escalon, Stockton, and Lodi provide quality affordable housing along with numerous recreational opportunities and state-of-the-art K-12 schools and higher education institutions. The county also boasts a sophisticated transportation network comprised of an international deep-water port, major interstate highways, air and rail services as well as delta recreation waterways, farm fresh food and most important, highly skilled and diverse workforce. San Joaquin is a place where families and businesses can grow, prosper, and realize their dreams.



ESTIMATED POPULATION



1 MILE	3 MILES	5 MILES
25,210	77,078	82,160

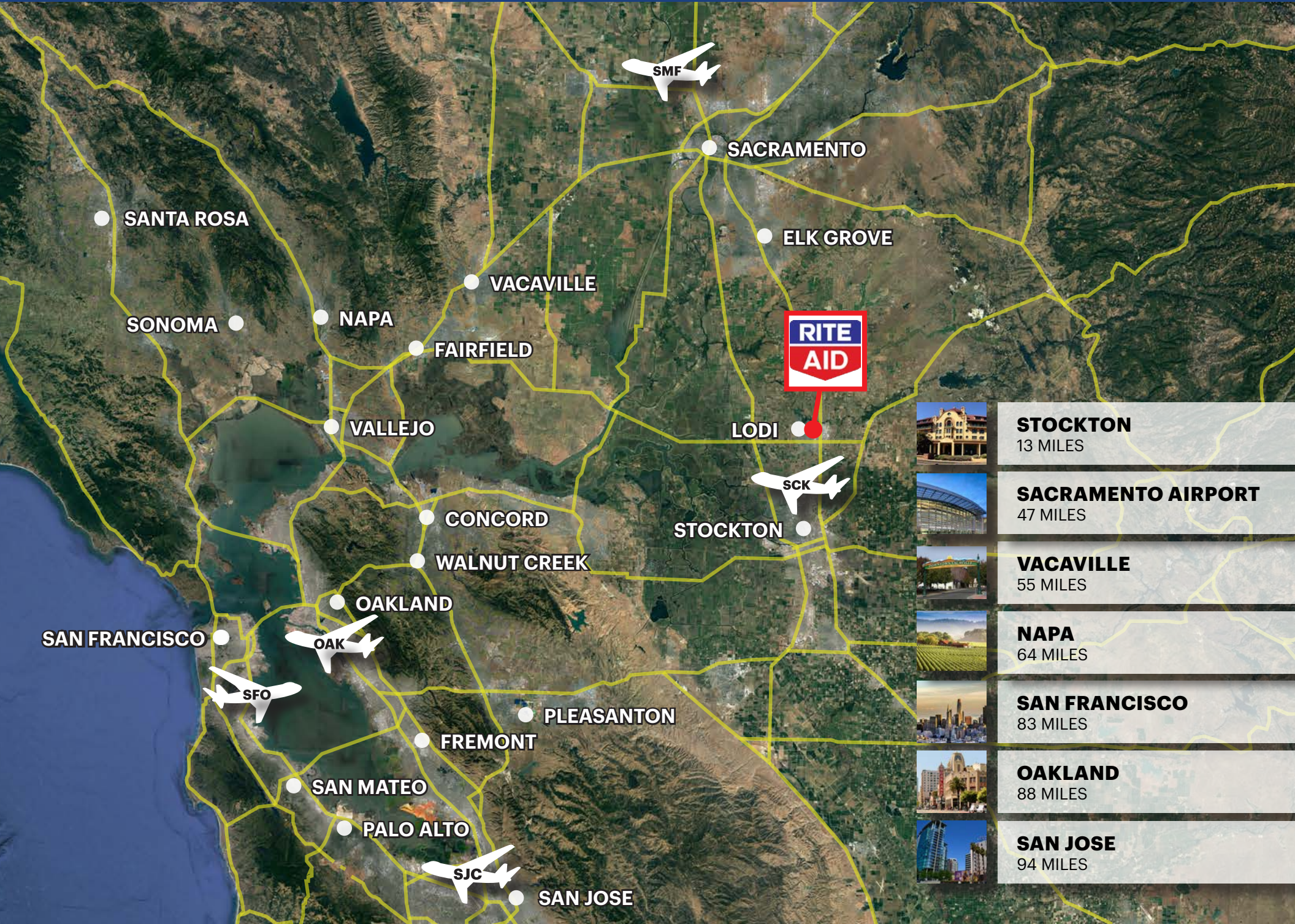
AVERAGE HOUSEHOLD INCOME



1 MILE	3 MILES	5 MILES
\$64,412	\$82,527	\$84,651

NEARBY CITIES | LODI, CA

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N LOWER SACRAMENTO RD

LAKWOOD MALL

IN-SHAPE Starbucks DOLLAR TREE UMPQUA BANK

N HAMLIN

W ELM ST

W

Jack in the box

BANK OF AMERICA

Smart & Final

LODI HIGH SCHOOL

W LODI AVE

RITE AID

McDonald's

CVS pharmacy WELLS FARGO

S CHEROKEE LN



SUNWEST VILLAGE

Walmart ULTA KFC

SUNWEST MARKETPLACE

TARGET SAFEWAY Marshalls CHASE Jack in the Box Starbucks BIG 5 Staples

CHEROKEE PLAZA

TRACTOR SUPPLY CO BIG LOTS! DOLLAR TREE GROCERY OUTLET O'Reilly Planet Fitness dds DISCOUNTS MOUNTAIN MIKE'S

VINTER'S SQUARE

LOWE'S IN-N-OUT BURGER Panera BREAD

SUNWEST PLAZA

Food 4 Less TACO BELL jcpenney McDonald's BevMo! Applebees HOBBY LOBBY

IHOP AutoZone

KFC ROSS DRESS FOR LESS 99¢ ONLY



E KETTLEMAN LN

VINEYARD SHOPPING CENTER

KOHL'S CVS pharmacy Bank of America Caribou BURGER KING

NEARBY RETAILERS

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SHUTCHINS ST 18,709 VPD



W LODI AVE 30,328 VPD



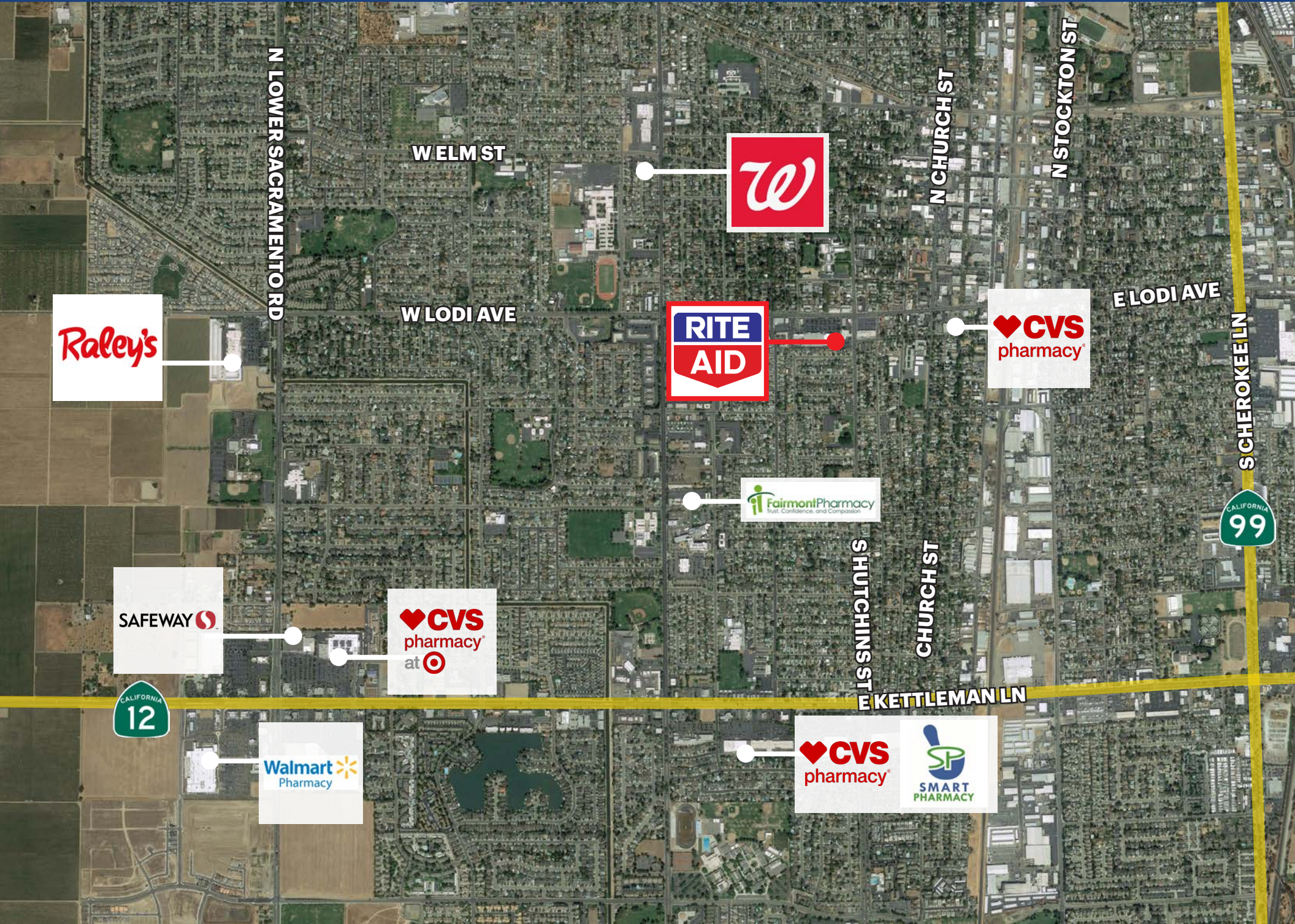
Village Flower & Gifts
D'tails Pet Salon

Professional Firearms



MARKET AERIAL | DRUGSTORES

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Raley's

SAFeway



Walmart Pharmacy

CVS pharmacy at Target

Fairmont Pharmacy
Trust, Confidence, and Compassion

RITE AID

W

CVS pharmacy
SMART PHARMACY

CVS pharmacy

E LODI AVE



N LOWER SACRAMENTO RD

WELM ST

W LODI AVE

N CHURCH ST

N STOCKTON ST

SHUTCHINS ST

CHURCH ST

E KETTLEMAN LN



RITE AID
PHARMACY

Thrifty
ICE CREAM

Let's make our community safer.
Get your flu shot today!
Remember, one respiratory flu vaccine can't protect you from the flu.

40%
Glacier
Glacier

Rent Schedule

Commencing with the first year of each Option period ("Adjustment Date,") the Minimum Rent shall adjust as follows: The base index for computing the first such adjustment is the Consumer Price Index for all Urban Consumers, San Francisco-Oakland-San Jose area (1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), which is published for November, 2014...

In no event shall any single increase be less than ten percent (10%) or exceed twenty five percent (25%) over the Monthly Rent for the month immediately preceding such adjustment.

Additional Rent

Tenant shall pay to Landlord a sum equal to two percent (2%) of all the gross sales made by the Tenant from the Leased Premises in excess of \$8,000,000.00 per year, less the offsets hereinafter set forth.

Real Estate Taxes

Tenant shall pay, at least ten (10) days prior to the date such taxes become delinquent, all real estate taxes which may be levied, assessed or charged against the land and building described at paragraph 2(a) hereof during the term of this lease.

Not with standing the foregoing, Landlord shall pay all increases in real estate taxes during the term of this Lease caused by a "change of ownership" as described in Section 6, California Revenue and Taxation Code, resulting from all changes of ownership after the second such change. Tenant shall pay any increase in real estate taxes resulting from the first two changes of ownership. *(Currently there have been no changes in ownership that will cap tax reimbursements.)*

Maintenance & Repair- Landlord Responsibilities

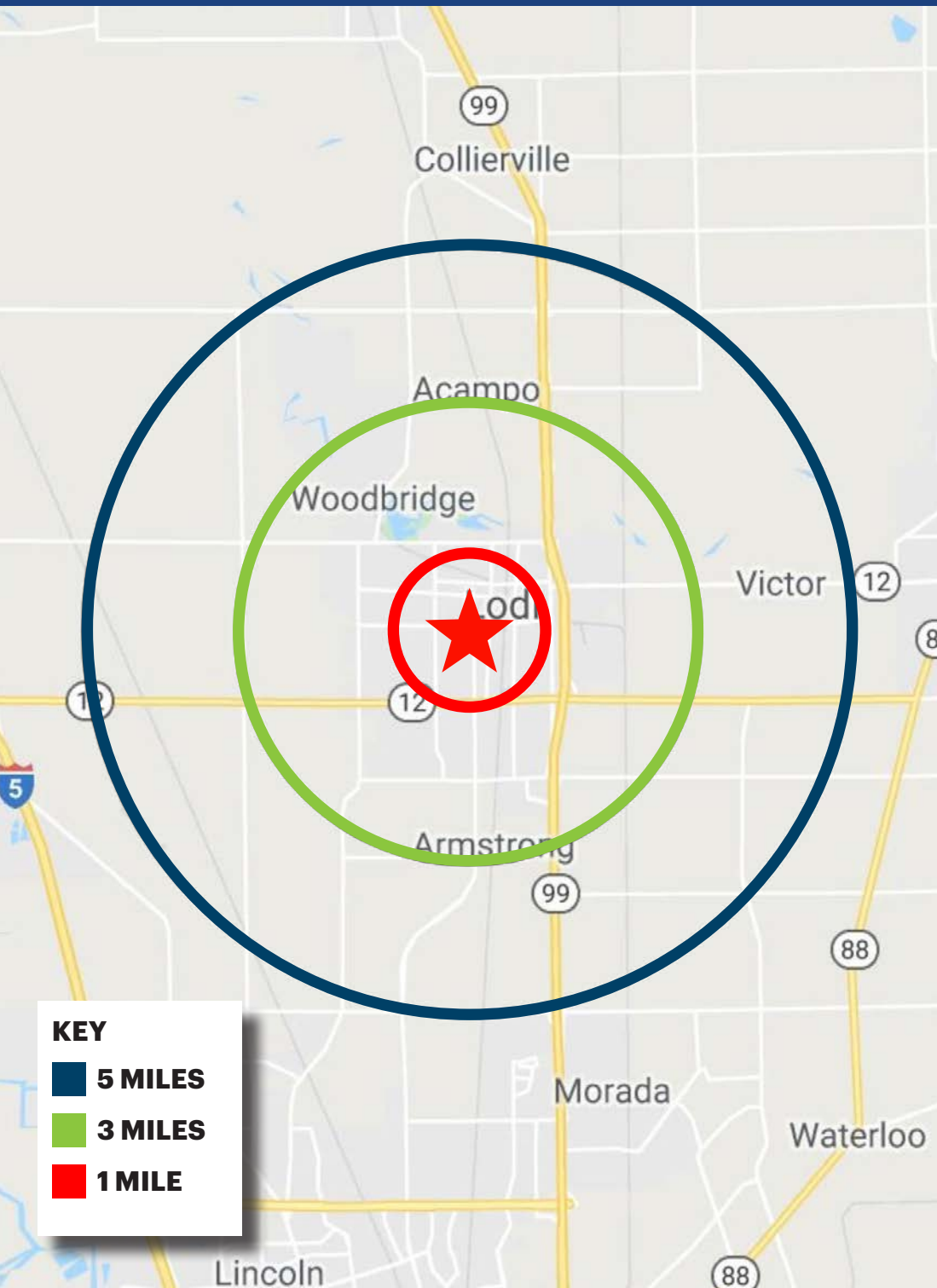
Landlord, during the term of this Lease or any extension thereof, shall be responsible for the repairs and maintenance to the off-premises plumbing, off-premises electrical and other off-premises facilities serving the Leased Premises, bearing walls, sidewalks, foundation and all structural parts of the Leased Premises, reasonable wear and tear excepted, including the painting of the exterior of the building at such times as the Tenant may request. Tenant reimburses all CAM charges.

Maintenance & Repairs- Tenant Responsibilities

Tenant, during the term of this Lease or any extension thereof, shall be responsible for all other repairs and maintenance to the building, reasonable wear and tear excepted, including ROOF, glass windows and doors, all mechanical and electrical equipment and all plumbing including drains and drain lines, except for structural failure thereof, the repair and maintenance of which shall be Landlord's responsibility, and shall be responsible for the reasonable periodic painting of the interior of the building and the maintenance of floor coverings and shall maintain the premises in a neat and sanitary condition.

Assignment & Subletting

No such assignment or subletting shall relieve Tenant from any of its obligations under this Lease and every such assignment or sublease shall recite in writing that it is and shall be subordinate to the provisions of this Lease.



KEY

- 5 MILES
- 3 MILES
- 1 MILE

ESTIMATED POPULATION		
1 MILE	3 MILES	5 MILES
25,210	77,078	78,853



DAYTIME EMPLOYEES		
1 MILE	3 MILES	5 MILES
13,722	36,244	39,506



AVERAGE HOUSEHOLD INCOME		
1 MILE	3 MILES	5 MILES
\$64,412	\$82,527	\$84,651



BACHELOR'S DEGREE OR HIGHER		
1 MILE	3 MILES	5 MILES
2,617	9,808	10,704



HOUSEHOLD RETAIL EXPENDITURES		
1 MILE	3 MILES	5 MILES
\$208.02 M	\$755.2 M	\$827.69 M



HOUSEHOLD DENSITY (PSM)		
1 MILE	3 MILES	5 MILES
2,726	923	358



HOUSEHOLDS WITH CHILDREN		
1 MILE	3 MILES	5 MILES
3,059	9,482	10,205



HOME VALUES OVER 1 MILLION		
1 MILE	3 MILES	5 MILES
32	224	340





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