

OFFERING MEMORANDUM

GUARANTEED LEASE

ROSS
DRESS FOR LESS



dd's DISCOUNTS

SINGLE TENANT | NET LEASE

CERES (MODESTO), CA

\$5,375,000

6.00% CAP

Exclusively Listed by:

Mark Denholm

916. 274. 4404

md@corecre.com

CA DRE #01437366

John DuBois

916. 274. 4424

jd@corecre.com

CA DRE #00702547

Jon Gianulias

916. 274. 4422

jg@corecre.com

CA DRE #01227233

CORE
COMMERCIAL

2264 Fair Oaks Blvd, Suite 201

Sacramento, CA 95818

CA DRE #01904661



<i>Price</i>	\$5,375,000
<i>Location</i>	1640 East Hatch Road Ceres, CA 95351
<i>Existing Building</i>	± 25,800 SF
<i>Total Land Area</i>	± 2.52 Acres
<i>Tenant Name</i>	dd's Discounts
<i>Lease Guarantor</i>	Ross Stores, Inc. (NASDAQ: ROST)
<i>Primary Lease Term</i>	10 Years
<i>Lease Expiration</i>	January 31, 2024
<i>Options</i>	4, 5-Year Options
<i>NOI</i>	\$322,500
<i>Rent Increase</i>	Every 5 Years*
<i>Cap Rate</i>	6.00%
<i>Price Per Sq. Ft.</i>	\$208
<i>Property Taxes</i>	Paid by Tenant
<i>Insurance</i>	Paid by Tenant
<i>CAMs</i>	Paid by Tenant

- **Guaranteed by Ross Stores, Inc.**
- **STNL Investment Grade Credit tenant with S&P A- rating and stable outlook**
- **True NNN with minimal management required (Common area managed by adjoining property owner)**
- **Co-Anchored by Cost Less Foods Marketplace, a strong regional grocer. Store is the #1 chain location**
- **Surrounded by other strong retailers increasing regional draw**
- **Significant capital improvements inside and out (roof, HVAC, building sign facade, exterior paint, complete interior remodel)**

CORE
COMMERCIAL



dd's DISCOUNTS[®]
LADIES · KIDS · MEN · SHOES · HOME[™]

SHOPPING
CART
AREA

CORE Commercial is pleased to present this net leased single tenant **dd's Discounts store in Ceres, CA**. dd's Discounts is a **Ross Dress for Less brand** store and is leased and **guaranteed by Ross Stores, Inc.** (NASDAQ: ROST), an **investment grade tenant rated A- by S&P** with a stable outlook. Initial proposal was for a Ross Dress for Less store, however Ross determined the site would be better suited as a dd's Discounts. As a result, the lease is a Ross lease with more favorable landlord terms than would otherwise be true. The building is a 25,800 square foot stand-alone building on a dedicated parcel with in-line shops on either side. Cost Less Foods Market is the other significant tenant located in the center. The lease is a triple net lease with the tenant paying for Tax, Insurance and CAMs; while the landlord is responsible only for the roof and structure. The roof was replaced during the redevelopment for dd's and has a **15-year warranty**. The interior of the building has also been completely remodeled by dd's.

The Hatch Road retail corridor provides an extensive array of big-name tenants all within an extremely close area. These tenants provide the primary retail establishments for the local population of nearly 109,478 individuals within 3 miles, but are part of a much larger MSA.



1 Owner of parcels 30 & 33 is the maintenance director for the shopping center

The near NNN nature of the lease makes this property an affordable and easily sustainable investment for even the most conservative investors.

Proforma Operating Statement

Minimum Rent	25,800 SF	322,500
Reimbursement, RE Tax		64,156
Reimbursement, Insurance		9,030
Reimbursement, Common Areas Costs		4,231
Total Gross Income		\$399,917
Expenses		
RE Taxes		64,156 ¹
Insurance (est.)	\$0.35/SF/Yr	9,030 ²
Common Area Maintenance		4,231 ³
Total Expenses		(77,417)
Net Operating Income		\$322,500

Footnotes

- 1 2012 amount inflated by 2% per Prop 13 estimate
- 2 Estimate of \$0.20/sf for Property and \$0.15/sf for GL policy
- 3 2012 amount inflated by 3%



Ideally located at the intersection of Hatch and Richland Avenue, the dd's store has tremendous visibility and access. The center is easily accessible from Highway 99 via the Hatch Road interchange approximately one half mile west of the property.

East Hatch Road is a major retail corridor and thoroughfare with strong traffic numbers and great access and is surrounded by other strong retailers which increase the regional draw to the property. Tenants in the immediate corridor includes Home Depot, Rancho San Miguel Hispanic Market, Kmart, Big 5, Factory 2 U, In-Shape, 99 Cents Only and many more.





“Together we achieve”

CERES, CALIFORNIA

Location Overview



The City of Ceres is located in the central San Joaquin Valley, 80 miles south of Sacramento and 95 miles east of San Francisco, in the heart of Stanislaus County. Ceres is in one of the Central Valley's richest and most diverse agricultural areas and is the home of the new \$14 million County Agriculture Center. Even the name "Ceres" originates from the Roman goddess of agriculture.

While the subject property is located in the City of Ceres, its economic and social forces are significantly influenced by the larger, neighbouring city of Modesto and Stanislaus County in general given its central location within the larger MSA.



State-of-the Art Public Service Facilities

Ceres Fire Department has grown to service nearly 55,000 community members within Ceres and its two surrounding districts within a 15 square mile protection area. The Ceres Fire Protection District, with approximately 1,200 residents, stretches over the southeast portion of the protection area. The Industrial Fire Protection District, with nearly 4,000 residents covers the northern portion of the City along the river.



Beautiful New Community Center

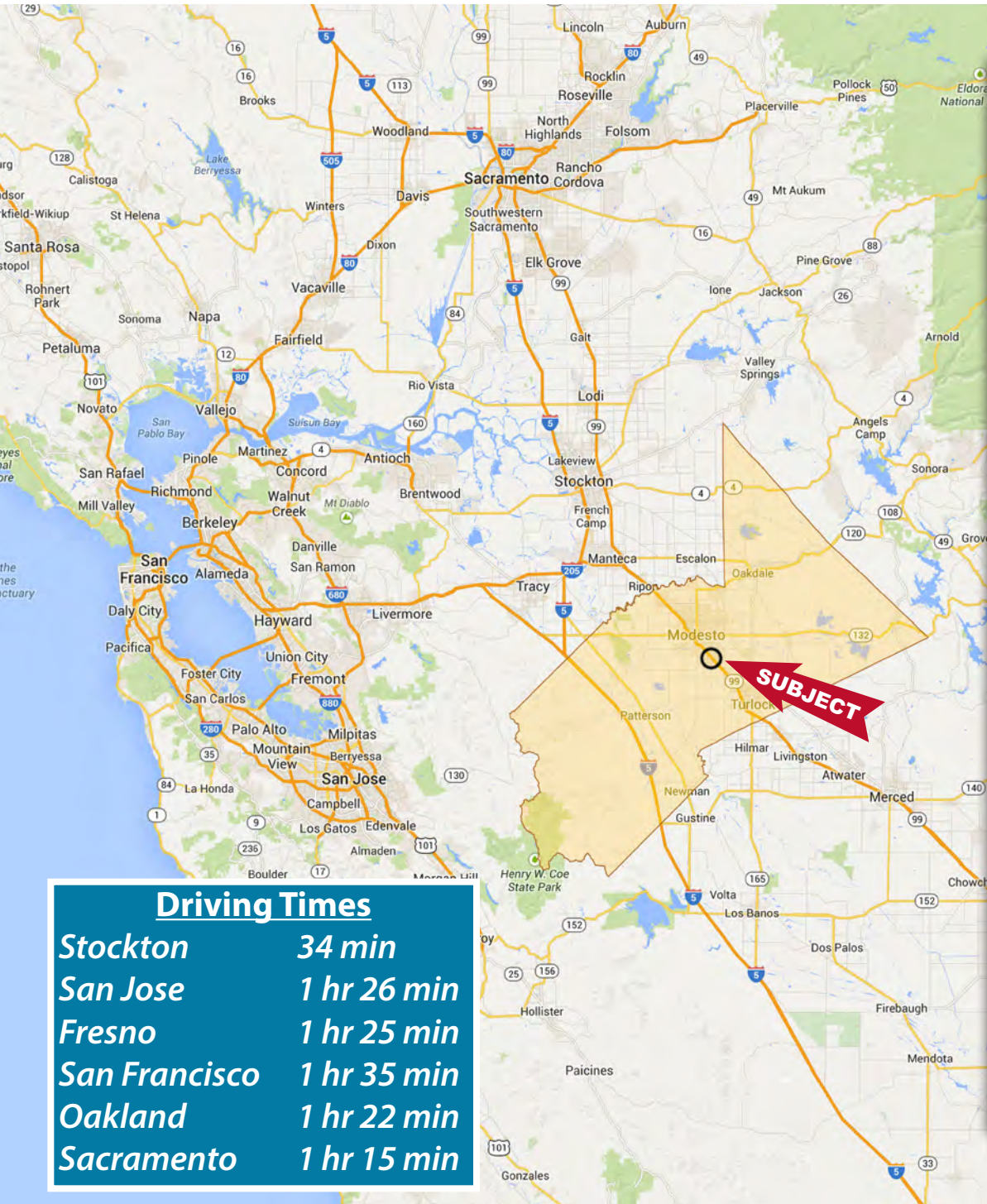
The newly constructed community center is the perfect place to host a wedding, party, luncheon, dinner, corporate outing, dance, family gathering, picnic, meeting, exhibition, special event or community-wide celebration. The building offers a number of large and small spaces to fit any need.



The Historic Whitmore Mansion

The Whitmore Mansion is a historic landmark. It was originally built in 1903 by the Whitmore family, the founders of the City of Ceres.

The Mansion is over 8,000 SF on 4 floors, with the basement level housing the newly completed wine cellar and saloon. It has beautifully landscaped and manicured east and west gardens, hosting numerous functions year-round.



Driving Times	
Stockton	34 min
San Jose	1 hr 26 min
Fresno	1 hr 25 min
San Francisco	1 hr 35 min
Oakland	1 hr 22 min
Sacramento	1 hr 15 min

Area Demographics

	1 mile	3 miles	5 miles
Population Summary			
2010 Total Population	17,956	108,526	212,371
2013 Total Population	18,483	109,478	214,914
2013 Group Quarters	262	1,963	3,309
2018 Total Population	19,326	111,996	220,750
Household Summary			
2010 Households	4,897	30,656	66,471
2010 Average Household Size	3.61	3.48	3.15
2013 Households	5,001	30,770	66,951
2013 Average Household Size	3.64	3.49	3.16
2018 Households	5,203	31,407	68,584
2018 Average Household Size	3.66	3.50	3.17
2013-2018 Annual Rate	0.80%	0.41%	0.48%
Median Household Income			
2013	\$40,203	\$39,343	\$43,939
2018	\$42,491	\$42,011	\$48,455
Median Home Value			
2013	\$136,356	\$138,028	\$141,980
2018	\$155,391	\$157,204	\$164,455
Median Age			
2010	29.1	29.2	31.7
2013	29.4	29.5	32.0
2018	30.2	30.4	32.7
2013 Households by Income			
Household Income Base	5,001	30,769	66,950
<\$15,000	14.5%	16.7%	13.6%
\$15,000 - \$24,999	13.3%	14.1%	12.7%
\$25,000 - \$34,999	13.8%	12.7%	12.3%
\$35,000 - \$49,999	19.3%	17.6%	16.9%
\$50,000 - \$74,999	18.1%	19.0%	18.9%
\$75,000 - \$99,999	9.2%	9.1%	10.6%
\$100,000 - \$149,999	9.8%	7.8%	10.1%
\$150,000 - \$199,999	1.0%	2.1%	3.2%
\$200,000+	1.0%	0.9%	1.7%
Average Household Income	\$52,838	\$51,587	\$59,382
2013 Employed Population 16+ by Occupation			
Total	6,585	37,619	79,319
White Collar	40.6%	40.7%	47.1%
Management/Business/Financial	5.3%	6.7%	8.1%
Professional	12.1%	11.1%	14.7%
Sales	12.7%	10.6%	11.0%
Administrative Support	10.6%	12.4%	13.3%
Services	18.0%	20.1%	20.7%
Blue Collar	41.4%	39.2%	32.2%
Farming/Forestry/Fishing	4.4%	4.7%	3.5%
Construction/Extraction	5.2%	7.4%	5.8%
Installation/Maintenance/Repair	3.8%	4.4%	4.3%
Production	11.5%	9.6%	8.1%
Transportation/Material Moving	16.4%	13.1%	10.5%

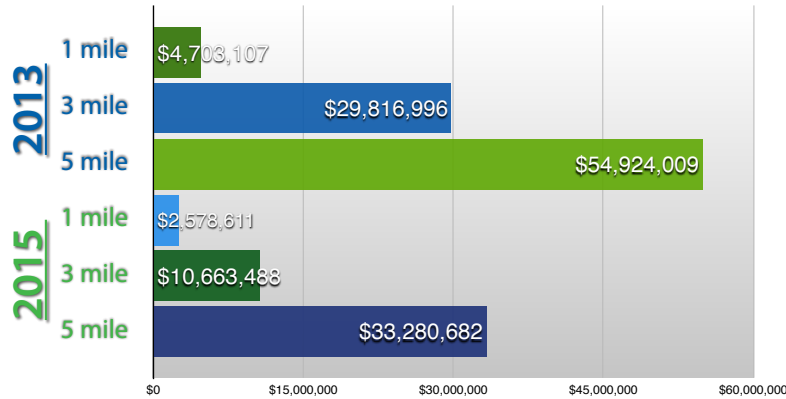
MARKET HIGHLIGHTS &



CORPORATE OVERVIEW

Retail Gap (Leakage) in Clothing and Clothing Accessories

(based on distance from subject location)



The data represented depicts a distinct **leakage** in the **Clothing and Clothing Accessories category**. What is also seen is the direct effect dd's has had on this leakage factor by comparing 2013 values (before dd's opened for business) with 2015 estimates (less than a year after dd's opened for business). **dd's has absorbed** an impressive amount of the market leakage, since no major competitors have entered the market the same year. With a large **leakage** still remaining (**\$33.28 million** within 5 miles), dd's has been and will continue to be a strong performer well into the future, even when considering the potential for competition.

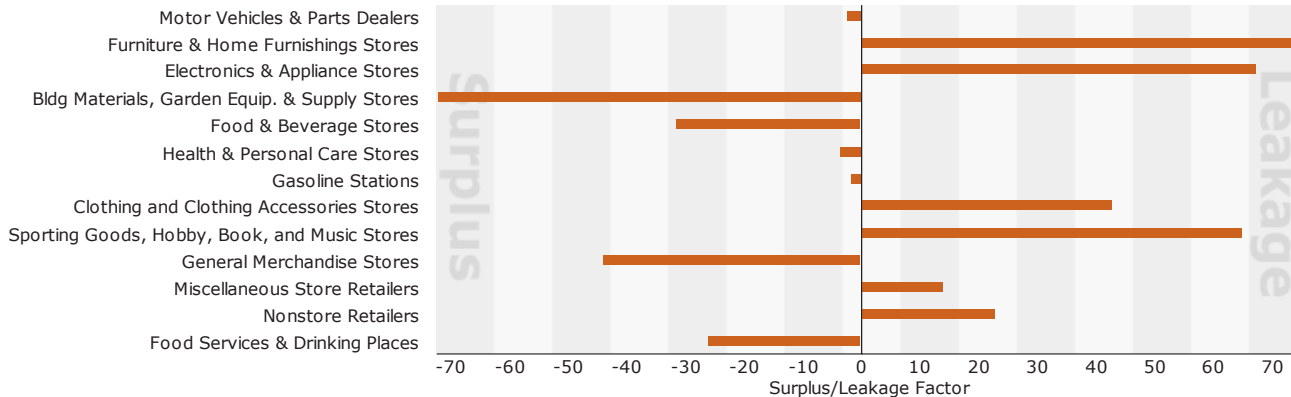


dd's Discounts is the Strongest Retailer in an Nearly Unrepresented Market Subsector

The Ceres retail market is one that has been badly in need of relief for some time and continues to represent voids in numerous sectors throughout the trade area. The largest of these under-represented sectors are *apparel and personal goods and clothing and accessories*.

Of the total number of businesses within one mile of the subject location, only 1.3% are apparel & accessory stores, most of which are mom and pop type boutique stores. Moving out to five miles from the subject location, this number shrinks dramatically to only 0.5% of the total businesses falling in this category. The opening of the subject store location is a response to a desperate lack of inventory and one that cannot be completely addressed by any single retailer.

Leakage/Surplus Factor by Industry Subsector



Reference

*Data obtained from STDB.com and ESRI.com with figures depicted from NAICS annual reporting data. For more information, visit <http://www.esri.com/library/whitepapers/pdfs/esri-data-retail-marketplace.pdf>

Ross and dd's are Perfectly Matched to Achieve Success in any Market.

- **13%** ANNUAL REVENUE INCREASE
\$8.6 BILLION - \$9.7 BILLION
- **20%** ANNUAL INCREASE ON NET EARNINGS
\$657.2 MILLION - \$786.8 MILLION
- **48%** RETURN ON STOCKHOLDER EQUITY
- **30** YEARS OF GROWTH

Continued Growth in Profits at dd's DISCOUNTS
dd's DISCOUNTS delivered another year of solid gains in sales and operating profitability for 2012. Similar to Ross, dd's DISCOUNTS continued to benefit from our ability to deliver a faster flow of fresh and exciting product to our stores while operating on lower inventory levels. Its improved performance also reflects that dd's value-focused merchandise offerings continue to be well received by its customers.



Excerpts from Ross Stores, Inc. 2012 Annual Report



Ross Stores, Inc.® is an S&P 500, Fortune 500 and Ndaq 100 (ROST) company, headquartered in Pleasanton, California, with fiscal 2012 revenues of \$9.7 billion. The Company operates Ross Dress for Less® ("Ross"), the largest off-price apparel and home fashion chain in the United States with 1,112 locations in 33 states, the District of Columbia and Guam as of May 4, 2013. Ross offers first-quality, in season, name brand and designer apparel, accessories, footwear and home fashions for the entire family at everyday savings of 20% to 60% off department and specialty store regular prices.

Also operated by Ross Stores Inc. are 115 dd's Discounts® store locations in nine states, including: California, Texas, Florida, and Arizona. dd's Discounts features a more moderately-priced assortment of first-quality, in-season, name brand and fashion apparel, accessories and footwear for the entire family at everyday savings of 20% to 70% off moderate department and discount store regular prices as well as similar savings on a wide assortment of merchandise for the home.



Ross Stores, Inc.









Exclusively Listed by:

Mark Denholm

916. 274. 4404

md@corecre.com

CA DRE #01437366

John DuBois

916. 274. 4424

jd@corecre.com

CA DRE #00702547

Jon Gianulias

916. 274. 4422

jg@corecre.com

CA DRE #01227233

www.CORECRE.com

COPYRIGHT © 2014. ALL RIGHTS RESERVED. CORE Commercial ("Agent"), CA DRE Lic. 01904661, has presented this brief, selected information pertaining to the Property and shall not be considered all-inclusive or unchanged since the date of preparation. No warranty as to the accuracy or completeness is expressed or implied. The information has been received from sources believed to be reliable but is not guaranteed. Prospective purchasers and tenants should independently verify each item of information and have the same reviewed by its tax advisor and/or legal counsel. The Property is being offered on an "as-is, where-is" and "with all faults" basis unless otherwise specified. Owner reserves the right to withdraw this offering at any time, without further notice, with or without cause.