



RITE AID

ELK GROVE, CA

**SINGLE TENANT, NET LEASE
WITH CORPORATE GUARANTEE**

\$7,946,000

Listed for Sale Exclusively by:

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INVESTMENT HIGHLIGHTS

- Single Tenant Net Lease*
- 20 Year Primary Term Began 2010 (18 years remain)
- Rare Corporate Guarantee of Lease by Rite Aid Corporation
- Traffic Counts of 23,000 VPD at This Signalized Intersection
- Rental Increases Upon All Six, 5-Year Options

* Landlord has virtually no obligations; Tenant responsibilities include the roof, roof membrane, structural portions of the building, masonry walls, foundation, building exterior and the entire parking area.



OFFERING SUMMARY

Address	9260 Elk Grove Blvd Elk Grove, CA 95624
APN (Sacramento County)	134-0050-001
Price	\$7,946,000
Cap Rate	7.5%
Lease Term	20 Years
Options	6, 5-yr options
Guarantor	Rite Aid Corporation
Building Improvements	±17,272 SF
Leased Premises	±134,345 SF; ±3.084 ac (±2.51 acres net per As-Built Drawings)
Primary Lease Term	Start: January 27, 2010 Exp: February 1, 2030
Income	
Base Rent (Yrs 1-20)	\$595,946
Option 1 (21-25)	\$608,475
Option 2 (21-25)	\$638,899
Option 3 (21-25)	\$670,844
Option 4 (21-25)	\$704,386
Option 5 (21-25)	\$739,605
Option 6 (21-25)	\$776,585



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LEASE DESCRIPTION

The primary term of this lease is 20 years, beginning January 27, 2010, with six, 5-year options to renew. Base Rent during the renewal options begins at \$608,475 and increases by 5% on each renewal. Rite Aid does not report sales at this location. While there is no operating covenant in the lease, nor are there any early termination options available to the tenant and performance under the lease is **guaranteed by Rite Aid Corporation**.

The Leased Premises include $\pm 134,345$ SF (± 3.08 acres, ± 2.51 acres net per architect's as-built drawings) of land, and the $\pm 17,272$ SF build-to-suit retail improvements. The tenant is entirely responsible for repair and maintenance of the site. As compared to the traditional Rite Aid net lease, Landlord has virtually no obligations in this case. Tenant responsibilities include the roof, roof membrane, structural portions of the building, masonry walls, foundation, building exterior and the entire parking area.

Real Estate Taxes are paid directly by Rite Aid. Rite Aid is obligated to pay for one reassessment on sale every five years (or up to two in a five year period if none occurred in the previous 5 years), up to 3 such increases during the Primary Term.



INVESTMENT HIGHLIGHTS 9260 Elk Grove Blvd, Elk Grove

This newly constructed building (completed and delivered late 2009) has no deferred maintenance and no Landlord obligations to create unexpected impact on cash flow.

Corporate Guarantee

Typical Thrifty Payless leases have no corporate guarantee, and leave capital expenditures up to Landlord. All roof, structure, foundation, and grounds work, and all charges for Taxes and Utilities are the Tenant's direct responsibility in this lease, and it is **guaranteed by Rite Aid Corporation**.

No Early Termination

All renewal options in this lease have rental increases, and the lease provides **no early termination** rights for the tenant.

The site currently includes more parking than required, and the excess can be sold or leased to the adjacent property if and when construction begins at that site.

Dominant Intersection

Located at Elk Grove Blvd and Waterman Road, this offering is at the **highest identity intersection** in East Elk Grove. The only grocery anchor and national pharmacies in this market are at this intersection, with Bel Air (Raley's) at the northeast corner and CVS/pharmacy at the northwest. The southwest corner is rounded out with Waterman Grove's 48,300 SF of strip and pads occupied by national chain tenants. Elk Grove Blvd is the dominant East-West corridor, connecting Waterman Road with Hwy 99 and I-5 to the West, and Grant Line Rd to the East. Pleasant Grove High School (2,400 students) is less than one mile away, at Bradshaw and Sheldon.

Continued Growth

The City of Elk Grove is among the most affluent and fastest growing communities in the Greater Sacramento area (Money Magazine reported it the fastest growing city of 100,000+ in 2006, growing 12% that year). At 163,000 resident in 2010, it is expected to grow another 13.3% by 2015.

TENANT DESCRIPTION

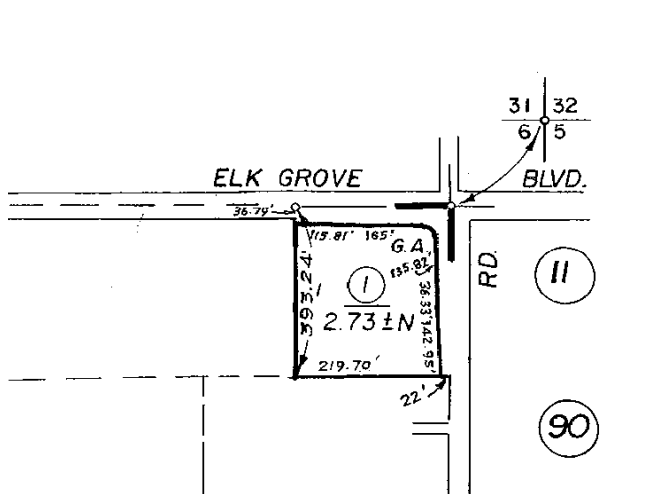
Rite Aid Corporation is one of the nation's leading pharmacy chains, with 4,800 stores in 31 states and the District of Columbia, with a strong presence on both the East and West coasts, and 91,000 associates. Rite Aid is the largest drugstore chain on the East Coast and the third largest drugstore chain in the U.S. The company is publicly traded on the New York Stock Exchange under the ticker RAD

Fiscal Year 2011 income for the chain was almost 2% higher than 2010, and Fiscal Year 2012 revenue was 3.6% higher than 2011. The trend continued with a 3.6% same-store sales increase published in early March 2012. April 2012 same-store sales were up 2.9%, and smaller – yet still positive – sales growth has occurred every month since as of this writing.

But sales alone are not enough, and Rite Aid has named two bold moves that have proven historically to increase profitability: first, they have introduced reforms in efficiency – centralizing procurement, shifting to generics, and reduction of administrative overhead – and second, they have successfully restructured \$481MM in short term debt, extending the maturities from 2015 to 2020, thereby enhancing the stability of the company.

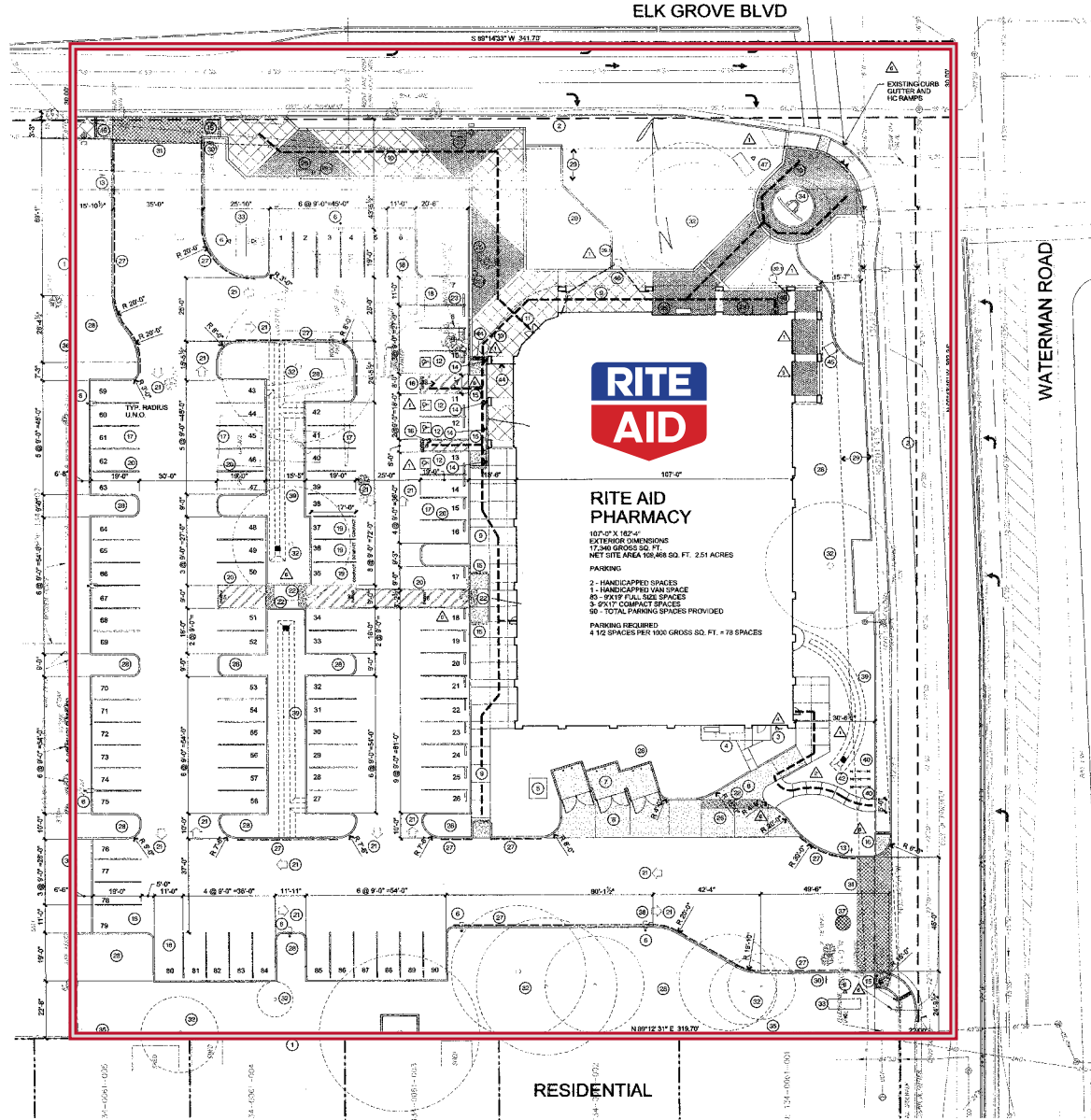


AS-BUILT DRAWING 9260 Elk Grove Blvd, Elk Grove



NOTE: Lease describes leased premises as 134,345 SF of land (3.084 acres). County Assessor's map (above, pre-construction) shows a net ± 2.73 acres, while an as-built drawing prepared by the architect (right) reflects post-construction ± 2.51 acres.

- Parking Requirement (4.5 : 1000) is 78 spaces
- Parking indicated on this As-Built is 90 spaces
- Additional income is possible through lease or sale of excess parking spaces to the adjacent parcel

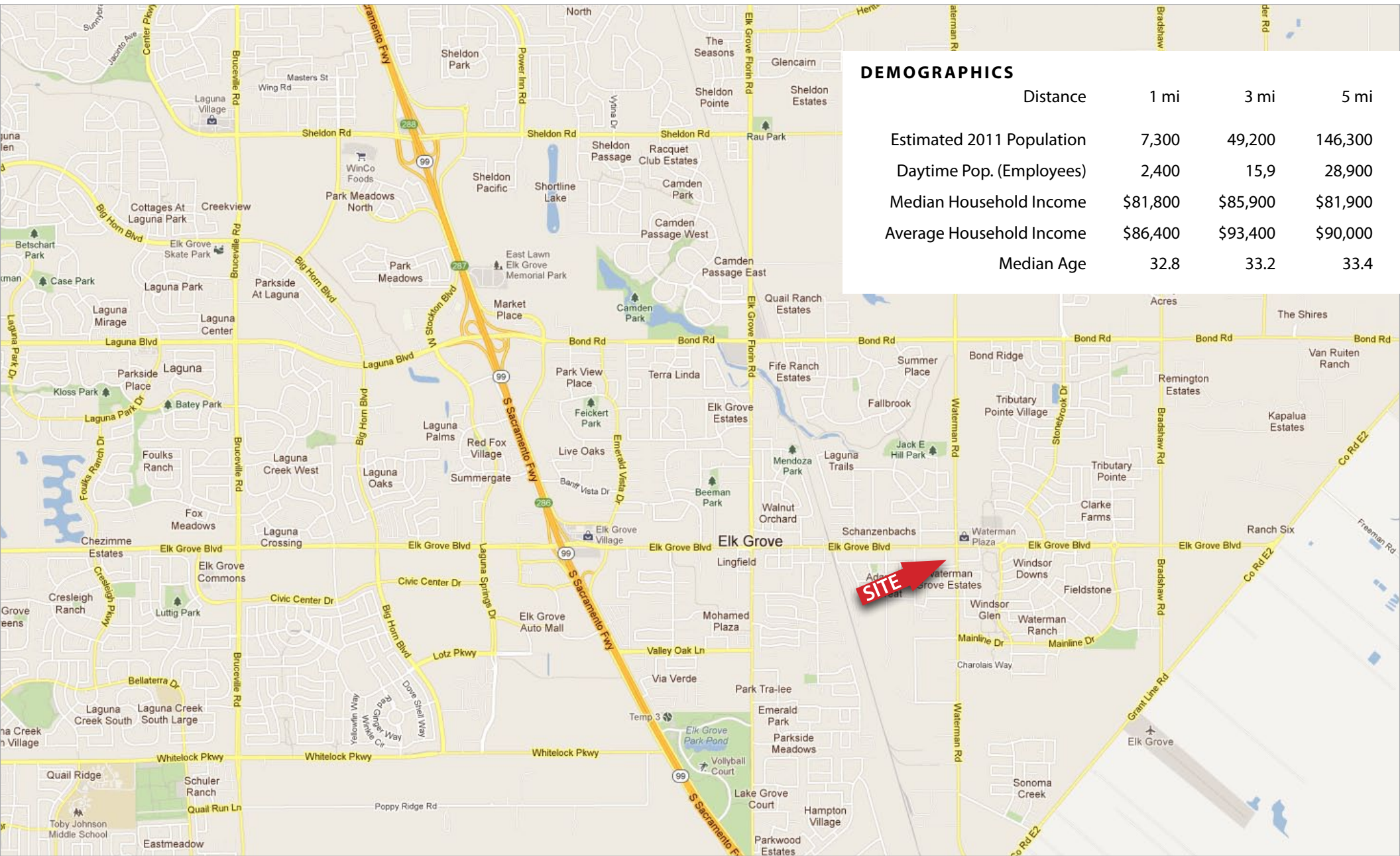


LOCATION AND MARKET DESCRIPTION 9260 Elk Grove Blvd, Elk Grove



MARKET DOMINANCE
THIS INTERSECTION HAS THE ONLY GROCERY ANCHOR IN THE EAST ELK GROVE MARKET

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DEMOGRAPHICS

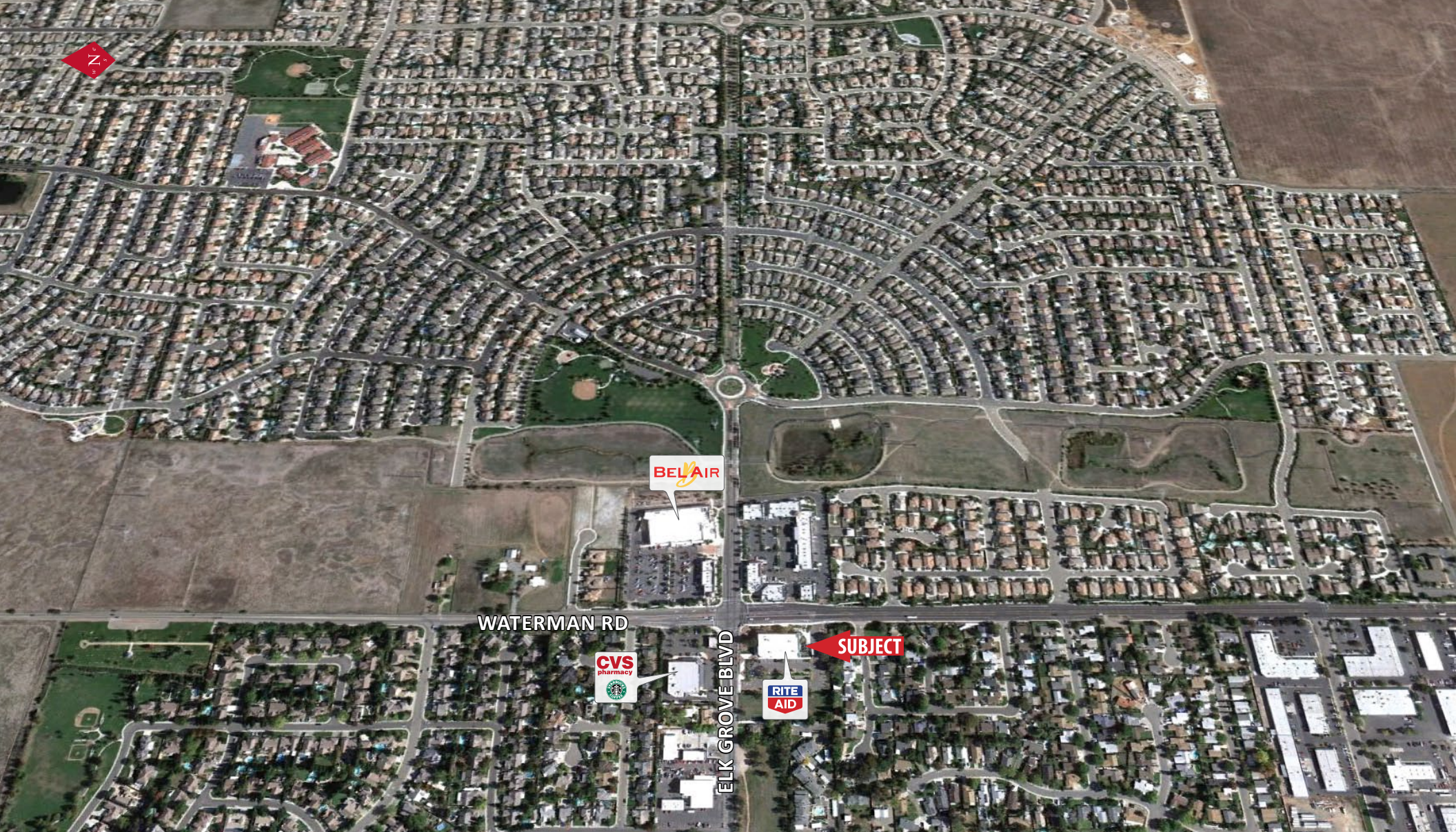
Distance	1 mi	3 mi	5 mi
Estimated 2011 Population	7,300	49,200	146,300
Daytime Pop. (Employees)	2,400	15,9	28,900
Median Household Income	\$81,800	\$85,900	\$81,900
Average Household Income	\$86,400	\$93,400	\$90,000
Median Age	32.8	33.2	33.4

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