

# OFFERING MEMORANDUM



SHASTA LAKE, CA

**\$6,290,000**

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## INVESTMENT HIGHLIGHTS Rite Aid NNN Lease, Shasta Lake, CA

- Long Term Triple Net Lease
- Fixed Rent Escalations in Lease (10% Increase in Less Than 3 Years)
- NYSE: RAD - Credit Rating Recently Upgraded by S&P; B with Stable Outlook
- Zero Competing National Drugstores In Immediate Area
- Existing Debt Does Not Have To Be Assumed



## OFFERING SUMMARY

<b>Address</b>	5350 Shasta Dam Blvd Shasta Lake, CA 96019
<b>Price</b>	\$6,290,000
<b>Cap Rate</b>	6.5% (2017 Rent=7.15% Cap)
<b>Lot Size</b>	±1.71 Acres
<b>Building Size</b>	±17,272 SF
<b>Year Built</b>	2007
<b>Cross Street</b>	Cascade Blvd
<b>Parking Spaces</b>	±74
<b>Parking Ratio</b>	5.08/1,000
<b>Lease Commencement</b>	January 25, 2007
<b>Lease Term</b>	20 years
<b>Lease Expiration</b>	January 31, 2027
<b>Options</b>	Six, 5 year options (10% increase per option)

### Rent Schedule

Years 1 - 10	\$408,864
Years 11 - 20 (2017 - 2027)	\$449,750

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# INVESTMENT SUMMARY Rite Aid NNN Lease, Shasta Lake, CA



**Core Commercial** is pleased to present this NET leased Rite Aid asset in Northern California. The lease term is 20 years with a 10% bump in year 11 (January, 2017). The lease is NNN and with landlord responsible for structure. The lease provides six, 5 year options to renew with a 10% increase at each option. It is a freestanding retail store totaling 17,272 square feet, surrounded by an asphalt parking lot and is attractively landscaped. On the southwest side of the building is a two-lane, covered drive-thru for use by pharmacy customers.

Ideally located on the corner of Cascade Boulevard and Shasta Dam Boulevard and one block from I-5 the store has tremendous visibility and access. It is the first commercial intersection you come across when exiting the freeway and the main thoroughfare for traffic entering the City of Shasta Lake.



## DEMOGRAPHICS

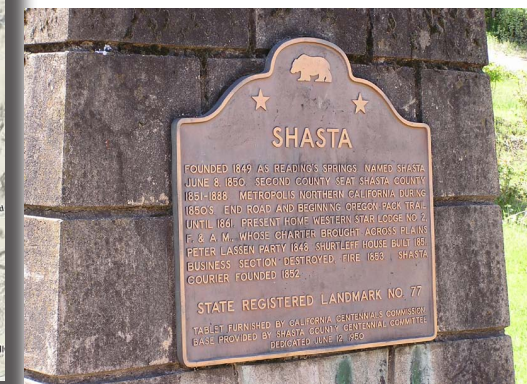
Distance	1 mi	3 mi	5 mi
Estimated Population	4,250	13,900	28,600
Daytime Pop. (Employees)	790	4,200	11,130
Median Household Income	\$49,000	\$50,300	\$46,800
Average Household Income	\$51,700	\$59,300	\$61,000

## TRAFFIC COUNTS

Shasta Dam Boulevard	13,000 CPD
Cascade Boulevard	2,000 CPD

## LOCATION Rite Aid NNN Lease, Shasta Lake, CA

The Property is easily accessible to I-5 and Highway 151 as you enter the City of Shasta, taking advantage of tourist traffic and to serve the local population. It is also the last major stop for travelers headed north to Lake Shasta. Shasta lake is a popular recreation destination, each year tens of thousands of people visit Lake Shasta to take advantage of excellent boating, skiing, camping, fishing and hiking opportunities. Lake Shasta is the second largest lake in California, holding more than 4.5 million acre feet of water with a maximum depth of 517 feet. Shasta Lake is approximately 160 miles north of Sacramento, and 10 miles north of Redding. Known as the Shasta-Trinity Recreation Area, the U.S. Forest Service maintains a visitor information center nearby.



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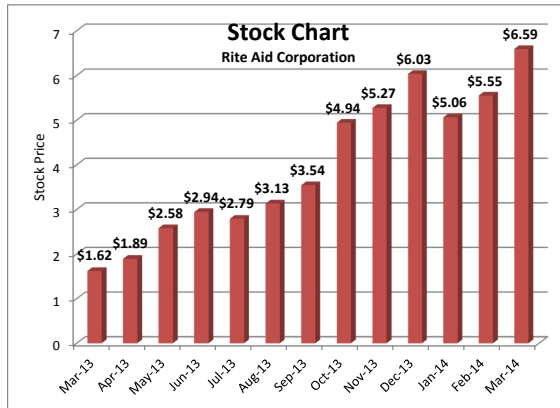
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## TENANT OVERVIEW Rite Aid NNN Lease, Shasta Lake, CA



Rite Aid Corporation is a retailer and one of the nation's leading pharmacy chains in the United States. The Company operates 4,623 stores in 31 states across the country and in the District of Columbia, reporting total revenue of \$25.2 billion for the fiscal year 2011 and employees approximately 89,000 associates. Rite Aid is a Fortune 500 company and publicly traded (NYSE: RAD).

Rite Aid's first store opened in September 1962, and expanded quickly to five northeastern states through acquisitions and new stores by 1965. It was officially named Rite Aid Corporation in 1968. Just ten years after its first store opened, Rite Aid operated 267 locations in 10 states. In 1981 Rite Aid was named the third largest drugstore in the United States and by 1983 marked a sales milestone of \$1 billion.



### CORPORATE INFORMATION

Ticker Symbol: NYSE: RAD  
Number of Stores: 4,623  
Annual Revenue (Mar 2013): \$25.4 Billion  
S&P Rating B Outlook Stable

In the Company's stores, it sells prescription drugs and a range of other merchandise. During the fiscal year ended March 3, 2013 (fiscal 2013), prescription drug sales accounted for 67.6% of its total sales. As of March 3, 2013, the Company had opened over 2,100 GNC stores-within-Rite Aid-stores. During fiscal 2013, its stores filled approximately 297 million prescriptions and served an average of 2.0 million customers per day. The overall average size of each store in its chain is approximately 12,600 square feet. As of March 2, 2013, 61% of its stores were freestanding; 52% of its stores included a drive-thru pharmacy; and 47% included a GNC store within Rite Aid store. The Company's customers may also order prescription refills over the Internet through [www.riteaid.com](http://www.riteaid.com), or over the phone through its telephonic automated refill systems for pick up at a Rite Aid store. It also owns a 55,800 square foot ice cream manufacturing facility and lease a 32,000 square foot storage facility located in El Monte, California.

[www.riteaid.com](http://www.riteaid.com)



Central Valley High School

Lake Shasta



Shasta Lake School

**SUBJECT**  
**RITE**  
**AID**

Empire Outpatient Services

Shasta Lake Chamber of Commerce



Shasta Dam Clinic

Cascade Blvd



Shasta Dam Blvd | Highway 151

Grand Oaks Elementary



Cascade Wonderland Hwy

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# LEASE SUMMARY Rite Aid NNN Lease, Shasta Lake, CA



Tenant:	Thrifty Payless, Inc., dba Rite Aid		
Leased Area:	17,272 square feet		
Term:	Initial Term: 20 years (firm), with no early cancellation options		
Commencement:	January 25, 2007		
Amendments:	Memorandum of amendment concerning a portion of the lot being conveyed to Cal Trans to widen Shasta Dam Boulevard.		
Rent Schedule:	Years 1-10:	\$408,864 (\$23.6721 per square foot per year).	
	Years 11-20:	\$449,750 (\$26.0393 per square foot per year-Jan, 2017).	
Options:	Years 21-25:	\$494,725	Years 36-40: \$572,706
	Years 26-30:	\$519,461	Years 41-45: \$601,341
	Years 31-35:	\$545,434	Years 46-50: \$631,408
Type of Lease:	Modified NNN (see below)		
Tenant Expenses:	Tenant pays all operating expenses (see note below)		
Landlord Expenses:	Paragraph 17 (a) (ii) of the lease identifies certain structural items that remain the responsibility of landlord. Please refer to the lease for additional information.		

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## PROPERTY DESCRIPTION Rite Aid NNN Lease, Shasta Lake, CA

Price: \$6,290,000

Current NOI: \$408,864	Jan. 2017 NOI: \$449,750
Capitalization Rate: 6.50%	Capitalization Rate: 7.15%

Net Rentable Area: 17,272 square feet; 370 square foot mezzanine.

Price Per Square Foot: \$376.33

Property Address: 5350 Shasta Dam Boulevard, Shasta Lake, California 96019-9402



Property Description: The subject is a freestanding retail store totaling 17,272 square feet. Constructed in 2006 and placed into service in January 2007, the building is constructed of 8" steel studs, with an exterior veneer of river rock and multiple colors of brick. An adjacent, not-yet constructed 5,000 square foot retail building is not part of this offering. The property is surrounded by an asphalt parking lot and is attractively landscaped. On the southwest side of the building is a two-lane, covered drive-through for use by pharmacy customers. The corner location features high visibility and good access, with ingress/egress from both Cascade Boulevard and Shasta Street. Virtually all traffic entering the City of Shasta Lake on Highway 151 drives past the site. It is only one block from I-5, and is the first commercial intersection one encounters upon exiting the freeway.



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## PROPERTY DESCRIPTION CONT'D Rite Aid NNN Lease, Shasta Lake, CA



Year Built: Completed January 2007

Existing Financing: The asset can be delivered free of debt. However, debt can be assumed. Initial \$3.8M current balance \$3,392,000 at 6.54% rate with Wells Fargo, 25 Yr AM, \$25,743 monthly payment (RAD rent currently \$34,072/month, NNN and will increase 10% to \$37,479 in January 2017).

Tenants and Occupancy: The property is lease to, and is 100% occupied by, Thirft Payless, Inc., doing business as Rite Aid.

Land Area: ±76,849 square feet

Assessor's Parcel No: 007-120-032, Shasta County

Seismic Zone: The subject property may or may not be in a seismic Special Studies Zone as defined by the Alquist-Priolo Earthquake Fault Zone Act. Please check with your lender and/or insurance carrier for specific information about what insurance coverage may be required.

Flood Zone: Flood zone X. The property is not in a flood hazard area per NFIP map #0603582290F dated June 16, 2006.

Construction Type: Commercial steel-stud framing, with masonry exterior and sheetrock interior walls.

Foundation: Concrete Slab.

Roof: Membrane roof over metal roof deck.

HVAC: Four roof HVAC units; one ceiling heater unit in the loading area; one roof-mounted heat pump serving the office area.

Parking: ±74 spaces (*This is approximate*)

Reciprocal Easement Agreement: The shopping center, consisting of lot 1 (the subject) and lot 2 (not a part of this offering), is subject to a recorded Reciprocal Easement Agreement covering the entirety of the center, recorded June 7, 2006. This agreement places responsibility for maintenance and repair of the "Easement Area" with the owner of lot 2. The owner of lot 1 is obligated to reimburse the owner of lot 2 for its proportionate share, defined as the fraction 17,272/22,272, and to make monthly payments of the estimated costs. Please refer to the actual REA for additional details.

Fire Sprinklers: Wet sprinkler system throughout.

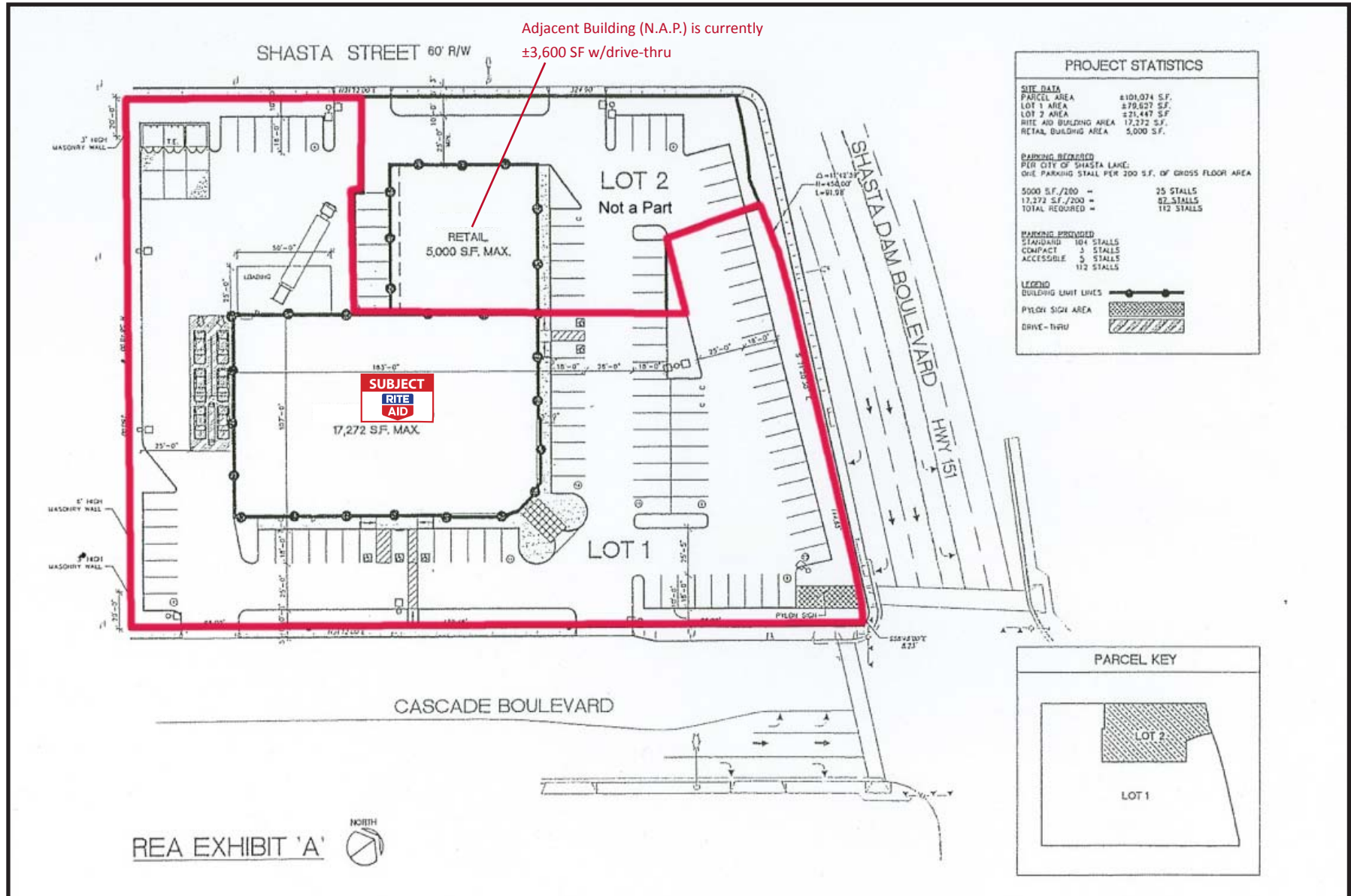


## SUMMARY OF EXISTING LOAN Rite Aid NNN Lease, Shasta Lake, CA

Lender:	Wells Fargo Bank, N.A.
Current Balance:	\$3,392,000
Origination:	June 26, 2008
Due Date:	July 10, 2018
Interest Rate:	6.54%
Amortization:	25 Years
Current Monthly Debt Payment:	\$25,743/month
Prepayment Penalty:	Yes - Changes Daily Swap Contract
Current Rent:	\$34,072/month
Cash Flow (2014-2016):	\$99,948/year
Cash Flow (2017-2027):	\$140,834/year



# LOT PLAN Rite Aid NNN Lease, Shasta Lake, CA



This site plan is for general reference only, and to show the relationship between Lots 1 & 2 (not a part). A strip of land on the north side of the parcels was conveyed to the State for highway widening of Shasta Dam Blvd. in January 2007.

## **DUE DILIGENCE** Rite Aid NNN Lease, Shasta Lake, CA

The following materials will be made available during the purchaser's due diligence review.

### Financial

- Lease
- Property tax bills
- Vendor contracts

### Physical

- Site Plan and Elevations
- Certificate of Occupancy
- ALTA survey
- Reciprocal easement agreement

### Environmental

- Phase I Environmental Site Assessment dated June 3, 2008 and Phase II dated April 11, 2005
- Soils and Engineering reports and documentation

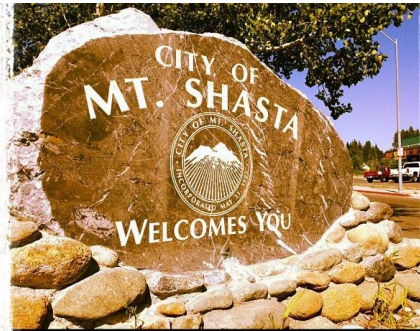
### Title Documents

- A current Preliminary Title Report will be obtained upon opening escrow.

### Loan

- Well Fargo - Does not have to be assumed; 07/02/2008 - 07-10-2018

# SHASTA AREA ATTRACTIONS



*“Mount Shasta is one of Northern California’s fastest growing new locations for destination vacationing, from luxury resort retreats to wilderness camping.”*

[visitmtshasta.com](http://visitmtshasta.com)



## Route to the Summit



**Whether you’re looking for outdoor adventure or spiritual retreats, dining & shopping, or just relaxing...  
...find yourself in Mount Shasta**



### Points of Interest



#### 1. Helen Lake Campsite

Camp here the first night. At over 10,000 this should help you acclimatize for the early 3am start for the summit. Yes, you need to get up that early. Get to bed after the beautiful sunset!



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#### 2. The ascent

Once you break out of the trees above Bunny Flats the views are amazing!



#### 3. The Red Banks

These are tricky to get through with an ice axe being very helpful. To your left is the top of the "heart", a rock field that splits the snowfields up. You will descend on the other side of it. When you reach the top of the chute through the red banks you'll see what looks like the summit. Don't get your hopes up.. It's called Misery...

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#### 4. The Summit

The summit may look daunting from a distance but as you get closer you'll see there is a clear route to the left that climbs up to the true summit. Follow the footsteps of other climbers. Shasta is popular so you probably won't be alone. Remember, safety in numbers while mountaineering.



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#### 5. Edge of your ski descent

Here you will drop into the steep face. It can be a bit daunting, so expert skiers are advised here. Head to skiers left for a slightly easier slope. From here, have fun, pick your route, ski what looks fun but aim for your camp at Helen Lake to pack up and continue your descent back to your car. You'll be able to keep your skis on the entire ...

[More ▾](#)

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# SHASTA AREA ATTRACTIONS

## STATE PARKS

### Castle Crags

The park is named for 6,000-foot tall glacier-polished crags. The park offers swimming and fishing in the Sacramento River, along with 28 miles of hiking trails, over 80 different campsites, and panoramic views of Mount Shasta.

### Ahjumawi Lava Springs

“Where the waters come together...” is a translation of the word Ahjumawi. Ahjumawi is a place of exceptional, even primeval, beauty. Over two thirds of the area is covered by recent (three to five thousand years) lava flows including vast areas of jagged black basalt.

### Shasta State Historic Park

Six miles west of Redding a row of old, half-ruined, brick buildings remind passing motorists that Shasta City, the lusty “Queen City” of California’s northern mining district, once stood on this site. These ruins and some of the nearby roads, cottages, and cemeteries are all silent but eloquent vestiges of the intense activity that was centered here during the California gold rush.

### McArthur-Burney Falls Memorial

The park is within the Cascade Range and Modoc Plateau natural region, with forest and five miles of streamside and lake shoreline, including a portion of Lake Britton. The park’s centerpiece is the 129-foot Burney Falls, which is not the highest or largest waterfall in the state, but possibly the most beautiful.

