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THE AERIAL VIDEO



TRACTOR SUPPLY CO.

1733 LINCOLN WAY E

CHAMBERSBURG, PA 17202

CBRE

**OFFERING
MEMORANDUM**

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*The listing will be sold through the Pennsylvania licensed real estate agent/broker above. All questions, comments or other communication should be directed to Matthew Gorman & Michael Shover.



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INVESTMENT HIGHLIGHTS

- The lease structure is **triple net (NNN)**, which is very unique as a majority of TSC leases are NN.
- There are **nine (9.5) years remaining on the lease term, plus four (4), five (5) year options.**
- In 2012, Tractor **extended their lease term an additional seven (7) years to the year 2028, demonstrating their commitment to this location.**
- The lease is **corporately guaranteed by Tractor Supply Company**, the largest operator of rural lifestyle retail stores in America. Tractor Supply is a highly regarded company with zero debt (NASDAQ: TSCO).
- The lease provides for a **6.30% rental increase in 2021, 9.72% in 2026 and 10% at each option period.**
- The subject property is surrounded by significant big box retail in a popular retail corridor, which helps drives traffic to the store. Nearby stores include **Walmart Supercenter, Hobby Lobby, Grocery Outlet, Lowe's, Planet Fitness and ALDI, among others.**
- There are **51,477 residents located in the five (5) mile demographic ring, and 519,061 residents located in the thirty (30) mile demographic ring.**
- The property is situated on Lincoln Way E., **a busy street that reports traffic counts of over 25,000 cars per day.**
- The next **closest Tractor Supply is 15.6 Miles away.**
- The average household income in the five (5) mile demographic ring is **\$69,337.**
- Chambersburg supports a thriving retail economy and is currently home to **3.73 million square feet of retail space and 23 major retail centers.**

INVESTMENT SUMMARY

| | |
|--------------------------|-------------|
| Offering Price..... | \$6,626,000 |
| Cap Rate..... | 5.75% |
| Price/SF..... | \$267.71 |
| Lease Structure | NNN |
| Current Annual Rent..... | \$381,000 |
| Building GLA | 24,751 SF |
| Lot Size..... | 3.738 acres |
| Ownership | Fee Simple |



TENANT OVERVIEW

About Tractor Supply

Tractor Supply Company is the largest operator of rural lifestyle retail stores in the United States. The company operates over 1,600 retail stores in 49 states, employs more than 26,000 team members and is headquartered in Brentwood, Tenn. Its stock is traded on the NASDAQ exchange under the symbol "TSCO". As they have no debt, they have no official credit rating but are regarded as a strong company and a great tenant.

The company was founded in 1938 as a mail order catalog business offering tractor parts to America's family farmers. Today, Tractor Supply is a leading-edge retailer with an annual revenue of approximately \$7.26 billion in 2017. Tractor Supply stores are located primarily in towns outlying major metropolitan markets and in rural communities. These stores are focused on supplying the lifestyle needs of recreational farmers and ranchers and others who enjoy the rural lifestyle, as well as tradesmen and small businesses. You can find equine and pet supplies, animal feed, power tools, riding mowers, work/recreational clothing, lawn/garden products and more. Each store team includes welders, farmers and horse owners who collectively provide an exceptional depth of knowledge and resources to their customers.

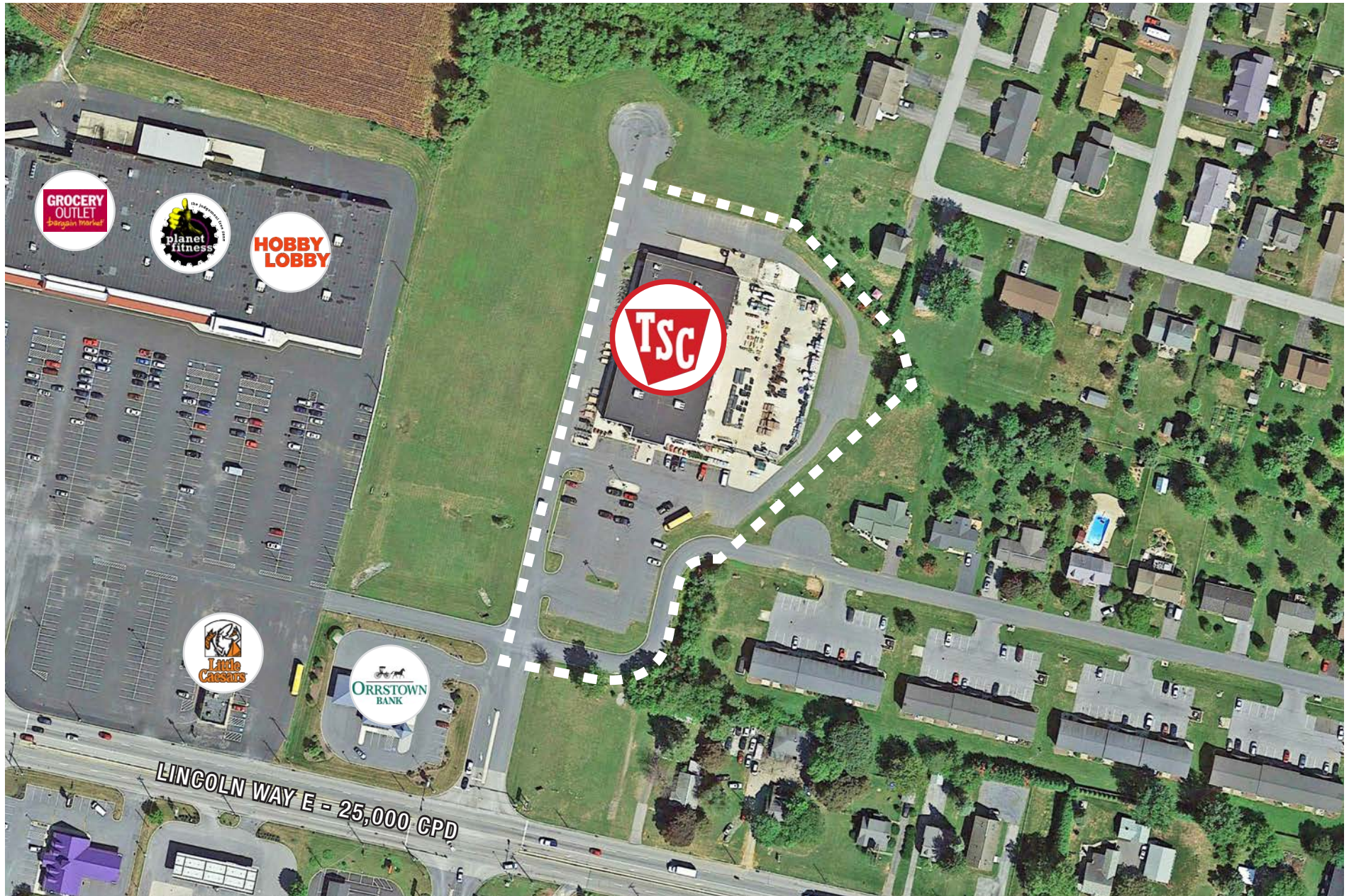
Tractor Supply opened approximately 101 locations in 2017, and they expect to open approximately 80 additional stores in 2018. In September 2016, Tractor Supply acquired Petsense, a small-box pet specialty retailer. There are 168 Petsense locations in 26 U.S. states, with 20 more planned for 2018. Tractor Supply is continuing to grow with new stores and improved product offerings. The Tractor Supply mission and values motivate and inspire team members and give the organization a unified focus for the future.



TRACTOR SUPPLY CORPORATE OVERVIEW

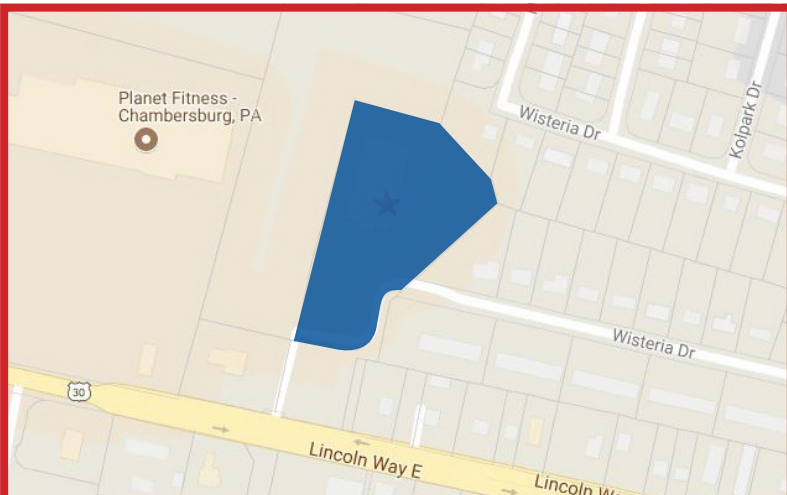
| | |
|-------------------------|-----------------------|
| Type: | Public (NASDAQ: TSCO) |
| Industry: | Specialty Retail |
| Locations: | 1,600+ |
| Employees: | 26,000+ |
| Corporate Headquarters: | Brentwood, TN |
| Revenue: | \$7.26 Billion (2017) |
| D&B Credit Rating: | 5A2 (2017) |

PROPERTY OVERVIEW





PROPERTY OVERVIEW



PROPERTY SUMMARY

Price: \$6,626,000

Cap Rate: 5.75%

Address: 1733 Lincoln Way E
Chambersburg, PA 17201

Ownership: Fee Simple

Building GLA: 24,751 SF

Lot Size: 3.738 acres

Parking: 118 spaces

Year Built: 2006

Parcel Number: 10-D5K-109

LEASE SUMMARY

Tenant: Tractor Supply Company

Guarantor: Tractor Supply Company

Date of Lease: October 20, 2005

Rent Commencement: June 29, 2006

Lease Expiration: April 30, 2028

Lease Term: 22 years (15 + 7 year extension)

Term Remaining: 9.5 years (as of 10/2018)

Renewal Options: 4 - 5 year options

Current Annual Rent: \$381,000

Rental Increases: See rent schedule

Percentage Rent: None

Sales Reporting: Store does not report sales.

LEASE SUMMARY CONTINUED

| | |
|-------------------------------------|---|
| Lease Structure: | NNN - Minimal Landlord Responsibility |
| Roof & Structure: | TENANT: Tenant agrees that, at its expense, it shall promptly and at all times keep and maintain the Premises, including all improvements thereof, in a safe, good repair and clean appearance, except for ordinary wear and tear. Tenant shall also promptly make all structural and nonstructural repairs and replacements which may be required to be made to keep and maintain the Premises in a safe, good and fully operational condition, repair and clean appearance. |
| HVAC: | |
| Common Area: | |
| Parking: | |
| Property Taxes: | TENANT: Tenant to reimburse Landlord for real estate taxes monthly, reconciled once per year. |
| Utilities: | TENANT: Tenant pays direct. |
| Insurance: | TENANT: Tenant to reimburse Landlord for insurance costs annually. |
| Other: | TENANT: Tenant to reimburse Landlord for any and all costs, charges, assessments and the like as arise from the CCRs. |
| Assignment & Subletting: | No assignment or sublet shall relieve Tenant from its obligations under the Lease. Landlord must provide seven days' prior notice to Tenant in order to assign its interest in the Lease. |
| ROFR: | Tenant has a 30 day ROFR. |

RENT SCHEDULE

| Lease Term | Lease Years | Monthly Rent | Annual Rent | Rent/SF | Increase (%) |
|------------------|-------------------|--------------|--------------|---------|--------------|
| Current: | 5/1/16 - 4/30/21: | \$31,750.00 | \$381,000.00 | \$15.39 | |
| | 5/1/21 - 4/30/26: | \$33,750.00 | \$405,000.00 | \$16.36 | 6.30% |
| | 5/1/26 - 4/30/28: | \$37,029.00 | \$444,348.00 | \$17.95 | 9.72% |
| Option 1: | 5/1/28 - 4/30/33: | \$40,732.00 | \$488,784.00 | \$19.75 | 10.00% |
| Option 2: | 5/1/33 - 4/30/38: | \$44,805.00 | \$537,660.00 | \$21.72 | 10.00% |
| Option 3: | 5/1/38 - 4/30/43: | \$49,285.00 | \$591,420.00 | \$23.89 | 10.00% |
| Option 4: | 5/1/43 - 4/30/48: | \$54,214.00 | \$650,568.00 | \$26.28 | 10.00% |







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INTERSTATE 81
43,000 CPD

DICK'S Sporting Goods, PopeYes, TJ-MAXX, SHOE DEPT., Perkins, maurices, ULTA, Sprint, Safelite AutoGlass, Days Inn, WAFFLE HOUSE, SHEETZ, PNC BANK, Dollar Tree, NAPA

SUZUKI, TOYOTA, Let's Go Places, HONDA, NISSAN

DUNKIN' DONUTS, ANYTIME FITNESS, SHERWIN WILLIAMS

Ryan's

Arby's

Wendy's

AAA, ALDI, Dunham's SPORTS, HARBOR FREIGHT TOOLS, JO-ANN fabric and craft stores, Rent-A-Center, goodwill

LOWE'S

F&M TRUST

DQ

Little Caesars

HOBBY LOBBY, JUST CABINETS, planet fitness, GROCERY OUTLET Bargain Market

TSC

ORRSTOWN BANK

HIBACHI GRILL & SUPREME BUFFET

Aaron's

GameStop

Walmart SUPERCENTER

LINCOLN WAY - 25,000 CPD



| ESTIMATED POPULATION | |
|----------------------|---------|
| 3 Mile | 26,611 |
| 5 Mile | 51,477 |
| 10 Mile | 91,331 |
| 30 Mile | 519,061 |

TB WOOD'S INC.
MANUFACTURING



CHAMBERSBURG
HOSPITAL



BUCHANAN
ELEMENTARY SCHOOL



CHAMBERSBURG AREA
SENIOR HIGH SCHOOL



CHAMBERSBURG AREA
MIDDLE SCHOOL



43,000 CPD

BRI-MAR
MANUFACTURING LLC

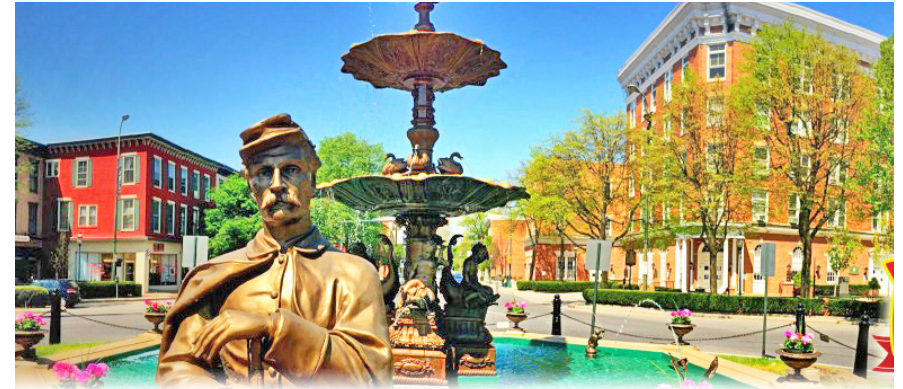


AREA OVERVIEW

CHAMBERSBURG, PA

HISTORY

- The Borough of Chambersburg, one of the earliest permanent settlements west of the Susquehanna River, was founded in 1764 by Benjamin Chambers on land granted to him by the Penn Proprietors. Chambersburg was incorporated as a Borough by an Act of the State Legislature on March 21, 1803. It is located on Interstate 81 in the south-central region of Pennsylvania and is the county seat of Franklin County. The Borough covers an area of 6.58 square miles and lies approximately 50 miles southwest of Harrisburg, 25 miles west of Gettysburg, and 22 miles north of Hagerstown, Maryland. It is the historic and commercial center of the region characterized by varied small and medium industrial enterprises, a rich agricultural area, and residential growth.



ECONOMY

- The construction of the interstate highway system in the 1960's resulted in Interstate 81 being on the eastern edge of the Borough. Chambersburg has become a magnet for distribution warehouses to facilitate the flow of goods on the East Coast. Authorities are examining their options on how Interstate 81 can be improved to handle the abundant truck traffic that transverse the highway daily. This access to major highways and railroads coupled with Chambersburg's location has created opportunities for our continued prosperity.
- Other factors that make the Borough a good place to do business are competitively low utility rates, quality municipal services, ample power supplies, affordable housing, a skilled and diversified workforce, a low crime rate, and a progressive school district. The unemployment rate in Chambersburg is 5.20% (U.S. avg. is 5.20%), with job growth of 2.39%.

RETAIL ACTIVITY

- Chambersburg supports a thriving retail economy and is currently home to 3.73 million square feet of retail space and 23 major retail centers. The largest centers in the city include the 524,000-square foot Guildford Commons, the 517,000-square foot Southgate Shopping Center, and the 401,000-square foot Chambersburg Crossing.

AREA OVERVIEW

EDUCATION

- Wilson College is a private institution located just 4 miles (12 minutes) from the subject property. The beautiful 300-acre campus is on the National Register of Historic Places as a historic district and the Conococheague Creek runs through it. It has a total undergraduate enrollment of 741, and is ranked 11th in U.S. News and World Report's 2018 edition of Best Regional Colleges North.

AIRPORTS

- Franklin County Regional Airport (FCRA) is the primary general aviation airport in Franklin County. The Airport hosts approximately 10,000 operations each year, and is located just 6 miles (15 minutes) from the subject property.
- Hagerstown Regional Airport is a public use airport located on Route 11, approximately three miles north of Hagerstown. It is among the oldest continuously operating U.S. airports and is situated just 20 miles (24 minutes) from the subject property. Allegiant and Sun Air International provide scheduled airline service at Hagerstown Regional, and the airport serves between 50 & 60,000 passengers annually.



SURROUNDING ACTIVITY

- Chambersburg's 'The Old Jail', also known as a famous historical site, was built in 1818 and used as the local prison for over 150 years. The jail features five domed dungeons in the underground cellar, as well as above ground cells and is now available for tours and special events.
- The Wilson Museum of Natural History at Wilson College maintains a large collection of birds, mammals, insects, plants, rocks, and minerals. The museum includes a wide range of displays and exhibits. The collections play an important role in the study of the natural world.
- Formed in 2008, Tuscarora Mountain Winery was originally started as a hobby in a home before opening a store in 2009. The winery has a tasting room that offers over two dozen wines from dry to semi-sweet to sweet. The winery hosts several events throughout the year such as the 'Apple Fest in Downtown Chambersburg'.

DEMOGRAPHICS

| POPULATION | 3 Mile | 5 Mile | 10 Mile | 30 Mile |
|-----------------------------|--------|--------|---------|---------|
| Estimated Population (2017) | 25,611 | 51,477 | 91,331 | 519,061 |
| Census Population (2010) | 24,891 | 49,446 | 87,641 | 499,021 |
| Projected Population (2022) | 26,117 | 52,792 | 93,856 | 534,816 |
| HISTORICAL ANNUAL GROWTH | | | | |
| 2000-2010 | 1.45% | 1.79% | 1.51% | 1.11% |
| 2010-2017 | 0.39% | 0.56% | 0.57% | 0.54% |
| PROJECTED ANNUAL GROWTH | | | | |
| 2017-2022 | 0.39% | 0.51% | 0.55% | 0.60% |

| HOUSEHOLDS | 3 Mile | 5 Mile | 10 Mile | 30 Mile |
|-----------------------------|--------|--------|---------|---------|
| Estimated Households (2017) | 10,372 | 20,793 | 35,809 | 197,320 |
| Census Households (2010) | 10,135 | 20,096 | 34,452 | 190,106 |
| Projected Households (2022) | 10,559 | 21,276 | 36,750 | 203,127 |
| HISTORICAL ANNUAL GROWTH | | | | |
| 2000-2010 | 1.38% | 1.68% | 1.55% | 1.20% |
| 2010-2017 | 0.32% | 0.47% | 0.53% | 0.52% |
| PROJECTED ANNUAL GROWTH | | | | |
| 2017-2022 | 0.36% | 0.46% | 0.52% | 0.58% |

| 2017 POPULATION BY RACE | 3 Mile | 5 Mile | 10 Mile | 30 Mile |
|---------------------------|--------|--------|---------|---------|
| White | 79.8% | 79.4% | 84.5% | 85.9% |
| Hispanic | 10.6% | 10.8% | 7.6% | 5.2% |
| Black or African American | 5.7% | 6.3% | 4.9% | 5.6% |
| Asian | 1.8% | 1.5% | 1.2% | 1.3% |

| 2017 AGE BY GENDER | 3 Mile | 5 Mile | 10 Mile | 30 Mile |
|--------------------|--------|--------|---------|---------|
| MEDIAN AGE | | | | |
| Male | 41.00 | 40.70 | 40.20 | 39.90 |
| Female | 45.30 | 44.50 | 43.40 | 42.40 |

| HOUSEHOLD INCOME | 3 Mile | 5 Mile | 10 Mile | 30 Mile |
|------------------|----------|----------|----------|----------|
| 2017 Average | \$71,249 | \$69,337 | \$69,272 | \$72,851 |
| 2017 Median | \$52,772 | \$52,370 | \$53,933 | \$56,851 |

| VALUE OF HOUSING UNITS | 3 Mile | 5 Mile | 10 Mile | 30 Mile |
|------------------------|-----------|-----------|-----------|-----------|
| 2017 Average | \$236,816 | \$226,994 | \$221,187 | \$249,120 |
| 2017 Median | \$190,900 | \$189,660 | \$188,912 | \$208,038 |

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By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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