



LEASE RECENTLY EXTENDED

OFFERING MEMORANDUM

PRESERVE
WEST
CAPITAL
FIRST STREET



Walgreens
Citrus Heights, CA | Sacramento MSA



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Disclaimer

Michael Maffia ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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Property Highlights

- Long-Term Corporate Net Lease to Walgreens (NYSE:WBA)
 - Walgreens Signed Early 8-Year, 11-Month Lease Extension, Demonstrating Long-Term Commitment to Site
 - Rare 7% Rental Escalations at Options
 - Consistent, Stable Sales Performance at the Store
- Excellent Access and Visibility at Signalized Intersection of Sunrise Avenue and Antelope Drive
 - Combined AADT of 65,680
 - Approximately 3 Miles from I-80 Arterial – 187,500 AADT
- Investment Grade Tenant Rated BBB by S&P
 - Ranked 19 in the Fortune 500
 - \$131.5 Billion in Revenue for 2018 Fiscal Year
- Robust, Affluent Demographics within 5 Miles of Site
 - Population of 334,728
 - Average Household Income of \$92,451
- Ideally Situated in Dense Retail Corridor, Approximately 2 Miles from Sunrise Marketplace Property and Business Improvement District
 - Marketing and Economic Development Services have Resulted in Dense Retail Hub with 400+ Businesses in 10-Block Area
 - Anchor Tenants Neighboring Site Include Whole Foods, Walmart Supercenter, Target, Sprouts Farmer's Market, Trader Joe's, and More
- Neighbors Numerous Major Medical Centers and Long-Term Care Facilities
 - Approximately 5 Miles from Sutter Health Roseville Medical Center – 12,138 Employees
- Sacramento MSA is Experiencing Dramatic Growth
 - MSA Population of Approximately 2,324,900 – 9.36% Growth since 2010
 - Approximately 350 New Residential Units in Development Pipeline in Citrus Heights



Location

The property is located at 7787 Sunrise Boulevard in Citrus Heights, California.

Lot Size

Approximately 1.46 acres or 63,597 square feet.

Improvements

A 15,120 square foot retail building with a drive-thru for **Walgreens**.

Lease

Leased to **Walgreen Co.** for 60 years from March 1, 2001 through February 28, 2061, at a current annual rent of \$477,000. Tenant has the right to terminate the lease with twelve (12) months' notice in year 20 (February 28, 2021) and every 5 years thereafter, but has signed an amendment extending the lease an additional 8 years and 11 months, with the first termination right occurring February 29, 2028. Rent is to increase by 7% every 10 years in the termination option periods, beginning in year 29 at commencement of the first option (post amendment).

The lease is net with tenant responsible for all taxes, insurance, and maintenance, including parking lot repairs but not replacements and excluding roof and structural elements.

Parking

There are 54 parking spaces available on site.

Financing

This property will be delivered free and clear of permanent financing.

PRICE

\$7,950,000

6.00% Return

Annual Rent

Year		Annual Rent	Return
Years 1-28	(8 Years, 11 mos. Remaining)	\$477,000	6.00%
Years 29-32	(Option 1)	\$510,390	6.42%
Years 33-37	(Option 2)	\$510,390	6.42%
Years 38-42	(Option 3)	\$546,117	6.87%
Years 43-47	(Option 4)	\$546,117	6.87%
Years 48-52	(Option 5)	\$584,346	7.35%
Years 53-57	(Option 6)	\$584,346	7.35%
Years 58-60	(Option 7)	\$625,249	7.86%



Walgreens Boots Alliance, Inc
S&P Rated “BBB”

Walgreens (NYSE:WBA) is the largest retail pharmacy, health, and drug store chain in the U.S. and Europe. The company operates 9,560 drugstores in fifty states, the District of Columbia, Puerto Rico, and the US. Virgin Islands under the brands Walgreens and Duane Reade. Approximately 400 of these locations also provide in-store healthcare clinics or other provider retail healthcare clinic services. Walgreens and its parent companies together have a presence in more than 25 countries, employ more than 415,000 people, and operate more than 18,500 stores in 11 countries. Walgreens is a market leader in the U.S. retail pharmacy space, with approximately 78% of the country's population living within five miles of a Walgreens, Duane Reade, or acquired Rite Aid retail pharmacy. In 2018, the company's retail pharmacies filled more than 823 million prescriptions in the U.S..

In 2014, the company agreed to purchase the remaining 55% of Switzerland-based Alliance Boots that it did not already own to form a global business. Under the terms of the purchase, the two companies merged to form a new holding company, **Walgreens Boots Alliance Inc.**, on December 31, 2014. Walgreens became a subsidiary of the new company, which retains its Deerfield headquarters and trades on the Nasdaq under the symbol “WBA”. On October 27, 2015, Walgreens announced that it would acquire its rival Rite Aid for \$17.2 billion to widen its footprint in the United States and gain an advantage in negotiating for lower drug costs. However, following regulatory feedback, the companies terminated the merger agreement in June 2017, instead entering into a real estate purchase agreement by which Walgreens acquired 1,932 existing Rite Aid stores and three distribution centers for \$4.375 billion in cash and other consideration. These store transfers have allowed Walgreens to expand its U.S. footprint as desired.

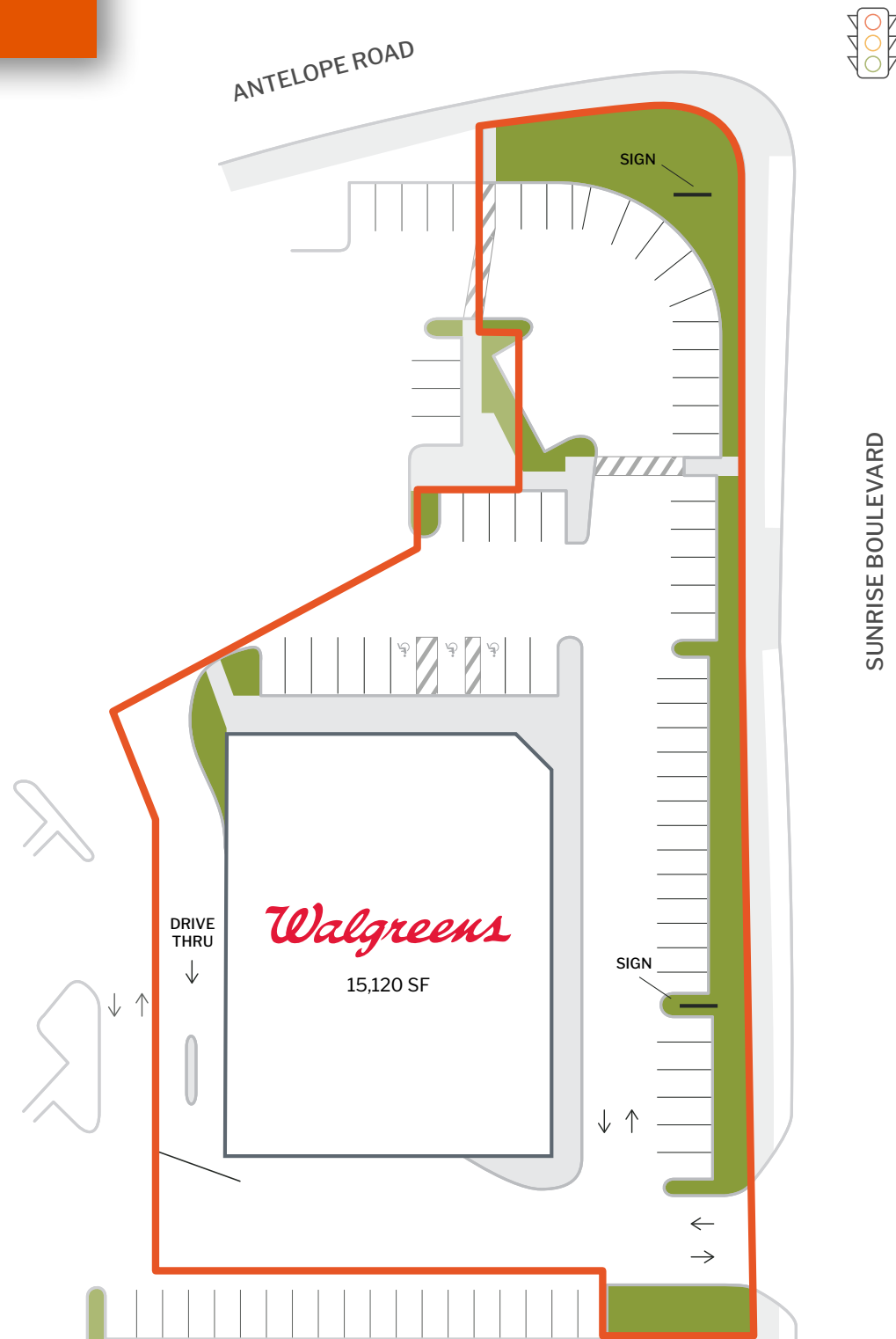
In March 2017, Walgreens Boots Alliance and pharmacy benefit manager Prime Therapeutics LLC closed a transaction to form a combined central specialty pharmacy and mail services company, AllianceRX Walgreens Prime. The merger was intended to promote greater efficiency, provide cost-saving opportunities for patients, and improve care coordination.

Walgreens Boots Alliance carries a credit rating of BBB by Standard and Poors and Baa2 from Moody's. For the 2018 fiscal year, the company reported revenue of \$131.5 billion, net income of \$5.02 billion, and total stockholder equity of \$26 billion. The company is ranked #19 in the Fortune 500.

Walgreen Co., the lease entity is a wholly owned subsidiary of Walgreens Boots Alliance, Inc..

For additional information, see www.walgreens.com.

SITE PLAN



AERIAL

SOUTHWEST VIEW

DOWNTOWN SACRAMENTO
(~16 miles)

Mesa Verde
High School



Holy Family
Elementary

Walgreens



Corner Pocket Sports Bar



enterprise

Sunrise Blvd (43,084 AADT)

Antelope Rd (22,596 AADT)



AERIAL

NORTHEAST VIEW



Oakmont
High School

ROSEVILLE

Crestmont
Elementary

ROCKLIN



Walgreens



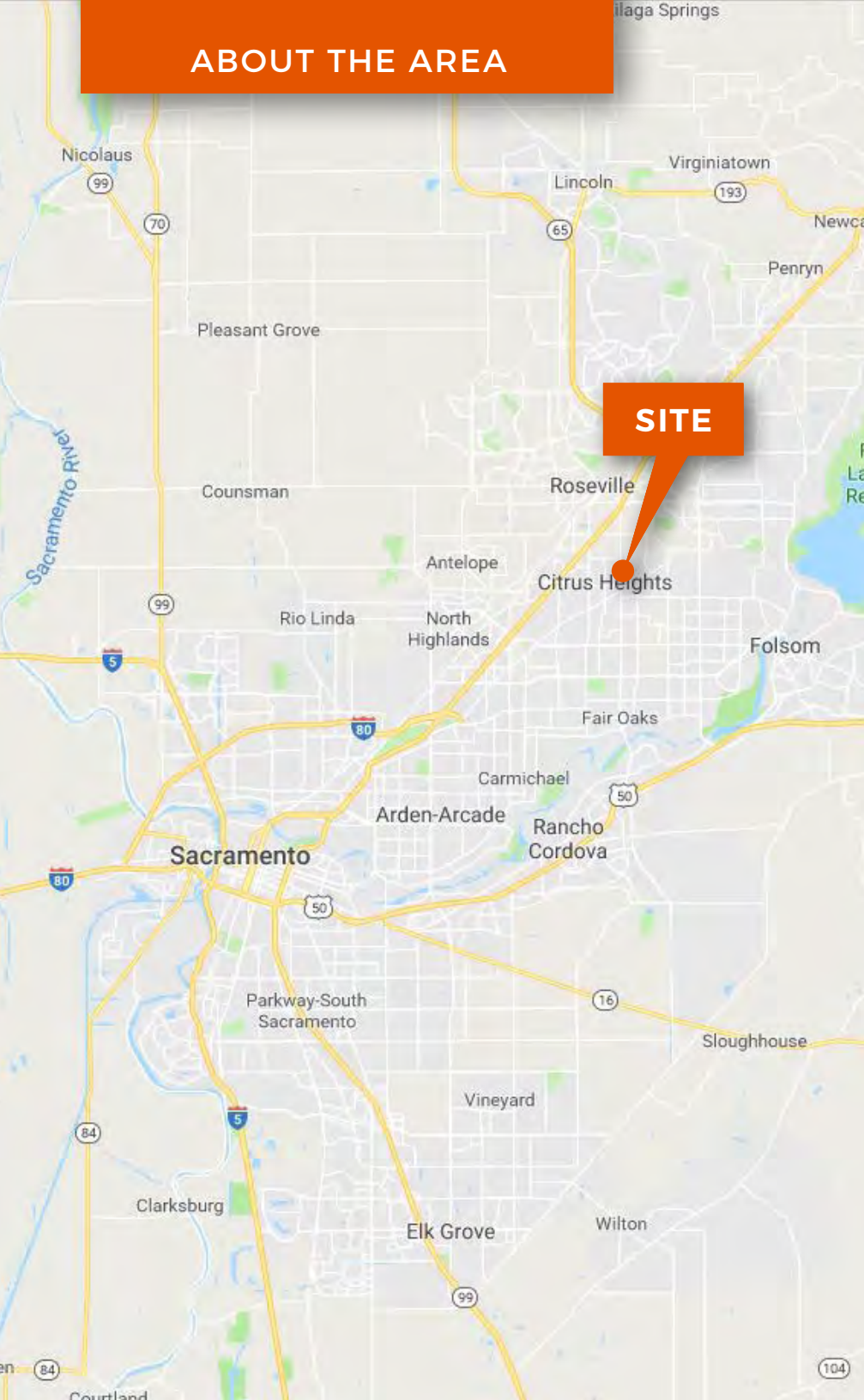
Corner Pocket Sports Bar



Antelope Rd (22,596 AADT)

Sunrise Blvd (43,084 AADT)

ABOUT THE AREA



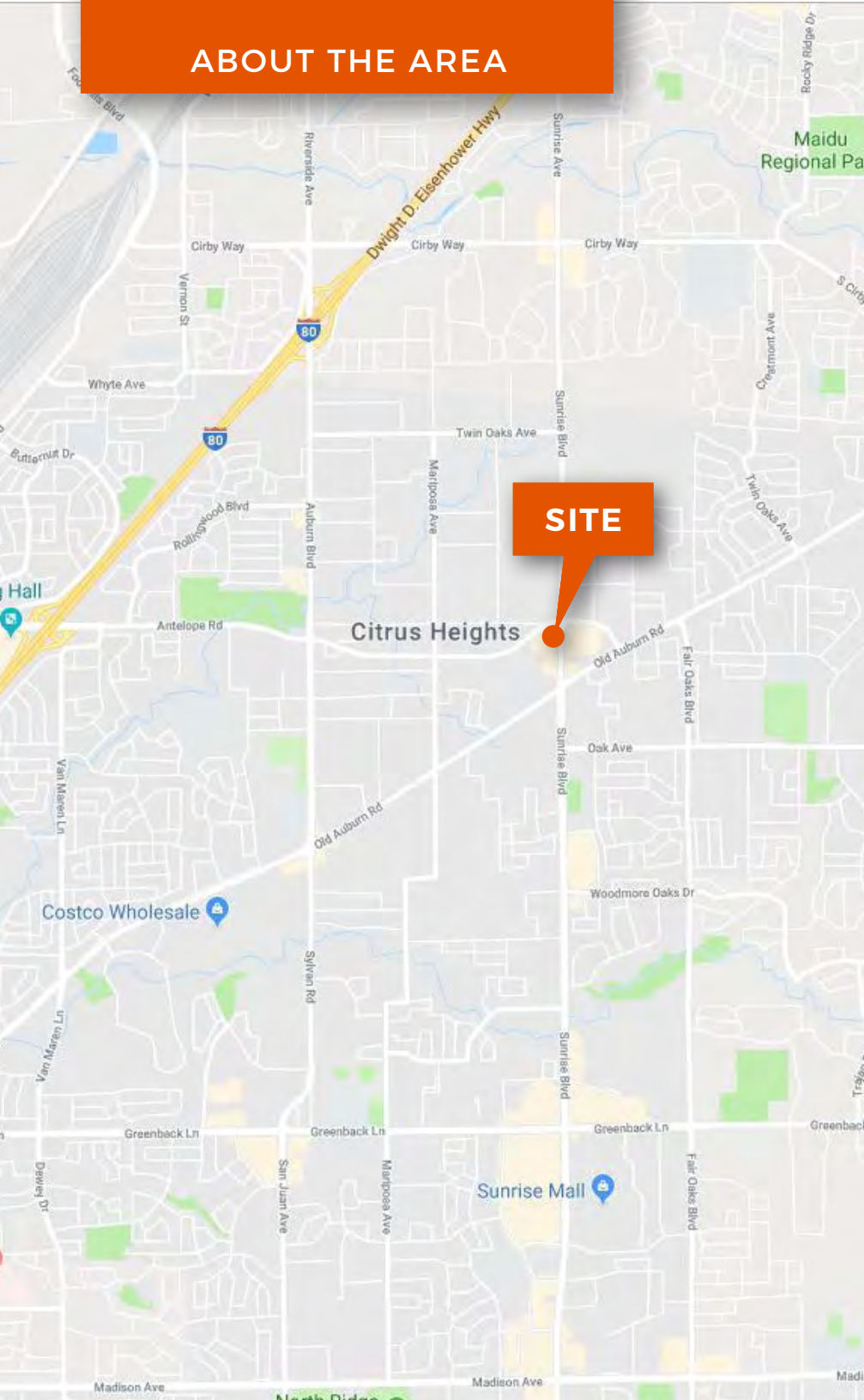
General Overview

Citrus Heights (population 86,618) is a city in Sacramento County within the Sacramento-Arden-Arcade-Roseville Metropolitan Statistical Area (population 2,324,884), approximately 16 miles from downtown Sacramento and 4 miles from downtown Roseville. The city benefits from the robust Sacramento regional economy and serves as a retail hub for the North Sacramento area, and has experienced substantial development activity in recent years. Major projects currently in the development pipeline include Mitchell Farms, a 56-acre master-planned infill residential development slated to include 261 single family residences, with construction expected to be completed in Spring of 2020. Other major developments include Wyatt Ranch, a residential development expected to include 23 new single family homes, Mariposa Creek, a 15-unit residential subdivision, and Sunrise Pointe, a 47-unit multi-family residential development.

Sacramento (population 485,199) is the seat of Sacramento County and the capitol of California. The greater Sacramento area is served by several major highways: Interstate 80, a major east-west arterial, connects Sacramento to San Francisco in the West and Reno in the East. Interstate 5 connects the city to Redding and Oregon in the North and to the Central Valley in the south. CA State Route 99 spans nearly the entire length of the Central Valley, connecting Sacramento to Fresno, Bakersfield, Merced, Stockton, and Chico, among others. Amtrak provides commuter rail service to the San Francisco Bay Area, Southern California, Oregon, Nevada, Washington, and the Midwest, and is the second busiest Amtrak station in California. The Sacramento International Airport provides air transportation to the region, serving more than 10 million passengers in 2016.

Development activity in the Sacramento region abounds, with more than \$1 billion invested in development and redevelopment activity alone since 2008. Major projects include The Railyards, the largest infill project in the U.S, a 244-acre mixed use development just north of Downtown Sacramento slated to include more than 1 million square feet of retail, 6,000 residential units, and 2.3 million square feet of office space. Other major projects include Downtown Commons, a 1 million square foot mixed-use project featuring retail, office, residential, and hotel components, expected to be completed by early 2019, The Hardin, a \$60.1 million experience-oriented lifestyle mixed-use development, The Docks, a proposed 1.3 million square foot mixed-use project along the Sacramento River which would feature 1,100 residential units and more than 500,000 square feet of office space, and more. Recently completed projects include Delta Shores, a 800-acre master planned development in the southern part of the city on one of the last major undeveloped pieces of land in Sacramento featuring 5,200 residential units, 1.3 million square feet of retail, and 250,000 square feet of hotel and commercial uses.

ABOUT THE AREA



Site Overview

The subject property is ideally situated with excellent access and visibility at the junction of Sunrise Boulevard (43,084 AADT) and Antelope Road (22,596 AADT), approximately three miles from its junction with I-80 (187,500 AADT), a major east-west arterial, and approximately sixteen miles from Downtown Sacramento. The site benefits from robust demographics with a population of 334,728 and average household income of \$92,451 within a five mile radius.

The site benefits from a prominent location within a robust retail corridor neighboring numerous shopping centers and retail tenants. The property is located approximately two miles from the Sunrise Marketplace Property and Business Improvement District, which has provided economic development and marketing efforts to businesses within the district since 1999, resulting in a dense retail hub with more than 400 stores, restaurants, and services within the ten-block district. The property is located within Sunrise Plaza Shopping Center and adjacent to Ancil Hoffman Shopping Center, with major tenants including California Family Fitness, Taco Bell, Burger King, and Circle K.

Major shopping centers neighboring the site include the Citrus Town Center, anchored by Sprouts Farmers Market and BevMo!; the Marketplace at Birdcage, featuring Target, Walmart Neighborhood Market, Lowe's Home Improvement, Cost Plus World Market, Best Buy, and more; Copperwood Square, with tenants including Planet Fitness and Food Maxx; Sunrise Mall; Creekside Town Center, with tenants including Nordstrom Rack, Best Buy, and Ulta Beauty; San Juan Plaza Shopping Center, anchored by Safeway and Sam's Club; Quail Pointe Shopping Center, featuring Trader Joe's and Petco; Harding Plaza, with tenants including Trader Joe's and Smart & Final Extra!; Roseville Shopping Center, anchored by Walmart Supercenter, Target, and Raley's; and Roseville Square Shopping Center, with tenants including Grocery Outlet, Rite Aid, and more. Other major retail tenants neighboring the site include Whole Foods Market, Costco, Crunch Fitness, PetSmart, Dollar Tree, Ross, Bel Aire, Safeway, Home Depot, Hobby Lobby, Big 5, Staples, and more.

In addition, the site neighbors numerous medical and long-term care facilities, driving additional traffic from patients, doctors, and staff to the site. The property is situated approximately four miles from Kaiser Permanente's Roseville medical center and approximately 5 miles from the Sutter Health Roseville Medical Center, a 328-bed hospital and Level II trauma center serving the Northeast Sacramento region. Kaiser Permanente and Sutter Health are among Citrus Heights' largest employers, with staffs of 16,959 and 12,138 respectively. Long term care facilities neighboring the site include Auburn Oaks Senior Living, Sun Oak Senior Living, Mercy Outpatient Rehabilitation, Roseville Commons Senior Living, Bristol Hospice, ManorCare Health Services Citrus Heights, and more. Additional medical facilities in development near the site include the Stock Ranch Ambulatory Surgical Center, Quantum Care Assisted Living, and more.



7787 Sunrise Blvd | Citrus Heights, CA 95610



2018 POPULATION
334,728



AVERAGE HOME VALUE
\$439,629



AVG. HOUSEHOLD INCOME
\$92,451

Population Summary	1 Mile	5 Miles	15 Miles
2010 Total Population	16,810	123,494	315,311
2018 Total Population	17,032	130,728	334,728
2023 Total Population	17,748	136,749	350,760
2018-2023 Annual Rate	0.83%	0.90%	0.94%
Average Household Income			
2018	\$79,165	\$83,080	\$92,451
2023	\$92,169	\$97,989	\$108,813
Average Home Value			
2018	\$400,499	\$378,326	\$439,629
2023	\$489,220	\$457,386	\$516,358

Major Employers in Citrus Heights	# of Employees
State of California	75,801
Kaiser Permanente	16,959
UC Davis/UC Davis Health System	12,840
Sacramento County	12,208
Sutter Health Sacramento Sierra Region	12,138
Dignity Health	7,000
Intel Corp	6,000
Raley's Inc.	5,528
Apple Inc.	5,000
San Juan Unified School District	4,365



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