



OFFERING MEMORANDUM



— 905 E. BIDWELL STREET —
FOLSOM, CA

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NATIONAL RETAIL PARTNERS

EXCLUSIVELY MARKETING BY

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— 905 E. BIDWELL STREET —
FOLSOM, CA

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LAKE NATOMA

50 FREEWAY (±120,176 CPD)

FOLSOM HIGH SCHOOL



ERNIE SHELDON YOUTH
SPORTS PARK



WILLOW CREEK TOWN CENTER

EVERY SEASON STARTS AT DICK'S SPORTING GOODS	CVS	Habit BURGER GRILL
ANYTIME FITNESS	CHIPOTLE MEXICAN GRILL	IHOP RESTAURANT
WELLS FARGO	WING STOP	Golden1 Credit Union

OVERLOOK AT
BLUE RAVINE

COMMONWEALTH SQUARE

Raley's	STARBUCKS
jiffylube	MOUNTAIN MIKES

FOLSOM CROSSING

GROCERY OUTLET "Pamper Market"	DOLLAR TREE	O'Reilly AUTO PARTS
Wendy's RESTAURANT	STARBUCKS	McDonald's

WinCo
FOODS

WALMART

24 FITNESS

Chevron

LEMBI PARK

FOLSOM FIRE
DEPARTMENT

FOLSOM AQUATIC CENTER

RILEY STREET

ORCHARD STREET

BIDWELL STREET (±32,063 CPD)

Pollo Loco
RESTAURANT

BIG 5
FOOD & BEVERAGE

FOLSOM SQUARE

TARGET	HomeGoods	K
Carl's Jr.	BANK OF THE WEST	Five Star

FOLSOM TOWN CENTER

Lowe's	TRADER JOE'S
SUBWAY	Baskin Robbins

SCHOOL STREET



INVESTMENT SUMMARY

OFFERING PRICE	\$11,207,000
NOI (YEAR 1)	\$560,358
CAP RATE (YEAR 1)	5.00%
NOI (YEAR 3)	\$616,392
CAP RATE (YEAR 3)	5.50%
TOTAL BUILDING AREA	±39,405 SF - *See Note
CURRENT OCCUPANCY	100%
TOTAL LAND AREA	±221,720 (±5.09 Acres) - *See Note
WEBSITE	www.nrpwest.com/sproutsfolsom

***NOTE:** The Offering includes the entire ±5.09 acre parcel. Seller shall master lease from Buyer the currently available ±8,274 SF vacant unit along with the former garden area adjacent to Sprouts (±31,131 SF) for a term of 99 years at an annual ground rent of \$1,000. Call the Listing Brokers for more details.



INVESTMENT HIGHLIGHTS

NEW, SINGLE-TENANT NET LEASES (STNL) GROCERY INVESTMENT - SPROUTS FARMERS MARKET

- **Corporate NNN Lease with Sprouts Farmers Market** – Sprouts Farmers Market is a national chain organic grocer with **335** stores across the United States, focusing on providing organic food, produce, vitamins, and household items to serve their customers' focus on health and wellness.
 - » Sprouts Farmers Market, Inc. (**NASDAQ: SFM**) is a publicly traded company with an estimated market cap of over **\$2.9 billion (stock is up over 30% YTD)** and reported revenues exceeding **\$5.6 billion** for the year ending 2019. Providing essential "daily needs" grocery items, Sprouts' revenue has grown at an average of **13%** year over year since 2016. Most recently, Sprouts' 1st Quarter 2020 **sales were up over 19% year over year**
- **Long Term Lease** – Sprouts is on a recent **15-year** lease term with three 5-year and one 4-year option to renew (**12 years remain** on current base term, expires March 2032)
- **Low Rent/Intrinsic Value** – Sprouts is only paying **\$1.50 PSF/MO** for this high-quality, newly constructed building, resulting in a relatively **low purchase price PSF**, enhancing tenant security and benefiting Sprouts' long-term viability at this location
- **Strong Income Growth** – Due to embedded **10%** rental increases, the NOI is projected to increase **\$122,000 (22%)** over the duration of the lease, providing strong income growth and a more beneficial inflation hedge compared to many "flat" STNL investments
 - » **Sprouts' current rent is scheduled to increase 10% in March 2022 (less than 2 years)**

HIGH IDENTITY, POINT OF DESTINATION LOCATION WITHIN AFFLUENT TRADE AREA

- **High Visibility, High Traffic Location** – Sprouts enjoys excellent access from and line of sight visibility along E. Bidwell Street (over **32,000** cars per day). This exposure is optimized by **two pylons signs** (E. Bidwell Street and Riley Street)
- **Residential and Commercial Proximity** – Proximity to both residential and commercial density keeps the property throughout the day and evening
- **Retail Hub** – Located within the retail hub of Folsom with name brand tenants including: **Lowe's, Walmart, Kohl's, Target, HomeGoods, Trader Joe's, Raley's, Dicks, Office Depot, Petco, 24 Hour Fitness, Dollar Tree, Starbucks, Chipotle, Starbucks, Wendy's, Habit Burger, IHOP, Smashburger** and others
- **Point of Destination** – Sprouts is located proximate to Lembi Park (sports park and aquatics center) and is between two major streets, **E. Bidwell Street**—the main thoroughfare in the trade area, and **Riley Street**—connecting Folsom to Orangevale, Fair Oaks and Roseville



INVESTMENT HIGHLIGHTS (CONTINUED)

NEW CONSTRUCTION, LOW MANAGEMENT RESPONSIBILITIES

- **Recently Constructed** – Originally developed in 2000, the property was completely redeveloped into a brand new, high-quality Sprouts in 2016-2017, with no deferred maintenance or capital cost to drain an investor's cash flow
- **"Coupon Clipper"** – STNL asset, operating costs reside with the tenant not the landlord—**perfect for passive investors and 1031 exchange investors**
- **Long Term Lease** – New **15-year lease** (expiring in **2032**), eliminates leasing responsibility and capital costs, creating an **extremely secure cash flow**

HIGHLY AFFLUENT DEMOGRAPHICS WITH STRONG PURCHASING POWER

- More than **15,800** people in a 1-mile radius with an Average Household Income exceeding **\$109,500**
- More than **82,500** people in a 3-mile radius with an Average Household Income exceeding **\$129,600**
- More than **149,700** people in a 5-mile radius with an Average Household Income exceeding **\$134,400**
- **Strong Effective Buying Power** – Average household **disposable** income of nearly **\$100,000** in the city of Folsom
- **High Growth Area** – Since 2000, the city of Folsom has grown by **48%**

IDEAL 1031 EXCHANGE REPLACEMENT PROPERTY

- **Pride of Ownership Asset** – New, **"Trophy"** grocer property in the heart Folsom on Bidwell Street, one of the major thoroughfares in the trade area
- **Essential, "Daily Needs" Draw** – Sprouts is located in a point of destination location, supplying the trade area with essential **"daily necessity"** grocery items
- **Low Management/Low Hassle** – **100%** leased to a corporate tenant on long term NNN lease; the property provides an excellent low management, low hassle investment opportunity
- **Strong Inflation Hedge** – Scheduled rental increases produce significant NOI growth, enhancing future cash on cash returns and provide a strong hedge against inflation with a tangible, dependable asset
- **1031 Exchange Upleg** – Available for a **quick close** to accommodate 1031 Exchange Requirements



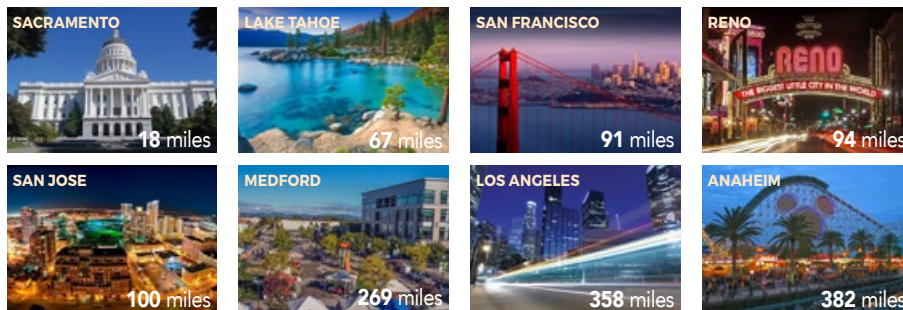
AREA OVERVIEW

FOLSOM, CA

- A part of the Sacramento metropolitan area, the fourth largest metro area in California after the Greater Los Angeles area, the San Francisco Bay Area, and the San Diego metropolitan area, and is the 27th largest in the United States by population.
- Folsom is a huge draw for outdoor enthusiast with waters of the American River feed into Folsom Lake, providing fresh water for the region and endless opportunities for water sports or quiet contemplation. Miles of biking and jogging trails wind through Folsom's neighborhood greenbelts, connecting to the American River Bike Trail, which extends all the way to the Golden State's capital city, Sacramento.
- The city of Folsom is always bustling with activity. Annual community events include a Renaissance Faire, a Spring Eggstravaganza, Concerts in the Park, and a Run with Nature.
- Folsom is home to over 80,000 residents with population estimations continued to increase over the next 5 years.
- A highly educated and affluent population, Folsom boasts an average household income of over \$138,000 with over 59% of its residents maintaining a 6 figure income.
- Top employers in the city include Intel, Folsom State Prison, Mercy Hospital, California ISO, and Micron Technology.

For more information, please visit: https://en.wikipedia.org/wiki/Folsom,_California and <https://www.folsom.ca.us>

DISTANCE TO FROM PROPERTY



*Source - Google Maps

DEMOGRAPHICS	FOLSOM	SACRAMENTO COUNTY
2019 ESTIMATED POPULATION	80,444	1,540,552
2024 PROJECTED POPULATION	85,294	1,606,573
2019 ESTIMATED MEDIAN AGE	38.3	36.00
2019 ESTIMATED HOUSEHOLDS	27,745	551,104
2024 PROJECTED HOUSEHOLDS	29,561	571,782
2019 EST. AVERAGE HOUSING VALUE	\$518,794	\$371,117
2019 EST. AVERAGE HOUSEHOLD INCOME	\$138,282	\$89,065
2024 PRJ. AVERAGE HOUSEHOLD INCOME	\$155,963	\$103,671

*Source: CBRE Location Analytics & Mapping, 2020

TOP TOURIST ATTRACTIONS

- Folsom City Zoo Sanctuary
- Folsom Aquatic Center
- Folsom Public Library
- Folsom Historic District
- Folsom History Museum
- Harris Center for the Arts
- Museum of Wonder and Delight
- Folsom Lake State Recreation Area
- Lake Natoma
- Folsom Powerhouse State Park
- California State Capitol
- California State Capitol Museum*
- Sacramento Zoo

*Source - https://www.folsom.ca.us/about/things_to_do/default.asp



FOLSOM BRIDGE

- Hotels
- Entertainment/Cultural/Office
- Dining
- Coffee Shops/Bakeries
- Retail

Commonwealth Square

RESTAURANTS

Smashburger
Starbucks
Whips Desserts
Baker's Dozen Donuts
Mountain Mike's Pizza

SHOPS

The UPS Store
Raley's
Malabar Groceries
Matthews Mattress

Folsom Town Center

RESTAURANTS

Jimboy's Tacos
Adanbertos Mexican Food
Subway
TOGO'S Sandwiches
Baskin-Robbins

SHOPS

Trader Joe's
Lowe's Home Improvement
FreeStyle Clothing Exchange

Folsom Square

RESTAURANTS

Bacchus House Wine Bar & Bistro
Manderes
La Fiesta Alteña
Carl's Jr.
La Bou

SHOPS

HomeGoods
Jo-Ann Fabrics
Target
CosmoProf

The Parkway

RESTAURANTS

Mario's Early Toast
Mexquite Mexican Restaurant
Sunny Garden
Strings Cafe
Peet's Coffee & Tea
Folsom Tap House
Back Wine Bar & Bistro
Hasu Teriyaki and Sushi

SHOPS

Raley's

Folsom Premium Outlets

RESTAURANTS

DJ's Grill & Deli
Pretzelmaker
Casa Ramo
Kristen's Coffee Corner
Taco Bell

SHOPS

adidas
Aeropostale
American Eagle Outfitters
Banana Republic Factory Store
Bass Factory Outlet
Calvin Klein
Carter's
Chico's
Coach Outlet
Converse
Eddie Bauer Outlet
Forever 21
Gap Factory
Guess Factory
Levi's Outlet Store
LOFT Outlet
Michael Kors Outlet
NIKE Factory Store
Sunglass Hut
Skechers
Tommy Hilfiger
Under Armour
Vans Outlet
Zumiez

Walmart Central

RESTAURANTS

Tokyo Sushi
Waffle Barn of Folsom
Khyber

SHOPS

Walmart Supercenter
Great Clips
99 Cents Only Stores
Sally Beauty Supply

FITNESS

24 Hour Fitness

Broadstone Marketplace

RESTAURANTS

Five Guys
Thai Paradise
Noodles and Company
Prohibition Wine Lounge
Jack's Urban Eats
Fishology

SHOPS

CVS
Party City
Bel Air

Go Palladio

RESTAURANTS

Red Robin Gourmet Burgers
Panera Bread
Chicago Fire
Lazy Dog
Blue Nami
Johnny Rockets
Petra Greek

SHOPS

Nordstrom Rack
H&M
Soma
Jos. A. Bank
Victoria's Secret & PINK
Whole Foods Market
Apricot Lane
Barnes & Noble
Kirkland's

ENTERTAINMENT

Palladio 16 Cinema

Broadstone Plaza

RESTAURANTS

Chick-fil-A
Mimi's Cafe
Buffalo Wild Wings
Round Table Pizza
Aloha Sushi
Costa Vida Fresh Mexican Grill
Cold Stone Creamery

SHOPS

The Home Depot
PetSmart
Michaels
Stein Mart
Marshalls
Ross Dress for Less
Old Navy
Total Wine & More
Famous Footwear
Cost Plus World Market
Ashley HomeStore
GNC
Tillys
Men's Wearhouse

Folsom Gateway

RESTAURANTS

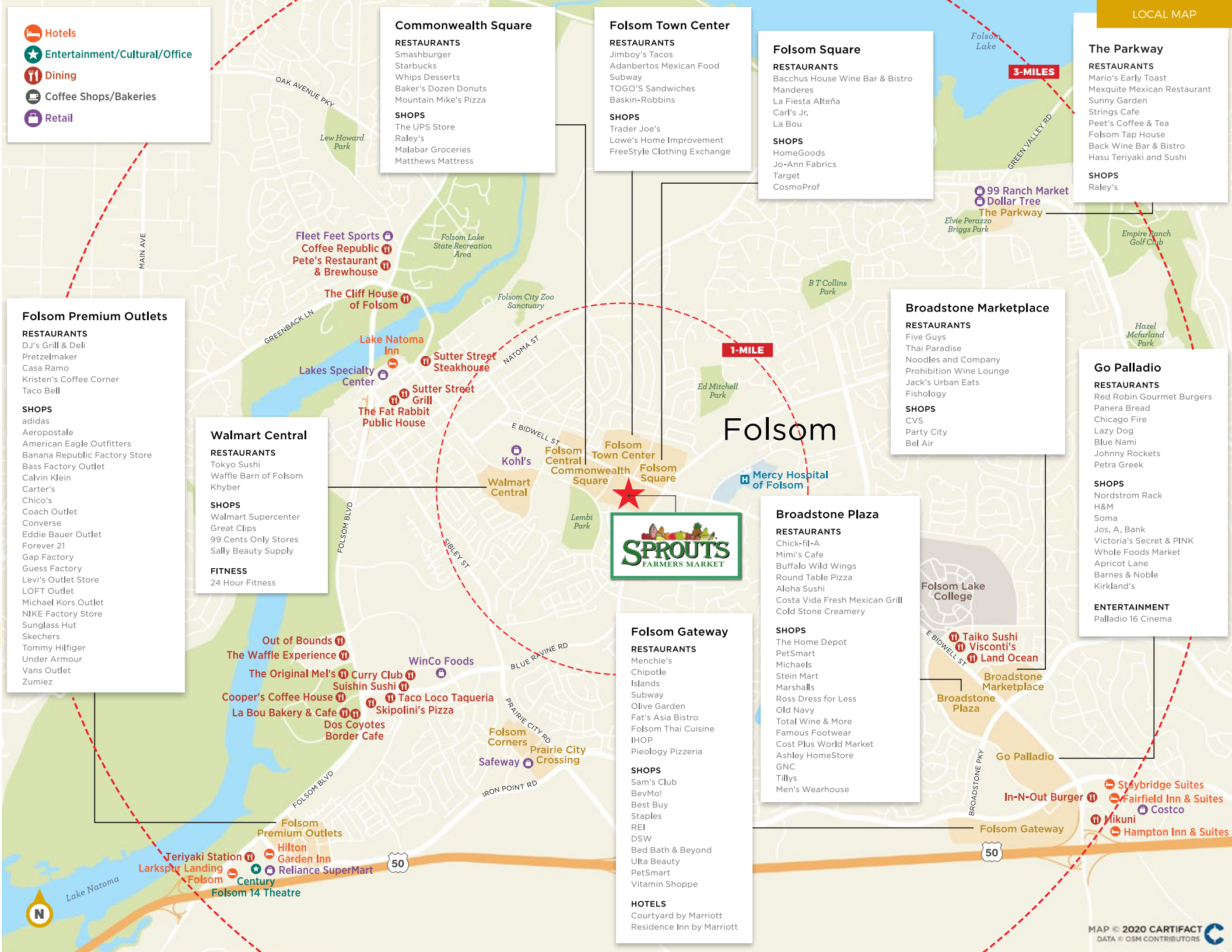
Menchie's
Chipotle
Islands
Subway
Olive Garden
Fat's Asia Bistro
Folsom Thai Cuisine
IHOP
Pieology Pizzeria

SHOPS

Sam's Club
BevMo!
Best Buy
Staples
REI
DSW
Bed Bath & Beyond
Ulta Beauty
PetSmart
Vitamin Shoppe

HOTELS

Courtyard by Marriott
Residence Inn by Marriott



AREA OVERVIEW (CONTINUED)

SACRAMENTO COUNTY

Sacramento County covers 984 square miles and is home to the California state capital, 1.5 million residents and seven cities. Sacramento County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

- The Sacramento Metropolitan Area is the largest in the Central Valley, and is the fourth-largest in California, behind Los Angeles, San Francisco Bay and San Diego.
- Nearly six million tourists visit Sacramento County each year and on average 10.9 million passengers pass through Sacramento International Airport.
- Sacramento County and its seven incorporated cities boast a diverse mix of stunning landscapes, globally-competitive companies, unparalleled recreation opportunities, world-class universities, an educated workforce, and some of the earth's most fertile agricultural land ripe for setting new standards in growing methods and technology.
- The southernmost portion of Sacramento County has direct access to the San Francisco Bay. Approximately 870,000 short tons of cargo shipped annually through its waterways.

For more information, please visit: www.saccounty.net



SACRAMENTO



THE CAPITOL

TOP TOURIST ATTRACTIONS

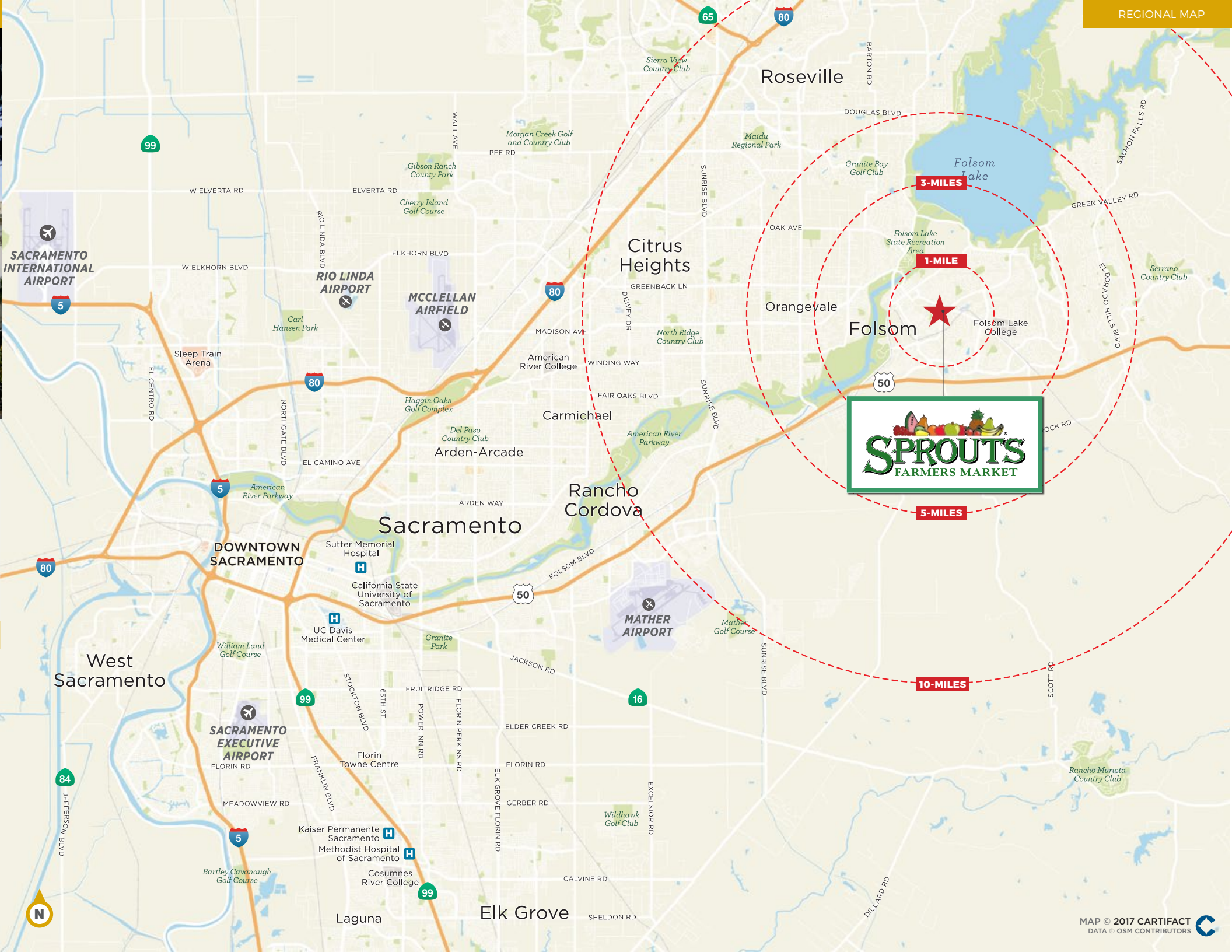
- | | |
|-------------------------------------|--------------------------------------|
| • California State Capital | • Sacramento-San Joaquin River Delta |
| • California State Capitol Museum | • Folsom Zoo |
| • Sutter's Fort State Historic Park | • Sleep Train Arena |
| • California State Railroad Museum | • Lake Natamo |
| • Governor's Mansion | • McClellan Air force Base |
| • Leland Stanford Historic Park | |
| • Sacramento Convention Center | |
| • Sacramento Zoo | |
- *Source - https://www.folsom.ca.us/about/things_to_do/default.asp

ZILLOW HOME VALUES:
*EST. \$594,196

<https://www.zillow.com/folsom-ca/home-values/>



TOWER BRIDGE



PROPERTY DESCRIPTION

LOCATION

905 E. Bidwell Street
Folsom, CA 95630

SITE

The subject is located in the Bidwell Center, at the SWC of E. Bidwell Street and Blue Ravine Road.

LAND AREA

Sprouts consists of one (1) parcel (APN: 071-0690-052) totaling approximately ± 5.09 acres or $\pm 221,720$ SF of land area.

***SEE NOTE BELOW.**

BUILDING AREA

The Offering contains one retail building consisting of the $\pm 31,131$ SF Sprouts suite and the adjacent $\pm 8,274$ SF available suite totaling approximately $\pm 39,405$ SF of net rentable area. ***SEE NOTE BELOW.**

FRONTAGE & ACCESS

The property features excellent access including three (3) points of access from E. Bidwell Street including one fully signalized intersection, and two (2) points of access from Orchard Drive.

***NOTE:** The Offering includes the entire ± 5.09 acre parcel. Seller shall master lease from Buyer the currently available $\pm 8,274$ SF vacant unit along with the former garden area adjacent to Sprouts ($\pm 31,131$ SF) for a term of 99 years at an annual ground rent of \$1,000. Call the Listing Brokers for more details.

PARKING

The property is provided with 241 parking stalls which equates to a 6.1 stalls per 1,000 SF parking ratio.

TRAFFIC COUNTS

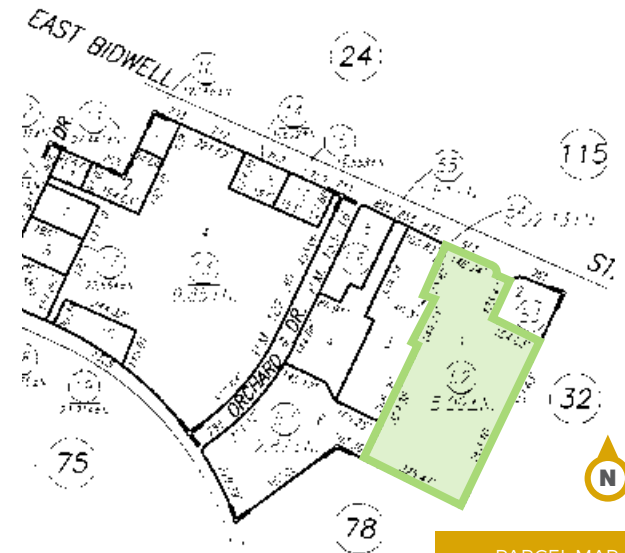
E. Bidwell Street	$\pm 32,063$ CPD
Blue Ravine Road	$\pm 21,197$ CPD
U.S. Highway 50	$\pm 120,176$ CPD

BUILT

The property was originally developed in 2000 but was redeveloped into a brand new Sprouts in 2016-2017.

ZONING

Per the city of Folsom, the subject site is currently zoned as C-2 – Central Business District.



PARCEL MAP





TENANT OVERVIEW



SPROUTS

Sprouts Farmers Market, Inc. is a healthy grocery store offering fresh, natural and organic foods at great prices. Sprouts offer a complete shopping experience that includes fresh produce, bulk foods, vitamins and supplements, packaged groceries, meat and seafood, deli, baked goods, dairy products, frozen foods, natural body care and household items catering to consumers' growing interest in health and wellness. Headquartered in Phoenix, Arizona, Sprouts employs more than 30,000 team members and operates more than 300 stores in fourteen states from coast to coast.

WEBSITE: www.sprouts.com

OWNERSHIP: NASDAQ: SFM

REVENUE: \$5.6 billion

MARKET CAPITALIZATION: \$2.9 billion

LOCATIONS: 300

EMPLOYEES: 30,000+

HEADQUARTERS: Phoenix, AZ





FOLSOM LAKE

FOLSOM DAM

FOLSOM CROSSING

UNITED STATES POSTAL SERVICE	GROCERY OUTLET	DOLLAR TREE	O'Reilly AUTO PARTS
KOHL'S	Wendy's	STARBUCKS	McDonald's

FOLSOM TOWN CENTER

LOWE'S	TRADER JOE'S
SUBWAY	baskin B RROBBINS

FOLSOM SQUARE

TARGET	HomeGoods	K
Carl's Jr.	BANK OF THE WEST	Five LES SCHWARZ

SUTTER MIDDLE SCHOOL

FOLSOM DMV

SCHOOL STREET

ORCHARD STREET

BIDWELL STREET (±32,063 CPD)

RILEY STREET

MONTROSE DRIVE

BLUE RAVINE ROAD (±21,197 CPD)

SPROUTS FARMERS MARKET

FOLSOM CENTER SHOPPING CENTER

WALMART	24 FITNESS	99c ONLY
DICKEY'S	WESTERN Dental Centers	goodwill
SALLY BEAUTY SUPPLY	Great Clips for hair	Chevron

COMMONWEALTH SQUARE

Raley's	STARBUCKS
jiffylube	Flapjack

Office DEPOT

petco

Sprint

WILLOW CREEK TOWN CENTER

DICK'S SPORTING GOODS	CVS	The Habit
ANYTIME FITNESS	CHIPOTLE	IHOP
WELLS FARGO	WING STOP	Golden1 Credit Union

ASSUMPTIONS

GLOBAL			
Analysis Period			
Commencement Date	September 1, 2020		
End Date	August 31, 2030		
Term	10 Years		
Area Measures (NRSF)			
Rentable Square Feet	31,131 SF		
Growth Rates			
Consumer Price Index (CPI)	3.00%		
Other Income Growth Rate	3.00%		
Operating Expenses	3.00%		
Real Estate Taxes	2.00%		
Market Rent Growth			
	CY 2021	-	3.00%
	CY 2022	-	3.00%
	CY 2023	-	3.00%
	CY 2024	-	3.00%
	CY 2025	-	3.00%
	CY 2026	-	3.00%
	CY 2027	-	3.00%
	CY 2028	-	3.00%
	CY 2029	-	3.00%
	CY 2030+	-	3.00%
General Vacancy Loss			
	None		
Capital Reserves (CY 2020 Value)			
	\$0.25 PSF		

Notes: All market rates are stated on calendar-year basis.

- [1] Capital Reserves do not inflate during the term of the analysis.
- [2] Operating expenses are based on the 2017 Budget grown by 3% annually for 2020.
- [3] Real Estate Taxes have been reassessed at the estimated purchase price based on a millage rate of 1.105400% with no special assessments.

VACANT SPACE LEASING	
Occupancy and Absorption	
Projected Vacant at 9/1/20	0 SF
Currently Vacant as of 5/1/20	0 SF
Percentage Vacant at 5/1/20	0.00%

EXPENSES	
Operating Expense Source	2017 Budget ^[2]
Management Fee (% of EGR)	None
Real Estate Taxes Reassessed	Yes
Millage Rate	1.105% ^[3]
Special Assessments	\$0

MARKET LOAN	
Initial Loan Funding (as of Sep-20)	\$5,603,580
Loan-To-Value Ratio (Initial Funding)	50.00%
Funding Date	Sep-20
Maturity Date	Aug-30
Remaining Loan Term During Analysis	10.0 Years
Amortization Period	25 Years
Initial Interest Only Period (If Any)	-
Interest Rate	3.85%
Origination Fee on Total Loan Funding	1.00%

FINANCING	
For customized Debt Quotations, please contact:	
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CBRE Debt & Equity Finance (DEF) is a division of CBRE Inc. In the US, DEF represents approximately 300 lenders including banks, life insurance companies, pension funds, CMBS lenders and a variety of other lending sources. DEF also acts as a correspondent for over 200 life insurance companies. The Quote above is an approximation of available terms.

SECOND GENERATION LEASING	
	Major
Retention Ratio	85%
Financial Terms	
2020 Monthly Market Rent	\$1.50 PSF
Rent Adjustment	10% Every 5 Years
Lease Term	10 Years
Expense Reimbursement Type	NNN ^[4]
Tenanting Costs	
Free Rent	^[5]
New	3.0 Month(s)
Renewal	0.0 Month(s)
Weighted Average	0.45 Month(s)
Tenant Improvements (\$/NRSF)	
New	\$30.00 PSF
Renewal	\$6.00 PSF
Weighted Average	\$9.60 PSF
Leasing Commissions	
New	5.00% ^[6]
Renewal	1.00%
Weighted Average	1.60%
Downtime	
New	6 Month(s)
Weighted Average	1 Month(s)

[4] Current and future tenants are assumed to reimburse their pro rata share of all expenses, excluding Management Fee.

[5] Rent Abatement includes NNN charges as well as base rent.

[6] Leasing Commissions are calculated by applying 100% of the rates shown above for lease years 1-5, and 50% of the above rates for lease years 6 and beyond.



CASH FLOW

Fiscal Year Ending - August 31		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Physical Occupancy		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Overall Economic Occupancy ^[1]		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
REVENUES	FY 2021											
Scheduled Base Rent	\$/SF/YR ^[2]											
Gross Potential Rent	\$18.00	\$560,358	\$588,375	\$616,392	\$616,392	\$616,392	\$616,392	\$647,214	\$678,036	\$678,036	\$678,036	\$678,036
Absorption & Turnover Vacancy	0.00	0	0	0	0	0	0	0	0	0	0	0
Free Rent	0.00	0	0	0	0	0	0	0	0	0	0	0
Total Scheduled Base Rent	18.00	560,358	588,375	616,392	616,392	616,392	616,392	647,214	678,036	678,036	678,036	678,036
Expense Recoveries	5.37	167,043	170,799	174,642	178,575	182,601	186,720	190,935	195,250	199,665	200,033	192,266
Free Recovery	0.00	0	0	0	0	0	0	0	0	0	0	0
TOTAL GROSS REVENUE	23.37	727,401	759,174	791,034	794,967	798,993	803,112	838,149	873,286	877,701	878,069	870,302
General Vacancy Loss	0.00	0	0	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS REVENUE	23.37	727,401	759,174	791,034	794,967	798,993	803,112	838,149	873,286	877,701	878,069	870,302
OPERATING EXPENSES												
CAM	(0.04)	(1,091)	(1,123)	(1,157)	(1,192)	(1,227)	(1,264)	(1,302)	(1,341)	(1,381)	(1,423)	(1,466)
CAM (Lots)	(0.87)	(27,234)	(28,051)	(28,893)	(29,759)	(30,652)	(31,572)	(32,519)	(33,494)	(34,499)	(35,534)	(36,600)
Insurance	(0.42)	(13,182)	(13,578)	(13,985)	(14,405)	(14,837)	(15,282)	(15,741)	(16,213)	(16,699)	(17,200)	(17,716)
Real Estate Taxes	(4.03)	(125,536)	(128,046)	(130,607)	(133,220)	(135,884)	(138,602)	(141,374)	(144,201)	(147,085)	(150,027)	(152,333)
TOTAL OPERATING EXPENSES	(5.37)	(167,043)	(170,799)	(174,642)	(178,575)	(182,601)	(186,720)	(190,935)	(195,250)	(199,665)	(204,184)	(188,115)
NET OPERATING INCOME	18.00	560,358	588,375	616,392	616,392	616,392	616,392	647,214	678,036	678,036	673,885	682,187
CAPITAL COSTS												
Tenant Improvements	0.00	0	0	0	0	0	0	0	0	0	0	0
Leasing Commissions	0.00	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	(0.25)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)
TOTAL CAPITAL COSTS	(0.25)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)	(7,783)
OPERATING CASH FLOW	\$17.75	\$552,575	\$580,592	\$608,609	\$608,609	\$608,609	\$608,609	\$639,431	\$670,253	\$670,253	\$666,102	\$674,405

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and rent abatements.

[2] Based on 31,131 square feet.

You are solely responsible for independently verifying the information in this Memorandum. **ANY RELIANCE ON IT IS SOLELY AT YOUR OWN RISK.**

CASH FLOW (CONTINUED)

Fiscal Year Ending - August 31		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
ACQUISITION & RESIDUAL SALE												
Purchase Price	(\$11,207,160)	0	0	0	0	0	0	0	0	0	0	All Cash IRR
Net Residual Value ^[3]	0	0	0	0	0	0	0	0	0	0	11,609,153	
CASH FLOW BEFORE DEBT	(\$11,207,160)	\$552,575	\$580,592	\$608,609	\$608,609	\$608,609	\$608,609	\$639,431	\$670,253	\$670,253	\$12,275,255	5.77%
MARKET LOAN ^[4]												
Loan Funding / Payoff	5,603,580	0	0	0	0	0	0	0	0	0	(3,976,494)	Leveraged IRR
Loan Fees	(56,036)	0	0	0	0	0	0	0	0	0	0	
Annual Debt Service	0	(349,388)	(349,388)	(349,388)	(349,388)	(349,388)	(349,388)	(349,388)	(349,388)	(349,388)	(349,388)	
CASH FLOW AFTER DEBT	(\$5,659,616)	\$203,188	\$231,205	\$259,222	\$259,222	\$259,222	\$259,222	\$290,044	\$320,866	\$320,866	\$7,949,374	7.18%
NOI Return on Purchase Price		5.00%	5.25%	5.50%	5.50%	5.50%	5.50%	5.78%	6.05%	6.05%	6.01%	
UNLEVERAGED Cash Return		4.93%	5.18%	5.43%	5.43%	5.43%	5.43%	5.71%	5.98%	5.98%	5.94%	
LEVERAGED Cash Return		3.59%	4.09%	4.58%	4.58%	4.58%	4.58%	5.12%	5.67%	5.67%	5.60%	
Rolling - All Cash IRR		N/M	1.88%	3.11%	3.72%	4.09%	5.04%	5.70%	5.71%	5.66%	5.77%	
Rolling - Leveraged IRR		N/M	N/M	2.06%	3.37%	4.14%	5.95%	7.13%	7.13%	7.03%	7.18%	

[3] Net Residual Value is calculated by dividing Year 11 NOI by the Residual Cap Rate of 5.70% and applying a 3.00% Cost of Sale.

[4] Market Debt based on 50% Loan-to-Value, 3.85% Interest Rate, 25-Year Amortization, and 1.00% Loan Fee.

Cash Flow Projections Based on Argus Enterprise Version 11.8.0

RENT ROLL

Suite	Tenant Name	Square Feet	% of Property	Lease Term		Rental Rates					Recovery Type	Market Assumption / Market Rent
				Begin	End	Begin	Monthly	PSF	Annually	PSF		
100	Sprouts	31,131	100.00%	Mar-2017	Mar-2032	Current	\$46,697	\$1.50	\$560,358	\$18.00	NNN	Market - 85.00%
						Mar-2022	\$51,366	\$1.65	\$616,392	\$19.80		\$1.50 NNN (Anchor)
						Mar-2027	\$56,503	\$1.82	\$678,036	\$21.78		

Notes:

T has 3 - 5 yr and 1 - 4 yr & 11 mo opt at \$1.00 /sf/yr inc over prior rent. T has a yr 1 cap on OPEX, assumes seller to credit diff in reimbursed amount during this time. T has a 3% cap on CAM. T has prop 13 protect on > one sale during the 5 yr period beginning the date of the 1st sale & every 5 yrs thereafter (2nd sale, assumes seller to credit any gap until 2023).

TOTALS / AVERAGES	31,131						\$46,697	\$1.50	\$560,358	\$18.00		
OCCUPIED SF	31,131	100.0%										
VACANT SF	0	0.0%										
TOTAL SF	31,131	100.0%										

WEIGHTED-AVERAGE LEASE TERM REMAINING:	11.58 Years
WEIGHTED-AVERAGE LEASE TERM LAPSED:	3.50 Years
WEIGHTED-AVERAGE LEASE TERM FROM INCEPTION:	15.08 Years





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