

**SINGLE-TENANT NNN
INVESTMENT OFFERING**
Pulaski, VA





FOOD CITY NET LEASED INVESTMENT

1400 BOB WHITE BOULEVARD, PULASKI (WINSTON-SALEM MSA), VA 24301



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STATEMENT OF CONFIDENTIALITY & DISCLAIMER

Faris Lee Investments (“FLI”) has been engaged as the exclusive financial advisor to the Seller in connection with Seller’s solicitation of offers for the purchase of the property known as **Food City**, located in the Town of Pulaski, County of Pulaski, State of Virginia (the “Property”). Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Seller expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property, and it is not to be used for any other purpose or made available to any other person without the express written consent of Seller or FLI. The material is based in part upon information supplied by the Seller and in part upon financial information obtained by FLI from sources it deems reasonably reliable. Summaries of any documents are not intended to be comprehensive or all-inclusive, but rather only outline some of the provisions contained therein and qualified in their entirety by the actual document to which they relate.

No representation or warranty, expressed or implied, is made by the Seller, FLI, or any of their respective affiliates as to the accuracy or completeness of the information contained herein. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence, including engineering and environmental

inspections, to determine the condition of the Property and the existence of any potentially hazardous material located at the Property site or used in the construction or maintenance of the building at the Property site.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or FLI or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

Prospective purchasers are not to construe the contents of this Offering Memorandum or any prior or subsequent communication from FLI or Seller or their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents as legal, tax, or other advice. Prior to submitting an offer, prospective purchasers should consult with their own legal counsel and personal and tax advisors to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.



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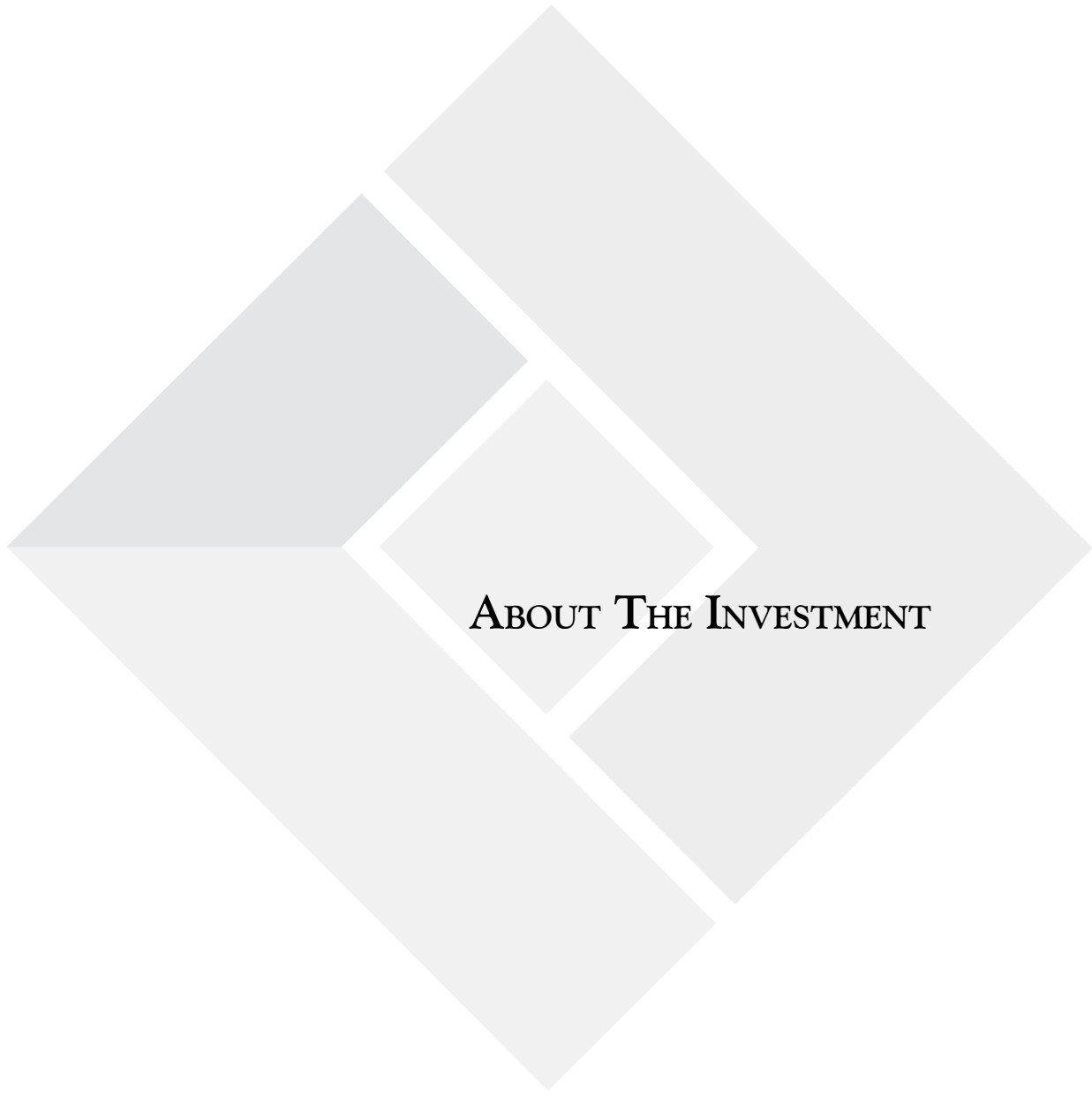
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FOOD CITY



ACY





ABOUT THE INVESTMENT



INVESTMENT SUMMARY

OFFERING

Summary:

Faris Lee Investments is pleased to offer for sale the fee simple interest (land and building) in a single tenant, corporate guaranteed / net leased Food City supermarket located in Pulaski (Winston-Salem MSA), Virginia. **Food City recently extended their lease for an addition 5 years, showing commitment to the Pulaski location.** The initial 20 year term now has over 10 years remaining, providing the investor with a secure income stream for the foreseeable future. In addition to the supermarket, **the subject property features a gas station and pharmacy. Store sales are extremely strong and over three (3) times that of neighborhood Food Lion Grocers, contact agent for details.**

Food City is a private company that employs nearly 13,000 people, **had 2012 revenue of \$2.2 billion and operates 106 locations** in Kentucky, Virginia and Tennessee. The company also has 75 pharmacies and 56 gas stations.

Food City is located on Bob White Boulevard near E. Main Street (**approximately 13,000 vehicles per day**). The property is near multiple national tenants including: CVS, Family Dollar, Walgreens, Dollar Tree, Tractor Supply, Rite Aid and Dollar General. **Food City is one of only 4 grocery stores in the entire county and the only one that features an on site gas station.**

Pricing:	\$3,704,000
Price PSF:	\$102
Net Operating Income:	\$296,293
Cap Rate:	8.00%
2013 Sales:	Contact Agent for Details

PROPERTY SPECIFICATIONS

Rentable Area:	36,355 SF
Land Area:	3.96 Acres
Year Built:	1998
Property Address:	1400 Bob White Boulevard, Pulaski (Winston-Salem MSA), VA 24301
Parcel Number:	072-089-0000-0042
Tenant:	K-VA-T Food Stores, Inc. (dba Food City)
Guaranty:	Corporate
Ownership:	Fee Simple (Land and Building)
Lease Type:	Triple Net (Landlord is Responsible for Roof, Structure and Parking)



INVESTMENT HIGHLIGHTS

CORPORATE GUARANTY / STRONG NATIONAL TENANT - FOOD CITY

- K-VA-T Food Stores is a locally-owned grocer in the Mid-Atlantic region that operates 106 retail grocery stores under the Food City and Super Dollar Discount Foods banners. The company has expanded over the years by acquiring stores from other regional food retailers, opening new stores and adding new services such as pharmacies, fuel stations and banking outlets to a number of its stores.
- **Company Type:** Private
- **Fiscal Year End:** December
- **2012 Revenue:** \$2.2 Billion
- **Locations:** 106
- **Employees:** 12,950

LONG-TERM 20 YEAR CORPORATE LEASE

- Initial 20 year lease term with **over 10 years remaining**
- 3 (5-year) options to extend
- The corporate lease provides an investor with a strong and stable investment

FOOD CITY RECENTLY EXERCISED THEIR FIRST OPTION PERIOD

- Food City recently extended the lease for a period of five years on August 14, 2013
- Shows commitment to the Pulaski location
- **Extends the lease to 2024**
- Gives the investor a secure income stream for at least 10 more years

NET LEASE / PASSIVE INVESTMENT OPPORTUNITY / IDEAL EXCHANGE PROPERTY

- Tenant is responsible for taxes, insurance and utilities
- Landlord is responsible for roof, structure and parking
- **Ease of management investment / ideal for an out of state investor**
- 1031 exchange opportunity

TOP GROCER IN TRADE AREA / LIMITED TRADE AREA COMPETITION

- **Food City is 1 of 4 grocery stores in the entire county**
- Food City directly benefits from the lack of competition as there are few other places to get groceries
- **Store sales are 3x that of competitors**

VERSATILE SITE - FOOD CITY GAS STATION / PHARMACY LOCATION

- **The supermarket has a Food City branded gas station on the same parcel**
- In addition to the supermarket and gas station, the Pulaski Food City features a pharmacy
- Attracts added consumers to the site
- Great cross-over shopping opportunity
- **Only grocery store with a gas station on site in Pulaski County**

STRONG NATIONAL TENANTS IN THE TRADE AREA

- Multiple national tenants in the immediate trade area including: CVS, Family Dollar, Walgreens, Dollar Tree, Tractor Supply, Rite Aid and Dollar General
- Across the street from KFC and Taco Bell



PHOTOS



ABOUT THE INVESTMENT // FOOD CITY - PULASKI (WINSTON-SALEM MSA), VA



NORTH

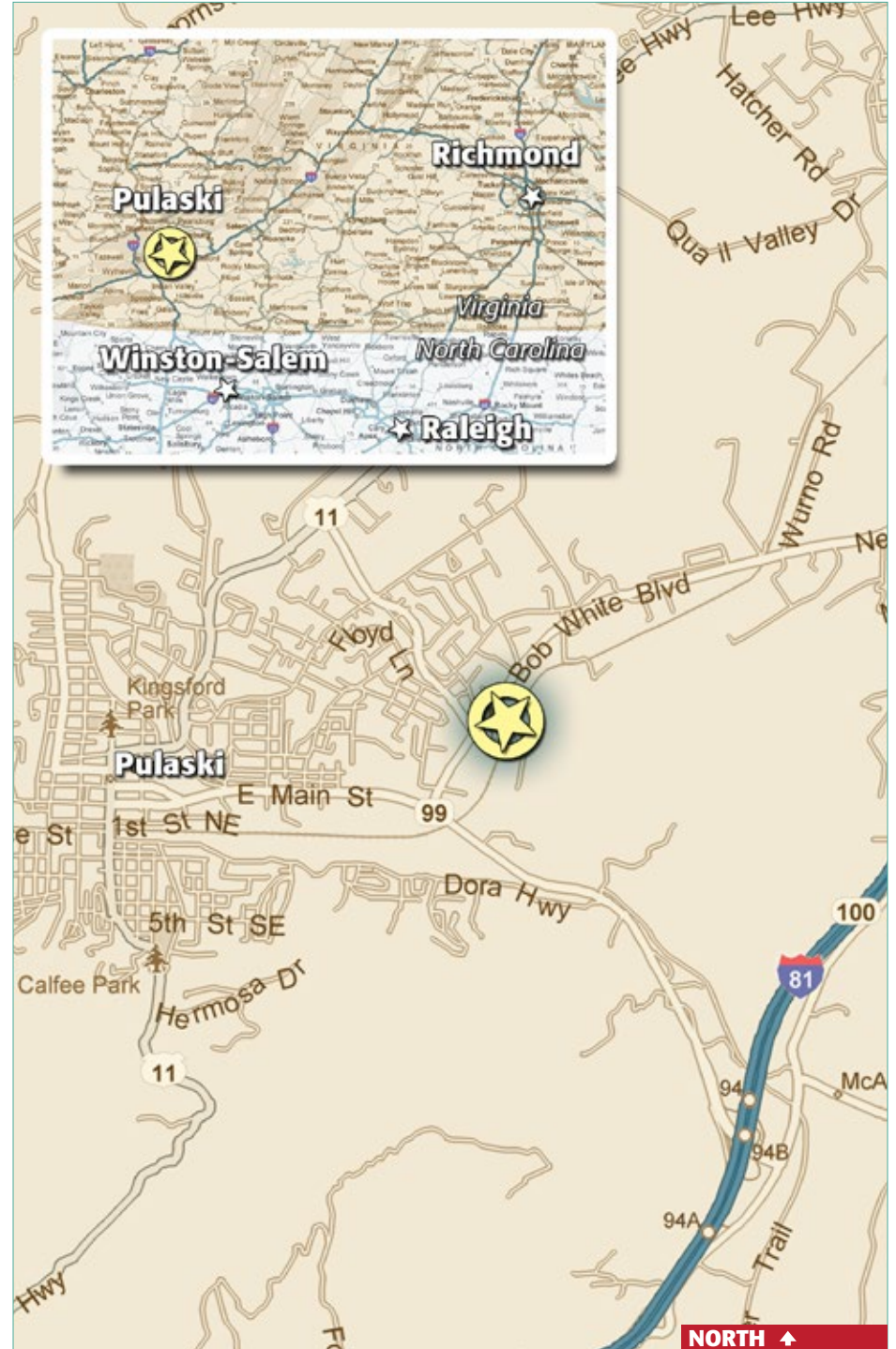
SITE PLAN



SITE PLAN NOT TO SCALE

NORTH ↑

LOCATION MAP



NORTH ↑

ABOUT THE INVESTMENT // FOOD CITY - PULASKI (WINSTON-SALEM MSA), VA

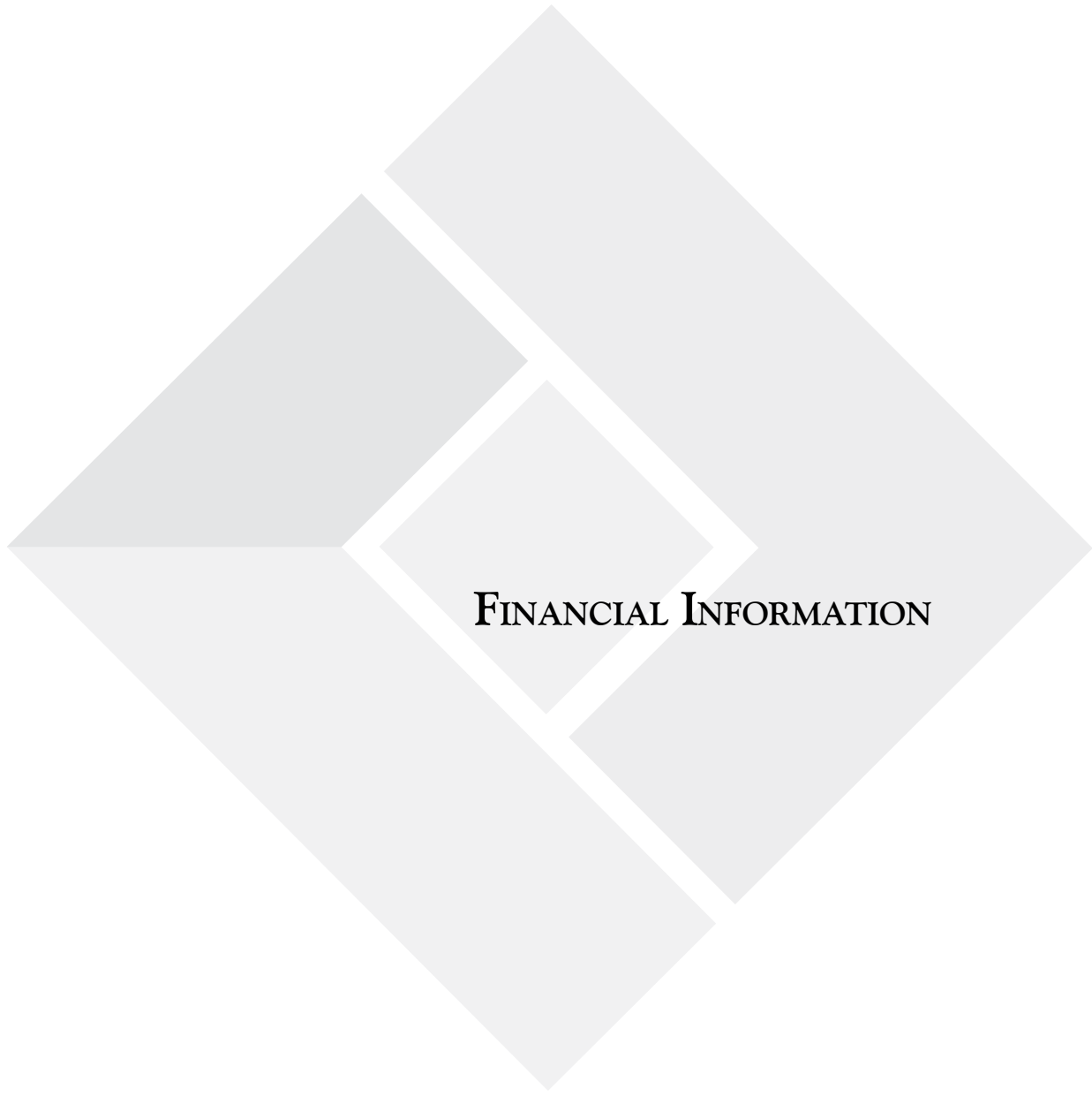
FOOD CITY



BAKERY - DELI

PHARMACY





FINANCIAL INFORMATION



RENT ROLL

Tenant	Size (SF)	Current Monthly Rent	Current Annual Rent	CAM Recovery Type	Lease Start	Lease Expires	Lease Options
Food City	36,355	\$24,691	\$296,293	NNN	1/27/1999 ⁽¹⁾	7/31/2024	4 (5-Year) Options: Option 1: \$296,293 Option 2: \$314,471 Option 3: \$314,471

(1) This date represents the original commencement date. Food City recently exercised their first option period on 8/14/2013.

TENANT SYNOPSIS



K-VA-T Food Stores is a locally-owned grocer in the Mid-Atlantic region that operates 106 retail grocery stores, under the Food City and Super Dollar Discount Foods banners. The Food City name dates back to 1918, when the first store was opened in Greeneville, TN. The company focuses on competitive pricing, value and a commitment to local communities. K-VA-T's stores are serviced out of its owned 1.2 million square-foot distribution center in Abingdon, VA, with private labels sourced through Topco Associates' multi-tier private label offerings. The company has expanded over the years by acquiring stores from other regional food retailers, opening new stores, and adding new services such as pharmacies, fuel stations, and banking outlets to a number of its stores.

Company Type: Private
Fiscal Year End: December
2012 Revenue: \$2.2 Billion
Locations: 106
Employees: 12,950



TRANSACTION SUMMARY

Financial Information

Price: \$3,704,000
Price/SF: \$102

Lease Type: Triple Net (NNN)

Tenant is responsible for taxes, insurance and utilities. Landlord is responsible for roof, structure and parking.

Property Specifications

Rentable Area: 36,355 SF
Land Area: 3.96 Acres
Year Built: 1998
Address: 1400 Bob White Boulevard
 Pulaski, VA 24301
APN: 072-089-0000-0042
Tenant: K-VA-T Food Stores, Inc. (dba Food City)
Guaranty: Corporate

Estimated Operating Information

	<u>In-Place</u>
Gross Potential Rent	\$296,293
Plus Recapture	NNN
Effective Gross Income	\$296,293
Less Expenses	(NNN)
Net Operating Income	\$296,293

Cap Rate: 8.00%

FINANCIAL INFORMATION // FOOD CITY - PULASKI (WINSTON-SALEM MSA), VA



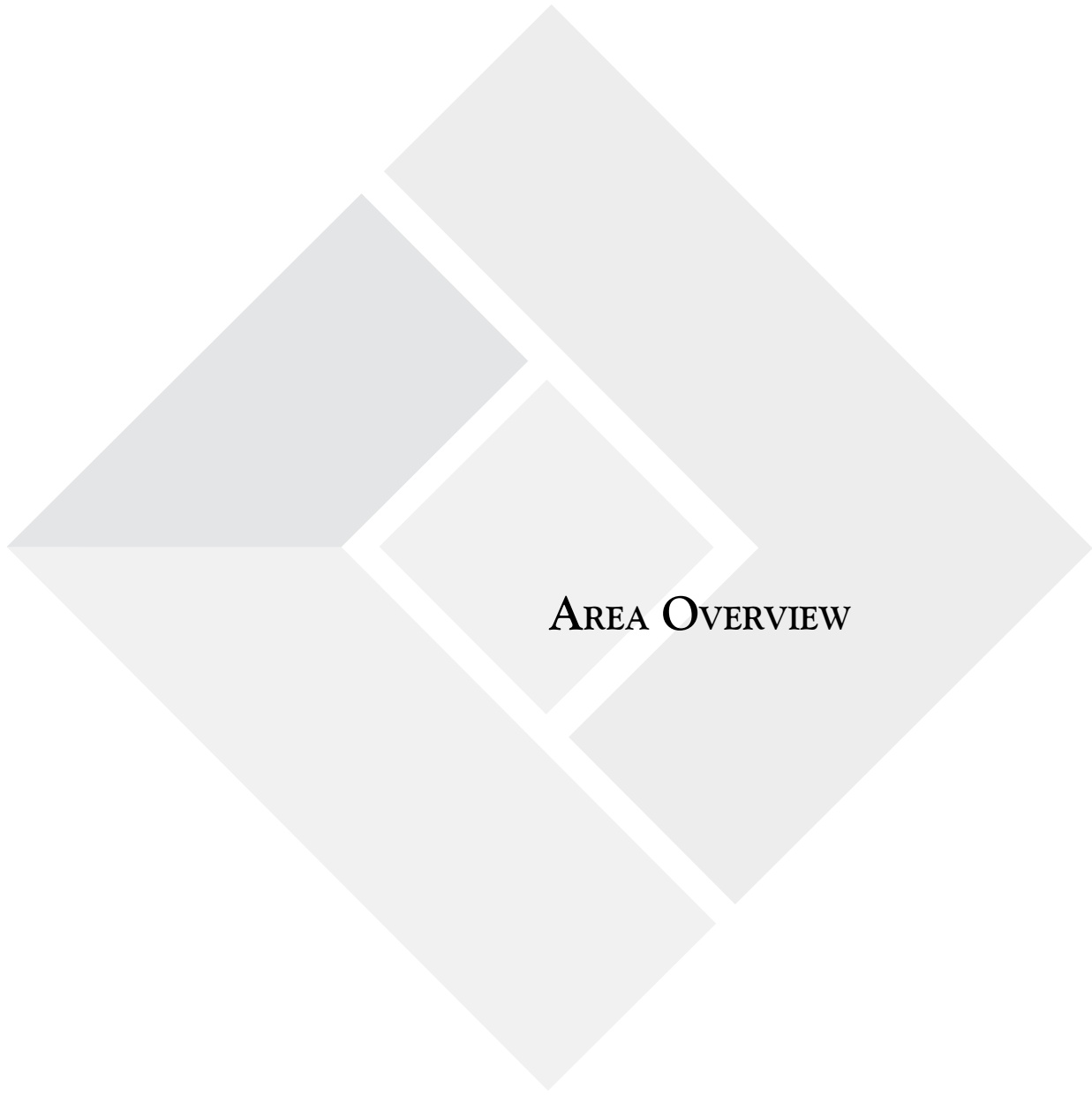
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GAS'N GO

PHARMACY

FOOD CITY





AREA OVERVIEW

PROPERTY OVERVIEW

LOCATION

Food City is located on Bob White Boulevard near E. Main Street (approximately 13,000 vehicles per day). The property has a gas station as well as a pharmacy and is near multiple national tenants including: CVS, Family Dollar, Walgreens, Dollar Tree, Tractor Supply, Rite Aid and Dollar General. Food City is one of only 4 grocery stores in the entire county.

PARCEL

PARCEL	ACRES	SQUARE FEET
072-089-0000-0042	3.96	172,498

ZONING

R: Residential District

ACCESS

There are three (3) points of access to Food City.

IMPROVEMENTS

This offering is for 36,355 SF of existing building area.

PARKING

There are 160 parking stalls on the owned parcel making the parking ratio approximately 4.4 per 1,000 SF of leasable area.

TRAFFIC COUNTS

E. Main Street

VEHICLES PER DAY
13,000

YEAR BUILT

1998

PARCEL MAP





DEMOGRAPHICS

	DESCRIPTION	1 MILE	3 MILES	5 MILES	COUNTY
POPULATION	2013 Estimated Population	2,552	10,804	16,006	35,439
	2018 Projected Population	2,599	11,004	16,300	36,079
	2010 Census Population	2,522	10,678	15,804	34,872
	2000 Census Population	2,510	11,002	16,270	35,127
	Projected Annual Growth 2013 to 2018	0.4%	0.4%	0.4%	0.4%
	2013 Median Age	42.7	43.1	43.8	44.1
HOUSEHOLDS	2013 Estimated Households	1,152	4,735	6,928	15,119
	2018 Projected Households	1,185	4,873	7,129	15,555
	2010 Census Households	1,129	4,642	6,792	14,821
	2000 Census Households	1,167	4,833	6,952	14,644
	Projected Annual Growth 2013 to 2018	0.6%	0.6%	0.6%	0.6%
RACE AND ETHNICITY	2013 Estimated White	91.0%	90.1%	90.7%	92.4%
	2013 Estimated Black or African American	5.8%	7.0%	6.6%	5.1%
	2013 Estimated Asian or Pacific Islander	0.6%	0.5%	0.5%	0.5%
	2013 Estimated American Indian or Native Alaskan	0.2%	0.2%	0.2%	0.2%
	2013 Estimated Other Races	2.5%	2.2%	2.0%	1.7%
	2013 Estimated Hispanic	1.8%	1.9%	1.7%	1.4%
INCOME	2013 Estimated Average Household Income	\$39,317	\$44,519	\$47,310	\$51,404
	2013 Estimated Median Household Income	\$32,345	\$37,408	\$40,202	\$42,134
	2013 Estimated Per Capita Income	\$17,764	\$19,620	\$20,653	\$22,408
BUSINESS	2013 Estimated Total Businesses	153	471	594	1,090
	2013 Estimated Total Employees	1,683	5,929	7,688	12,135
	2013 Estimated Employee Population per Business	11.0	12.6	12.9	11.1
	2013 Estimated Residential Population per Business	16.7	22.9	26.9	32.5

AREA OVERVIEW // FOOD CITY - PULASKI (WINSTON-SALEM, MS), VA



AREA OVERVIEW

TOWN OF PULASKI

Pulaski, Virginia, in Pulaski County, is 48 miles W of Roanoke, Virginia (center to center) and 126 miles N of Charlotte, North Carolina. The town has a population of 9,086.

Pulaski is orchestrated by nature, a place to bike and hike, a place to take a break, watch a baseball game at historic Calfee Park, boat and fish at Gatewood Park, and close by to take in a Hokie game. The Town of Pulaski came into being with the coming of the Virginia-Tennessee railroad in 1854. At the time, the village was known as “Martin’s” for the farm surrounding the village and later a water tank built for steam engines passing through creating the name, “Martin’s Tank.” With the discovery of coal nearby, the “city” became a boom town. It’s still one of the best examples of late-Victorian commercial architecture in Southwest Virginia.

The Town has undergone enormous economic transition -- from heavy industry, to consumer industry, to an emerging tourism destination location. Pulaski is known for its resilience.

COUNTY OF PULASKI

Nestled deep in the New River Valley against the splendor of the magnificent Blue Ridge Mountains, Pulaski County, Virginia is an area which is truly orchestrated by nature. The mountains, lakes, rivers, and trails provide a beautiful backdrop for each of the four distinct seasons. A community that celebrates its rich heritage among its small towns and farmland, Pulaski County also offers the benefits of city life, due to its proximity to Interstates 81

and 77, without the hustle and bustle.

There are approximately 34,872 residents of Pulaski County. This includes the 9,086 residents of the Town of Pulaski and the 2,534 residents of the Town of Dublin. Set in the New River Valley between the Blue Ridge Mountains and the Shenandoah Mountains, Pulaski County has 330 square miles of land area, with 9 square miles of water area and an elevation of 1,800 to 2,800 feet.

The County has five elementary schools, two middle schools, and a comprehensive high school facility. New River Community College is centrally located within the County, while Radford University and Virginia Tech are only minutes away.

Boating, hunting, hiking, and camping are available at Claytor Lake State Park, along the New River, New River Trail State Park, the Gatewood Reservoir Recreation Area and Jefferson National Forest. The County also offers a private country club with golf, as well as two public golf courses, YMCA, public playgrounds, swimming pools, movie theater, Pulaski Mariners Baseball, and numerous restaurants. Randolph Park, one of the largest municipal parks in the region, is designed to offer a variety and diversity that is certain to provide something for everyone. From hiking trails, to a water park, to tennis and basketball courts, it offers a dynamic atmosphere for sports and outdoor enthusiasts alike. The Fine Arts Center for the New River Valley, Wilderness Road Regional Museum, Radford University, and Virginia Tech offer a wide range of cultural and artistic activities.

The County is directly served by Interstate 81 and thoroughfares such as U.S. Route 100 and U.S. Route 11.





AREA OVERVIEW (CONT'D)

Interstate 77 is accessible in less than 18 miles southeast of Pulaski. The New River Valley Airport is a registered Foreign Trade Zone, has a customs office, and is centrally located within the County for business, commuter and personal flights. National air carriers are available in Roanoke, only 50 miles to the north. The Norfolk-Southern Railroad provides freight service to local industries.

STATE OF VIRGINIA

Virginia is bordered by Maryland and Washington D.C. to the north and the east, Atlantic Ocean to the east, North Carolina and Tennessee to the south, Kentucky to the west, and West Virginia to the north and west. It has a total area of 42,774.2 square miles and an estimated population of 8,001,024, making it the twelfth-largest state in the United States. It is divided into 95 counties and 39 independent cities. The name of the state, Virginia, was applied by Walter Raleigh and Queen Elizabeth in 1584.

Some of the notable places in Virginia are: Colonial National Historical Park, Wickham-Valentine House, Saint Luke's Church, Sabine Hall, Jackson Ward Historic District, City Hall, Christ Church and Alexandria Historic District.

Virginia is one of the richest states in the southern region of United States. Forbes magazine voted Virginia as the best state in the country for business. The economy of the state is balanced, with the Gross Domestic Product of the state being \$383 billion. The services sector employs one-third of the total population. Agriculture, manufacturing, technology, finance and government are other major sectors. Virginia is famous for coal, tobacco and computer chips. It is the fifth-largest producer of tobacco in the

country. The world's largest Internet service provider is based in Virginia.

Virginia has an economy that is highly diversified. Agriculture, once its mainstay, now follows other sectors in employment and income generation. Tobacco, Virginia's traditional staple, is still the leading crop, and grains, corn, soybeans, peanuts, sweet potatoes, cotton, and apples (especially in the Shenandoah Valley) are all important. Wine production is also important; but the major sources of agricultural income are now poultry, dairy goods, and cattle, raised especially in the Valley of Virginia. The coastal fisheries are large, bringing in especially shellfish—largely oysters and crabs.

Coal is Virginia's chief mineral; stone, cement, sand, and gravel are also important. Roanoke is a center for the rail transport equipment industry, and a high proportion of the nation's shipyards are concentrated at Hampton Roads, especially in Newport News. Norfolk is a major U.S. naval base, and Portsmouth is a U.S. naval shipyard, Hampton is a center for aeronautical research. N Virginia has become the home of one of the largest concentrations of computer communications firms in the U.S. Other leading industries include tourism and the manufacture of chemicals, electrical equipment, and food, textile, and paper products. Tens of thousands of Virginians work in government, especially in the District of Columbia or in nearby "Beltway" suburbs like Reston and Langley.



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