



Safeway

28810 Military Rd S | Federal Way, WA 98003

Offering Memorandum



Exclusively Prepared by:
Warner Retail Team

OFFERING SUMMARY

Executive Overview

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ASKING PRICE

CAP RATE

IN-PLACE NOI

TOTAL GLA

REIMBURSEMENTS

TERM REMAINING

LEASE EXPIRATION

RENT-TO-SALES RATIO



\$7,720,000

5.50%

\$424,545

25,766 SF

NNN

11.5 Years

10/31/2037

2.23%

INVESTMENT HIGHLIGHTS

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Long-Term Lease Term Through 2037

The Safeway lease extends through 2037, delivering over a decade of secure, predictable cash flow from a market-leading grocery operator, with a contractual 7.5% rent bump in 2027 providing near-term NOI growth.



Exceptional Store Sales Performance Driving Asset Strength

Safeway is achieving outstanding in-store sales of approximately \$738 PSF with a remarkably low 2.23% rent-to-sales ratio, significantly outperforming typical grocery benchmarks and underscoring the location's dominance, strong customer demand, and long-term viability as a top-performing store within the portfolio.



Absolute Net (NNN) Lease Structure

The lease is structured as an absolute net lease, requiring the tenant to pay taxes, insurance, maintenance, and all operating expenses, roof, and structure, ensuring predictable, passive income with zero landlord obligations.



High Barrier-to-Entry Infill Location with Strong Traffic Exposure

Located in a dense, mature retail corridor with limited future supply, the asset benefits from strong visibility along key commuter routes with 13,000-17,000 VPD, supporting long-term occupancy and rent growth.



Strategic Neighborhood Location

The asset is the most accessible retail destination for thousands of nearby single-family homes to the north, south, and west. Located in a mature, supply-constrained corridor with 13,000-17,000 VPD, it serves a dense trade area of 99,530 residents.



Strong Household Income

The surrounding area features average household incomes exceeding \$118K within 3 miles, reinforcing long-term tenant sales and the durability of in-place cash flow.

REGIONAL MAP

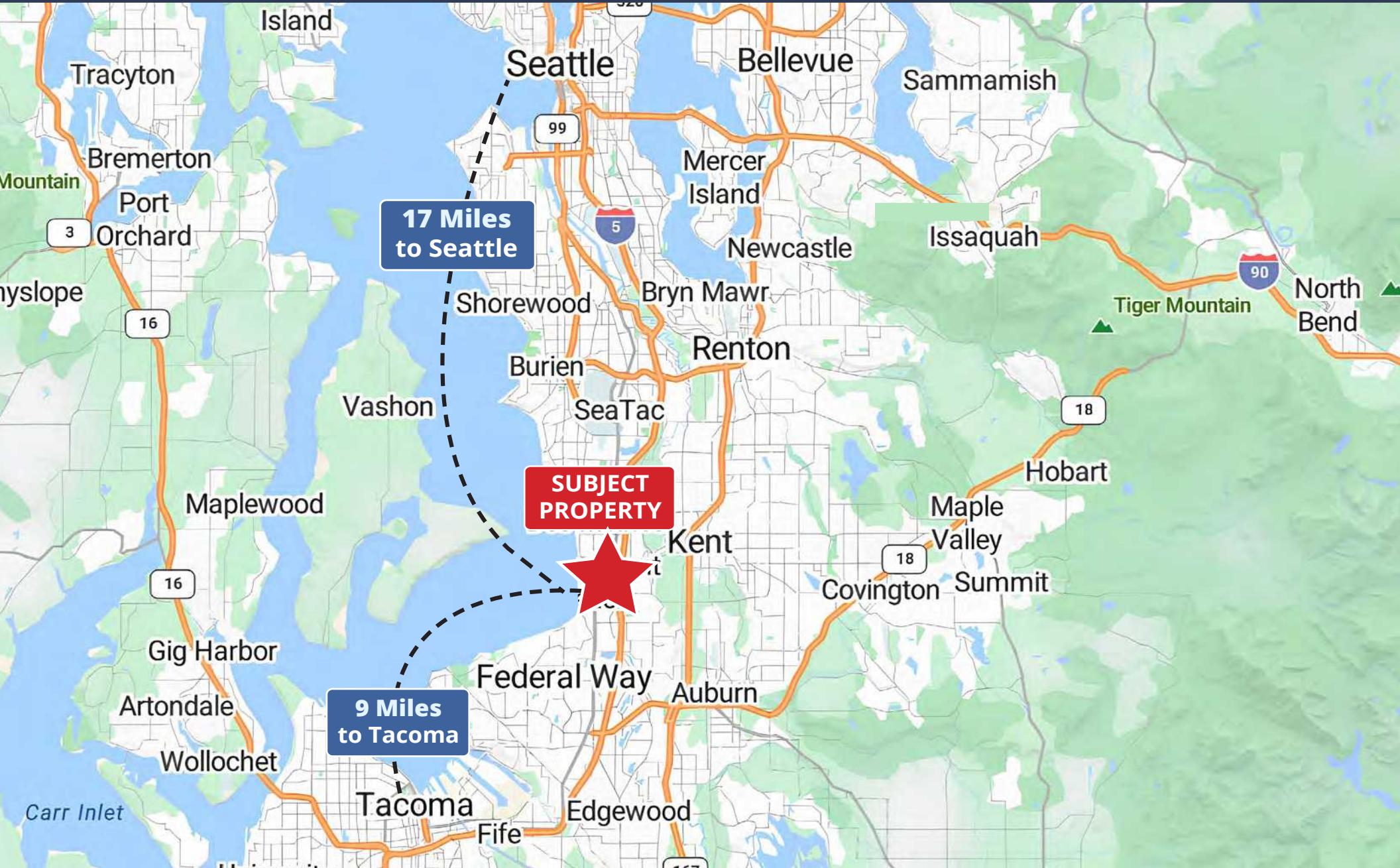
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AERIAL MAP

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SITE PLAN

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PROPERTY DESCRIPTION

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| | |
|------------------------------|--|
| Property Name: | Safeway |
| Address: | 28810 Military Rd S Federal Way, WA 98003 |
| Square Footage (GLA): | 25,766 SF |
| Land Area: | 121,968 SF (2.8 ACRES) |
| APN: | 042104-9110 |
| Year Built: | 1972 |
| Parking Count: | 131 |
| Parking Ratio: | 5.08 Parking Spots / 1,000 SF |
| Property Type: | STNL |
| Type of Ownership: | Fee Simple |
| Term Remaining: | 11.5 Years Remaining |



LOCATION AERIAL

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17 Miles to Seattle

9 Miles to Tacoma

Auburn
86,000 Residents

Thomas Jefferson High School
1,786 Students

Brookside Village
177 Units

Emerald Downs Horse Racing Track

Villa Capri Apartments
87 Units

198,000 VPD

SAFEGWAY
SUBJECT PROPERTY

Garden Town Homes
36 Units

S 288th St (19,820 VPD)

Walgreens

Military Rd S (17,265 VPD)

CITY OF FEDERAL WAY

OVERVIEW

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Federal Way is one of South King County's premier suburban retail markets, strategically positioned between Seattle and Tacoma along major commuter corridors. This central location has established the area as a highly desirable residential community with a strong and dependable consumer base. Characterized by dense, established neighborhoods and a concentration of daily-needs retail, Federal Way generates consistent, year-round traffic driven by convenience-oriented shopping patterns. The property benefits from a true infill location along a well-trafficked corridor, offering excellent visibility and accessibility, and reinforcing its position as a core neighborhood retail destination within a stable and supply-constrained market. Continued population growth and entrenched neighborhood demand support long-term retail performance and sustained tenant interest.

| DEMOGRAPHICS | 1 mile | 3 mile | 5 mile |
|-----------------------|-----------|-----------|-----------|
| Population | 22,012 | 99,530 | 242,444 |
| Daytime Population | 14,003 | 81,645 | 237,007 |
| Households | 7,291 | 34,886 | 87,679 |
| Avg. Household Income | \$102,457 | \$118,923 | \$114,383 |
| Avg. Home Value | \$685,442 | \$732,544 | \$699,142 |



REGIONAL EMPLOYMENT DRIVERS

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Federal Way serves as a critical residential hub within the Puget Sound region, strategically positioned between Seattle and Tacoma along major commuter corridors including I-5. Its central location provides residents with convenient access to two of the region's largest employment centers, making it a highly desirable and attainable housing alternative for the broader workforce. This dynamic has driven consistent population growth and reinforced Federal Way's role as a commuter-driven market supported by stable, diverse employment across technology, aerospace, healthcare, education, and military sectors.

Major Regional Employers

Seattle Metropolitan

Amazon
80,000+ Employees

University of Washington
60,000 Employees

Microsoft
53,000+ Employees

Boeing
65,000+ Employees

Swedish Health Services
13,000 Employees

Tacoma / South Sound

Joint Base Lewis-McChord
55,000+ Personnel

MultiCare Health System
20,000+ Employees

Virginia Mason Franciscan Health
18,000+ Employees

State of Washington (Regional)
10,000+ Employees

Tacoma Public Schools
5,000+ Employees



RENT ROLL

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| Tenant | Lease Start | Lease End | Square Feet | % of GLA | CONTRACT RENTAL RATE | | RENT PER SF | | Rent Increases | Options |
|---------|-------------|-----------|---------------|---------------|----------------------|-----------------|----------------|---------------|---|------------------|
| | | | | | Year | Month | Year | Month | | |
| Safeway | Nov-17 | Oct-37 | 25,766 | 100.0% | \$424,545 | \$35,379 | \$16.48 | \$1.37 | 11/1/2027: 7.5% Increase 11/1/2032: 7.5% Increase Options 1-4: 7.5% Increase Option 5-8: FMV | 8 x 5 Yr Options |
| | | | 25,766 | 100.0% | \$424,545 | \$35,379 | \$16.48 | \$1.37 | | |

LEASE ABSTRACT

| | |
|---|-----------------------|
| Lessee | SAFEWAY INC. |
| Tenant Name | Safeway |
| Tenant Size (SF) | 25,766 |
| Lease Commencement Date | 11/1/2017 |
| Expiration Date | 10/31/2037 |
| Initial Lease Term | 20 Years |
| Remaing Lease Term (Current-10/31/2037) | 140 Months |
| No. & Term of Options | 8 x 5 Yr Options |
| Contractual Rental Rate (Current-10/31/2037) | \$35,378 monthly rent |
| Rent Increase Schedule | 7.5% Increases |
| Yr 6-10 | \$424,545 |
| (Current Rent) Yr 11-15 | \$456,386 |
| Yr 16-20 | \$490,615 |
| Option Yr 21-25 | \$527,411 |
| Option Yr 26-30 | \$566,967 |
| Option Yr 31-35 | \$609,489 |
| Option Yr 36-40 | \$655,201 |
| Option Yr 41-45 | FMV |
| Option Yr 46-50 | FMV |
| Option Yr 51-55 | FMV |
| Option Yr 56-60 | FMV |

Lessee Operating Expenses

Commencing on the Effective Date, Tenant shall maintain or cause to be maintained, at its sole cost and expense, the Common Area at all times in good and clean condition and repair.

Property Tax Expense

Tenant shall be liable for and, to the extent permitted under applicable law, agrees to pay directly to the applicable collecting authority, as they accrue, all taxes and assessments levied or assessed against, imposed upon or arising with respect to (i) the Leased Premises prior to or during the Term of this Lease, including, without limitation, any Real Estate Taxes (as defined below), and (ii) the rental or other payments due under this Lease, including, without limitation, any excise taxes, transaction taxes, privilege taxes, license taxes, sales taxes, use taxes, rental taxes, gross income or gross receipts taxes, and other similar taxes (other than any such taxes which are imposed in lieu of franchise taxes or net income taxes), in each case whether such taxes are existing at the date hereof or are hereinafter imposed by any Governmental Authority (collectively, "Taxes and Assessments").

Property Insurance

Tenant shall maintain commercial general and auto liability insurance covering its obligations under this Article 15 and insuring it against claims for personal injury, bodily injury or death, and property damage or destruction.

Maintenance & Repairs

Commencing on the Effective Date, and during the Term of this Lease, Tenant shall, at Tenant's sole cost and expense, maintain the Leased Premises, structural and non-structural, interior and exterior, in good repair and condition, except for ordinary wear and tear (assuming commercially reasonable maintenance procedures are followed), and will make all structural and non-structural, interior and exterior, foreseen and unforeseen and ordinary and extraordinary changes, replacements, upgrades and repairs which may be required with respect to the Leased Premises, including in order to maintain the same in good order and condition, and including pursuant to any Permitted Exception (not including any Mortgage).

PHOTO GALLERY

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