FOOD 4 LESS

STOCKTON, CALIFORNIA

Marcus & Millichap
ATTIA GROUP

OFFERING
MEMORANDUM

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Marcus & Millichap
ATTIA GROUP

OFFERING SUMMARY

Marcus & Millichap is pleased to present the opportunity to acquire a prime grocery-anchored retail asset in Stockton's high-traffic retail corridor with direct access to I-5 and strong regional connectivity. Occupied by **Food 4 Less**, the essential-anchor tenant in a dense residential trade area, the property offers stable, recession-resistant income and limited new retail supply creating a rare, hard-to-replicate investment opportunity.

FOOD 4 LESS – STOCKTON, CA

225 East March Lane,
Stockton, California 95207

TOP 10%	6.66%	43,240	11.5 YEARS
PERFORMING STORE	AVG. WEIGHTED CAP	SQUARE FEET	OF BASE TERM

EXECUTIVE SUMMARY

FOOD 4 LESS – STOCKTON

SECTION 01

Marcus & Millichap

FOOD 4 LESS – STOCKTON

OFFERING SUMMARY

$9,860,000
PRICE

$228.03
PRICE/SF

6.66%
AVG. CAP ON TERM

6.34%
CAP RATE

43,240 SF
BUILDING GLA

$625,000
NOI

225 EAST MARCH LANE, STOCKTON, CALIFORNIA 95207

Guarantor PAQ Foods, Inc. occupies 43,240 square feet pursuant to a double-net (NN) lease that commenced on October 9, 2004, and expires on October 31, 2037, generating annual net operating income (NOI) of $625,000 ($14.45/SF/Year). The lease includes four (4) remaining five-year renewal options, with scheduled rent increases of 10% every five years. Please note that the lease includes a rent abatement period commencing December 1, 2026, and continuing through August 31, 2027. In consideration for this rent abatement, Tenant has agreed to invest no less than $1,000,000 during the 2027 calendar year into the Premises, including capital expenditures, renovations, repairs, replacements, upgrades, and other property improvements. Landlord has also agreed to complete the resurfacing, repair, and restriping of the parking lot on or before December 31, 2026.

LEASE DETAILS

Guarantor	PAQ Foods, Inc.
Rent Commencement	10/9/2004
Lease Expiration	10/31/2037
Square Feet	43,240 SF
Lease Type	Double-Net (NN)
NOI	$ 625,000
Rent/SF/Year	$ 14.45
Options Remaining	Four (4) Five-Year
Increases	10% Every 5 Years

RENT SCHEDULE

Lease Years	Annual Rent	Cap Over Term
6/1/2026 – 10/31/2027	$ 648,000	6.57%
11/1/2027 – 10/31/2032	$ 625,000	6.34%
11/1/2032 – 10/31/2037	$ 687,500	6.97%
Option 1: 11/1/2037 – 10/31/2042	$ 756,250	7.67%
Option 2: 11/1/2042 – 10/31/2047	$ 831,875	8.44%
Option 3: 11/1/2047 – 10/31/2052	$ 915,063	9.28%
Option 4: 11/1/2052 – 10/31/2057	$ 1,006,569	10.21%

Marcus & Millichap

INVESTMENT HIGHLIGHTS

BRAND-NEW TEN-YEAR LEASE COMMITMENT FROM TENANT EXERCISED IN JUNE 2026

$1.2M CAP EX PROJECT CURRENTLY UNDERWAY

APPROXIMATELY $30M SALES REVENUE REPORTED IN 2025

PRIME RETAIL CORRIDOR

The property fronts East March Lane, a primary Stockton retail corridor serving the city and greater San Joaquin County. Positioned on a high-traffic thoroughfare with excellent visibility and access, it benefits from steady daily traffic and strong consumer exposure. East March Lane provides direct connections to I-5 and Pacific Avenue, linking Stockton to Sacramento, the Bay Area and the broader Central Valley.

ESTABLISHED & ESSENTIAL RETAIL TENANT

The property is occupied by Food 4 Less (Kroger), a leading discount grocery known for high-volume, value-focused operations and strong customer loyalty. As an essential, necessity-based retailer, it generates consistent foot traffic across economic cycles. The tenant's long operating history and corporate backing provide stable, recession-resistant income and reliable demand.

DOMINANT NEIGHBORHOOD & RETAILTRADE AREA

The property sits in a dense infill retail corridor anchored by national and regional retailers, quick-service restaurants, and daily-needs services. Nearby grocers, pharmacies, banks, and dining concepts create a synergistic environment that drives steady consumer traffic. This concentration reinforces the site as a primary shopping destination for surrounding residential communities.

INFILL LOCATION & HIGH RESIDENTIAL DENSITY

Stockton is a major, fast-growing Central Valley city, and the property sits within a densely populated residential trade area. Nearby neighborhoods supply a built-in customer base that sustains steady grocery demand and daily activity. As an established infill site, the property benefits from limited nearby land availability and long-term market relevance.

STRATEGIC CENTRAL VALLEY POSITIONING

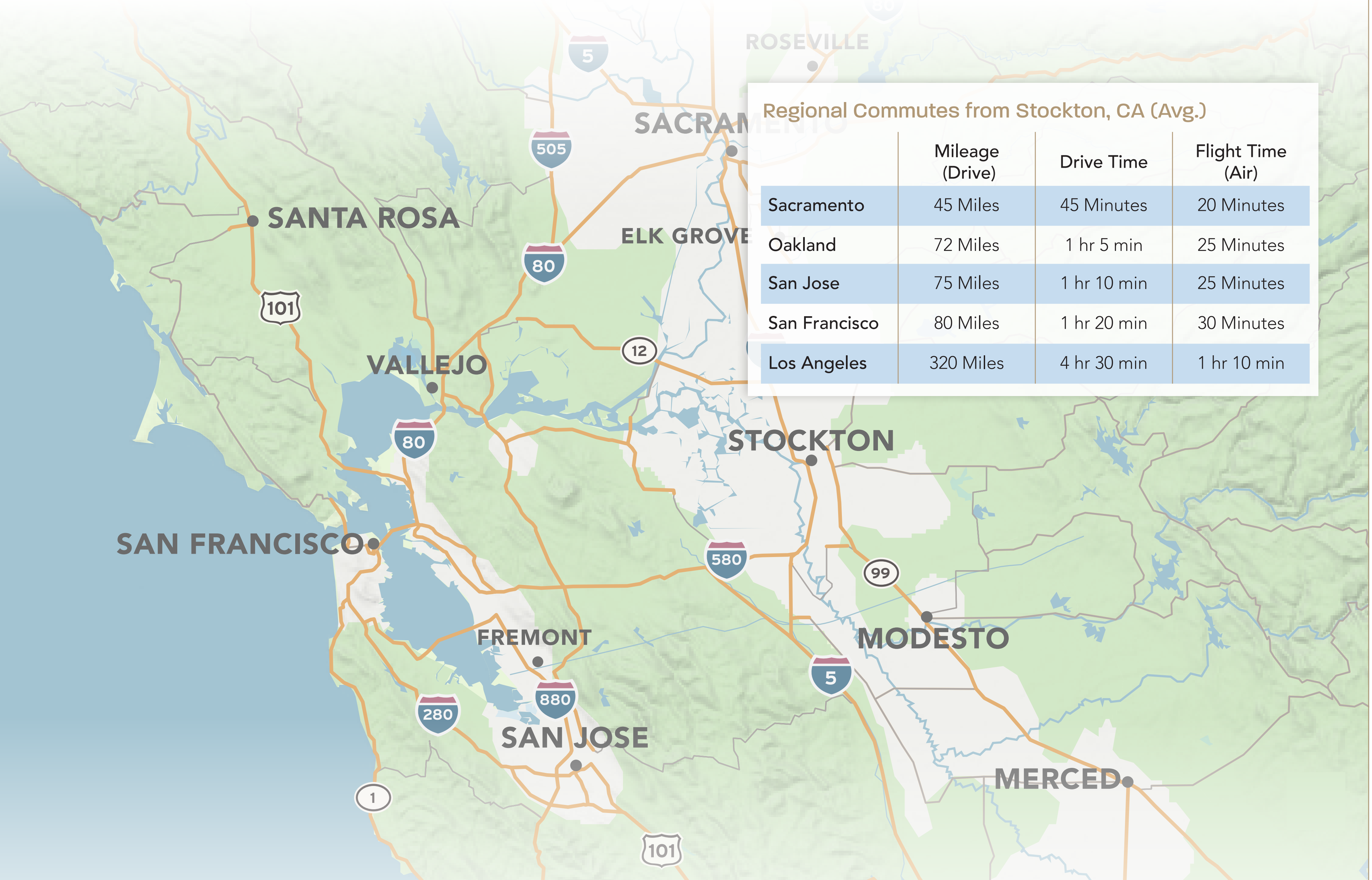
Stockton is a Central Valley economic hub anchored by Interstate 5 and State Route 99, offering strong regional connectivity. Its growing population and migration from higher-cost coastal markets support long-term retail demand and reinforce Stockton's role as a vital distribution and consumer center in Northern California.

LIMITED NEW RETAIL SUPPLY & HIGH BARRIERS TO ENTRY

New retail development in Stockton is limited by rising construction costs, scarce land, and zoning constraints, making well-located grocery-anchored assets highly desirable and hard to replicate. Strong location fundamentals and essential tenancy support long-term stability and value preservation.

STOCKTON, CALIFORNIA

STOCKTON REGIONAL COMMUTES



Regional Commutes from Stockton, CA (Avg.)

	Mileage (Drive)	Drive Time	Flight Time (Air)
Sacramento	45 Miles	45 Minutes	20 Minutes
Oakland	72 Miles	1 hr 5 min	25 Minutes
San Jose	75 Miles	1 hr 10 min	25 Minutes
San Francisco	80 Miles	1 hr 20 min	30 Minutes
Los Angeles	320 Miles	4 hr 30 min	1 hr 10 min

FIREHOUSE SUBS
IHOP
COSTCO
El Pollo Loco
Walgreens
Walmart
KFC
McDonald's
ROSS DRESS FOR LESS
THE HOME DEPOT
LOWE'S
TACO BELL
Wendy's
BIG LOTS!
BASKIN ROBBINS
SF SUPERMARKET
DUTCH BROS
planet fitness
Carl's Jr.
WinCo FOODS
Jack
76
KAISER PERMANENTE
REGAL
McDonald's
DOLLAR TREE
Walmart Neighborhood Market
TACO BELL
SAINT MARY'S HIGH SCHOOL
A COLLEGE PREPARATORY HIGH SCHOOL
BURGER KING
CVS pharmacy
POPEYES
WING STOP
FOOD 4 LESS

FOOD 4 LESS – STOCKTON

SITE PLAN

LANDLORD RESPONSIBILITIES

Management Responsibilities

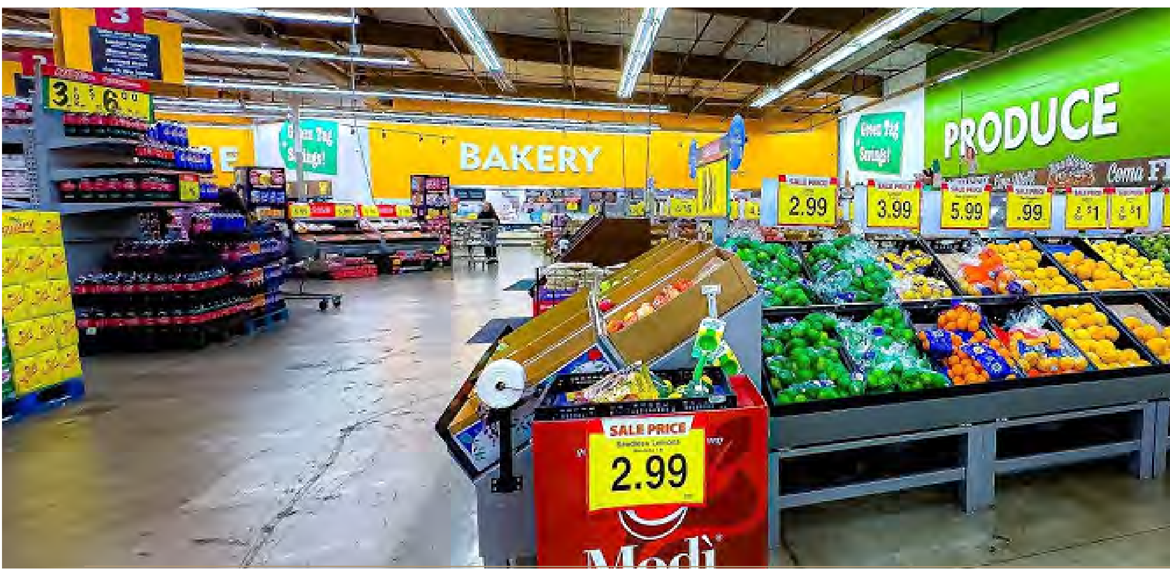
Item	Responsible Party
Fire Safety System	Tenant
Mechanical Systems	Tenant
HVAC Repairs & Replacement	Tenant
Utilities: Water	Tenant
Utilities: Electric / Gas	Tenant
Roof Repairs & Replacement	Landlord
Foundation & Structure	Landlord
Common Area Maintenance	Tenant*
Property Insurance	Tenant*
Real Estate Taxes	Tenant*

Landlord Pays, Tenant Reimburses

TENANT SUMMARY

SNAPSHOT

Tenant	Food 4 Less
Parent Company	PAQ, INC.
Industry	Discount supermarket / grocery
Store Role	Grocery anchor / essential retailer
Typical Store Size	~40,000–60,000 SF (market-dependent)
Lease Type	Anchor grocery lease (verify specific lease terms)
Credit Support	Operates under Kroger corporate umbrella
Market Footprint	Significant California presence; regional grocery leader
Number of Stores	~200 (primarily California)
Founded	1975
Importance to Asset	Recession-resistant foot traffic generator



OVERVIEW

Food 4 Less, operating under the Kroger corporate platform, serves as a necessity-based grocery anchor that drives consistent, high-frequency consumer traffic and produces stable, defensive income for retail landlords. The banner's discount, value-oriented model attracts broad demographics and supports steady demand even during economic cycles, reducing vacancy risk for grocery-anchored properties. As an essential-use tenant embedded in dense retail trade areas, Food 4 Less strengthens day-to-day visitation patterns for the center and supports mix stability for complementary service and quick-service restaurant tenants.

Although Kroger owns the Food 4 Less brand and many other locations, PAQ Inc. operates separately in Central and Northern California.

RECENT ACTIVITY

Since 2023, Kroger has continued to invest in the Food 4 Less banner with selective new store openings and targeted remodels across California, signaling ongoing commitment to the regional market and continued reinvestment in store operations and customer experience (specific openings/remodel dates to be verified with Kroger/market records).

FOOD 4 LESS – STOCKTON

TENANT SUMMARY

PARENT COMPANY

PAQ, INC. SNAPSHOT:

1995
YEAR FOUNDED

24
OPERATING STORES

31
YEARS IN OPERATION

17
FOOD 4 LESS STORES

Established
MARKET PRESENCE

Grocer
NECESSITY-BASED DEMAND

Lodi, CA
HEADQUARTERS

ESOP
EMPLOYEE-OWNED

12,000+
EMPLOYEES

PaqInc.org
WEBSITE

Daily Traffic
ESSENTIAL RETAIL USE

Brand Oriented
VALUE-ORIENTED

PAQ, Inc.

PAQ, Inc. is a privately held, employee-owned grocery operator headquartered in California, with a portfolio of over 20 stores operating under the Food 4 Less and Rancho San Miguel banners. The company focuses on value-driven grocery retail, serving primarily working-class and middle-income communities throughout Northern and Central California. Its Food 4 Less stores emphasize low-cost, high-volume sales of everyday essentials, while Rancho San Miguel markets are tailored toward Hispanic consumers, offering fresh, culturally relevant products. This dual-brand strategy allows PAQ to effectively capture multiple customer segments within its core markets.

As an ESOP (employee-owned company), PAQ benefits from aligned employee incentives, which can contribute to stronger store level performance and operational consistency. From a commercial real estate perspective, the company functions as a dependable regional grocery anchor that drives consistent daily traffic to shopping centers. While it does not carry the same credit profile as national grocery chains, its necessity-based business model and established presence in its markets make it a stable and effective tenant in the right locations.

STOCKTON, CALIFORNIA

"STOCKTON IS A CITY ON THE RISE, AND A CITY OF THE FUTURE."

SACRAMENTO BUSINESS JOURNAL

SECTION 02

Marcus & Millichap

STOCKTON, CA

NORTHERN CALIFORNIA'S GATEWAY FOR TRADE, TALENT, AND OPPORTUNITY

Stockton, California, is the economic and cultural anchor of the Central Valley, known for its strategic location, diverse industries, and regional influence. Home to major healthcare providers, higher education institutions, and one of the West Coast's largest inland ports, Stockton blends historic character with modern infrastructure, making it a hub for investment and growth in Northern California.

With direct access to Stockton Metropolitan Airport, the Port of Stockton, and interstates I-5, I-205, and State Route 99, the city offers exceptional connectivity across California and the nation. Its central location provides efficient links to Sacramento, the Bay Area, Fresno, and beyond, reinforcing its role as a logistics and trade gateway.

Stockton's focus on innovation, sustainability, and revitalization has made it one of California's most dynamic mid-sized metros. The city is home to the University of the Pacific, advanced healthcare systems like St. Joseph's Medical Center and Kaiser Permanente, and diverse neighborhoods supported by new infrastructure and expanding fiber connectivity. With its vibrant waterfront, growing arts scene, and access to wine country and Delta recreation, Stockton offers a high quality of life while celebrating its rich heritage.

Driven by logistics, agriculture, education, healthcare, and advanced manufacturing, Stockton attracts companies and investors seeking long-term growth. Its diverse economy—anchored by distribution centers, medical services, higher education, and agribusiness—along with strong tourism, convention activity, and a resilient workforce, positions Stockton as a leading destination for business expansion across California and the Western U.S.

$100,585
AVERAGE HOUSEHOLD INCOME

$81,196
MEDIAN HOUSEHOLD INCOME

43,156
2024 POPULATION

4.4%
POPULATION GROWTH (5 YEARS)

Stockton's population grew 4.4% over the past five years, adding roughly 13,800 residents and expanding the local labor pool and consumer base. That growth stands in contrast to California's recent statewide population decline over the same period, underscoring Stockton's relative affordability and appeal as a migration destination for households and workers.

WHY STOCKTON?

STRATEGIC LOGISTICS HUB

Stockton services the Central Valley with immediate access to I-5 and Class I rail; industrial absorption has accelerated, with asking industrial rents up ~10–20% and vacancy tightening to low-single digits regionally (approx. 2–6%), driving strong demand for distribution and warehouse space.

POPULATION & LABOR INFLOW

City population is roughly 320,000, and the Stockton–Lodi MSA has seen net in-migration from Bay Area counties in recent years, expanding the regional labor pool and consumer base by several percentage points annually.

INFRASTRUCTURE & PROJECT INVESTMENT

Recent public and private capital projects — including road upgrades, utility improvements, and industrial park expansions — have unlocked shovel-ready sites; municipal permitting timelines and capital commitments have shortened, accelerating project

AFFORDABILITY-DRIVEN RESIDENTIAL GROWTH

Median home prices in Stockton remain materially lower than coastal metros (often 50–70% below Bay Area medians), supporting continued household formation and retail demand in infill neighborhoods.

DIVERSIFYING LOCAL ECONOMY

Employment growth has shifted toward logistics, healthcare, education, and ag-tech, with job gains in warehousing and distribution outpacing the broader market (double-digit growth in logistics-related employment segments in recent reporting periods).

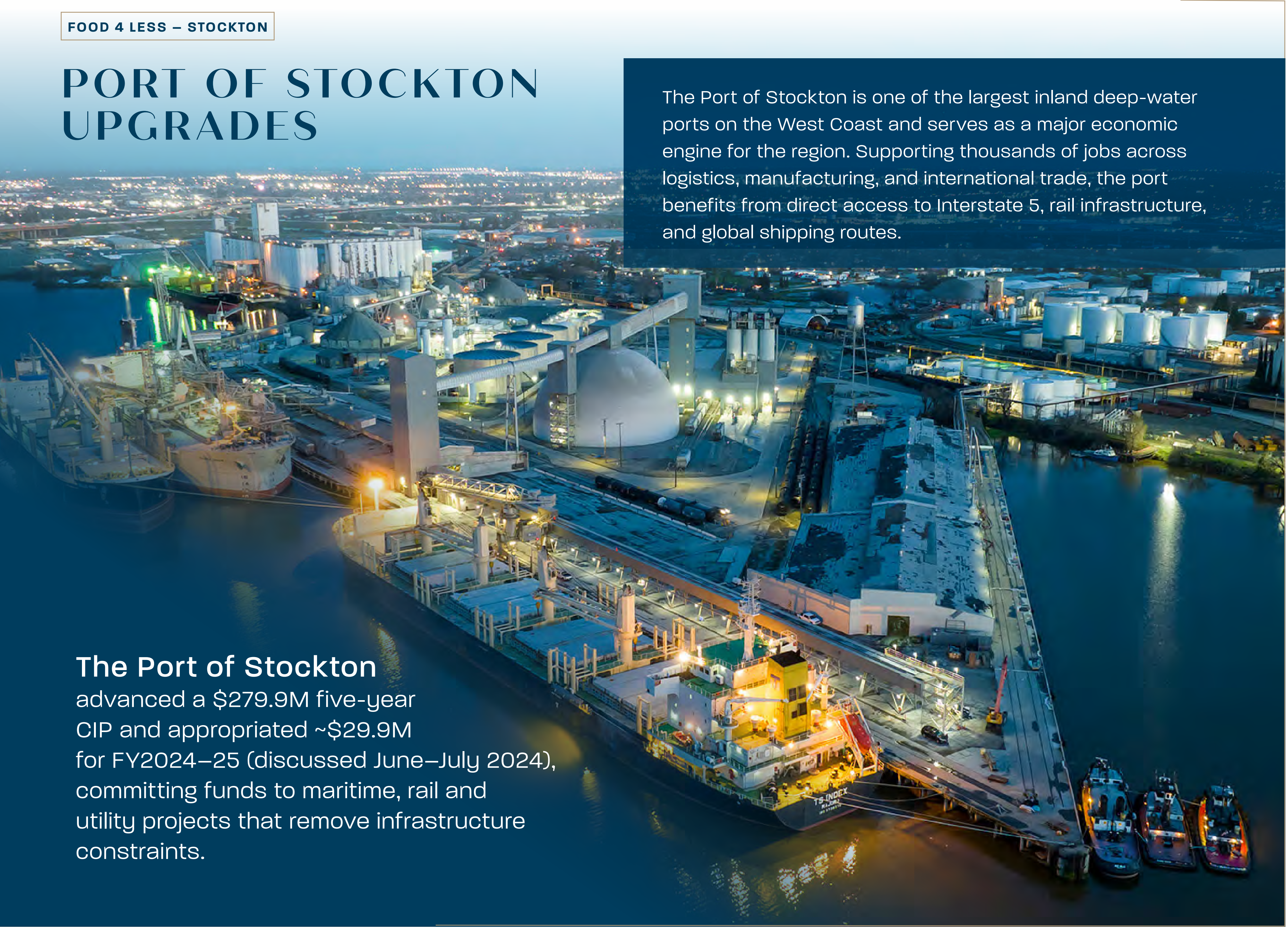
2025-2030 ECONOMIC ADVANCES

City Council approved a 20-year agreement with The Home Depot (announced March 19, 2025) tied to a major distribution facility, and city staff issued 837 building permits in 2024—signals of increased permitting throughput and pro-development policy.

Stockton leaders have moved from planning into funded execution. The City's FY2025–2030 CIP was reviewed by the Planning Commission on April 24, 2025 and includes a "Staff Augmentation Program" to pre-qualify and contract construction management firms, shortening delivery timelines.

PORT OF STOCKTON UPGRADES

The Port of Stockton is one of the largest inland deep-water ports on the West Coast and serves as a major economic engine for the region. Supporting thousands of jobs across logistics, manufacturing, and international trade, the port benefits from direct access to Interstate 5, rail infrastructure, and global shipping routes.



The Port of Stockton

advanced a $279.9M five-year CIP and appropriated ~$29.9M for FY2024–25 (discussed June–July 2024), committing funds to maritime, rail and utility projects that remove infrastructure constraints.

ECONOMIC DRIVERS

La Passeggiata (New Development)

622 E Lindsey St, Stockton, CA

La Passeggiata is a newly constructed mixed-use residential development located at 622 E Lindsey Street in downtown Stockton. The project will deliver approximately 94 housing units, contributing to the city's ongoing revitalization efforts and increasing residential density in the urban core. As one of the most notable infill developments currently underway, it is expected to drive additional foot traffic, support local businesses, and strengthen the long-term demand for retail and services in the surrounding area.

ECONOMIC DRIVERS

University of the Pacific (Landmark)

622 E 3601 Pacific Ave, Stockton, CA

University of the Pacific is a premier private university located in Stockton and one of California's oldest higher education institutions. The campus serves thousands of students and faculty, providing a consistent source of daytime population and economic activity. Its presence enhances the city's educational profile while supporting nearby housing, retail, and service demand, making it a key stabilizing force in the local economy.

FOOD 4 LESS – STOCKTON

MAJOR EMPLOYERS

Stockton Unified School	5,265
Amazon	4,750
St. Joseph's Medical	3,200
City of Stockton	2,118
San Joaquin County	1,955
Pacific Gas & Electric	1,550
University of the Pacific	1,329
Lincoln Unified School	1,125
Kaiser Permanente	1,065
San Joaquin Delta College	813

PHOTO CREDIT: THE STOCKTON RECORD

KEY DEMOGRAPHICS

	2 Miles	5 Miles	10 Miles
2020 Population	8,885	41,593	130,055
2024 Population	9,229	43,156	135,198
2029 Projection	9,736	45,522	142,648
Avg. Household Income			
2024 Avg. Household	$116,145	$100,585	$95,325
Med. Household Income			
2024 Med. Household	$98,008	$81,196	$71,640

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