



# OFFERING MEMORANDUM

Triple Net (NNN) Lease Investment

650 N Imperial Avenue | El Centro, CA 92243



SANDS INVESTMENT GROUP  
NET INVESTMENTS... NET RESULTS

# EXCLUSIVELY MARKETED BY:

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SANDS INVESTMENT GROUP  
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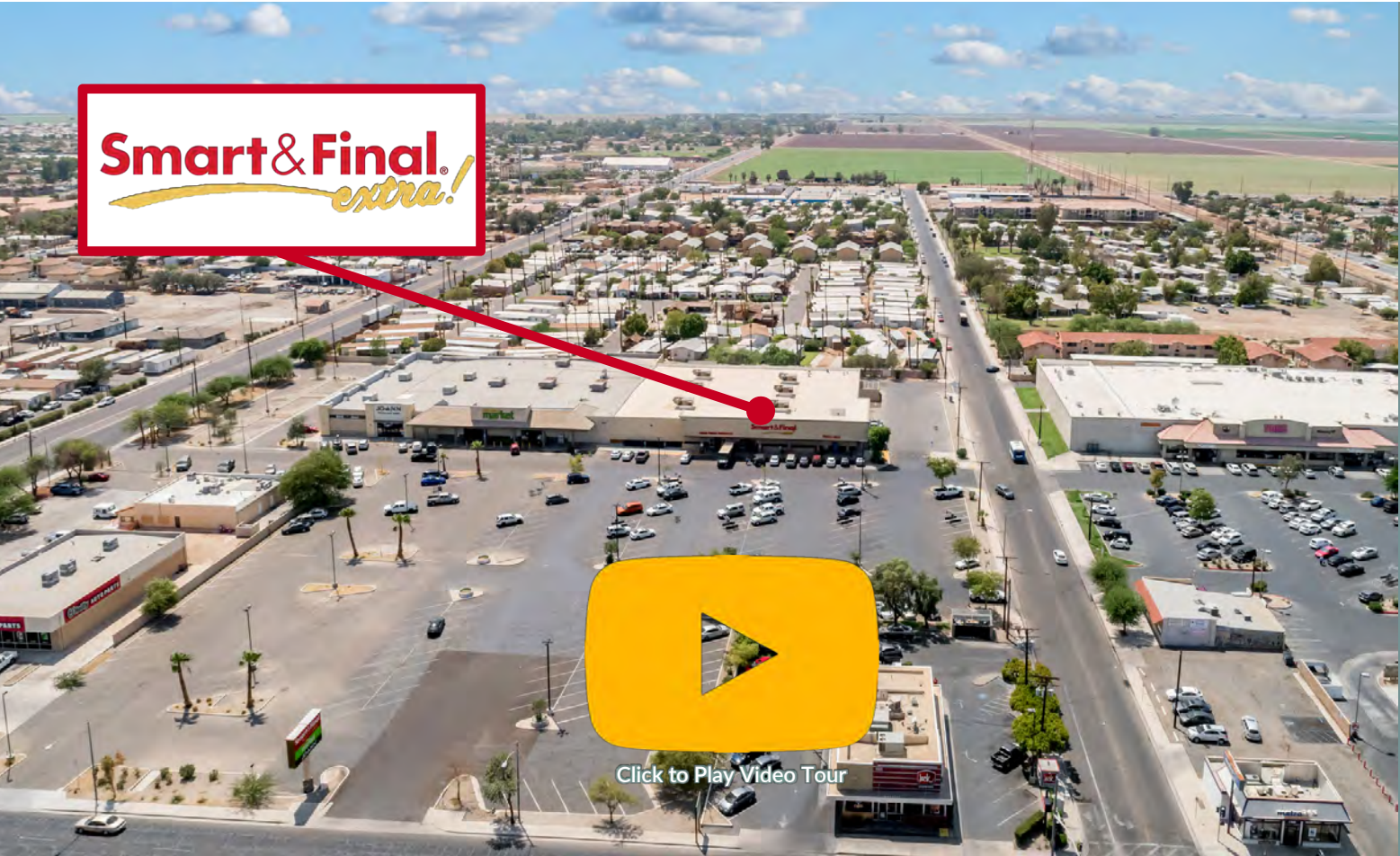
Lease Summary  
Rent Roll



# INVESTMENT OVERVIEW

# INVESTMENT SUMMARY

Sands Investment Group is Pleased to Exclusively Offer For Sale the Smart & Final Extra! Located at 650 N Imperial Avenue in El Centro, California. This is a Triple Net (NNN) Lease Investment Opportunity With Limited Landlord Responsibilities. The Recently Renovated Building is Approximately 29,050 SF and Sits on 3.34 Acres of Land.



## OFFERING SUMMARY

PRICE	\$7,204,400
CAP	6.25%
NOI	\$450,275
PRICE PER SF	\$248
GUARANTOR	Corporate

## PROPERTY SUMMARY

ADDRESS	650 N Imperial Ave El Centro, CA 92243
COUNTY	Imperial
BUILDING AREA	29,050 SF
LAND AREA	3.34 AC
BUILT / RENOVATED	1975 / 2018

# HIGHLIGHTS



Brand New Redevelopment – Corporate Smart & Final Extra! Operating Under a Long Term 15-Year NNN Lease



Corporate Lease With Smart and Final Inc, (NYSE: SFS) Founded in 1914 in Los Angeles With 323+ Stores and Over \$4.3B in Annual Sales



Smart & Final is One of the Most Rapidly Expanding Banners Amongst Grocery Retailers With 14 New Stores in 2017 and a 5.3% Increase in Sales From Prior Year



Positioned at Signalized Hard Corner | Multiple Ingress/Egress Points



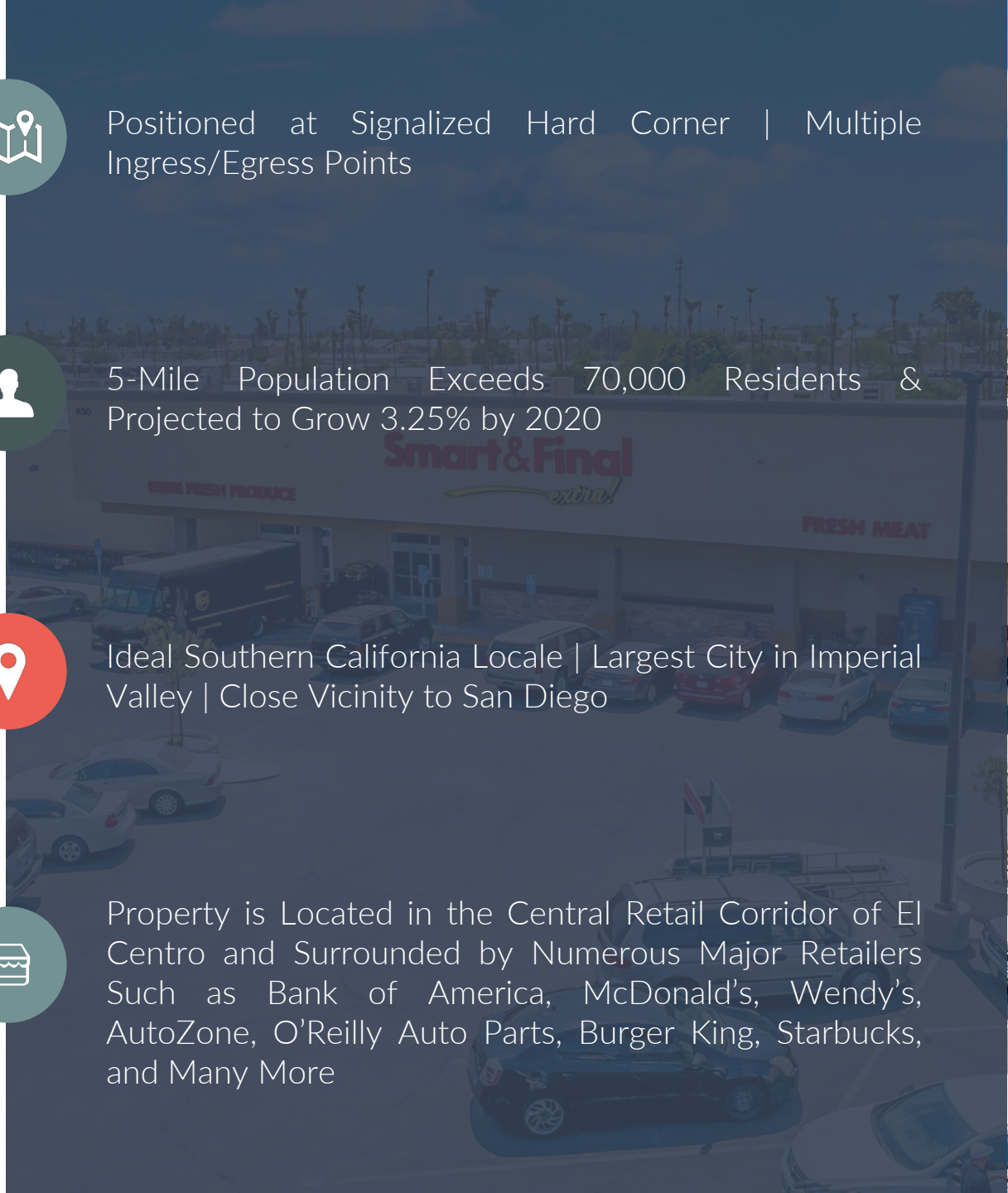
5-Mile Population Exceeds 70,000 Residents & Projected to Grow 3.25% by 2020



Ideal Southern California Locale | Largest City in Imperial Valley | Close Vicinity to San Diego



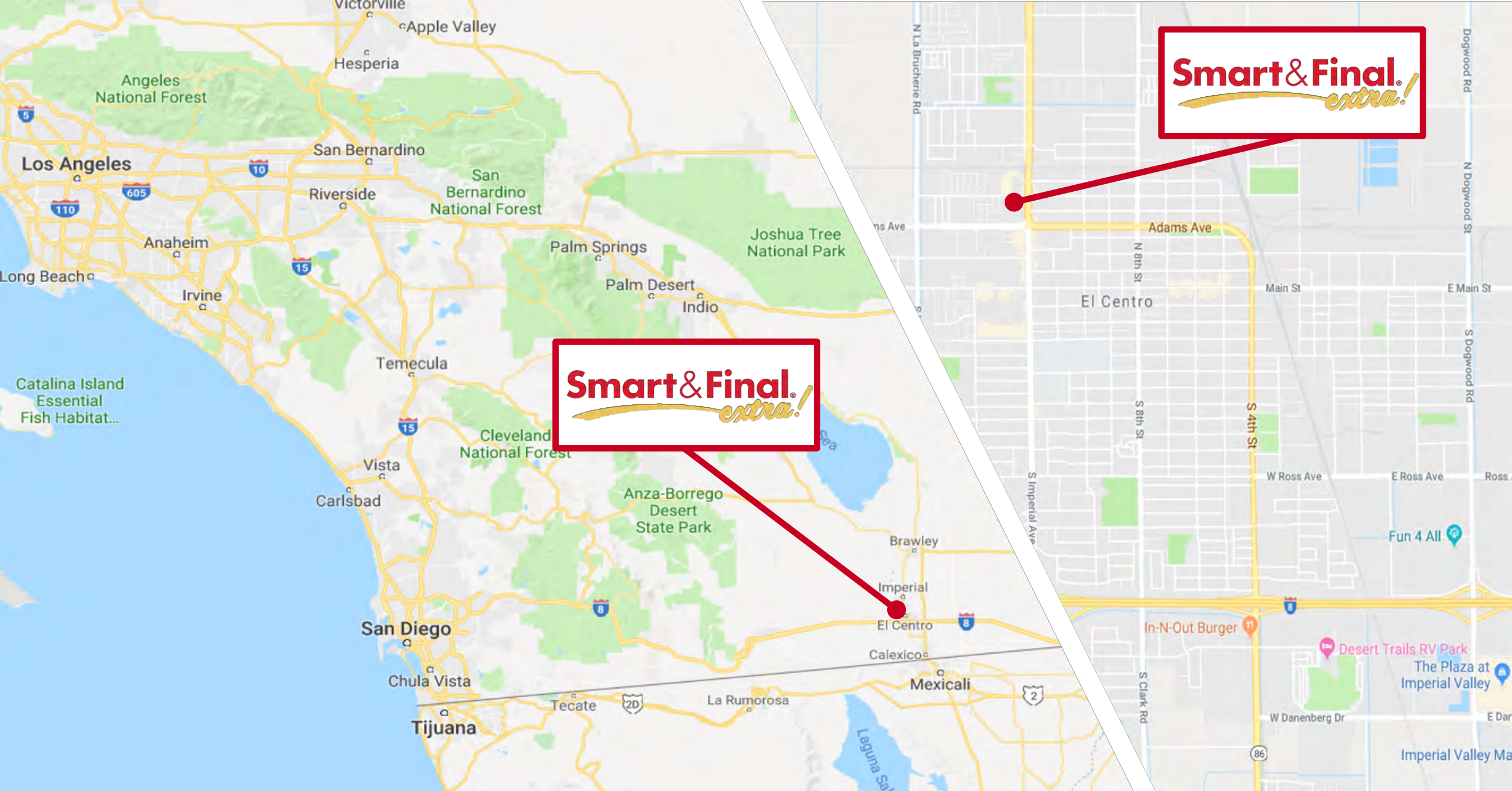
Property is Located in the Central Retail Corridor of El Centro and Surrounded by Numerous Major Retailers Such as Bank of America, McDonald's, Wendy's, AutoZone, O'Reilly Auto Parts, Burger King, Starbucks, and Many More





# PROPERTY OVERVIEW





Smart & Final Extra! | 650 N Imperial Avenue | El Centro, CA 92243

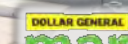
Imperial  
Doit Center

**PAPA JOHN'S**  
Better Ingredients.  
Better Pizza.

upspace UNIFORMS 911

CARPET ONE FLOOR & HOME BIG 5 SPORTING GOODS

Mozzarelli's Pizza  
and Gelato



**Smart & Final**  
*extra!*

Polynesian Village

market  
**JOANN**



N Imperial Ave

Adams Ave



N Imperial Ave

Adams Ave



# AREA OVERVIEW



# CITY OVERVIEW

El Centro | Imperial County | California

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## El Centro, CA

El Centro is a city in Imperial County, California. It is the largest city in the Imperial Valley, and it's the core urban area and principal city of the El Centro Metropolitan area, which encompasses all of Imperial County. El Centro's population was 44,201 at the 2016 census. The city is also the largest American city to lie entirely below sea level. The city is 113 miles from the major Southern California city of San Diego and near the Mexican city of Mexicali. The modern city is home to retail, transportation, wholesale, and agricultural industries. There are also two international border crossings nearby for commercial and noncommercial vehicles.



## Economy

As of 2009 the employment of El Centro is dominated by the local government, state government, and federal government. The area has many farming plots, where carrots, lettuce, and other crops are produced, and therefore the economy is subject to seasonal variations like other farming areas. El Centro is surrounded by thousands of acres of farmland that has transformed the desert into one of the most productive farming regions in California with an annual crop production of over \$1 billion. Agriculture is the largest industry in the county and accounts for 48% of all employment. Being the commercial center of the county, 50% of jobs come from the service and retail sector as well.



## Culture

While the majority of the residents in this community are Hispanic, there is a diverse population with a wide array of interests. In the winter residents race on the Algodones sand dunes using four wheel drive buggies. During the summer residents spend time indoors instead of outside. Spanish is a dominant language among residents and over the radio. Many area residents live in both the United States and Mexico and go across the border frequently. El Centro's most notable attractions are its natural ones. The eerie Crucifixion Thorn Natural Area, the fossils left in dry lake beds, the mud pots bubbling along the road - these all as much a part of El Centro as its cultural heritage.

# DEMOGRAPHICS

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Smart & Final Extra! | 650 N Imperial Avenue | El Centro, CA 92243



Population

3-MILE

54,377

5-MILE

71,397

10-MILE

111,235



Average Household Income

3-MILE

\$69,761

5-MILE

\$72,178

10-MILE

\$67,125





# TENANT OVERVIEW

# TENANT PROFILE

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Headquartered in Los Angeles, where the Company began over 145 years ago, Smart & Final Stores, Inc. operates more than 300 grocery and foodservice stores under the “Smart & Final,” “Smart & Final Extra!” and “Smart Foodservice” banners in California, Oregon, Washington, Arizona, Nevada, Idaho and Utah, with an additional 15 stores in Northern Mexico.

For years, Smart & Final banner stores were known as the “smaller, faster warehouse store,” primarily focused on providing customers with club-size items. Throughout its evolution, it has remained committed to adapting to the changing needs of the neighborhoods it serves, most notably through its 2008 introduction of Smart & Final Extra! stores. Uniquely positioned to offer time- and money-savings for both household and business customers, Smart & Final Extra! stores include expanded fresh and frozen products, organic and natural products, bulk foods, oven-roasted chicken and many other items sold in convenient sizes. All Smart & Final stores continue to offer 50% more club-size items than a traditional club store, with no membership fee required. As of June 17, 2018, the Company operated a total of 322 stores, including 195 Smart & Final Extra! stores, 63 legacy format Smart & Final stores and 64 Smart Foodservice Warehouse stores.



COMPANY TYPE  
NYSE: SFS



FOUNDED  
1871



# OF LOCATIONS  
322+



HEADQUARTERS  
Los Angeles, CA



WEBSITE  
[smartandfinal.com](http://smartandfinal.com)

# COMPANY TIMELINE

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## Smart & Final®

## 2018 HIGHLIGHTS

- Founded in 1871, by Herman W. Hellman, Jacob Haas and Bernard Cohn, as Hellman-Haas Grocery Co. Purchased by Abraham Haas (the original owner of the Haas Building in Downtown Los Angeles) and Jacob Baruch, and renamed Haas, Baruch & Co in 1889. By 1895, following introduction of one of the first private label store brands, Iris, the grocer's sales reached \$2 million. The business continued to expand with Southern California's growing population for the next two decades.
- Founded in 1912, the Santa Ana Grocery Company mainly supplied feed and grain to local farmers. In 1914, J. S. "Jim" Smart, a banker from Saginaw, Michigan, and H. D. "Hildane" Final bought the company and changed the name to Smart & Final Wholesale Grocers. By 1919, annual sales for Smart & Final had reached \$10 million. During the fierce competition among expanding grocers in the 1920s, the company introduced a self-serve concept to replace reliance on clerks to fetch goods. This was called "cash and carry."
- In 1998, it acquired Portland, Oregon-based United Grocers Cash & Carry, which was renamed Cash & Carry Smart Foodservice. These stores are concentrated in the Pacific Northwest. In 2007, Smart & Final acquired 35 Henry's Farmers Markets in California and Sun Harvest Markets in Texas for about \$166 million. In 2007, the company was acquired by Apollo Global Management.
- In 2012, Apollo sold its stake in Smart & Final to Ares Management. Smart & Final went public in 2014. In 2015, Smart & Final purchased the leases on 32 locations previously operated by Haggen Food & Pharmacy. In 2017, Smart & Final opened 14 new locations.

Net Sales Increased 4.4% to \$1.1 Billion with a Comparable Store Sales Increase of 1.3%

Net Income of \$6.6 Million

Adjusted Net Income of \$11.4 Million

Gross Margin Increased 4.6% to \$169.7 Million

Adjusted EBITDA Increased 2.5% to \$49.3 Million



# LEASE ABSTRACT

# LEASE SUMMARY

TENANT	Smart & Final Extra!
PREMISES	Approximately 29,050 SF
LEASE COMMENCEMENT	July 7, 2018
LEASE EXPIRATION	July 31, 2033
LEASE TERM	14+ Years Remaining
RENEWAL OPTIONS	3 x 5 Years and 1 x 4 Year
RENT INCREASES	10% Year 11 and Every 5 Years Thereafter
LEASE TYPE	Triple Net (NNN)
USE	Grocery
PROPERTY TAXES	Tenant's Responsibility
INSURANCE	Tenant's Responsibility
COMMON AREA	Tenant's Responsibility
ROOF & STRUCTURE	Landlord's Responsibility
REPAIRS & MAINTENANCE	Tenant's Responsibility
HVAC	Tenant's Responsibility
UTILITIES	Tenant's Responsibility
RIGHT OF FIRST REFUSAL	No



# RENT ROLL

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SIZE		ANNUAL RENT				LEASE TERM		
TENANT NAME	SQUARE FOOTAGE	ANNUAL BASE RENT	RENT PER SF	RENTAL INCREASE	INCREASE DATES	LEASE BEGIN	LEASE END	OPTIONS
Smart & Final Extra!	29,050 SF	\$450,275	\$15.50	10%	Year 11 and Every 5 Years Thereafter	07/07/2018	07/31/2033	3 x 5 Years and 1 x 4 Year

# CONFIDENTIALITY AGREEMENT

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Sands Investment Group and should not be made available to any other person or entity without the written consent of Sands Investment Group.

This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property.

The information contained herein is not a substitute for a thorough due diligence investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, Sands Investment Group has not verified, and will not verify, any of the information contained herein, nor has Sands Investment Group conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose its contents in any manner detrimental to the interest of the Owner. You also agree that by accepting this Memorandum you agree to release Sands Investment Group and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this property.



Smart & Final Extra! | 650 N Imperial Avenue | El Centro, CA 92243



Actual Property Image



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