



SANDS INVESTMENT GROUP  
NET INVESTMENTS... NET RESULTS



# OFFERING MEMORANDUM

Triple Net (NNN) Lease Investment

2644 Mount Vernon Avenue | Bakersfield, CA 93306



# EXCLUSIVELY MARKETED BY:

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**SANDS INVESTMENT GROUP**  
NET INVESTMENTS... NET RESULTS

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# INVESTMENT OVERVIEW



# INVESTMENT SUMMARY

Sands Investment Group is Pleased to Exclusively Offer for Sale the 29,435 SF Smart & Final Extra! Located at 2644 Mount Vernon Avenue in Bakersfield, California. With Over 13 Years Remaining on a Triple Net (NNN) Lease and Attractive Rent Increases, this Opportunity Provides for a Best-of-Class Investment with Income Growth of an Established Tenant in the Desirable California Market.



## OFFERING SUMMARY

PRICE	\$10,372,343
CAP	5.25%
NOI	\$544,548
PRICE PER SF	\$352.38
GUARANTOR	Corporate

## PROPERTY SUMMARY

ADDRESS	2644 Mount Vernon Avenue Bakersfield, CA 93306
COUNTY	Kern
BUILDING AREA	29,435 SF
LAND AREA	2.979 AC
BUILT	2017

Actual Property Image



# HIGHLIGHTS



## LONG TERM INVESTMENT OPPORTUNITY

- 14 Year Triple Net (NNN) Lease – Minimal Landlord Responsibilities
- Brand New Construction Completed in 2017
- 20 Year Roof Warranty in Place
- 10% Rent Increase in Year 11 and At Options



## HIGH QUALITY TENANT

- Corporate Guarantee From Smart and Final Inc, (NYSE: SFS)
- Smart & Final is One of the Most Rapidly Expanding Banners Amongst Grocery Retailers and Has Experienced an Increase in Sales Over the Last 5 Years Consecutively
- Sales Increased by 4.4% From 2017 (as of July 2018)



## INTERNET RESISTANT TENANT

- Recession and Internet Resistant Tenant – Grocery Stores Provide a “Daily Needs” For Consumers Making the Property Recession and Internet Resistant



## HIGH BARRIERS TO ENTRY LOCATION

- Anchor to 100% Leased Shopping Center with Tenants that Include Chipotle, Flame Broiler, Urbane Café, One Hawaiian BBQ and Sizzler
- Signalized Intersection of Mall View Road and Mt. Vernon Avenue See 98,500 Vehicles Pass Through Daily
- Direct Frontage and Exposure with High Barriers to Entry – Four Points of Egress and Ingress
- Immediate Access Off Interstate 178 & On and Off Ramp Visibility
- Pylon Signage Along Interstate 178



## DOMINANT MARKET POSITION IN IDEAL CALIFORNIA LOCATION

- Densely Populated Area with Over 224,000 People Within a 5-Mile Radius
- Employee Population of Over 42,000 People Within a 3-Mile Radius
- Population Growth Expected by 2.8% Over Next 5 Years Within 3-Miles



## CLOSE PROXIMITY TO NATIONAL TENANTS

- Nearby Tenants Include: Target, Walmart Supercenter, Home Depot, Starbucks, Pollo Loco, Rite Aid, Lowe's, Del Taco, Panda Express, Walgreens, Office Max and KFC

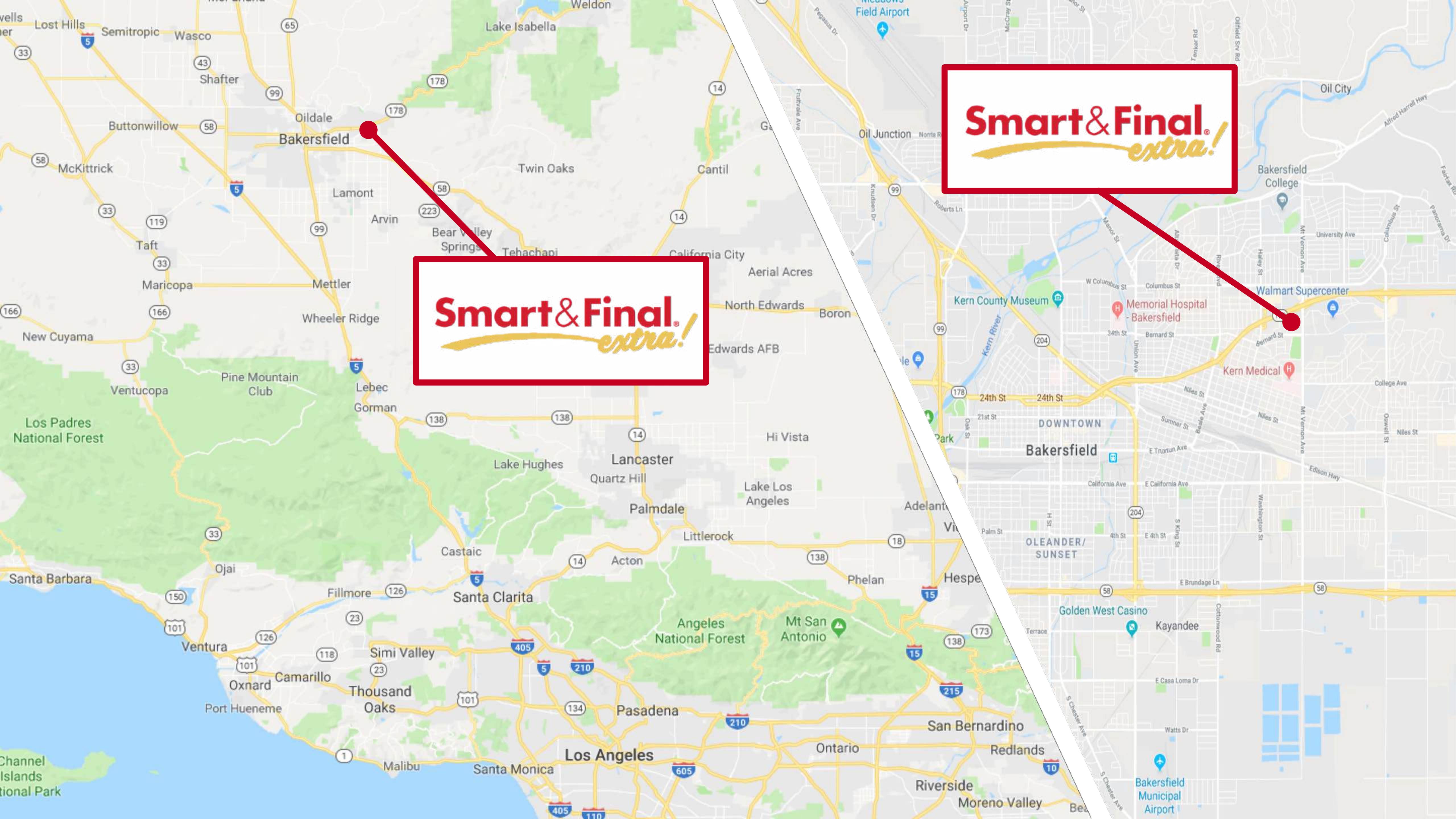




# PROPERTY OVERVIEW







**Smart & Final**  
*extra!*

**Smart & Final**  
*extra!*



High Street  
Skilled Care

Foods Co.

LOWE'S

NEW BEGINNINGS

College Heights  
Elementary School

CALIFORNIA  
178

Urbane Cafe

Quickeroo  
Nursery Center

Mt. Vernon WIC

Sizzler

CHIPOTLE  
MEXICAN GRILL

FLAME BROTHER  
SIMPLY HEALTHY

Ono Hawaiian BBQ

Mt Vernon Avenue





CVS pharmacy  
CHASE  
ARCO  
Rabo AgriFinance  
Denny's  
99c only

McDonald's  
dd's DISCOUNTS  
FAMILY DOLLAR  
T-Mobile  
metroPCS  
Albertsons

DERREL'S  
mini STORAGE

WELLS FARGO  
Papa Murphy's  
Curves

Starbucks  
GREEN BURRITO  
Bank of America

Lowe's  
SUBWAY  
O'Reilly AUTO PARTS  
PAPA JOHN'S  
DOLLAR TREE

Pizza Hut  
jiffylube  
MIDAS

OfficeMax  
COLD STONE  
DEL TACO  
Jack in the box  
Quiznos  
Sprint  
PANDA EXPRESS  
El Pollo Loco

BEN & JERRY'S

BIG TIRES  
BIG 5 SPORTING GOODS

TARGET

Pier 1 imports

Foods Co

THE HOME DEPOT

BIG LOTS!

SUPERCUTS  
metroPCS

Sizzler  
CHIPOTLE

RITE AID  
GNC

Walmart Supercenter  
SALLY BEAUTY  
McDonald's  
BR bakery  
metroPCS

UnionBank  
Jack in the box  
Marie Callender's Restaurant & Bakery  
PET SMART  
SUBWAY  
IN-SHAPE HEALTH CLUBS  
goodwill  
GNC LIVE WELL  
cricket

Smart & Final  
extra!

Mt Vernon Avenue

CALIFORNIA  
178





# AREA OVERVIEW





# CITY OVERVIEW

Bakersfield | Kern County | California

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## Bakersfield, CA

Bakersfield is the county seat of Kern County in California. The city covers about 142 square miles near the southern end of the San Joaquin Valley and the Central Valley region. Bakersfield is a charter city. The city's population is approximately 380,000 residents, making it the ninth-most populous city in California and the 52nd-most populous city in the nation. The Bakersfield-Delano Metropolitan Statistical Area, which includes all of Kern County, had a 2010 census population of 839,631, making it the 62nd largest metropolitan area in the United States. The more built-up urban area that includes Bakersfield and areas immediately around the city, such as East Bakersfield, Oildale and Rosedale, have a population of over 500,000 residents. The city is the birthplace of the country music genre known as the Bakersfield sound. The city is also a significant hub for both agriculture and oil production. The city's county is the most productive oil-producing county, and the fourth most productive agricultural county in the United States.



## Economy

Bakersfield's historic and primary industries have related to Kern County's two main industries, oil and agriculture. In 2013, Kern County, had the most oil productive county in America. Kern County is a part of the highly productive San Joaquin Valley, and ranks in the top five most productive agricultural counties in the nation. Major crops for the county include: grapes, citrus, almonds, carrots, alfalfa, cotton, and roses. The city serves as the home for both corporate and regional headquarters of companies engaged in these industries. Bakersfield also has a growing manufacturing and distribution sector. Several companies have moved to Bakersfield because of its inexpensive land and access to the rest of America, as well as international ports in both Los Angeles and Oakland. Products manufactured in the city helping its economy include: ice cream (world's largest ice cream plant), central vacuums, highway paint, and stock racing cars. Bakersfield is the largest city to have the lowest sales tax in California at the state minimum of 7.25%



## Culture

Bakersfield is only 2 hours away from Los Angeles, making it the perfect day trip destination. Bakersfield also boasts several award winning museums which are all worth a look. Kern County Museum is a wonderful place that has its focus firmly set on the history of Kern County. One of its highlights is Pioneer Village, it is set within 16 acres and houses 56 buildings that reflect what life would have been like at the end of the 19th century. The buildings have all been moved from their original locations, arranged to look like an old restored town. The Buena Vista Museum of Natural History focus on geology and paleontology. The city is also home to the California Living Museum which is a zoo that focuses on plants and animals that are native to California, specifically Kern County. The city is also home to Kern Canyon, which is a beautiful canyon where visitors can take advantage of camping, hiking, fishing and other similar activities. The area has been proclaimed by the locals as being "California's best kept secret."



# DEMOGRAPHICS

Smart & Final Extra! | 2644 Mount Vernon Avenue | Bakersfield, CA 93306



## Population

3-MILE	5-MILE	10-MILE
122,321	224,138	521,608



## Average Household Income

3-MILE	5-MILE	10-MILE
\$51,117	\$51,842	\$68,265







# 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



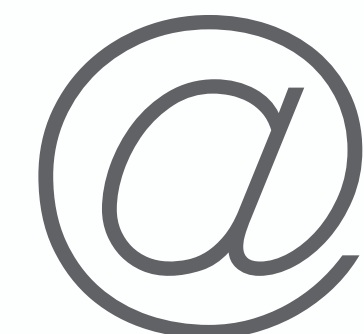
FOUNDED  
1871



# 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

Per Q2 Smart & Final Financial Report





# LEASE ABSTRACT



# LEASE SUMMARY

TENANT	Smart & Final Extra!
PREMISES	Approximately 29,435 SF
LEASE COMMENCEMENT	November 8, 2017
LEASE EXPIRATION	November 30, 2032
LEASE TERM	13+ Years Remaining
RENEWAL OPTIONS	3 x 5 Year Options & 1 x 4 Year Option
RENT INCREASES	10% Bump at Year 11 & At Each Option Period
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
GUARANTEE	Corporate





# RENT ROLL

Smart & Final Extra! | 2644 Mount Vernon Avenue | Bakersfield, CA 93306



Actual Property Images

TENANT	SQUARE FOOTAGE	% OF TOTAL	ANNUAL BASE RENT	RENT PER SF	RENTAL INCREASE	INCREASE DATES	LEASE BEGIN	LEASE END	OPTIONS
Smart & Final, LLC (Smart & Final Extra!)	29,435 SF	100%	\$544,548	\$18.50	10%	Year 11 & At Options	11/08/2017	11/30/2032	3 x 5 Years & 1 x 4 Year



# CONFIDENTIALITY AGREEMENT


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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.

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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! | 2644 Mount Vernon Avenue | Bakersfield, CA 93306



Actual Property Image



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