

SINGLE-TENANT



• 20-Year Corporate Lease • Increases Every 5 Years • Strong Sales Volume •



#3 Largest Private
Company in the U.S.
- Forbes (2018)

OFFERING MEMORANDUM
RANCHO MIRAGE, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

RANCHO MIRAGE, CALIFORNIA

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OFFERING SUMMARY

ALBERTSONS (SALE-LEASEBACK)



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LOCATION

Albertsons (Sale-Leaseback)
@ Country Club Village
40101 Monterey Avenue
Rancho Mirage, CA 92270

OFFERING SUMMARY

Price:	\$26,450,000
Net Operating Income:	\$1,321,856
Capitalization Rate:	5.00%
Price per Square Foot:	\$460
Net Rentable Area:	57,497
Year Built:	2003
Lot Size (Acres):	5.87

LEASE TERMS

Original Store Opening Date:	5/13/2003
Lease Expiration: (1)	20 Years
Lease Type:	Absolute NNN
Annual Rent:	\$1,321,856 (\$22.99/PSF)
Monthly Rent:	\$110,155 (\$1.92/PSF)
Rental Increases: (2)	CPI Every 5 Years (Not to Exceed 10%)
Renewal Options: (2)	Eight, 5-Year Options @ Options 1-3: CPI (not to exceed 10%) Options 4-8: Greater of Prior Rent or FMV
Guarantor:	Albertsons Companies, Inc.

(1) Lease to commence upon close of escrow.

(2) CPI based on United States City Average for All Urban Consumers.



QUICK FACTS

#3

**LARGEST PRIVATE
COMPANY IN THE U.S.**
Forbes 2018

#3

**LARGEST GROCERY
CHAIN IN THE U.S.**
with 2,277 Locations

#53

FORTUNE 500
Fortune 2018

2,277

STORES IN 34 STATES
Under 20 Well-Known Banners

\$60.6B

IN SALES
the Last 12 Months



INVESTMENT HIGHLIGHTS

ALBERTSONS (SALE-LEASEBACK)



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- **Single-Tenant Albertsons:**

- New 20-year initial term sale-leaseback
- Increases every 5 years (CPI with 10% max)
- Excellent store sales with strong rent coverage
- \$1.4 million interior remodel in 2014
- Albertsons has successfully operated at this location since it was built in 2003
- Absolute NNN – no landlord responsibility
- Albertsons Companies, Inc. corporate guaranty
- Albertsons is one of the largest food and drug retailers in the United States, operating 2,277 stores across 34 states under 20 well-known banners

- **Dominant Grocer with High Store Volumes:** Strong store sales exceed neighboring grocers with minimal nearby competition

- **#2 Highest Average Household Income in the Coachella Valley:** \$125,000 average household income in Rancho Mirage is projected to grow 15.8% between 2018-2023



INVESTMENT HIGHLIGHTS

ALBERTSONS (SALE-LEASEBACK)



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- **Daily Needs Anchor to Country Club Village:** Historically highly occupied shopping center with synergy from national and regional tenants including Starbucks, Subway, Great Clips, Fresh Juice Bar, and Bank of Southern California
- **Hard Corner, Signalized Intersection:** Located at the intersection of Country Club Drive and Monterey Avenue, two of the largest thoroughfares in the Coachella Valley totaling nearly 56,000 vehicles per day passing the property
- **Easily Accessible to Interstate 10 from Monterey Avenue/74 Highway:** Monterey Avenue acts as the major north/south thoroughfare connecting Interstate 10 to the 74 Highway and 111 Highway
- **International Tourist Destination:** 13.6 million visitors to the Coachella Valley generate a \$7 billion economic impact; including \$83 million in state and local taxes generated specifically from golf activities
- **Central Coachella Valley Location:** Rancho Mirage benefits from its proximity to major cities including Palm Springs and Cathedral City to the north, and Palm Desert, Bermuda Dunes, and La Quinta to the south

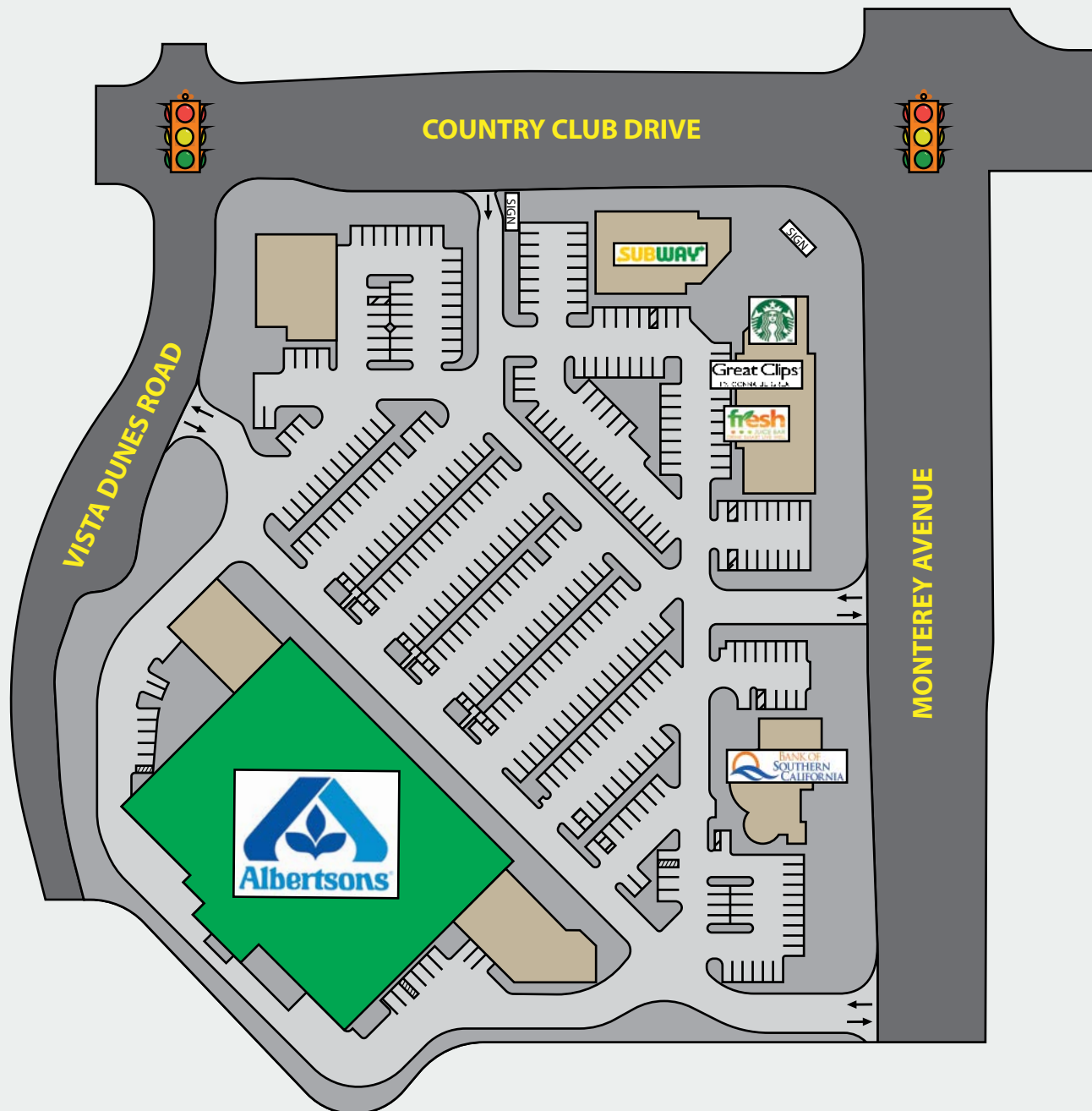




SITE PLAN

ALBERTSONS (SALE-LEASEBACK)



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-  NOT A PART
-  SUBJECT PROPERTY

 **High Sales Volumes**

\$1.4 MILLION Spent in Interior Remodel in 2014

56K Intersection Traffic Counts

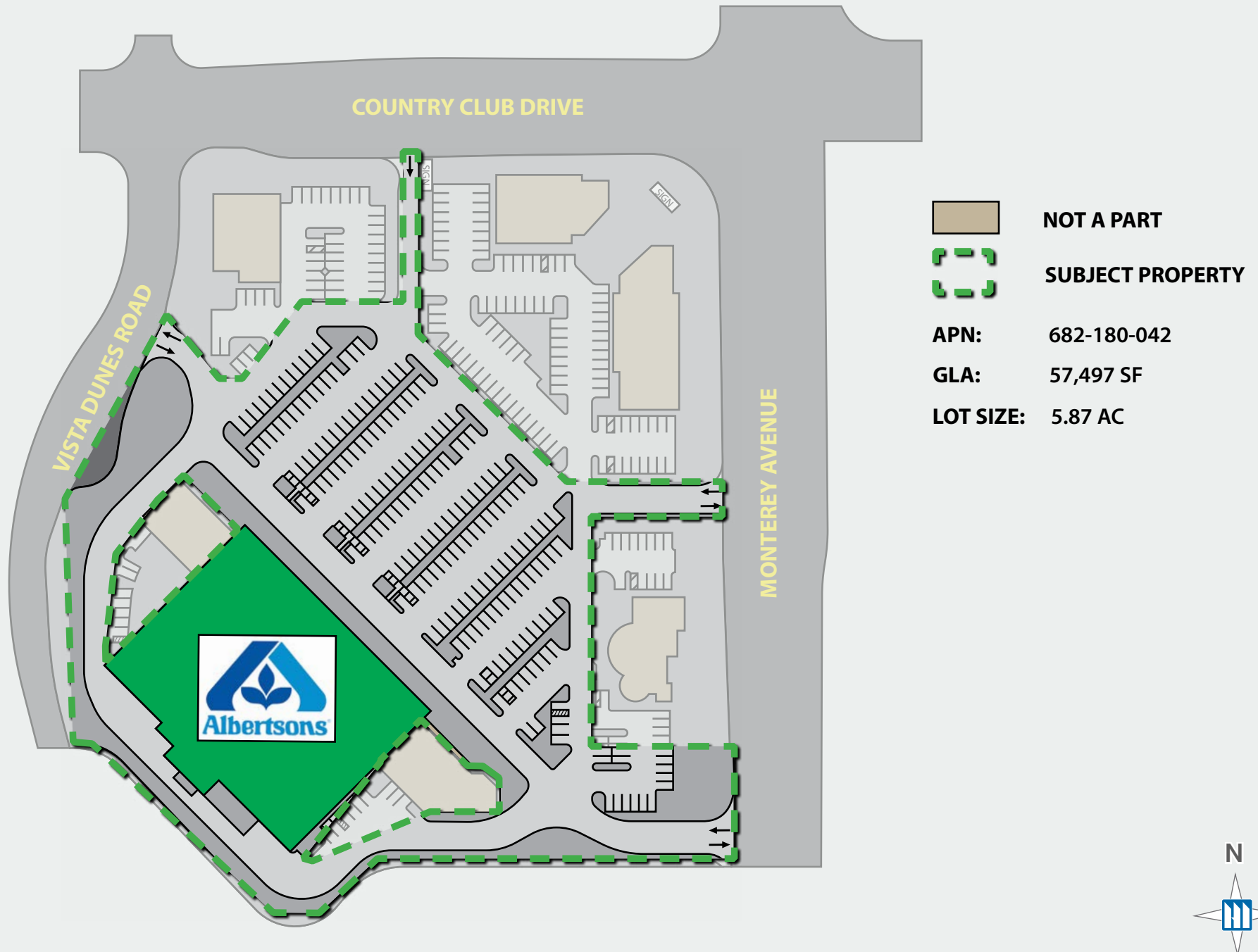


PARCEL MAP

ALBERTSONS (SALE-LEASEBACK)



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AERIAL OVERVIEW

ALBERTSONS (SALE-LEASEBACK)



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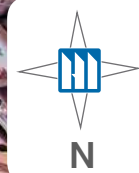
GARDENS ON EL PASEO



COUNTRY CLUB ROAD 24,607 CPD

121 UNITS
Oakmont
of Segovia

RANCHO MIRAGE
MEDICAL CENTER



AERIAL OVERVIEW

ALBERTSONS (SALE-LEASEBACK)



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2018 DEMOGRAPHICS



Population:

1-Mile Radius	7,973
3-Mile Radius	45,212
5-Mile Radius	91,234



Household Income:

1-Mile Radius	\$92,414
3-Mile Radius	\$100,411
5-Mile Radius	\$98,894



DOWNTOWN PALM SPRINGS

CATHEDRAL CITY
- \$66,700 AHHI -

PALM SPRINGS
- \$76,800 AHHI -

**PALM SPRINGS
INTERNATIONAL AIRPORT**
- 2.3 Million Passengers (2018) -

EISENHOWER HEALTH
- 476 Hospital Beds -
- 2,400 Employees -
- City's Largest Employer -

**SUNRISE
Country Club**

RANCHO MIRAGE
- \$125,450 AHHI -

SUBJECT PROPERTY



COUNTRY CLUB ROAD

**RANCHO MIRAGE
MEDICAL CENTER**

MONTEREY AVENUE

**56,000 CPD
- INTERSECTION -**

**121 UNITS
Oakmont
of Segovia**



AERIAL OVERVIEW

ALBERTSONS (SALE-LEASEBACK)



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BERMUDA DUNES
- \$94,000 AHHI -

LA QUINTA
- \$111,660 AHHI -

PALM DESERT
- \$192,860 AHHI -

DESERT WILLOW
Golf Resort



CHAPARRAL
Country Club

MONTEREY
Country Club

COLLEGE
of the DESERT
- 12,500 Students -
- 900 Employees -

RANCHO MIRAGE
- \$125,450 AHHI -

Bristol Farms

121 UNITS
Oakmont
of Segovia

RANCHO MIRAGE
MEDICAL CENTER

MONTEREY AVENUE
31,325 CPD

COUNTRY CLUB ROAD
24,607 CPD

SUBJECT PROPERTY
Albertsons





REGIONAL MAP

ALBERTSONS (SALE-LEASEBACK)



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#2
Highest

Average Household Income
in Coachella Valley

140
Hotels

Located in Coachella Valley

125
Golf Courses

Located in Coachella Valley



The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.



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COUNTRY CLUB VILLAGE

NOT A PART TENANTS



TENANT PROFILE

ALBERTSONS (SALE-LEASEBACK)



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REPRESENTATIVE PHOTO



ACTUAL PROPERTY



Albertsons Companies, Inc. is the **3rd largest private company and the 3rd largest grocery chain in America**. Headquartered in Boise, Idaho, the company has over 2,277 stores under 20 well-known banners including Albertsons, Safeway, Vons, Lucky, Haggen, Tom Thumb, and Andronico's. Albertsons operates in 34 states throughout the country and their portfolio includes more than 395 fuel stations, 23 distribution centers, and 20 food manufacturing plants. As of December 2018, they employed 270,000 people and served approximately 34 million customers per week.

Albertsons Companies, Inc. achieved **annual sales of \$60.6 billion in the last 12 months** (ended Dec. 2, 2018). In the third quarter of fiscal year 2018, sales increased 1.8% to \$13.8 billion. The increase was driven by a 1.9% increase in identical sales and higher fuel sales. The company has grown its identical sales for four consecutive quarters and increased their Own Brands sales penetration to a record high of 25.2%. Albertsons Companies, Inc. continues to rapidly grow its **Own Brands selections, which generated sales of over \$12 billion in the last twelve months**.

Albertsons stores offer grocery products, general merchandise, health and beauty care products, pharmacy, fuel, and other items and services. The company manufactures and processes more than **11,000 products under their Own Brands portfolio**, which includes O Organics, Lucerne, Open Nature, Signature, and Signature Café. In 2018, they launched Signature Reserve, a top-shelf label that features pasta and pasta sauce, whole-bean coffee, loose leaf tea, ice cream, confections, and pie filling. The Signature label accounts for approximately \$6 billion of the company's Own Brand sales. **O Organics became a billion-dollar brand in November 2017 and the company expects Open Nature to become a billion-dollar brand by 2022.**

- **#3 "America's Largest Private Companies"** - Forbes (2018)
- **#3 "Largest Grocery Chain in the U.S."** - Forbes (2018)
- **#53 "Fortune 500"** - Fortune (2018)
- **#157 "Global 500"** - Fortune (2018)

Company Type:	Private
Locations:	2,277
Website:	www.albertsons.com





Albertsons® | OWN BRANDS



**\$12B in
Annual Sales**



**6X Larger Than Any Other Consumer
Packaged Goods Vendor Partner**



**Among the Largest USDA
Certified Organic Brands in the U.S.**

Albertsons Own Brands has a robust and best-in-class private label offering that includes Signature Café, Signature Select, Signature Farms, Open Nature, O Organics, and Lucerne to name a few

- \$12 billion in Own Brands sales
- O Organics is one of the largest USDA Certified organic brands in the nation
- Albertsons Own Brands private label penetration of 25% compares favorably to many competitors including Costco, Walmart, Target, Whole Foods, and Sprouts
- Albertsons Own Brands are over 6x the size of the next largest consumer packaged goods vendor partner
- Private label products are on average 10% to 15% cheaper than national brands but have significantly higher gross margins

Albertsons Own Brands





SYNERGIES & GROWTH

Efficiencies created from the Safeway acquisition provide significant growth opportunities for Albertsons through the distribution and manufacturing of private label brands as well as capitalizing on industry trends of increasing offerings for private label, organic, and fresh products.

- Over 12% Adjusted EBITDA growth (\$2.7 billion)
- #1 in market share for northern and southern California
- Boasts a #1 or #2 market share in 67% of the 120 nationwide MSAs in which it operates
- Sales driven by fresh products, service deli, prepared food, bakery, produce, floral, meat, and seafood continue to outperform year-over-year
- Growth in natural and organic private label options have made significant progress into the market share of national brands
- Albertsons' portfolio of USDA certified organic products is one of the largest and fastest growing in the industry, growing at 13% over the last 3 years
- 20 manufacturing facilities across the country are currently in operation which manufacture 10% of Albertsons Own Brands private label products
- On-going investments in e-commerce has led to:
 - "Drive-Up & Go" services for over 250 stores with 1,000 delivery trucks and 2,500 employees
 - Partnership with Instacart which provides industry-leading 2-hour pick-up times and same-day delivery options
- Constant enhancements in customer shopping experiences offered through Plated, a recently acquired premier meal-kit service led by a Le Cordon Bleu-trained chef, and other options available in-store as well as through their partnership with Instacart



#1

**IN MARKET SHARE
IN CALIFORNIA**

\$12B

**OWN BRANDS
SALES**

20

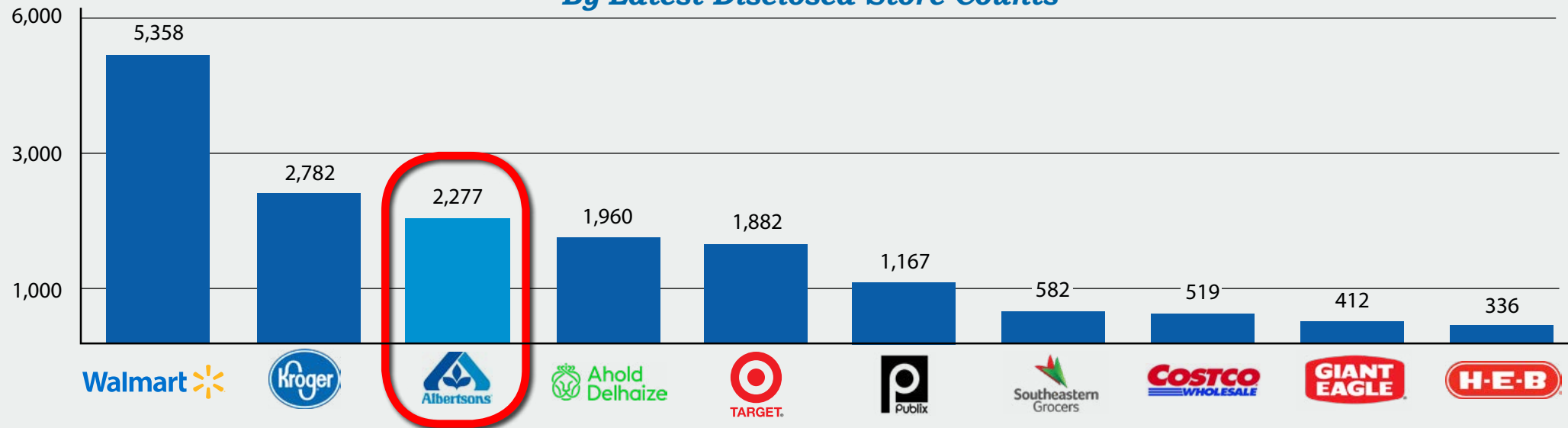
**MANUFACTURING FACILITIES
ACROSS THE COUNTRY**

13%

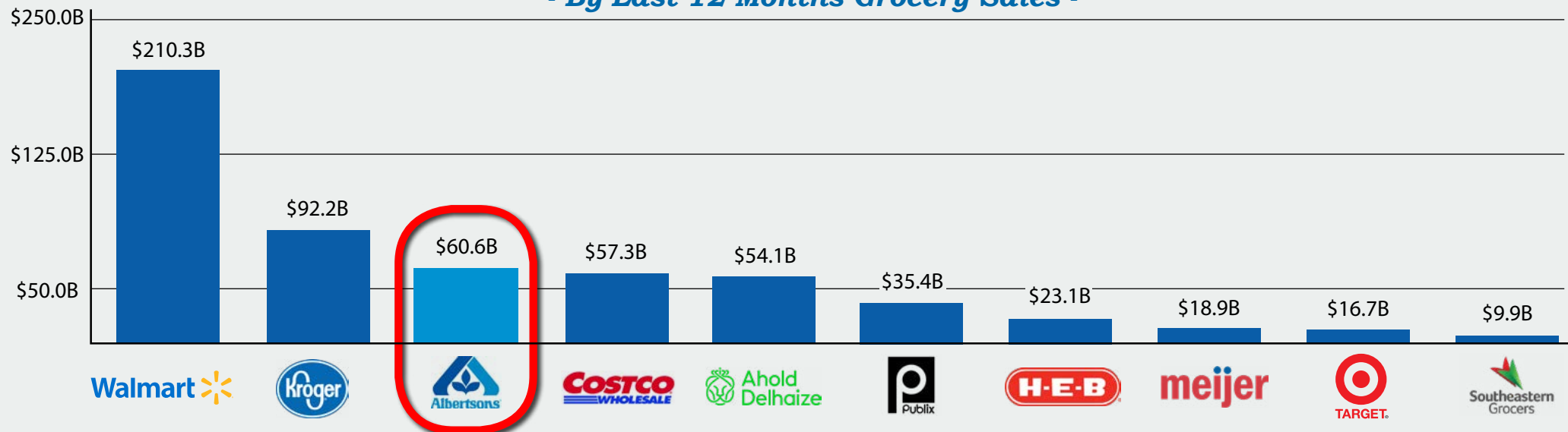
**ORGANIC
PRODUCT GROWTH**

TOP 10 U.S. FOOD RETAILERS

- By Latest Disclosed Store Counts -



- By Last 12 Months Grocery Sales -

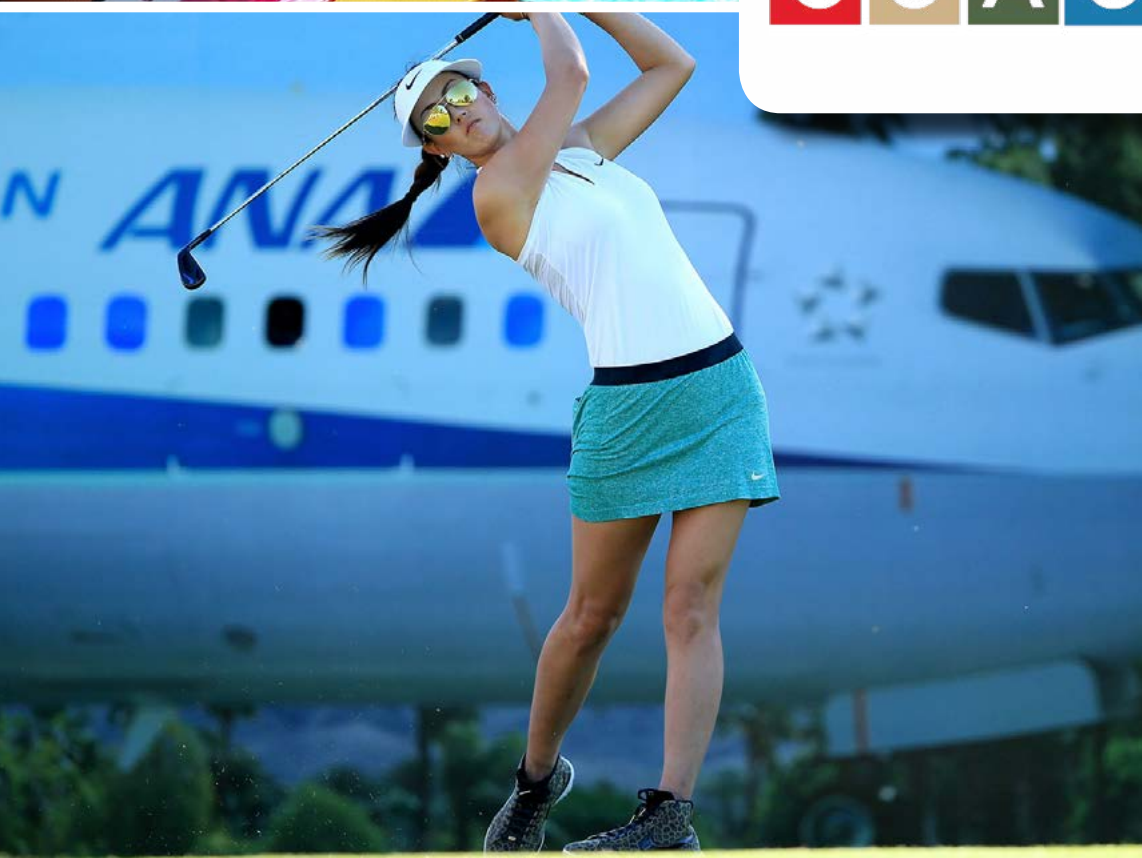


Source: Penton Food & Restaurant Group Research | Note: Counts based on publicly available information. Walmart and Costco grocery sales based on a percentage of total sales as of the latest fiscal year.



COACHELLA

Valley



RANCHO MIRAGE

ranchomirageca.gov



- Resort city in Riverside County, California; at the geographic center of the Coachella Valley and is easily accessible via Interstate 10 and Highways 111 and 74
 - 19,200 population projected to grow 6.2% between 2018-2023
- Economy has shifted from seasonal, resort-based, to include more light industry and commerce; 1,700 business organizations in the city
 - 89.57% of the workforce employed in white-collar jobs, well above the national average
- Largest industries are healthcare and social assistance, retail trade, and real estate
- #2 highest average household income in the Coachella Valley, after Indian Wells
 - \$125,450 average household income projected to grow 15.8% between 2018-2023
- Principal employers are Eisenhower Medical Center (2,480 employees), Agua Caliente Casino (1,300 employees), Omni Rancho (500 employees), and Westin (470 employees)

COACHELLA VALLEY

coachellavalley.com



- Desert valley in Southern California that extends from Riverside County to the San Bernardino Mountains; also known as the Palm Springs/Indio Metropolitan Area
- Strong tourism economy that continues to grow each year; \$7 billion economic impact in 2017, a 9% increase from 2015
 - 13.6 million visitors in 2017 spend \$5.5 billion in the area
 - Tourism sector supported 51,866 jobs, or 22% of employment in Greater Palm Springs in 2017, making tourism the top employer in the region
- Golf generates nearly \$1.1 billion in overall economic activity, thousands of jobs (7.3% of total employment), and roughly \$83.3 million in state and local taxes
- Agriculture is the 2nd largest contributor to the area's economy, producing \$1 billion in agricultural products each year
- **Palm Springs International Airport** - 5 minutes from downtown Palm Springs; 1 million inbound passengers in 2017, 12% more than in 2015

HOTEL RESORTS



- Coachella Valley houses approximately 140 hotels with 15,000 hotel rooms
 - Hotel sector is undergoing a renaissance due to a nearly 50% increase in demand
 - 801 rooms are under construction or planned for openings in 2018 and 2019, increasing hotel supply by 10% by 2020
- Goal is to increase tourism to 16.8 million by 2026; a 30% increase within 8 years
- **Omni Rancho Las Palmas Resort and Spa** - 444-room resort with its own water park
- **The Ritz-Carlton, Rancho Mirage** - 244-room resort that houses 16 spa suites and plans to construct an additional 54 T-wing units and 25 tennis villas
- **Westin Hills Golf Resort and Spa** - 512-room resort set on 360 acres; named one of Golf Digest's Top 75 Golf Resorts in America
- **Agua Caliente Casino Resort and Spa** - 340-room casino resort
- **JW Marriot (Palm Desert)** - 884-room resort with 2 golf courses; plans to undergo a \$50 million-plus top-to-bottom renovation over the next few years

GOLF & ENTERTAINMENT



- Coachella Valley has become the premium golfing destination with over 125 golf courses and hosting some of the popular events in California
 - One of "America's 12 Best Golf Vacations" - EscapeHere (2018)
 - 8 of Golfs Digest's "Best Golf Courses in California 2018" are in the region
- Top golf resorts include the Quarry, Stone Eagle Golf Club, and The Madison Club
- **Coachella Art and Music Festival** - 2-night, 3-day music festival that attracts over 250,000 people; music festival has led to the construction of new luxury resorts
- **Stagecoach Music Festival** - One of country music's highest-grossing festivals in the world with 75,000 attendees
- **Palm Springs International Film Festival** - One of the largest film festivals in North America with 130,000 attendees to watch new international films and documentaries
- **ANA Inspiration** - One of the major 5 championships of professional women's golf
- **BNP Paribas Open** - Largest ATP World Tour Masters 1000 and WTA Premier combined events in the world; draws 400,000 visitors to Coachella Valley



	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2023 Projection	8,322	48,329	97,227
2018 Estimate	7,973	45,212	91,234
2010 Census	7,165	40,913	83,087
2000 Census	5,504	35,797	73,393
Growth 2000-2010	30.18%	14.29%	13.21%
Growth 2010-2018	11.28%	10.51%	9.81%
Growth 2018-2023	4.38%	6.89%	6.57%
Households			
2023 Projection	4,655	24,068	48,077
2018 Estimate	4,385	22,253	44,676
2010 Census	3,869	19,818	40,056
2000 Census	2,837	17,277	34,746
Growth 2000-2010	36.38%	14.71%	15.28%
Growth 2010-2018	13.34%	12.29%	11.53%
Growth 2018-2023	6.16%	8.16%	7.61%
2018 Est. Population by Single-Classification Race			
White Alone	7,148	37,223	74,785
Black or African American Alone	100	669	1,423
American Indian and Alaska Native Alone	33	217	520
Asian Alone	303	1,673	2,865
Native Hawaiian and Other Pacific Islander Alone	6	36	82
Some Other Race Alone	238	4,304	9,342
Two or More Races	131	986	2,019
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	1,037	11,226	23,974
Not Hispanic or Latino	6,936	33,986	67,260
2018 Est. Average Household Income	\$92,414	\$100,411	\$98,894

CONFIDENTIALITY AGREEMENT

ALBERTSONS (SALE-LEASEBACK)



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\$6+ BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



TOP BROKERAGE GLOBALLY
in investment sales



COSTAR POWER BROKER
top sales brokers & firm in OC



NATIONWIDE REACH
retail & investors across the U.S.