OPENING LATE MARCH 2019



OFFERING MEMORANDUM



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Newport Town Center SMART & FINAL EXTRA!

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HRA Hook Retail Advisors

A MARCUS & MILLICHAP TEAM

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.



INVESTMENT OVERVIEW

Newport Town Center SMART & FINAL EXTRA!

INVESTMENT SUMMARY



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INVESTMENT SUMMARY

Sale Price:	\$10,900,000
Cap Rate:	5.35%
Price/SF:	\$369.04
APN:	358-070-007
Lot Size:	55,770 SF
Building SF:	29,536 SF
Year Built:	1st Q 2019

INVESTMENT HIGHLIGHTS

- NEW Construction.
- Class "A" Grocery Single Tenant.
- Fastest Residential Growth City in Riverside County.
- Ideal positioning utilized by the nearby residential communities to commute to nearby San Bernardino, Orange County and San Diego County.
- Primary Retail Thoroughfare Newport Road is the largest east/west thoroughfare in the entire Temecula Valley
- Surrounded by national retailers along Newport Road including Staples, Best Buy, 99 Cents Only, ALDI, BevMo! CVS/pharmacy, Kohl's, Lowe's, Party City, Petco, PetSmart, Rite Aid, Stater Bros., Super Target, T.J. Maxx and ULTA.
- Surrounding multiple new housing developments, schools, and commercial planned and under construction.

HIGHLIGHTS

PROPERTY HIGHLIGHTS

- NEWLY CONSTRUCTED SHOPPING CENTER IN PRIME LOCATION
- Shared shopping center with Low Management Hassle
- Expanding High Traffic Location and High Traffic Counts of ±52,700 CPD near Newport Road
- City of Menifee's Newport Hub Corridor in the heart of the rapidly growing City of Menifee in Riverside County
- Retail Synergy from Adjacent National Tenants within the Center: Including Jack in the Box/Chevron, IHOP, Verizon and Submarina.

LOCATION HIGHLIGHTS

- PRIME RIVERSIDE COUNTY LOCATION
- Menifee is the 2nd Fastest Growing City in Southwest Riverside County
- High Visible and Convenient Access from the I-215 Freeway
- Close access to I-15 Freeway & 74 Highway in West Riverside County
- New construction of Menifee Meadows development plan: +160 unit high end Senior Living Community and Future Retail services
- Centrally located near the Loma Linda University Medical Center, Kaiser Permanente Medical Complex and Menifee Valley Hospital
- Two blocks east of the Audie Murphy Ranch, a Master Planned Community called the Brookfield Residential's Audie Murphy Ranch



LEASE ABSTRACT

Lessor		Peninsula Retail Partners
Lessee		Smart & Final Stores
Building Size (SF)		29,536 SF
Lease Start Date		1st Q 2019
Expiration Date (Base Lease)		December 2033
Lease Term (Base Lease)		180 Months
No. & Term of Options		(4) 5 Year
Option to Extend Term		210 Days
Parking Areas		5:1,000
Contract Rental Rate	\$/SF of GLA	Total \$/Mth.
Base Lease Term Years 1-15	\$19.75	\$48,611
First Outien Tarm Versus 10.00	<u> </u>	たこう 470

First Option Term Years 16-20	\$21.73	\$53,472
Second Option Term Years 21-25	\$23.90	\$58,820
Third Option Term Years 26-30	\$26.29	\$64,702
Fourth Option Term Years 31-34	\$28.92	\$71,172

Noteable Rent Clauses

Essalations	Fixed, shown shows
Escalations	Fixed; shown above
Lessee Expenses	Pro-rata share
Landlord Maintenance Obligation	Exterior HVAC System
Tenant Maintenance Obligation	Interior HVAC System
Common Area Charges	Taxes, Improvements/Repairs, Roof, Design/Defects
CAM Fees	15%
Adminstration Fees	10%
Expense Cap	3%
Percentage Rent Clause	None
Termination Clause	None
Real Estate Taxes	52.96%
Common Area Charges	Not Exceed \$1.85 NNN
Insurance	Est. \$0.24 NNN / 1 yr.
Real Estate Taxes	Est. \$3.30 NNN / 5 yrs.





SMART & FINAL EXTRA!

Tenant	Size SF	% of GLA	Initial Term	Monthly Rent SF	Monthly Rent	Annual	Escalations	Options	Lease Type
Smart & Final Extra!	29,536	100%	15 Years	\$1.65	\$48,611	\$583,336	10% commencing at beginning of Year 16 and every 5 Years thereafter	4 x 5	NNN
Total Income:	29,536				\$48,611	\$583,336			





PROPERTY PHOTOS



PRICES YOU CAN TENANT OVERVIEW & MAPS

Newport Town Center SMART & FINAL EXTRA!



TENANT OVERVIEW | SMART & FINAL EXTRA!



Public NUMBER OF LOCATIONS: 322 (JUNE 2018) AVG SALES PER SQUARE FOOT: \$606 NEW YORK STOCK EXCHANG SFS.N TOTAL REVENUES (MM): \$4,667.0 AVG STORE GROSS SQ FT: 24,100 WEBSITE: www.smartandfinal.com TOTAL REVENUE GROWTH: 5.1% TOTAL EMPLOYMENT: 11.864

COMPANY SNAPSHOT: Smart & Final Stores operates non-membership, warehouse-style stores, offering fresh perishables and everyday grocery items, together with foodservice, packaging and janitorial products. As of Jun 17, 2018, the company operated 322 locations throughout the Western US, including 258 Smart & Final stores and 64 Cash & Carry stores, as well as 15 stores in Northwestern Mexico in a joint venture.

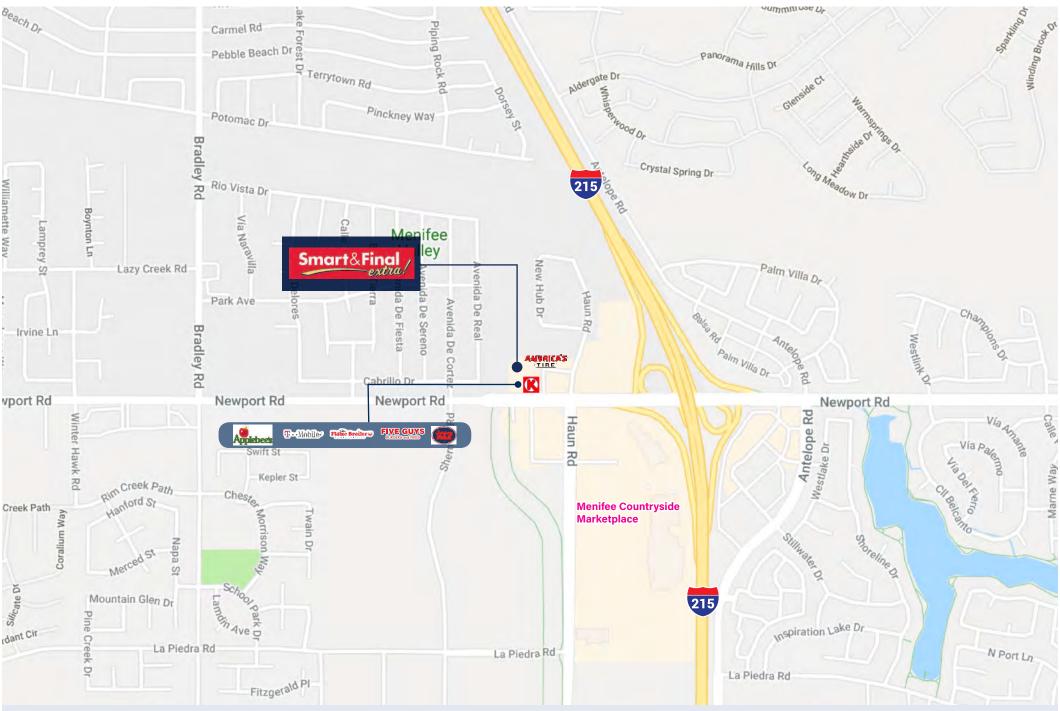
For years, Smart & Final banner stores were known as the "smaller, faster warehouse store," primarily focused on providing customers with club-size items. Throughout its evolution, it has remained committed to adapting to the changing needs of the neighborhoods it serves, most notably through its 2008 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. In addition, all Smart & Final stores continue to offer 50% more club-size items than a traditional club store, with no membership fee required.

While Smart & Final stores target both households and businesses, Cash & Carry Smart Foodservice stores are primarily focused on serving foodservice professionals; operators of small restaurants, catering companies, businesses, and nonprofits. It also provides household customers with a high quality and value option for stocking-up their kitchens and preparing for holidays, parties and events.

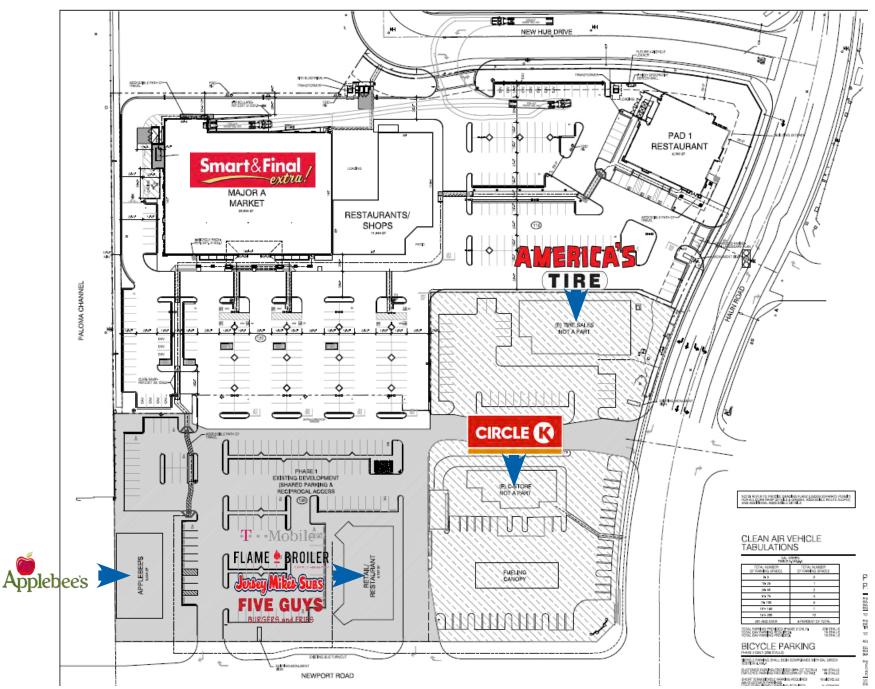
REGIONAL MAP (18) Desert He 215 Pioneertown Pasadena San Gorgonio Mountain T (210) (62) 210 Yucca Valley San Bernardino Ontario Redlands ngeles San Bernardino 605 10 National Forest Riverside Desert Hot Springs Moreno Valley Beaumont Cabazon (79) 710 (91) Smart&Final Anaheim Palm Springs 15 5 San Jacinto Perris Cathedral City ng Beach Hemet Santa Ana (74) Palm Desert Indio (74) Santa Rosa and Irvine Coachella Huntington Lake Elsinore (241) San Jacinto Beach Mountains (79) 215 5 15 (73) National... (74) (74) Anza Murrieta Temecula (371) Dana Point Island San Clemente Palomar 👩 ntial De bitat... Mountain Pala (79) Cleveland 15 National Forest Borrego 5 Springs Oceanside Vista Carlsbad (79) Anza-Borrego Escondido Desert (78) Julian State Park

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UNDER CONSTRUCTION







SALE COMPARABLES

Newport Town Center SMART & FINAL EXTRA!

SALE COMPARABLES

	рното	ADDRESS	SALE PRICE	SOLD DATE	PRICE/SF	CAP RATE	BUILDING SF	YEAR Built	LEASE TERM
Subject Property		NEC Newport Rd & Haun Rd Menifee, CA 92376	\$10,900,000	TBD	\$369.04	5.35%	29,536 SF	2019	15 Years
1		Smart & Final 49978 Harrison St Coachella, CA	\$8,350,000	9/4/2015	\$250.28 PSF	5.28%	33,363 SF	Renov 2015	Less than 20 Years
2		Smart & Final 1550-1560 W Redondo Beach Blvd Gardena, CA	\$10,696,279	6/10/2016	\$465.74 PSF	5.40%	27,966 SF	2002	
3	Smart&Final	Smart & Final 7205 Freeport Blvd Sacramento, CA	\$10,025,000	4/1/2015	\$359.71 PSF	5.25%	27,870 SF	2014	15 Years
4	Smart&Final	Smart & Final 770 W San Marcos Blvd San Marcos, CA	\$8,118,000	9/1/2014	\$391.70 PSF	5.50%	20,725	2002	Less than 7 Years
5		Smart & Final 25050 Alessandro Blvd Moreno Valley, CA	\$7,088,000	7/14/2015	\$180.50 PSF	5.75%	39,268 SF	1984 Renov 2015	

SALE COMPARABLES

	РНОТО	ADDRESS	SALE PRICE	SOLD DATE	PRICE/SF	CAP RATE	BUILDING SF	YEAR Built	LEASE TERM
6		Smart & Final 7945 Madison Ave Citrus Heights, CA	\$11,800,000	12/1/2016	\$416.37 PSF	5.15%	28,340 SF	2016	20 Years
7	Sincert&Find	Smart & Final 8787 Elk Grove Blvd Elk Grove, CA	\$7,400,000	5/10/2016	\$273.47 PSF	5.48%	27,060 SF	_	
8	Smart&Final	Vons 240 S Diamond Bar Blvd Diamond Bar, CA	\$11,300,000	7/7/2015	\$339.73 PSF	5.0%	33,262 SF	1970	
9		Smart & Final Extra! 15055 Mulberry Dr Whittier, CA	\$6,780,000	7/1/2017	\$221.81 PSF	5.55%	30,567 SF	1969 Renov 2014	10 Years
10	Smart&Final	Smart & Final Extra! 5770 Lindero Cyn Rd Westlake Village, CA	\$25,555,556	On Market	\$478.42 PSF	4.50%	53,417 SF	1998	19 Years









AREA & MARKET OVERVIEW

Newport Town Center SMART & FINAL EXTRA!

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INLAND EMPIRE OVERVIEW

INLAND EMPIRE OVERVIEW

The Inland Empire sits directly east of the Los Angeles metropolitan area and includes the Riverside-San Bernardino-Ontario metropolitan area, which covers more than 27,000 square miles. The Inland Empire economy is built on construction and trade and it has benefited from booming E-Commerce and strong demand for warehouses and fulfillment centers. With strong underlying fundamentals, companies in healthcare, education, logistics, and transportation have relocated to the Inland Empire, helping drive economic growth.

Top Inland Empire Employers

US MARINE CORPS AIR	46,000
COUNTY OF RIVERSIDE	18,291
STATER BROS. MARKET	18,000
ARROWHEAD REGIONAL MEDICAL CENTER	18,000
COUNTY OF SAN BERNARDINO	17,395
NATIONAL TRAINING CENTER, FORT IRWIN	13,805
ABBOTT VASCULAR	12,000
MARCH AIR RESERVE BASE	8,750
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	8,574
ONTARIO INTERNATIONAL AIRPORT	7,510



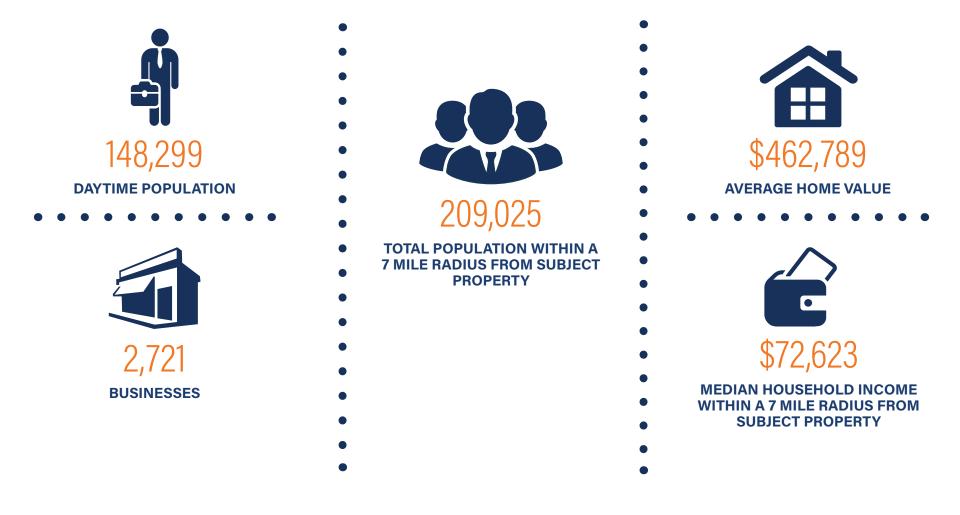


3.5% JOB GROWTH

CITY OVERVIEW

MENIFEE OVERVIEW

Situated in the heart of southern Riverside County along Interstate 215, Menifee is a vibrant, new city of more than 91,000 residents who enjoy a pleasant year-round climate, abundant recreational offerings, reasonably priced housing and convenient proximity to some of Southern California's premiere attractions and employment centers. Within its close to 50 square miles, Menifee's business, retail and entertainment outlets are starting to shape the community's character and this growing economic base is also contributing favorably to the city's strong financial position. Menifee's growing family-oriented population values the city's ongoing commitment to public safety, business development, innovation, community events and smart growth for the future. All of these elements are working together to support the city's strategic vision to make Menifee one of the state's most promising New, Better and Best City!



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NEW DEVELOPMENTS IN MENIFEE

Krikorian Premiere Theaters' plan calls for the installation of more than 177,000 square feet of space for theaters, bowling lanes, games, restaurants and bars on 13 acres at Newport Road and Town Center Drive.

> Marriott Fairfield Inn & Suites (99 Rooms) Conceptual Rendering. Schedule to break ground 2nd Qtr of 2018 and open late 2018

33,800 Square feet, two-story general service, multi-tenant medical office building

providing healthcare services such as, urgent care with imaging, family practice, specialties and sub-specialty physician office (i.e. orthopedics, pediatric subspecialties, etc.) and potential healthcare related retail such as a pharmacy and durable medical equipment, and employing approximately 75 employees.

Menifee Town Center will be the new home of the Menifee City Hall and the Riverside County Courthouse. Located along Town Center Dr. Groundbreaking is anticipated in late 2018 with completion in the second guarter of 2021.





2018, subject to change.



The new Mid-County Civil Courthouse will house nine courtrooms in over 89,000 square feet and replace the aging Hemet Courthouse. Construction of the new courthouse is currently scheduled to begin in











- . Neighborhood 1
 - 1a. Neighborhood 1 Product "A" 9.
 - **1b.** Neighborhood 1 Product "B"
- . Neighborhood 2
- . Neighborhood 3
- . Neighborhood 4
- . Santa Rosa Academy
- . Neighborhood 5
 - 6a. Neighborhood 5 Product "A"
 - 6b. Neighborhood 5 Product "B"
- . Commercial Center

- 8. Recreation Center & Daycare
- 9. Urban Park
- **10.** Riverside County Courthouse
- 11. Menifee City Hall
- 12. Retail
- 13. Krikorian Entertainment Center
- 14. Medical Offices
- 15. MENIFEE PLAZA
- 16. Retail Center (Rich Development)
- 17. Pedestrian Bridge









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		10.

NEIGHBORHOOD ONE				
Planning Area:	One A	Range of Homes:	Lot Single Family Homes	
Minimum Lot Size:	4,600 sq. ft.	Width x Depth:	46' X 100'	
House Sq. Ft. Range:	2,600 -3,300	Number of Units:	83 Total	
Planning Area:	One B	Range of Homes:	Lot Single Family Homes	
Minimum Lot Size:	3,080 sq. ft.	Width x Depth:	46' X 70'	
House Sq. Ft. Range:	2,100-2,300	Number of Units:	92 Total	
NEIGHBORHOOD TWC)			
Planning Area:	Two	Range of Homes:	Motor court 16.8	
Gross Acres:	±20.3	Width x Depth:	Varies	
House Sq. Ft. Range:	1,900-2,200	Number of Units:	151 Total	
NEIGHBORHOOD THRE	E			

Net Apartments



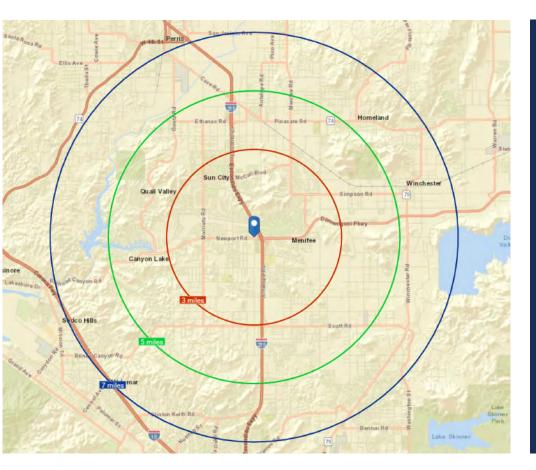
NEIGHBORHOOD FOU	R		
Planning Area:	Four	Range of Homes:	Motor court 10.4
Gross Acres:	±11.3	Minimum Lot Size:	2,840 sq. ft.
House Sq. Ft. Range:	1,800-2,100	Number of Units:	126 Total



NEIGHBORHOOD FIVE			
Planning Area:	Five A	Range of Homes:	Lot Single Family Homes
Minimum Lot Size:	7,019 sq. ft.	Width x Depth:	Varies
House Sq. Ft. Range:	3,000-3,800	Number of Units:	41 Total
Planning Area:	Five B	Range of Homes:	Lot Single Family Homes
Minimum Lot Size:	4,938 sq. ft.	Width x Depth:	Varies
House Sq. Ft. Range:	2,300-2,600	Number of Units:	108 Total

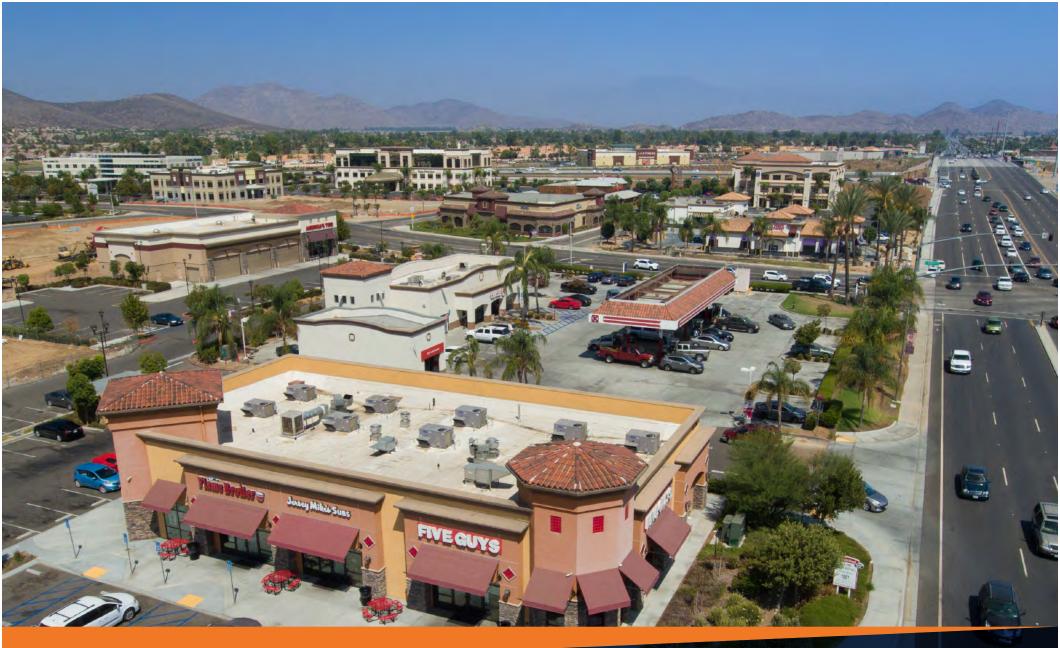
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POPULATION	3 Mile	5 Mile	7 Mile
2018 Total Population:	70,696	125,940	209,025
2023 Population:	78,350	139,237	230,783
Pop Growth 2018-2023:	2.08%	2.03%	2.0%
Median Age:	38.8	36.8	35.0
HOUSEHOLDS			
2018 Total Households:	24,907	41,981	65,686
HH Growth 2018-2023:	1.83%	1.8%	1.78%
Average Household Inc:	\$80,704	\$84,341	\$92,056
Avg Household Size:	2.83	3.0	3.18
2018 Avg HH Vehicles:	2.00	2.00	2.00
HOUSING			
Average Home Value:	\$337,044	\$360,061	\$381,316
Median Year Built:	2016	2015	2013





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