

SPROUTS | FLIGHT NET LEASED INVESTMENT

5665 WEST BELL ROAD | GLENDALE, ARIZONA 85308



AFFILIATED BUSINESS DISCLOSURE

Newmark Knight Frank (the "Agent") has been engaged as the exclusive sales representative for the sale of 5665 West Bell Road, Glendale, Arizona (the "Property") by 'Ownership' (the "Seller").

This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation (January 6, 2020) of this Memorandum have remained the same. Analysis and verification of the information contained in this Memorandum are solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the Property will be made available upon written request of interested and qualified prospective purchasers. Seller and Agent each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property, and/or terminate discussions with any party at any time with or without notice. Seller reserves the right to change the timing and procedures for the Offering process at any time in Seller's sole discretion. Seller shall have no legal commitment or obligations to any party reviewing this Memorandum, or making an offer to purchase the Property, unless and until such offer is approved by Seller, and a written agreement for the purchase of the Property has been fully executed and delivered by Seller and the Purchaser thereunder.

This Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not forward, photocopy or duplicate it, that you will not disclose this Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Seller or Agent, and that you will not use this Memorandum or any of the contents in any fashion or manner detrimental to the interest of Seller or Agent.

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THE OFFERING

Newmark Knight Frank (NKF), as exclusive advisor, is pleased to present the opportunity to acquire the Sprouts | Flight Center (the Property), a 61,302-square-foot retail project in Phoenix, Arizona.

This single-story two-tenant Property is located in an extremely dense Glendale submarket and is currently 100% leased. Built in 1994, the Property is situated ± 5.68 acres with ample surface parking and tremendous visibility from Phoenix's busiest arterial, Bell Road.

The Property offers an opportunity for an investor to capitalize on the increasing market fundamentals fueled by the continued development in the submarket. Located less than 3 miles east of the community of Arrowhead and Arrowhead Towne Center, the site offers exceptional regional access with close proximity to several of Phoenix's most important arterials, the Loop 101 Freeway and Interstate 17.

PROPERTY SUMMARY

SPROUTS | FLIGHT FIT N FUN CENTER
5665 WEST BELL ROAD, GLENDALE 85308

61,302 GLA

Total Building Area

1994

Year Built

5.68 AC

Land Area

200-50-204

APN

4.75/1,000

Overall Parking Ratio

100%

Leased

NNN

Lease Structure

OFFERING SUMMARY

OFFERING PRICE

\$11,900,000



MAJOR TENANT SUMMARY

| TENANT | LEASED SF | % OF PROPERTY | CREDIT RATING | LEASE EXPIRATION |
|------------------|-----------|---------------|---------------|------------------|
| Sprouts | 30,000 | 49% | National | 2/28/2023 |
| Flight Fit N Fun | 31,302 | 51% | National | 6/30/2030 |

INVESTMENT OPPORTUNITY

The Property provides tenants a stable environment with close access to multiple major freeways, significant local thoroughfares and extensive amenities. Opportunities to acquire superior quality retail projects of this nature are highly sought after.

FINANCIAL SUMMARY

100%

Leased

\$11,900,000

Price

\$906,445

In-Place NOI

7.62%

In-Place Cap Rate

\$194.12

Price Per Building SF

\$48.13

Price Per Land SF

INVESTMENT HIGHLIGHTS

- **100% Occupied** Stable Cash Flow Asset
- **National Credit Tenant Mix**
 - Sprouts: one of the fastest growing supermarket chains in the country with 319 locations in 19 states and counting.
 - Jumpstreet: 15 locations in 7 states and expanding.
- **High Demand**/Extremely Low Vacancy Submarket
- **Irreplaceable Location** – 57th Avenue & Bell Road is a heavily trafficked intersection that sees 72,000 vehicles per day
- **Low Price** Per Square Foot
- **Low Management** investment for an out-of-state passive investor
- **Long-Term Tenancy** – Sprouts has been a tenant here since 2002
- **Excellent Long-Term Value** within an established trade area and affluent customer base

AlaskaUSA
Federal Credit Union



DELTA DENTAL



Jewish Family
& Children's Service

DOLLAR TREE

cricket

Mor

OUTBACK
STEAKHOUSE®

GARCIA'S
Mexican Restaurant

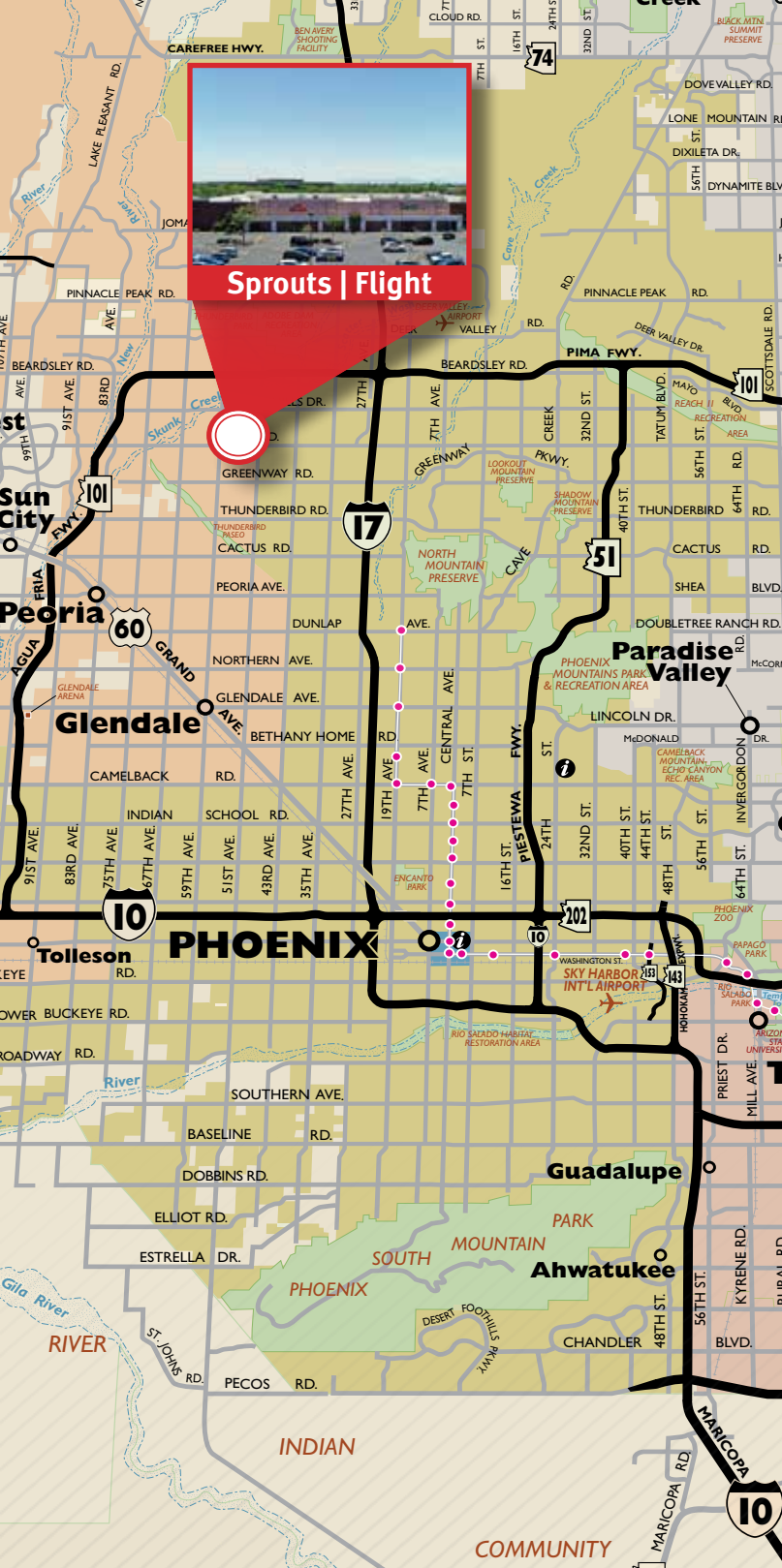
N 57TH AVENUE

N

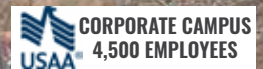
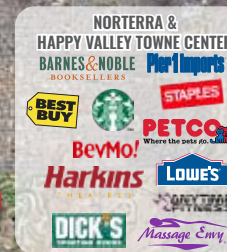
W BELL ROAD

±72,703 VPD

SPROUTS | JUMP STREET | 5865 WEST BELL ROAD | GLENDALE



Sprouts | Flight



DEER VALLEY AIRPORT



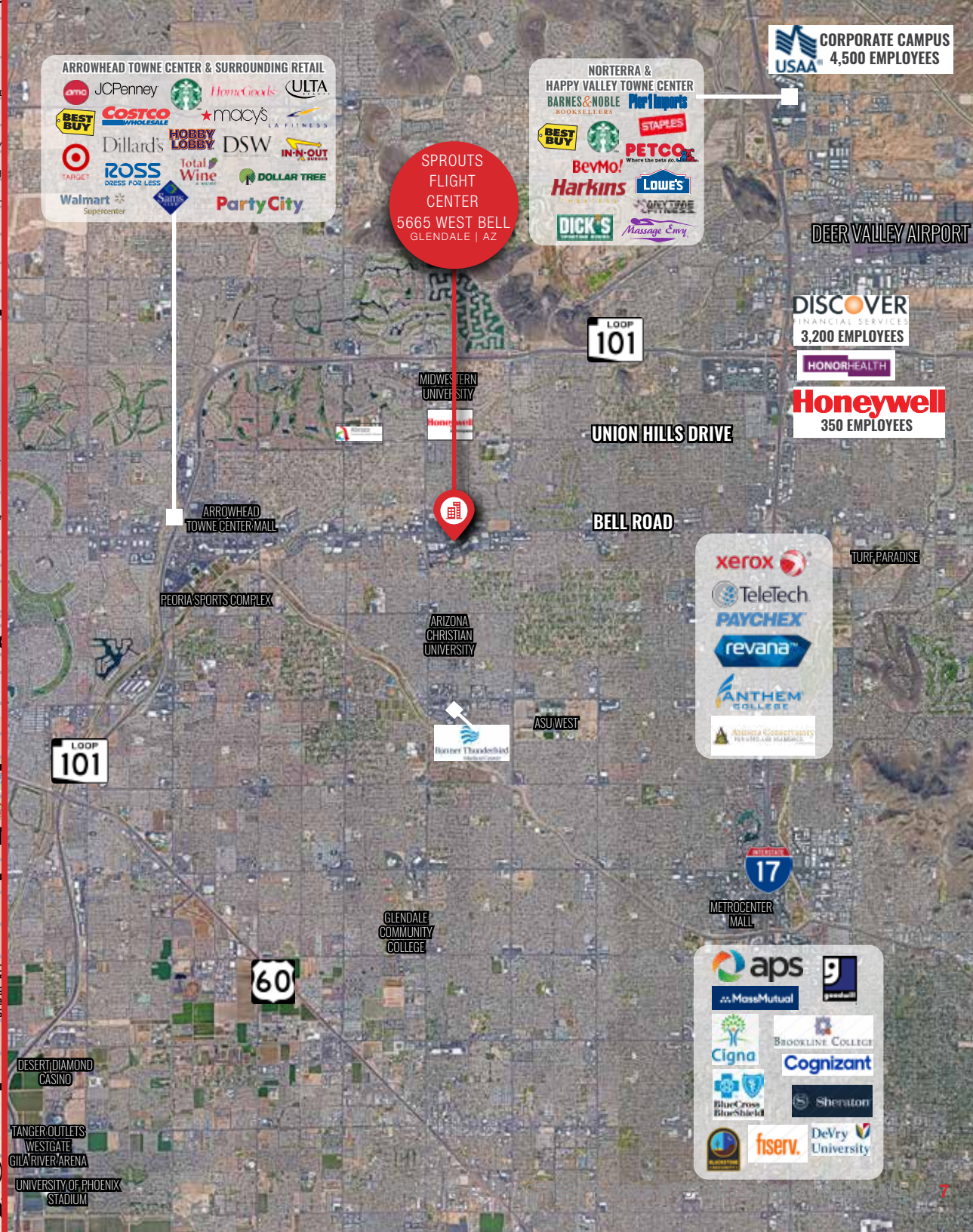
UNION HILLS DRIVE

BELL ROAD

TURF PARADISE



METROCENTER MALL



ASSET OVERVIEW

This single-story two-building Property is located in an extremely dense Glendale submarket and is currently 100% leased. Built in 1994, the Property is situated on a ±5.68 parcel with ample surface parking and tremendous visibility from Phoenix's busiest arterial, Bell Road.

The Property offers an opportunity for an investor to capitalize on the increasing market fundamentals fueled by the continued development in the submarket.

Located less than 3 miles east of the community of Arrowhead and Arrowhead Towne Center, the site offers exceptional regional access with close proximity to several of Phoenix's most important arterials, the Loop 101 Freeway and Interstate 17.

The Property benefits from excellent visibility, ingress and egress, ample parking and a large monument sign.

02

PROPERTY DESCRIPTION



**WALMART
SUPERCENTER,
WINCO, STEINMART**
Neighbors



61,302 SF
GLA



72,703
VPD



100%
Occupancy



4.75/1,000
Parking Ratio



1994
Year Built



NNN
Lease Type

SITE PLAN









N 57TH AVENUE

W BELL ROAD





Walmart 
Supercenter

SPROUTS  FLIGHT 

TACO BELL  PIZZA HUT  DOLLAR TREE 
Mor  cricket 

 DELTA DENTAL

 Comfort Inn

OUTBACK 
STEAKHOUSE

GARCIA'S 
Mexican Restaurant

W BELL ROAD





| | |
|-------------------------|--|
| Lease Expiration | 2/28/2023 |
| SF Leased | 30,000 |
| % of Total SF | 49% |
| Ticker Symbol | SFM |
| Website | www.sprouts.com |

Sprouts Farmers Market, Inc., is a publicly-traded health and wellness oriented grocery chain headquartered in Phoenix, Arizona with **321 stores** diversified across 19 states. The company currently employs over 30,000 employees and plans to open 30 additional stores in 2019, including penetrating 3 new states, in addition to the 30 stores opened in 2018. Sprouts claims that 90% of products sold are minimally processed and free of artificial, preservative, and synthetic ingredients.

In 1943, Henry Boney began Sprouts' longstanding legacy of providing fresh, natural food available to anyone interested in eating well and spending less when he opened a San Diego fruit stand. Our company was founded by members of the Boney family, long-time San Diego grocers with a focus on making fresh foods affordable. Our founders opened the first Sprouts store in Chandler, Ariz. in 2002 with abundant produce and thousands of natural, organic and great-tasting foods at remarkably low prices. Our story continued with a period of rapid growth through acquisitions and new store development. In 2011, Sprouts joined with Henry's Holdings, which ran 35 Henry's Farmers Markets stores and eight Sun Harvest Market stores. A year later, Sprouts bought Sunflower Farmers Market, which ran 37 stores. Sprouts became a public company traded on the NASDAQ Stock Market in August, 2013. In recent years, we expanded into the Southeast by adding new stores in Georgia, Missouri, Alabama and Tennessee. Today, Sprouts is one of the fastest growing retailers in the country. Sprouts (New York Stock Exchange under "SFM") employs more than 22,000 team members and operates more than 224 stores in 13 states from coast to coast. For more information, visit sprouts.com.

Please also view Bloomberg's story on Sprout's market growth: www.bloomberg.com/news/videos/b/fdbca187-47db-48ce-ba9a-76bf28804240

HIGHLIGHTS

| | |
|-------|---|
| 1.4% | Same Store Sales Growth (1Q 2019) |
| 8.9% | YOY Increase in Gross Profit (\$444.6M in 1Q 2018 to \$484.4M in 1Q 2019) |
| 11.6% | YOY Increase in Net Sales (\$4.67B in FY 2017 to \$5.21B in FY 2018) |

| AWARD | ORGANIZATION | YEAR |
|---|----------------------------|------|
| #3 Most Admired Companies (Food & Drug) | Forbes | 2019 |
| #16 Most Popular Grocery Store | YouGov.com | 2019 |
| #20 Hottest Retailers | STORES / Kantar Consulting | 2018 |
| #40 Largest Employer in AZ | Arizona Republic | 2018 |



| | |
|-------------------------|--|
| Lease Expiration | 6/30/2030 |
| SF Leased | 31,302 |
| % of Total SF | 51% |
| Ticker Symbol | n/a |
| Website | www.flightfitnfun.com |

Vision: Grounded in family and deep core values, we aspire to help create special memories and to be the family entertainment destination park in each and every community we serve.

Our Difference – We care

Our People Commitment: Hire good people, teach them well, treat them well then let them care for our customers.

Our Service Commitment: Always deliver on that which is expected, promised or hoped for.

Our Safety Commitment: Caring for our employees and customers demands we operate our parks fully compliant with manufacturers guidelines and state law.

Our Community Commitment: Be a valued partner in the communities we serve.

Mission

Our mission is to deliver on our belief that to create special memories and to be your “go-to” family destination, we must create lasting relationships, deliver an exceptional experience, honestly reflect on who we are and constantly improve.

We operate 19 locations in the US and Canada that range from 17,000 to 88,000 square feet. Our parks are designed with a variety of fun activities, including freestyle jumps, dodgeball, basketball, foam pits, designated children’s areas, Ninja Warrior courses, ice skating and much more.

04 FINANCIAL SUMMARY

| | |
|----------------------------|---|
| BUILDING ADDRESS | 5665 West Bell Road, Glendale, AZ 85308 |
| PRICE | \$11,900,000 |
| CAP RATE | 7.62% |
| NOI / ANNUALLY | \$906,445 <i>(as of 7/1/2020)</i> |
| TOTAL BUILDING AREA | ±61,302 |
| LAND AREA | ±5.68 AC |
| YEAR BUILT | 1994 |
| FINANCING | Free & Clear |

RENT ROLL

| TENANT NAME | RSF | RENT ACTUAL (MONTHLY) | RENT ACTUAL (ANNUAL) | RENT PSF (PSF/YR) | RENT PSF (PSF/MO) | PRORATA SHARE | LEASE FROM | LEASE EXP | LEASE TYPE | NEXT INCREASE |
|------------------|---------------|-----------------------|----------------------|-------------------|-------------------|---------------|------------|------------|------------|----------------------------|
| Sprouts | 30,000 | \$48,603 | \$585,600 | \$19.52 | \$1.63 | 49% | 03/01/2002 | 02/28/2023 | NNN | Renewal Option 3/1/2023 |
| Flight Fit N Fun | 31,302 | \$26,737 | \$320,845 | \$10.25 | \$0.85 | 51% | 07/01/2020 | 06/30/2030 | NNN | Renewal Option 7/1/2030 |
| Total SF | 61,302 | \$75,340 | \$906,445 | | | | | | | |



TENANT

Sprouts Farmers Markets, LLC,
an Arizona Limited Liability Company

PRIMARY LEASE TERM

The original 20 year lease commenced in June of 2002 and expires on February 28, 2023

PREMISES

Approximately 30,000 square feet

MINIMUM ANNUAL RENTAL RATE

PRIMARY TERM:

3/1/13 - 2/28/18: \$532,400

3/1/18 - 2/28/23: \$585,640

EXTENTION OPTIONS:

Four (4) Five-Year Options Option Periods Rent Schedule:

3/1/23 - 2/28/28: \$644,204

3/1/33 - 2/28/33: \$708,624

3/1/38 - 2/28/38: \$779,486

3/1/38 - 2/28/43: \$857,435

TENANT'S MAINTENANCE AND REPAIR OBLIGATIONS

Except for the portion and components of the Premises to be maintained by Landlord, Tenant shall keep the Premises and all utility facilities and systems exclusively serving the Premises in good condition and repair and shall make all replacements necessary to keep the Premises and the Tenant utility facilities in such condition. Tenant shall also be obligated to maintain, repair and/or replace the HVAC systems servicing the Premises. Tenant shall also reimburse Landlord 100% of Landlord's common area costs, including the cost of a property manager.



TENANT

Jumpstreet 4, LLC
an Arizona Limited Liability Company

PRIMARY LEASE TERM

The original Lease commenced on August 1, 2010 and expires on June 30, 2020

PREMISES

Approximately 31,302 square feet

ANNUAL RENTAL RATE

PRIMARY TERM:

7/1/2016 – 6/30/2017: \$249,790

7/1/2017 – 6/30/2018: \$257,302

7/1/2018 – 6/30/2019: \$265,128

7/1/2019 – 6/30/2020: \$272,953

LEASE HAS BEEN AMENDED FOR FLIGHT FIT N FUN AS TENANT:

| YEAR | RENT PSF/YEAR | MONTHLY RENT | ANNUAL RENT |
|-----------------------|-----------------|--------------|--------------|
| 11/1/2019 – 6/30/2020 | \$ 8.72/SF, NNN | \$22,746.12 | \$272,953.44 |
| 7/1/2020 – 6/30/2025 | \$10.25/SF, NNN | \$26,737.13 | \$320,845.50 |
| 7/1/2025 – 6/30/2030 | \$11.53/SF, NNN | \$30,076.00 | \$360,912.06 |

TENANT'S MAINTENANCE AND REPAIR OBLIGATIONS

Tenant shall at all times keep all portions of the Premises (not specified to be maintained by Landlord) including maintenance of exterior entrances, all glass and show windows and their moldings and all partitions, doors, door jambs, door closures, door hardware, fixtures, equipment and appurtenances thereof (including electrical, lighting, heating and plumbing, and plumbing fixtures, and any air condition systems, including leaks around ducts, pipes, vents, or other parts of the air conditioning, heating or plumbing systems which protrude through the roof) and any replacement thereof, in good order, condition and repair.

GLENDALDE DEMOGRAPHICS

1 MILE RADIUS at-a-glance

11,084

Population

3,753

Households

41.9

Median Age

\$78,589

Median Income

\$265,875

Average Home
Value

3 MILE RADIUS at-a-glance

118,278

Population

44,903

Households

39.1

Median Age

\$71,047

Median Income

\$287,392

Average Home
Value

5 MILE RADIUS at-a-glance

348,088

Population

131,847

Households

38.5

Median Age

\$64,582

Median Income

\$267,331

Average Home
Value

05 AREA OVERVIEW

ARIZONA QUALITY OF LIFE BY THE NUMBERS

300

Residents in Arizona can take advantage of the outdoors thanks to more than 300 days of sunshine

325

Improve your golf game at the more than 325 golf courses throughout the region

<25

Spend more time outdoors, with your family or doing other things you enjoy with a less than 25-minute average commute time

6

The state of Arizona is home to 6 professional sports teams: NFL, MLB, NHL, NBA, WNBA and USL

3

3 public high schools in Arizona are ranked in the top 10 nationally

#1

Arizona State University has been ranked the #1 most innovative university in the nation three years in a row

GLENDALE



STATE FARM STADIUM

State Farm Stadium

State Farm Stadium, formerly known as University of Phoenix Stadium, is a multi-purpose American football stadium located in Glendale, Arizona, west of Phoenix. It is the home of the Arizona Cardinals of the National Football League (NFL) and the annual Fiesta Bowl. It replaced Tempe's Sun Devil Stadium as the Valley of the Sun's main stadium. The stadium is adjacent to the Gila River Arena, home of the Arizona Coyotes NHL team.

Westgate Entertainment District

Offering a vibrant outdoor setting with unique water features, Westgate Entertainment District delivers an interactive shopping, dining and entertainment experience. It is anchored by Gila River Arena, home of the Arizona Coyotes, and adjacent to the State Farm Stadium, home to the Arizona Cardinals.



WESTGATE ENTERTAINMENT DISTRICT

HERITAGE, ARTS, CULTURE

Glendale is a city with a diverse history that is treasured not only by its residents and community members, but also by the visitors who come and experience the roots of the city. Its history provides the foundation of Glendale but many new cultural attractions are thriving, as well.



2,188
acres of
parks,
open
space



25
sports
fields



46 miles
of trails



3 dog
parks



73 parks

Glendale Civic Center

The Glendale Civic Center, located in historic downtown Glendale, Arizona is the ideal destination for top-quality meetings and events in the valley. With over 40,000 square feet of flexible event space and on-site catering, the Glendale Civic Center can accommodate day conferences, meetings, tradeshows, graduations and a variety of social events such as proms, weddings, and quinceaneras. Located just minutes away from Glendale's Sports and Entertainment District and the Bell Road Corridor, it is the perfect location for those that want to work, then play!



CIVIC CENTER

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CORPORATE LICENSE #01355491

Newmark Knight Frank (the "Agent") has been engaged as the exclusive sales representative for the sale of 234 East Bell Road (the "Property") by 'Ownership' (the "Seller"). The information contained herein has been obtained from sources deemed reliable but has not been verified and no guarantee, warranty or representation, either express or implied, is made with respect to such information. Terms of sale or lease and availability are subject to change or withdrawal without notice.

