

NET LEASE TWO-TENANT INVESTMENT OFFERING

LAUGHLIN, NEVADA / BULLHEAD CITY, ARIZONA







Located in









2250 HIGHWAY 95, BULLHEAD CITY, AZ 86442

EXCLUSIVE BROKER

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DON LAUGHLIN'S RIVERSIDE RESORT AND CASINO

RIVERSIDE HOTEL



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STATEMENT OF CONFIDENTIALITY & DISCLAIMER

Faris Lee Investments ("FLI") has been engaged as the exclusive financial advisor to the Seller in connection with Seller's solicitation of offers for the purchase of the property known as City Square, City of Bullhead City, County of Mohave, State of Arizona. Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Seller expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property, and it is not to be used for any other purpose or made available to any other person without the express written consent of Seller or FLI. The material is based in part upon information supplied by the Seller and in part upon financial

information obtained by FLI from sources it deems reasonably reliable. Summaries of any documents are not intended to be comprehensive or all-inclusive, but rather only outline some of the provisions contained therein and qualified in their entirety by the actual document to which they relate.

No representation or warranty, expressed or implied, is made by the Seller, FLI, or any of their respective affiliates as to the accuracy or completeness of the information contained herein. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence, including engineering and environmental inspections, to determine the condition of the Property and the existence of any potentially hazardous material located at the Property site or used in the construction or maintenance of the building at the Property site.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein

or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or FLI or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

Prospective purchasers are not to construe the contents of this Offering Memorandum or any prior or subsequent communication from FLI or Seller or their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents as legal, tax, or other advice. Prior to submitting an offer, prospective purchasers should consult with their own legal counsel and personal and tax advisors to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.





PROPERTY OVERVIEW



Faris Lee Investments is pleased to offer for sale the fee simple interest in a new Smart & Final Extra! and Ashley HomeStore, as part of City Square Shopping Center located in Bullhead City, Arizona. The investment consists of approximately 52,944 square feet of GLA and is comprised of 2 tenants both on NNN leases. The tenants, Ashley Homestore and Smart & Final Extra!, both have long term leases with approximately 8 and 13 years remaining on their lease terms, and scheduled rent increases every five years that contribute strong NOI growth throughout the lease terms. Smart & Final relocated to City Square because of its dynamic location, opening up their newest prototype store and Ashley Furniture also chose this location to benefit from the regional draw of the shopping center. There is also an adjacent 100% leased shops building that consists of 7 diverse and seasoned tenants who have a proven success in the trade area (NAP), Mad Dog Fitness (NAP) and the recently opened Hobby Lobby (NAP). These neighboring tenants will greatly benefit the subject property from the daily traffic generated.

The subject property is ideally located in the heart of the regional trade area that consists of a population of approximately 140,000 people. Furthermore, City Square is located along the most heavily traveled portion of Mohave Valley Highway / State Highway 95 with approximately 40,000 vehicles per day, and directly across the street from Mohave High School, Bullhead City Civic Center, and the planned Civic Center Park and Events Center. The subject property is strategically located at the signalized, hard corner intersection of Thunderstruck Drive and Highway 95, providing ease of access to the subject property. Highway 95 is the only major north-south corridor that connects the immediate trade area of Bullhead and Laughlin with the cities of Needles and Lake Havasu, and provides access to Interstate 95, which leads to nearby Las Vegas. The subject property is located within close proximity to Walmart Supercenter, Target, Safeway, Sam's Club, Home Depot, Lowe's and many other national tenants. There are approximately 47,500 permanent residents with an average household income higher than \$50,500 surrounding the subject property. Additionally, the immediate trade area is supported by more than 34,200 daytime employees within a 5 mile radius.

SPECIFICATIONS:

GLA: 52,944 SF

Land Area: 3.74 Acres

NATIONAL TENANTS:





LOCATION:

2250 Highway 95 Bullhead City, AZ 86442

INVESTMENT HIGHLIGHTS



Regional Grocery Anchored Shopping Center / Anchored By Smart & Final Extra! Market and Ashley HomeStore

- » Smart & Final relocated to City Square from down the street and opened their new prototype concept in August of 2018, which is performing extremely well
- » Strategic location of City Square further exemplified by national tenants Ashley HomeStore and Hobby Lobby (NAP) opening stores to service the entire trade area of 140,000 population



- » Corporate Smart & Final (15 year term) and Ashley Furniture (10 year term) provide secure income stream to the investor
- » Anchor tenants combined NOI grows 25% over their primary terms
- » Smart & Final and Ashley Homestore rents are at or below market for the trade area, providing a healthy rent-to-sales ratio and long-term stability

Very Attractive Assumable Debt

- » Please call agent for more details
- » Equity requirement of approx. \$2,633,000 / 4.56% Interest Rate / 30 Yr Amort / 10 Year Term

Strong Cash Flow /Excellent Cash on Cash Returns / Low Price Per Square Foot

- » Levered Year 1 Cash on Cash Return of approx. 12.18%
- » Below Replacement Costs of \$141 Per Square Foot

Ease of Management / NNN Leases

- » Tenants reimburse for Taxes, Common Area Maintenance and Insurance
- » Landlord Responsible for Roof and Structure Maintenance Seller spent over \$150,000 on roof repairs and roof upgrade on the building during Smart & Final and Ashley Homestore's built-out period
- » Ideal Investment for an out-of-state investor

City Square Shopping Center is Undergoing Major Capital Improvements to Further Enhance the Value and Desirability of the Center

- » Capital Improvement costs of over \$1 Million to include slurry and stripe and partial replacement of parking lot, 3 new Pylon Signs of which Smart & Final and Ashley Homestore have panels, renovation and new façade on the shops building
- » Improvements provide "found" value in the center for the investor and is part of the purchase price
- » Further positions City Square as the premier shopping center in the trade area







INVESTMENT HIGHLIGHTS



Unique and Dynamic Regional Trade Area with Strong Demographics

- » City Square is located at the Commercial Core of the trade area serving Bullhead City, AZ, Laughlin, NV, Kingman, AZ, Fort Mohave, AZ and Needles, CA
- » Over 140,000 population in the trade area (source: REGis See Trade Area Map and Demographics)
- » Approximately 700 residential units planned for 2020/2021 in Bullhead City and surrounding trade area
- » Daytime employment of 34,000 in the immediate trade area

Diverse and Strong Economic Drivers Provide Sustained Growth to Bullhead City / Laughlin Economy

- » Area benefits from over 4 Million annual visitors and tourists to Bullhead City and Laughlin
- » The attraction and draw of the Colorado River and 10 renowned Casinos with approximately 12,000 hotel rooms and the 4th largest gaming volume in the United States
- » Bullhead City is a leader in Sports Tourism, with dozens of National and Regional Sports Tournaments on an annual basis bringing economic stimulus to the city and surrounding communities

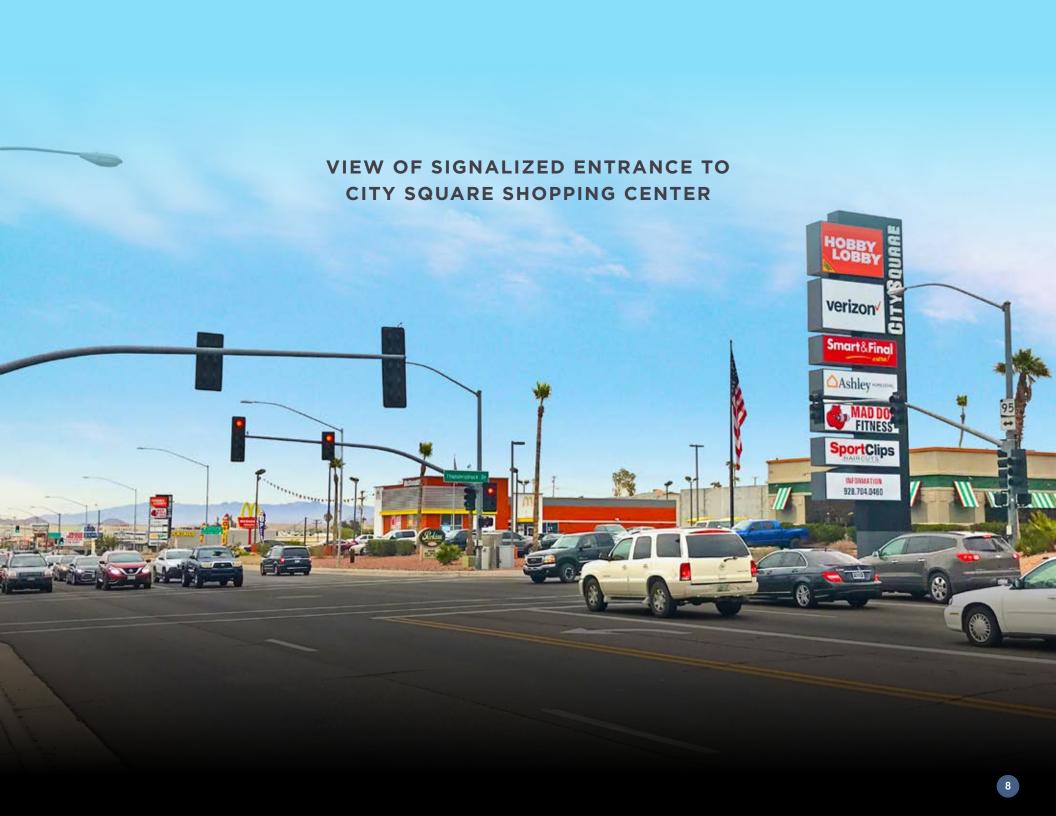




Strategic and Centralized Location in Bullhead City / Laughlin

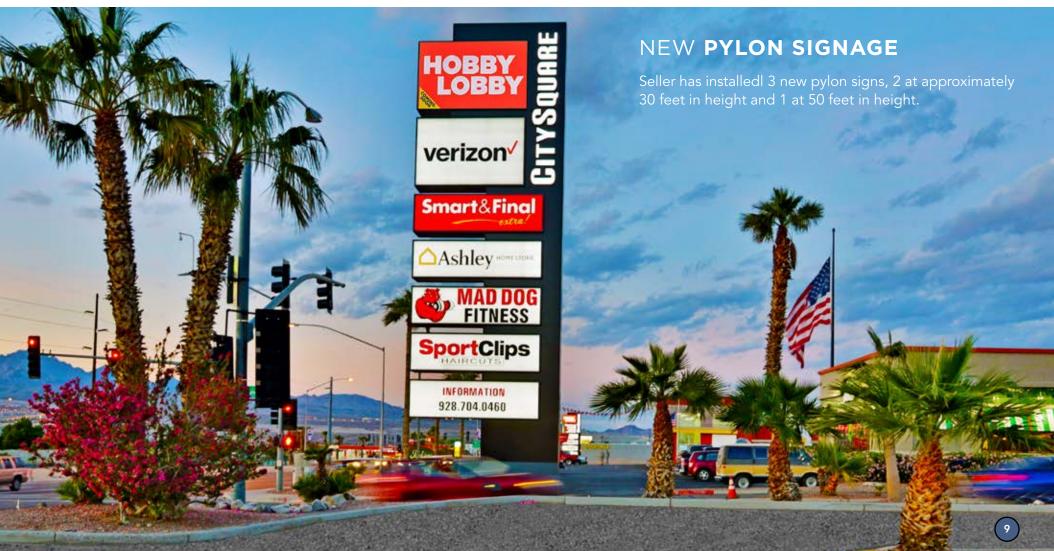
- » City Square is located at the signalized intersection of Highway 95 & Thunderstruck Road (40,000 VPD), which is at the commercial core of the trade area
- » Located directly across the street from Bullhead City Civic Center, all Government Offices, Mohave County State and Federal Offices, Mohave High School (1,400 students) and 2 elementary and 2 middle schools, and the planned Civic Center Park and Events Center
- » City Square is located at the most traveled portion of Highway 95, which connects the "River Cities" and is the main corridor connecting Laughlin, NV to Needles, CA











PROPERTY SPECIFICATIONS



Location

2250 Highway 95, Bullhead City, AZ 86442

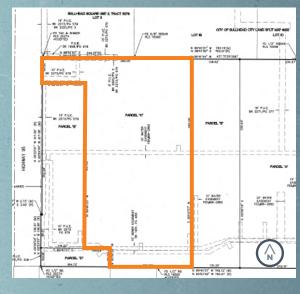


Rentable Area

52,944 SF

Land Area: 3.74 Acres (162,914 SF)





PARCEL 220-64-003

ACRES

3.74

SQ FT 162,914



Ownership

Fee Simple (Land & Building)



Access

There are six (6) access points: three (3) along Highway 95, two (2) along Hancock / Alta Vista Road and one (1) along Miracle Mile.



Parking

There are approximately 175 dedicated parking stalls on the owned parcel. The shopping center's CC&Rs allow for crossparking and cross-access.



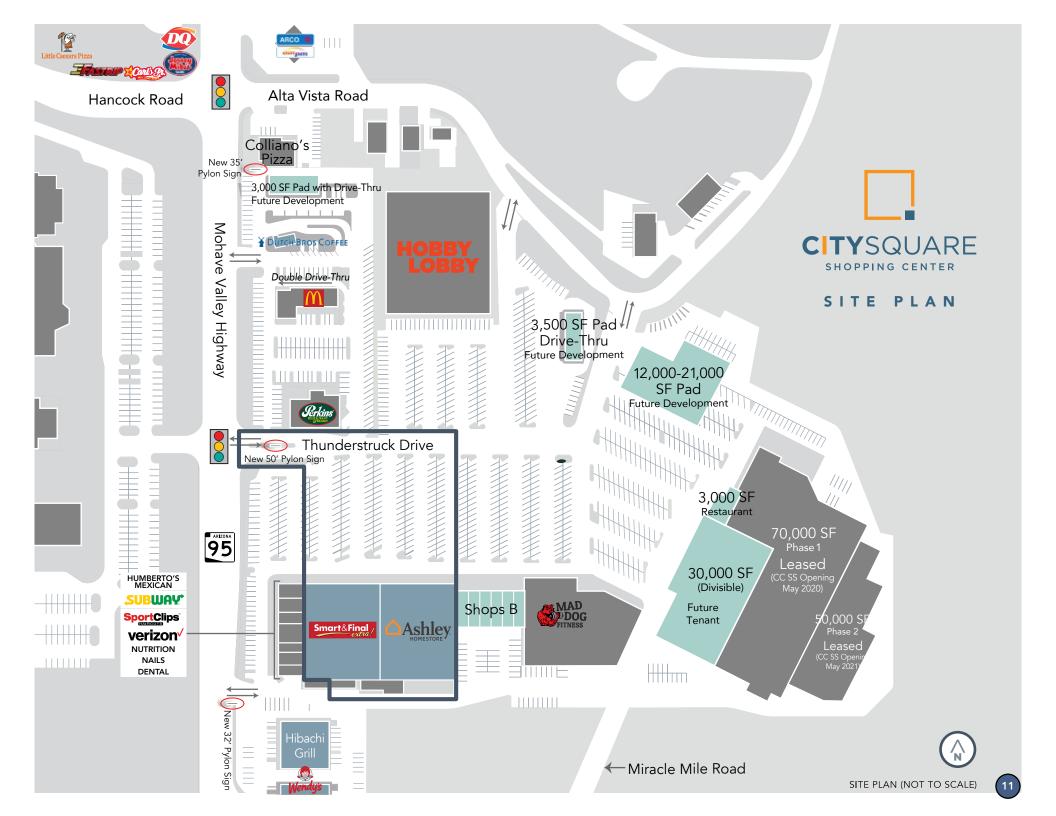
Traffic Count

Highway 95: 40,000 VPD



Year Built

1988 (Redeveloped 2018) Zoning: C-2











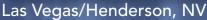


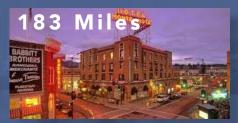




DISTANCE FROM SUBJECT:







Flagstaff, AZ



Phoenix, AZ



Los Angeles, CA



80.9%Home appreciation since 2000



19.2%Population growth since 2000



47,554 Estimated population in 5 mile radius



\$50,519 Average household income in 5 mile radius



18 Minutes
Average commute time

LAS VEGAS **DOLAN SPRINGS** PRIMM SEARCHLIGHT Nevada HACKBERRY CITYSQUARE BAKER LAUGHLIN KINGMAN California **BULLHEAD CITY** FORT MOHAVE Arizona NEEDLES WIKIEUP CHAMBLESS LAKE HAVASU CITY

^{*} REGis 2019, city-data.com and census.gov

AREA OVERVIEW

THE CITY OF BULLHEAD CITY

Bullhead City is located in west-central Mohave County in the tri-state area of Arizona, California and Nevada. Among Arizona's fastest growing communities, it is the sister city to Laughlin, Nevada and just 90 minutes south of Las Vegas. Bullhead City was incorporated in August 1984.

Bullhead City has also been referred to as Arizona's West Coast because the City is located on the east bank of the Colorado River near the juncture of Arizona, California and Nevada. Bullhead City serves as the economic hub and retail shopping center for Western Mohave County and Southeastern Clark County, Nevada. It's easily accessible by major highways and a short drive from Los Angeles, Phoenix and Las Vegas.

ECONOMIC HIGHLIGHTS

Bullhead City's economic activities are mainly related to tourism and retail sales. The City, as well as community groups, have been working diligently to attract visitors from throughout the United States and beyond for events being held within the community. The biggest event is the annual River Regatta. Although it started out small in August 2007, with only 583 participants, it grew to 30,000 people by 2016 and capacity has since been capped at 20,000.

The City hosts an annual youth soccer tournament in February of each year. The tournament attracts upwards of 120 teams from California, Nevada and Arizona. Softball leagues and tournaments are held throughout the year. The largest tournaments take place in March, including the annual senior softball tournament that attracts 70 teams from throughout the United States and Canada, and the Dave Kops Tournament of Champions, which attracts some of the top high school softball teams from throughout the country. The City, in partnership with the Bullhead Area Chamber of Commerce and the Southern California Harley Davidson Dealers Association, hosts the annual Bullhead City Bike Fest. This event is held in April, in conjunction with the annual Laughlin River Run. The event attracts motorcycle enthusiasts to stop in Bullhead City at Harley Park (i.e. Community Park) and enjoy the activities that are happening on this side of the river.

There are nine casinos in Laughlin, Nevada located just across the Colorado River from Bullhead City. Tourism is a primary economic activity centered on the Laughlin resort/gaming industry, area water sports, golfing and fishing.



MAJOR BULLHEAD CITY AREA EMPLOYERS

City of Bullhead City

Western Arizona Regional Medical Center

Valley View Medical Center

Mohave Community College

Bullhead Unified School District

Colorado River Unified School District

Home Depot

Walmart

Lowe's

Sam's Club

Target

Dot Foods





MAJOR LAUGHLIN AREA EMPLOYERS

Don Laughlin's Riverside Resort Hotel & Casino

Colorado Belle

Avi Resort & Casino

Pioneer Hotel & Gambling Hall

Edgewater Hotel Casino

Harrah's

Landry's

Golden Nugget

THE TOWN OF LAUGHLIN

Laughlin is centrally located between the Los Angeles Basin and Phoenix, Arizona under 90 miles south of Las Vegas, Nevada and is set in a rugged mountain terrain which gently slopes to the cool banks of the Colorado River.

Named in 1968 after founder Don Laughlin, owner of the Riverside Resort, Laughlin is known in the Southwest as a preferred alternative to Las Vegas. Laughlin delivers an incredibly beautiful riverside setting, and a more friendly, laid back and safe atmosphere.

ECONOMIC HIGHLIGHTS

Today there are nine hotel/casinos and one motel in Laughlin providing over 12,000 rooms, 175,000 square feet of meeting space, 60 restaurants, two museums, a 34-lane bowling center, an outlet shopping mall and a variety of boutiques, spas and salons. More than 14,000 casino workers now cross the Colorado by shuttle boat or the Laughlin Bridge each day.

The city by the river now attracts nearly 2 million visitors annually who visit Laughlin to gamble, enjoy water sports on the Colorado and attend many top name entertainers and high-profile special events hosted by the destination.



DEMOGRAPHICS



Population

Bullhead City, AZ (REGis 2019)	1 Mile	3 Mile	5 Mile	30 Mile
2019 Estimated Population	4,627	34,910	47,554	95,845
2024 Projected Population	4,975	37,929	51,420	103,405
2010 Census Population	4,560	33,487	44,001	88,763
2000 Census Population	4,479	31,340	38,689	72,080
Projected Annual Growth 2019 to 2024	1.5%	1.7%	1.6%	1.6%
Historical Annual Growth 2000 to 2019	0.2%	0.6%	1.2%	1.7%
2019 Median Age	54.0	49.7	50.5	50.8
2019 Estimated Households	2,156	16,158	22,023	42,550
2024 Projected Households	2,242	16,927	22,967	44,508
2010 Census Households	1,965	14,373	18,874	37,295
2000 Census Households	1,877	13,003	16,112	29,703
Projected Annual Growth 2019 to 2024	0.8%	1.0%	0.9%	0.9%
Historical Annual Growth 2000 to 2019	0.8%	1.3%	1.9%	2.3%
2019 Estimated Average Household Income	\$44,513	\$43,737	\$50,519	\$53,416
2019 Estimated White	80.2%	78.0%	79.1%	80.7%
2019 Estimated Black or African American	1.6%	2.3%	2.4%	2.4%
2019 Estimated Asian or Pacific Islander	1.2%	2.0%	2.3%	1.9%
2019 Estimated American Indian or Native Alaskan	1.3%	1.2%	1.2%	1.9%
2019 Estimated Other Races	15.7%	16.5%	15.0%	13.1%
2019 Estimated Hispanic	25.9%	27.4%	24.9%	21.8%
2019 Estimated Total Businesses	497	1,263	1,862	3,154

4,986

10,645

34,262







Ethnicity

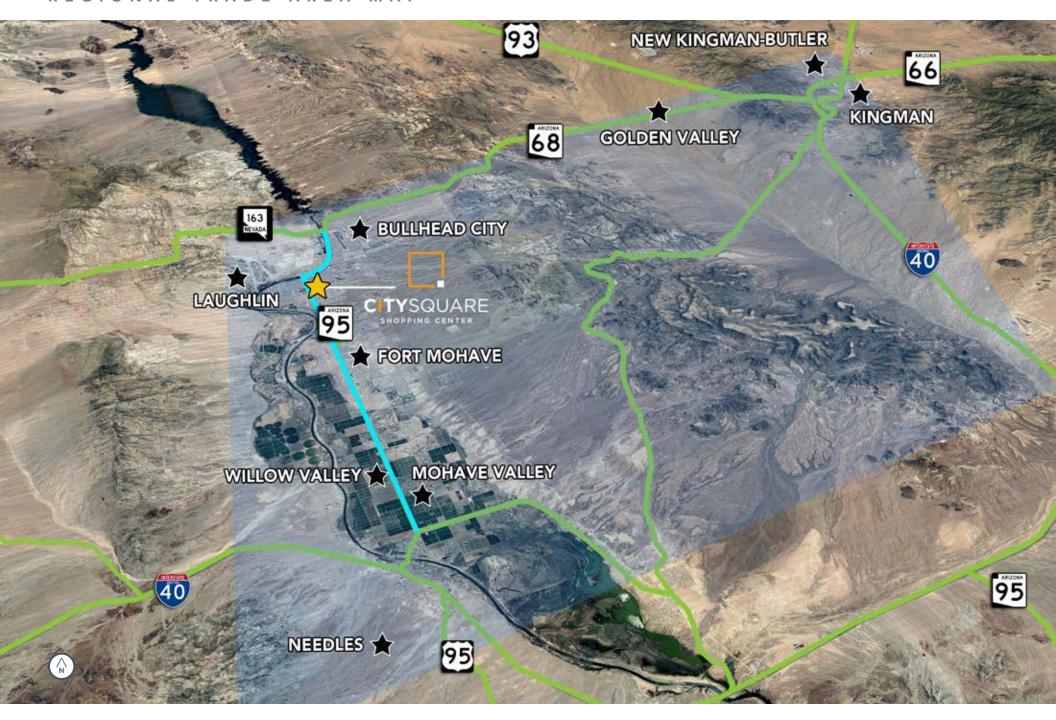
44,362



Business

2019 Estimated Total Employees

Income











RENT ROLL

Suite #	Tenant	Size (SF)	% of Total SF	Date	Increase	Rent Monthly Rent	al Rates Monthly \$/SF	Annual Rent	Annual \$/SF	% of Total Rent	Recovery Type	Lease Start Date	Lease Expiration Date	Lease Options
M475	Smart & Final Extra!	30,570	58%	Current Aug-2023 Aug-2028	8% 8%	\$28,277 \$30,825 \$33,372	\$0.92 \$1.01 \$1.09	\$339,324 \$369,897 \$400,464	\$11.10 \$12.10 \$13.10	63% (exc	NNN 15% Admin Fee cl. tax, ins & utili		7/31/2033	3 (5-Year) & 1 (4-Year) Option 1: \$36,709/mo Option 2: \$40,377/mo Option 3: \$44,428/mo Option 4: \$48,861/mo
M336	Ashley HomeStore	22,374	42%	Current Jul-2023	10%	\$16,781 \$18,459	\$0.75 \$0.83	\$201,372 \$221,509	\$9.00 \$9.90	37% (exc	NNN 15% Admin Fee cl. tax, ins & utili		6/31/2028	2 (5-Year) 10% Increases Every 5 Years
	Total Occupied Total Vacant Total / Wtd. Avg:	52,944 0 52,944	100% 0% 100%	То	Occupied tal Vacant Wtd. Avg:	\$0	\$0.85 \$0.85	\$540,696 \$0 \$540,696	\$10.21 \$10.21	100% 0% 100%				

Notes

Smart & Final - There is a 5% cap on controllable expenses, but no cap on taxes, insurance or utility.

Ashley HomeStore (franchisee) - July 2023 Rent Increase is lesser of CPI adjustment or 10% - Analysis shows 10% increase. There is a 5% cap on controllable expenses.

TRANSACTION SUMMARY

Financial Information

Price: \$7,458,000 Price/SF: \$141

Property Specifications

Rentable Area: 52,944 SF
Land Area: 3.74 Acres
Year Built / Renov: 1988 / 2018
Address: 2250 Highway 95

Bullhead City, AZ

APN: 220-64-003

Major Tenants: Smart & Final Extra!, Ashley HomeStore

Estimated Operating Information

	
	<u>In-Place</u>
Gross Potential Rent	\$540,696
Plus Recapture	\$180,700
Effective Gross Income	\$721,396
Less Expenses	(\$180,700)
Net Operating Income	\$540,696
Less: Interest Payment	(\$220,020)
Less: Principal Payment	(\$75,419)
Cash Flow	\$245,257

Assumable Loan Terms (Estimated):

65%

35%

\$4,825,000

\$2,633,000

(\$24,620)

30 years

June-2029 (est)

4.56%

Loan Amount (approx.):

Down Payment:

Interest Rate:

Amortization:

Maturity:

Payment (monthly):

Cap Rate:	7.25%
Cash/Cash ⁽¹⁾	12.18%

(1) Cash on Cash includes principal loan paydown

Estimated Operating Expenses	PSF/Yr
Taxes (1) \$50,0	00 \$0.94
Insurance (2) \$8,4	00 \$0.16
CAM \$111,1	82 \$2.10
Management (3) \$11,1	18 \$0.21
Total \$180,7	00 \$3.41

- (1) Taxes are estimated per Owner's 2020 Budget
- (2) Insurance and CAM figures are estimated per Owner's 2020 Budget
- (3) Management is 1.3% of EGI



SMART & FINAL EXTRA!

Headquartered in Los Angeles, where its history dates back to 1871, Smart & Final Stores, Inc. operates more than 300 grocery and foodservice stores under the "Smart & Final," "Smart & Final Extra!" and "Smart Foodservice Warehouse Stores" banners in California, Oregon, Washington, Arizona, Nevada, Idaho, Utah and Montana, with additional stores in Northern Mexico operated through a joint venture. Smart & Final, the smaller, faster grocery warehouse store, is one of the longest continuously operating food retailers in the United States and operates under two banners: Smart & Final and Smart & Final Extra!.

While all Smart & Final stores provide quality product at the great value of a warehouse store, Smart & Final Extra! stores have a larger format and provide an assortment of both club and traditional-sized groceries and supplies for households, businesses and organizations. Ideal for one-stop shopping, Smart & Final Extra! stores combine a warehouse store with traditional grocery offerings like farm-fresh produce, fresh meat, frozen foods, dairy, deli, grocery basics, and natural and organic options. So whether you're shopping for your business or organization, stocking up and meal planning, hosting a party or simply preparing a dinner for your family, Smart & Final Extra! offers more than 3,000 club-sized items alongside your daily grocery needs, all at prices 25% lower than supermarkets and without a membership fee. While Smart & Final stores serve both households and businesses, Smart Foodservice Warehouse Stores serve foodservice professionals, operators of small restaurants, catering companies, businesses and nonprofits in Washington, Oregon, Idaho, Nevada, Utah, Montana and Northern California. Smart Foodservice Warehouse Stores are a convenient, no-frills warehouse shopping environment, which provide great service, convenience and a sense of community, along with more competitive pricing than foodservice delivery and warehouse clubs.

The company is passionate about providing for those who provide for others. And it's dedicated to the communities it serves. With the help of customers and associates, Smart & Final and the Smart & Final Charitable Foundation donate more than \$1 million and 1,000 volunteer hours each year – providing support and improving the lives of millions in the areas of health & wellness, hunger relief and emergency response, K-12 education, and youth sports.

Reported annual revenue was \$12.2 billion in 2019, which ranked the company at #24 of Forbes' "America's Largest Private Companies." The company was bought by Apollo Global Management LLC in mid-2019, for an enterprise value of approximately \$1.12 billion, which took Smart & Final from public to private. The parent company now has assets of over \$3 billion.

Company Type: Private Locations: 325



ASHLEY HOMESTORE

Ashley HomeStore is an American furniture store chain that sells Ashley Furniture products. Ashley Furniture started 75 years ago in a small Wisconsin town and has grown into the world's largest manufacturer and #1 furniture retailer built on the values of hard work, family, and affordable styles. The chain has both corporate and independently owned and operated furniture stores. Together, these stores reported sales of \$5.7 Billion in 2019 per Forbes. This location in particular is a franchised location. The franchisee owns and operates three other locations in Blythe, CA, El Centro, CA and Lake Havasu, AZ and has been in the furniture business for approximately 30 years.

Company Type: Private Locations: 800+



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