

Smart & Final

7050 Katella Avenue, Orange County, CA

ORANGE COUNTY NNN LEASED INVESTMENT



OFFERING MEMORANDUM

Smart & Final

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Exclusively Marketed by:

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OFFERING SUMMARY

PRICE	\$13,995,000
CAP RATE	5.22%
NOI	\$730,719 *
TENANT	Smart & Final Stores, LLC
LEASE TYPE	NNN
LEASE TERM REMANING	Approx. 9 Years (Lease Expires 9/30/2028)
RENT CREDIT	Rent differential of \$5,535.75/month to be credited to Buyer from Close of Escrow through 10/1/2023

PROPERTY SUMMARY

LOCATION	7050 Katella Avenue Orange County, CA
CURRENT OCCUPANCY	100%
LAND SIZE	2.55 Acres
BUILDING SF	30,476
YEAR BUILT	1974, Renovated 2008
TENANT IMPROVEMENTS	Tenant Invested Over \$2MM In T.I.'s
PARKING	125 Surface Spaces
FRONTAGE	Katella Ave 303', Knott Ave 77'
TRAFFIC COUNT	In Excess of 70,000 Cars/Day

* \$730,719 equals NOI as of 10/1/2023. Current NOI equals \$664,290.
See Rent Credit above.





Dominant Orange County Infill Location

Located at the Southeast corner of Knott Street and Katella Avenue, two of the major thoroughfares servicing the trade area, just minutes from the 22 Freeway.

High Traffic Counts

Average daily traffic counts in excess of 70,000 cars per day.

Strong Retail Intersection

Other major tenants at the intersection include Target, Ross, Staples, & BevMo.

Low Retail Vacancy Factor

Low vacancy rate at intersection illustrates the strength of this location and trade area even in a recessionary period.

Long Term Triple Net Lease

Long term triple net lease with approximately 9 years remaining on the primary term. 10% rent increases every 5 years (Commencing 10/1/2028) provides a growing income stream and a hedge against future inflation.

Relocation of Successful Store to "Extra" Format

Smart & Final relocated a smaller format store which had been in operation in the trade area since 1996 to their new larger footprint "Extra" format which evidences their commitment to this strong trade area.

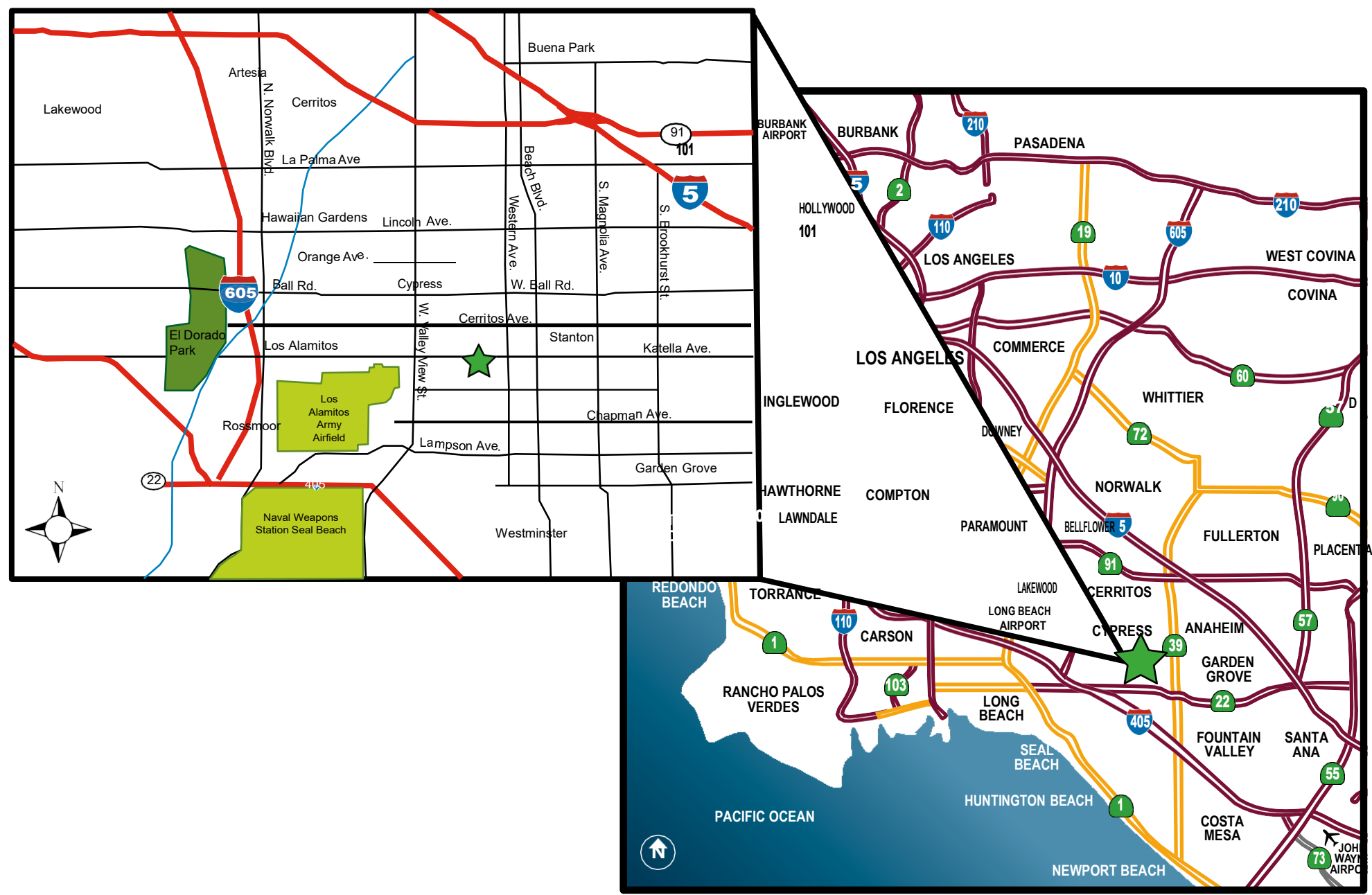
High Population Density

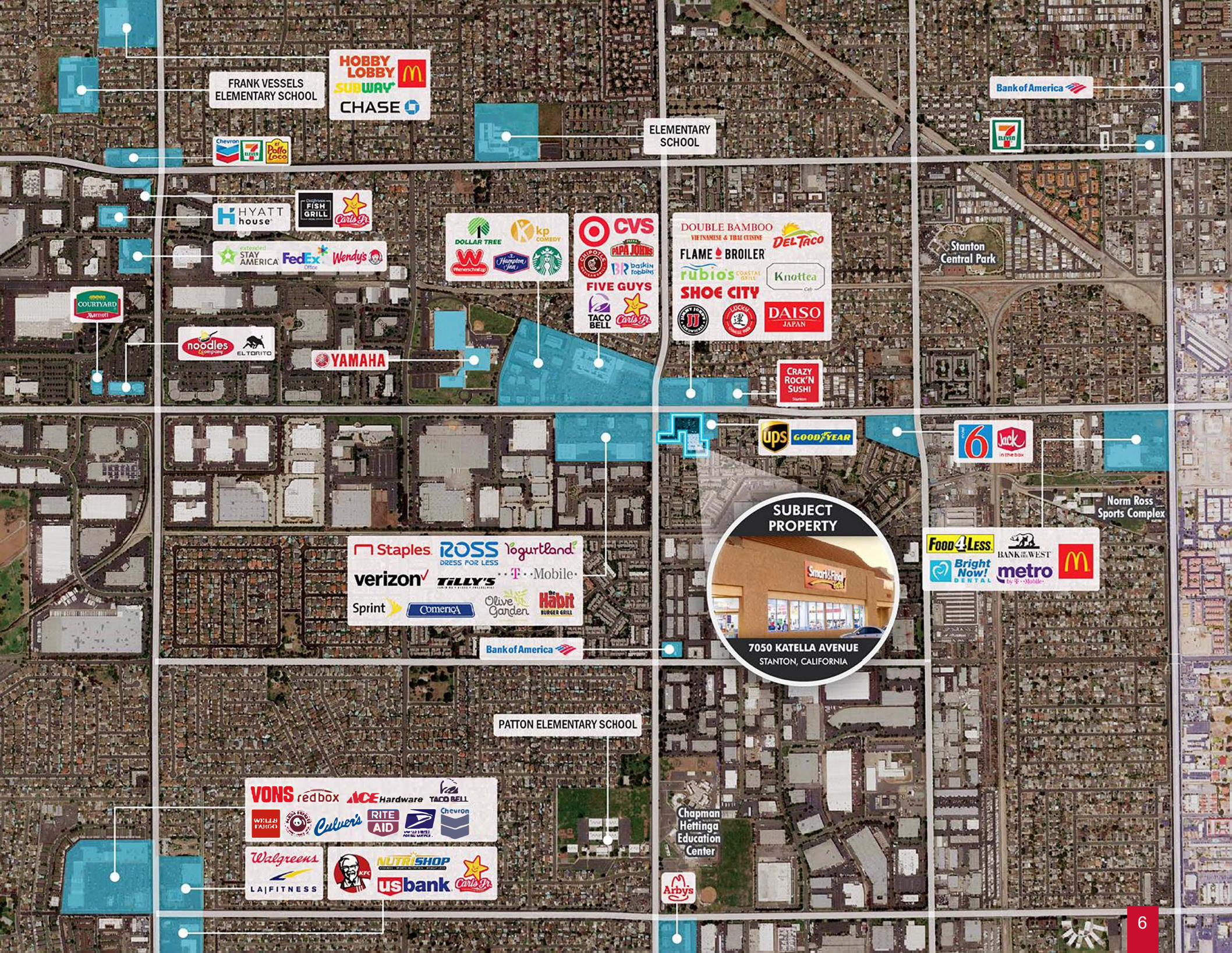
Surrounding residential population estimated at 660,792 residents with an average house hold income of \$93,369 within a 5 mile radius provides for a strong consumer base.

Tenant Improvements

Tenant invested over \$2 million of Tenant improvements into the building at lease commencement illustrating their commitment to the location.

street map





FRANK VESSELS
ELEMENTARY SCHOOL

HOBBY LOBBY
SUBWAY
CHASE

ELEMENTARY
SCHOOL

Bank of America

HYATT
house

FISH GRILL
Carls Jr.

STAY AMERICA

FedEx
Office
Wendy's

DOLLAR TREE
kp COMEDY
W
Huggins
Starbucks

CVS
PAPA JOHN'S
FIVE GUYS
TACO BELL
Carls Jr.

DOUBLE BAMBOO
VIETNAMESE & THAI CUISINE
FLAME BROILER
rubio's
SHOE CITY
Knottea
DAISO JAPAN

Stanton
Central Park

COURTYARD
Marriott

noodles
EL TORITO

YAMAHA

CRAZY ROCK'N
SUSHI

ups
GOODYEAR

6
Jack
in the Box

Norm Ross
Sports Complex

Staples
ROSS
DRESS FOR LESS
Yogurtland
verizon
TILLY'S
Sprint
Comenqa
Olive Garden
Habit
BURGER GRILL

Bank of America

SUBJECT
PROPERTY



7050 KATELLA AVENUE
STANTON, CALIFORNIA

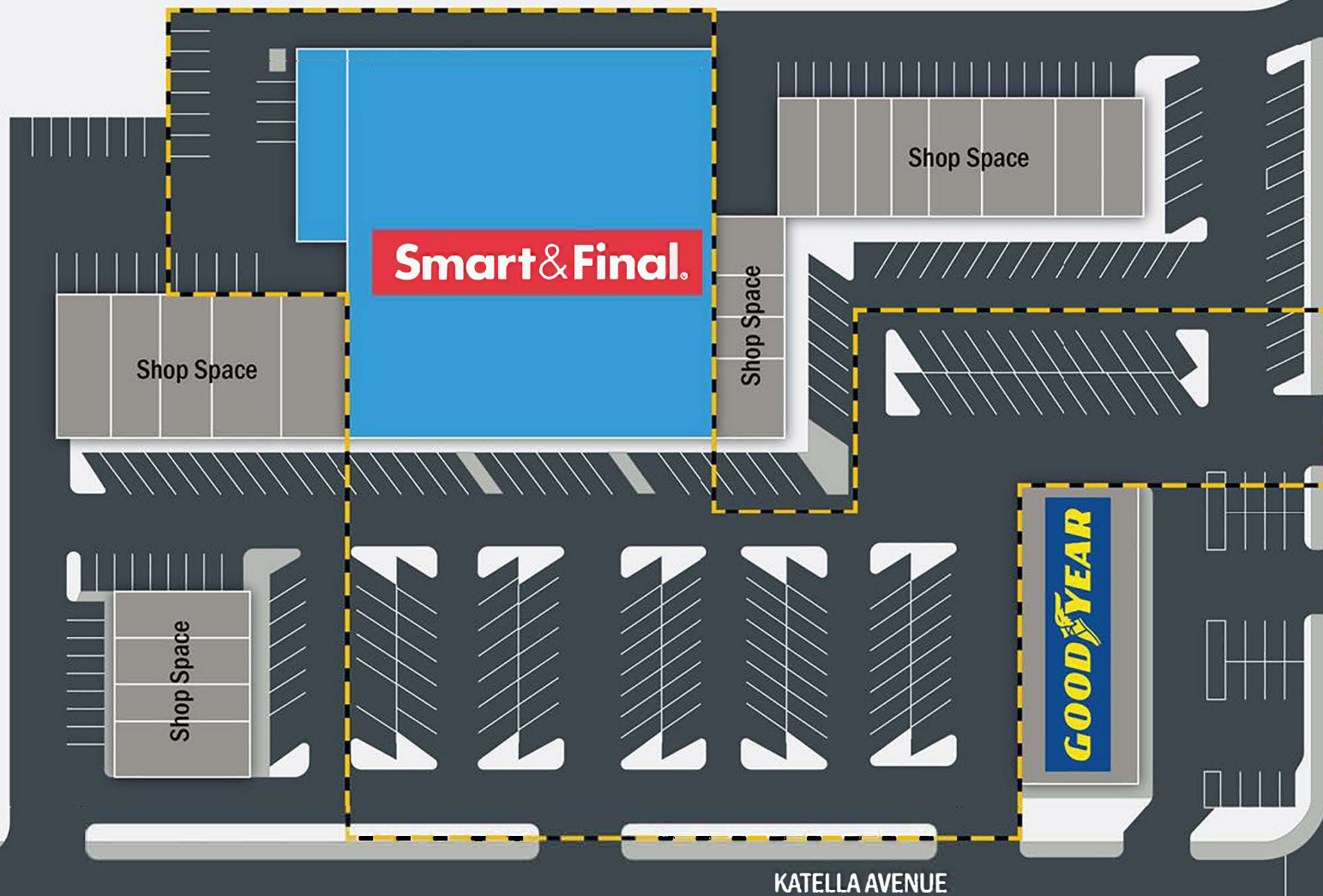
Food 4 Less
Bright Now! DENTAL
BANK OF AMERICA
metro
by 4-Mobile
McDonald's

PATTON ELEMENTARY SCHOOL

VONS
redbox
ACE Hardware
TACO BELL
WELLEN PASSAGE
Culver's
RITE AID
Chevron
Walgreens
LA FITNESS
KFC
NUTRISHOP
usbank
Carls Jr.

Chapman
Hettinga
Education
Center

Arby's



79-76

KATELLA

22
27
23
26

130-15

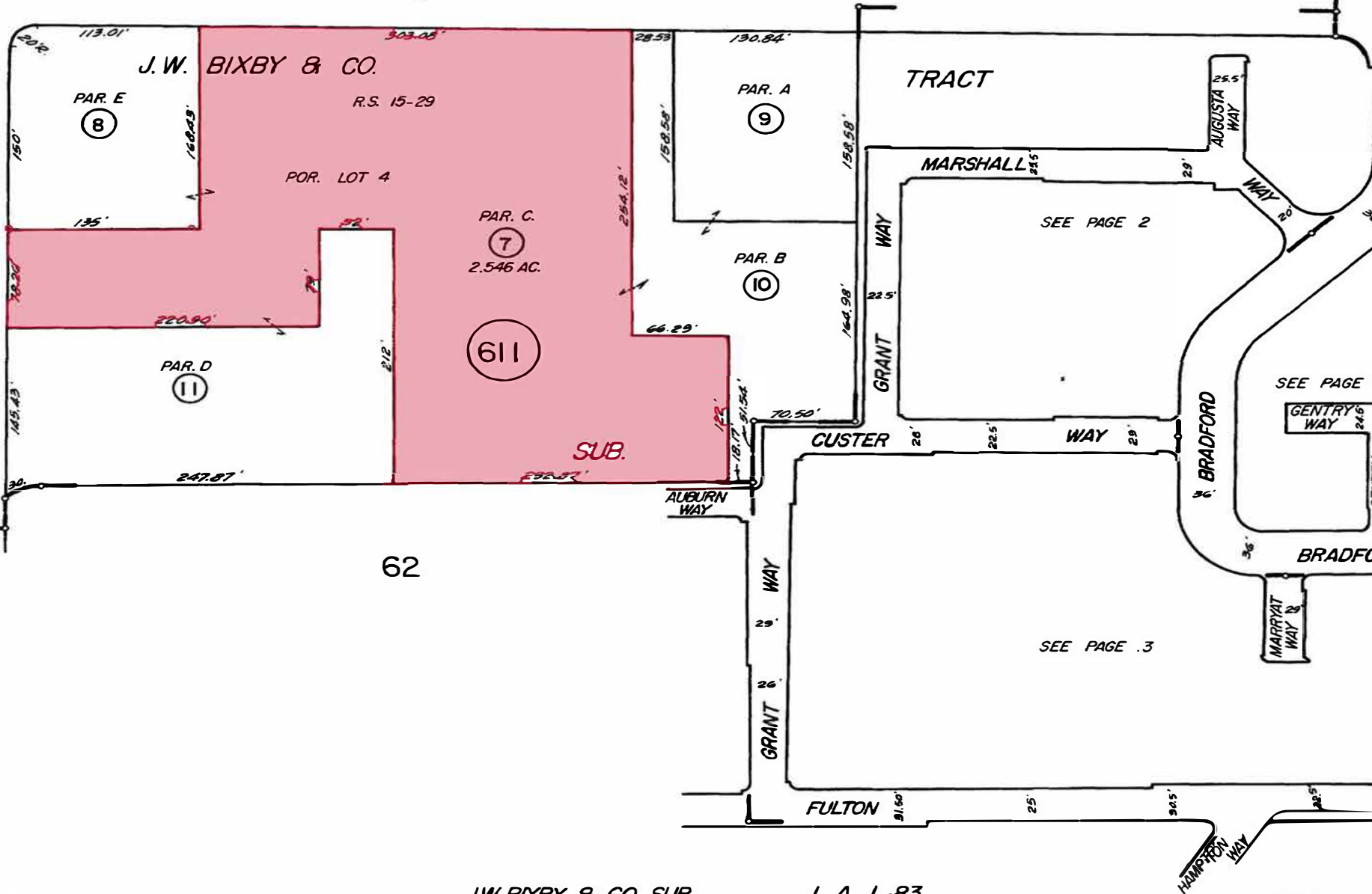
STREET

(HANSON ST.)

KNOTT

50'

MARCH 1971



J.W. BIXBY & CO. SUB.
TRACT NO. 7294
TRACT NO. 7285
PARCEL MAP

L.A. 1-83
M.M. 272-17 TO 20 INC
M.M. 276-37, 38, 39
P.M. 64-35

NOTE -

**CLUB SIZES
AS FAR AS THE
AISLE CAN SEE**

What's your Smart&Final?



**FOR
AND
PICK AN AISLE
ANY AISLE**
What's your Smart&Final?

**LOCALLY
GROWN**
ProduceMart
DELIVERED
FRESH

CHEESE







HEADQUARTERS	Commerce, CA
YEAR FOUNDED	1871
OWNERSHIP	Private
WEB SITE	www.smartandfinal.com
SMART & FINAL LOCATIONS	325+
NUMBER OF EMPLOYEES	7,500
2019 FORTUNE 1,000 RANKING	#554

BRAND PROFILE

Smart & Final®

Headquartered in Los Angeles, where their history dates back to 1871, Smart & Final Stores, Inc. operates more than 325 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, which offers quality food and everyday staples at a great value, is one of the longest continuously operating food retailers in the United States and has become an iconic brand name in the markets we serve. Located in California, Arizona and Nevada and known as the “smaller, faster grocery warehouse store,” Smart & Final now has two types of store banners: Smart & Final and Smart & Final Extra!.

Smart & Final Extra! stores are a newer and larger version that provide an assortment of both club and household-sized groceries and supplies for households, businesses and organizations. Ideal for one-stop shopping, Smart & Final Extra! stores combine the 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 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 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 that provide great service, convenience and a sense of community, along with competitive pricing versus foodservice delivery and warehouse clubs.

Smart & Final agrees to \$1.12 billion buyout

Warehouse-style grocer to go private again under former owner Apollo

Russell Redman | Apr 17, 2019

After buzz earlier this year about a possible sale, Smart & Final Stores Inc. has agreed to be acquired by private equity firm Apollo Global Management LLC in a deal valued at \$1.12 billion.

The companies said late Tuesday that, under the agreement, Apollo plans to buy Smart & Final for \$6.50 in cash per share of outstanding common stock, a 25% premium over the Commerce, Calif.-based retailer's closing share price since reporting fiscal 2018 earnings on March 13.

"This transaction is a testament to the strength of Smart & Final's franchise, the quality of our store banners and the talent and expertise of our people. Under the ownership of the Apollo Funds, Smart & Final will benefit from Apollo's strategic guidance, which will help us accelerate our existing strategy in a dynamic industry environment," Smart & Final CEO David Hirz, left, said in a statement. "We are excited about the future as we embark on a new chapter in our almost 150-year history, with a strategic partner that understands our strengths, culture and customer-centric philosophy. We would like to thank Ares Management for its partnership and support in helping us grow our business to where we are today."

Smart & Final and Apollo didn't disclose leadership plans for the warehouse-style grocery chain in announcing the deal. The companies expect to close the transaction by the end of the 2019 third quarter, pending the completion of the cash tender offer and shareholder and regulatory approval.

"We are pleased to fully support this transaction and we would like to thank the Smart & Final management team for its strong commitment and execution over the past seven years," said Smart & Final Chairman David Kaplan, co-founder of Ares. "We wish the management team and employees continued success under new ownership."

For its 2018 fiscal year ended Dec. 30, Smart & Final saw net sales rise 3.7% to \$4.74 billion, with same-store sales up 1.2%. Smart & Final operated 326 stores overall at the close of fiscal 2018, including 201 Smart & Final Extra! stores, 59 legacy Smart & Final stores and 66 Smart Foodservice Warehouse stores.

"We are very excited for our funds to be re-acquiring Smart & Final and expect to leverage Apollo's deep expertise and history of success in food retail to support the company as it embarks on its next chapter," said Andrew Jhawar, senior partner and head of the consumer and retail group at New York-based Apollo. "The unique differentiation and strong value proposition of both the Smart & Final and Smart Foodservice banners are evident to us, and we welcome the opportunity to augment and enhance the experience for the Company's household and business customers. We look forward to working with the management team as well as the over 12,000 team members to capitalize on the company's position in the marketplace."



LEASE ABSTRACT

TENANT	Smart & Final Stores, LLC
EXPIRATION DATE	9/30/2028
LEASE TERM REMAINING	Approximately 9 Years
RENEWAL OPTIONS	Two (5) year options & one (4) year + eleven (11) month option
ANNUAL RENT	\$730,719 (With Rent Credit)
ROFR TO PURCHASE	None
CAM REIMBURSEMENT	Landlord shall cause the Common Areas to be maintained per the CC&R's, reimbursed by Tenant as a Common Area Charge (Lease Sec 4.4). Tenant's pro-rata share shall not increase in any calendar year by more than 4%, excluding Taxes, Insurance, Utilities (Lease Sec 3.3.3).

RENT	ANNUAL RENT	\$730,719/Year	
	Rent Increases	10% every 5 years, commencing 10/1/2028	
	Rent Schedule		
	(YEARS 1-9) THRU 9/30/2028	\$730,719/Year	\$60,893.25/Month
	OPTION 1 THRU 9/30/2033	\$803,791/Year	\$66,982.58/Month
	OPTION 2 THRU 9/30/2038	\$884,170/Year	\$73,680.84/Month
	OPTION 3 THRU 8/31/2043	\$972,587/Year	\$81,048.92/Month

LEASE STRUCTURE

LEASE TYPE	NNN
ROOF	Tenant
FOUNDATION & STRUCTURE	Landlord
EXTERIOR WALLS	Landlord
HVAC	Tenant
UTILITIES TO THE PREMISES	Landlord
PROPERTY TAXES	Tenant
UTILITIES	Tenant
INSURANCE	Tenant





DOMINANT OC LOCATION

- Located at the southeast corner of Knott Street and Katella Avenue, two of the major thoroughfares servicing the trade area, just minutes from the 22 freeway.

HIGH TRAFFIC COUNTS

- Average daily traffic counts in excess of 70,000 cars per day.

STRONG RETAIL INTERSECTION

- Other major tenants at the intersection include Target, Ross, Staples, & BevMo.

HIGH POPULATION DENSITY

- A daytime Population estimated over 25,902 residents with an average household income of \$98,903 within a 1-mile radius provide a dynamic consumer base.

LOW RETAIL VACANCY FACTOR

- Low vacancy rate at intersection illustrates the strength of this location and trade area even in a recessionary period.



POPULATION

1 MILE	3 MILE	5 MILE
25,902	266,894	660,792



AVERAGE HOUSEHOLD INCOME

1 MILE	3 MILE	5 MILE
\$98,903	\$91,229	\$93,369

Orange County and Local Area Information

Orange County is located in the Los Angeles metropolitan area in the U.S. state of California. As of the 2010 census, the population was 3,010,232, making it the third-most populous county in California, the sixth most populous in the U.S., and more populous than 21 U.S. States. Although it is mostly suburban, it is the second most densely populated county in the state, behind San Francisco County.

Orange County is the headquarters of many Fortune 500 companies including Ingram Micro (#218), First American Corporation (#361), Broadcom (#150), Western Digital (#152) and Pacific Life (#298). Other Fortune 1000 companies in Orange County include Beckman Coulter, Quiksilver and Apria Healthcare Group. Many regional headquarters for international businesses reside in Orange County including Mazda, Toshiba, Toyota, Samsung, Kia Motors, Mitsubishi, Ricoh Electronics, New American Funding and Safmarine. Restaurants such as Taco Bell, El Pollo Loco, In-N-Out Burger, Claim Jumper, Marie Callender's, Wienerschnitzel and Del Taco all have headquarters in Orange County.

The Smart & Final is located immediately on the border of the City of Cypress and is in very close proximity to the City of Los Alamitos with residential populations estimated at 50,000 for Cypress and 11,449 for Los Alamitos, both based on the 2010 Census. Cypress is home to a large business/employer base including United Health Group (1,998 employees), Siemens (668 employees), Cypress College (602 employees), Hybrid Promotions (407 employees), Yamaha Motor Company (350 employees), Trident University (254 employees) and more. Additionally, Cypress is home to the headquarters of Real Mex Restaurants and Mitsubishi Motors North America. The historic Los Alamitos Race Track is on the border of Cypress and Los Alamitos and located approximately 2 miles from the Smart and Final location.



POPULATION	1 MILE	3 MILE	5 MILE
2000 Population	24,354	247,476	613,866
2010 Population	24,769	253,646	627,528
2019 Population	25,902	266,894	660,792
2024 Population	26,510	273,587	677,693
2019 African American	668	7,263	18,691
2019 American Indian	176	1,916	4,451
2019 Asian	6,847	82,130	219,043
2019 Hispanic	9,145	96,257	237,604
2019 White	12,901	117,913	276,498
2019 Other Race	3,780	42,734	107,693
2019 Multiracial	1,402	13,210	30,694
2019-2024: Population: Growth Rate	2.35 %	2.50 %	2.55 %

2019 HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
less than \$15,000	432	6,874	16,168
\$15,000-\$24,999	620	6,324	15,836
\$25,000-\$34,999	546	5,465	14,409
\$35,000-\$49,999	766	8,576	20,546
\$50,000-\$74,999	1,210	13,329	32,863
\$75,000-\$99,999	1,366	10,802	27,118
\$100,000-\$149,999	1,733	14,636	35,587
\$150,000-\$199,999	747	6,405	16,030
\$200,000 or greater	617	5,517	14,890
Median HH Income	\$81,458	\$70,925	\$71,780
Average HH Income	\$98,903	\$91,229	\$93,369

HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2000 Total Housing	8,091	77,585	191,397
2010 Total Households	7,828	75,717	187,121
2019 Total Households	8,039	77,930	193,451
2024 Total Households	8,175	79,340	197,239
2019 Average Household Size	3.19	3.37	3.38
2000 Owner Occupied Housing	5,328	42,343	108,925
2000 Renter Occupied Housing	2,646	33,547	78,240
2019 Owner Occupied Housing	5,285	41,172	104,860
2019 Renter Occupied Housing	2,755	36,759	88,590
2019 Vacant Housing	178	2,581	7,085
2019 Total Housing	8,217	80,511	200,536
2024 Owner Occupied Housing	5,439	42,470	107,971
2024 Renter Occupied Housing	2,736	36,869	89,269
2024 Vacant Housing	163	2,495	7,023
2024 Total Housing	8,338	81,835	204,262
2019-2024: Households: Growth Rate	1.70 %	1.80 %	1.95 %



CONFIDENTIALITY AND DISCLAIMER

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from THE ALTEMUS COMPANY and it should not be made available to any other person or entity without the written consent of THE ALTEMUS COMPANY.

By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property, please promptly return this offering memorandum to THE ALTEMUS COMPANY. This offering memorandum has been prepared to provide summary, unverified financial and physical 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. THE ALTEMUS COMPANY has not made any 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, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property.

The information contained in this offering memorandum has been obtained from sources we believe reliable; however, THE ALTEMUS COMPANY has not verified, and will not verify, any of the information contained herein, nor has THE ALTEMUS COMPANY conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

The Principals of The Altemus Company have a minority ownership in interest in the LLC which owns 7050 Katella Avenue.

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