

# JAMESCAPITAL

A D V I S O R S



THE PLANT – CANNABIS CULTIVATION FACILITY SALE LEASEBACK

18194 BLUE DREAM CROSSING, DESERT HOT SPRINGS, CA 92240

THE PLANT

MARKETING PACKAGE

TABLE OF CONTENTS

- 03 The Offering
- 04 Investment Summary
- 05 Lease Summary
- 06 Rent Schedule
- 07 Retail Aerial
- 08 Developments
- 09 Site Plan
- 10 About the Brand
- 11 Location Overview

CONTACT INFORMATION



**ANTHONY COHEN**

Associate  
(424) 306-0320



**REED MELILLO**

Senior Director  
(424) 325-2606



## THE PLANT

# THE OFFERING

### The Offering

James Capital Advisors is pleased to present this rare opportunity to purchase the The Plant, a newly constructed cannabis cultivation facility located in the high-profile Coachillin' Industrial Cultivation & Ancillary Canna-Business Park in Desert Hot Springs, CA.

The Plant is a state-of-the-art facility that focuses on three main disciplines: 1. cultivation 2. manufacturing 3. product development & retail development and implements both B2B and B2C business strategies, servicing cannabis business owners looking to manufacture plant material, bulk oil and CBD compound as well as other consumer products sold at dispensaries throughout California. The business is currently on track to generate \$4 million in annual revenue in 2020, and is planning an expansion of the existing facility to increase the footprint by 20,000 square feet. Upon completion of the proposed expansion, revenue is expected to jump to \$53 million in 2021, and climb to \$82 million in 2022.

At the close of escrow, The Plant will sign a 20-year absolute net lease with zero landlord responsibilities. The lease will feature 3% annual increases and four (4), five-year extension options. The subject lease will be backed by a family office with net worth north of \$200 million. The company was founded by two-multi generational farming families with extensive experience in large-scale commercial agricultural development, production, manufacturing, and marketing.



THE PLANT

INVESTMENT SUMMARY

Tenant	The Plant
Street Address	18194 Blue Dream Crossing
City	Desert Hot Springs
State	CA
Zip	92240
GLA	57,678 SF
Lot Size	2.11 AC
Year Built	2020

\$ **\$16,791,600**  
LIST PRICE

% **11.00%**  
CAP RATE

\$ **\$1,847,076**  
NET OPERATING INCOME

Price / SF \$291.13

Rent / SF \$32.02



Property Render

**Mission-Critical Cannabis Cultivation Facility & Manufacturing Plant** - This flagship facility is the sole facility of the company and services all of its clientele.

**Long-Term Sale Leaseback** - At close of escrow, The Plant will be executing a brand new, 20-year lease with 3% annual increases and four (4), five-year options to extend.

**Absolute Net (NNN) Lease Structure** - The lease structure calls for zero landlord responsibilities or operating expenses making this a true Absolute Net (NNN) investment.

**Trophy Real Estate Investment in Coachillin' Industrial Cultivation** - This Ancillary Canna-Business Park provides support to business owners with energy efficiency, cost control, regulatory compliance, and easy access to retail locations.

**Strong Operating History** - Founded by two-multi generational farming families with extensive experience in large-scale commercial agricultural development, production, manufacturing, and marketing.

THE PLANT

LEASE SUMMARY

Lease Type	Absolute Net (NNN)
Type of Ownership	Fee Simple
Original Lease Term	20 Years
Commencement Date	COE
Lease Expiration	20 Years After COE
Term Remaining	20 Years
Increases	3% Annually
Options	Four (4), 5-Year

Real Estate Taxes	Tenant Responsible
Insurance	Tenant Responsible
Roof & Structure	Tenant Responsible
Lease Guarantor	McGah Family
Company Name	The Plant
Ownership	Private
Years in Business	1
Number of Locations	1



**Strong Guarantee from High Net Worth Family Office** - The lease will be guaranteed by the McGah Family, a family office with \$200M+ in net worth.

**Rent / SF in Line With Market With Room for Growth** - The Plant will be paying \$32.02 / sf, which is in line with market for comparable properties in the area and provides a runway for continued rent growth over the life of the investment.

**High Yield Investment** - This offering features an 11% cap rate, more than double the average yield obtained from other Industrial assets in the Coachella Valley.

**High Barrier-to-Entry Market** - There are only 270 active Type 7 Manufacturing Licenses in CA making this a high barrier to entry business.

**Brand New Construction** - This location is currently under development, with approximately \$7 million in planned capital improvements to be made by the Tenant.

THE PLANT

RENT SCHEDULE

Period	Term	Annual Rent	Monthly Rent	Increase	CAP Rate
Year 1	Base Term	\$1,847,076.00	\$153,923.00	-	11.00%
Year 2	Base Term	\$1,902,488.28	\$158,540.69	3%	11.33%
Year 3	Base Term	\$1,959,562.93	\$163,296.91	3%	11.67%
Year 4	Base Term	\$2,018,349.82	\$168,195.82	3%	12.02%
Year 5	Base Term	\$2,078,900.31	\$173,241.69	3%	12.38%
Year 6	Base Term	\$2,141,267.32	\$178,438.94	3%	12.75%
Year 7	Base Term	\$2,205,505.34	\$183,792.11	3%	13.13%
Year 8	Base Term	\$2,271,670.50	\$189,305.87	3%	13.53%
Year 9	Base Term	\$2,339,820.61	\$194,985.05	3%	13.93%



THE PLANT  
RETAIL AERIAL



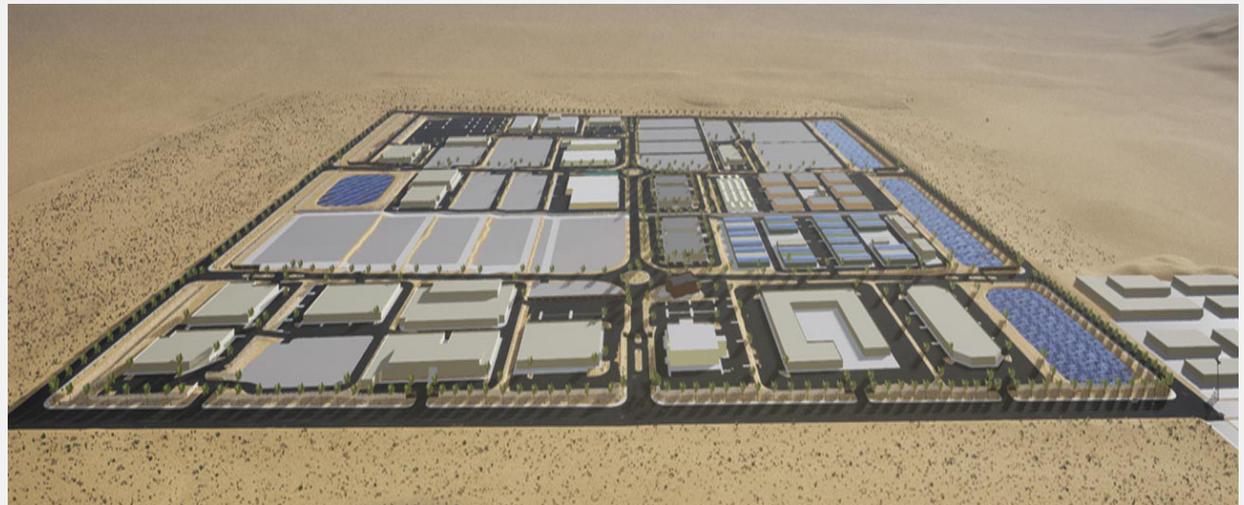
THE PLANT  
DEVELOPMENTS

**Coachillin’ Industrial Canna-Business Park**

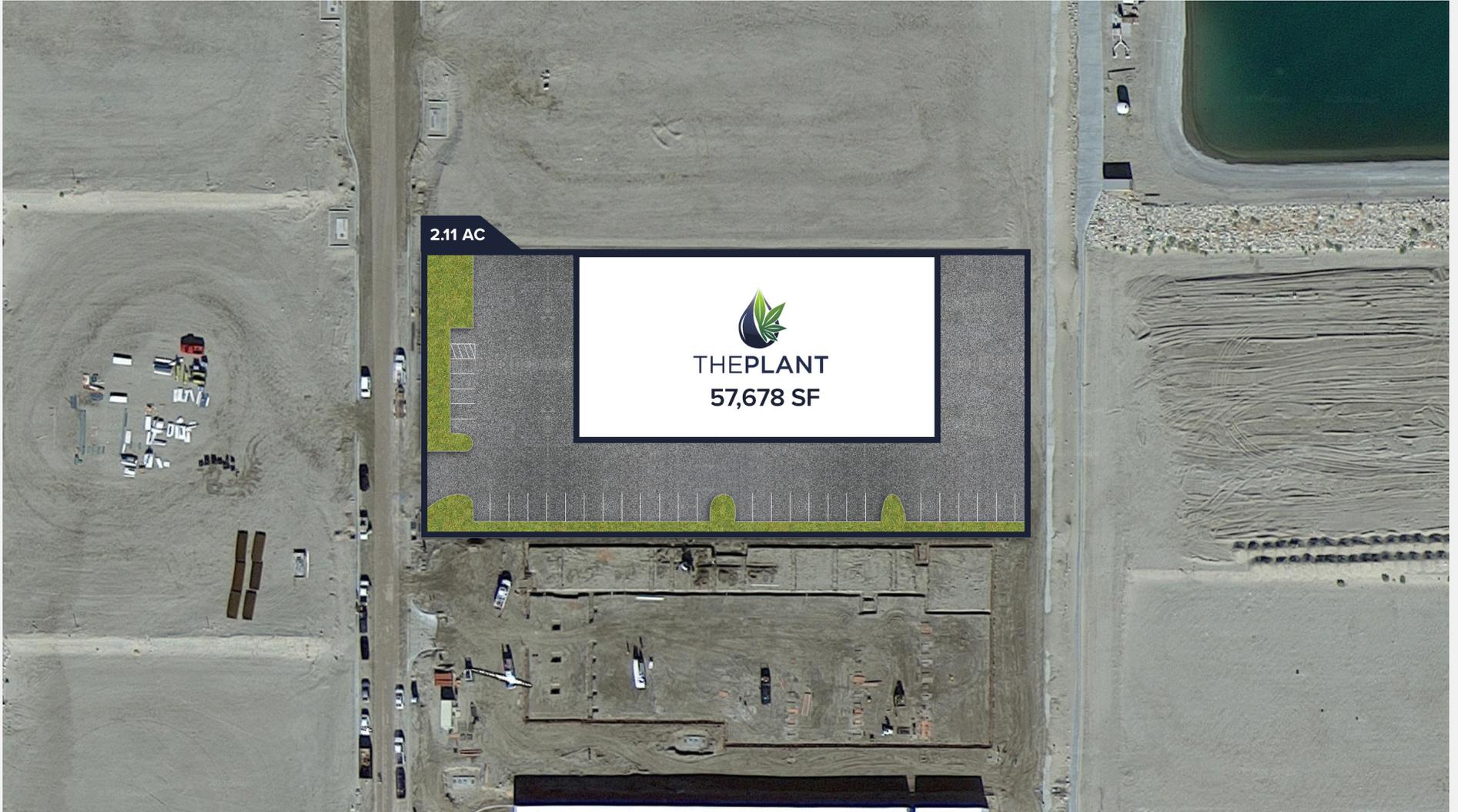
The 160-acre Coachillin’ Canna-Business Park (located in the southern California city of Desert Hot Springs) is bringing together industry leading professionals with global affiliations, and stands alone as the first & largest cooperative canna-business compound of its kind. It’s designed to be a center of excellence & innovation, setting a new standard of sustainability for California’s budding cannabis industry.

The project is fully-entitled, and –at full buildout – will feature more than 3,000,000 sq. ft. of sustainable cannabis cultivation, manufacturing, processing, laboratory testing, distribution, and touring / education facilities; all secured 24/7 by retired military security experts entrusted with the protection of US Embassies around the world.

The Coachillin’ Canna-Business Park is unique in that all of the licensed landowners & tenants will own a proportionate interest in a collaborative Owner’s Association, which will share many of the ongoing costs within the park. This ensures that operations within the Coachillin’ Project may collectively achieve economies of scale, affording our landowners & tenants the best-of-the-best, at a fraction of the cost burden otherwise borne by independent operations.



THE PLANT  
SITE PLAN



## ABOUT THE BRAND

### The Plant

The Plant is a multifaceted cannabis operation located in the Coachillin' Subdivision of Desert Hot Springs, California. The Plant was established to provide unmatched expertise in the areas of cultivation, manufacturing, and product development. At the Plant, they provide a full spectrum of services, including: contract manufacturing; raw material processing / bulk oil; procurement; & product development.

#### Contract Manufacturing

- ✓ Capsules / Micro Tablets
- ✓ Powder / Powder Beverage
- ✓ Topicals

#### Raw Material Processing

- ✓ Winterized Oil
- ✓ Distillate
- ✓ Crude / Rosin

#### Product Development

- ✓ Benchtop Development
- ✓ Regulatory Compliance
- ✓ Full-Scale Production



The Plant provides a full spectrum of services from various methods of extraction to contract manufacturing, product development and beyond. Their team of scientists and industry experts offer their clients a vast range of cannabis experience and expertise. By specializing in cultivation, manufacturing & product development, the Plant maintains complete control of their supply chain which results in consistent quality, pricing & availability.

#### B2B and B2C Business Model Strategies

The Plant's business model mobilizes an array of B2B and B2C strategies. This diversification and vertical integration shields The Plant from many factors that harm other canna businesses, such as shifts in market demand and changing regulatory oversight.

#### Type 7 Manufacturing License

The Plant holds an active Type 7 Manufacturing License, issued by the California Department of Public Health. This license is the most comprehensive in its class, allowing for volatile and non-volatile manufacturing as well as all other types of manufacturing.

## LOCATION OVERVIEW

### Desert Hot Springs

Desert Hot Springs is a city in Riverside County, California, United States. The city is located within the Coachella Valley that include Palm Springs, La Quinta, Palm Desert, Indio, Cathedral City & Coachella. The population for Desert Hot springs was an estimated 28,878 in 2019. Desert Hot Springs is nestled between two mountain ranges: San Bernardino Mountains and San Jacinto Mountains. It is located just south of Big Morongo Canyon Preserve and Joshua Tree National Park. It is located in the Colorado Desert region of the Sonoran Desert.

Desert Hot Springs is a healing oasis home to some of the purest hot and cold mineral springs in the world thanks to an underground aquifer beneath the city. Many boutique hotels feature their own mineral pools and spas where you can take to the waters and let the cares of daily life float away. It is one of several places in the world with naturally occurring hot and cold mineral springs. More than 20 natural mineral spring lodgings can be found in town.



Desert Hot Spring's natural beauty is equally transformational and inspiring. The spa city is nestled at the base of the San Bernardino Mountains near the Mission Creek Preserve, a protected part of the Wildlands Conservancy that includes lush wetlands, a perennial stream, and native flora and fauna waiting to be explored.

### Coachella Valley

The Coachella Valley is best known as the location of several wintertime resort cities. The valley extends approximately 45 mi southeast from the San Geronio Pass to the northern shore of the Salton Sea, and is approximately 15 mi wide along most of its length. The valley is also known for a number of annual events, including the Coachella Valley Music and Arts Festival, the Stagecoach Country Music Festival, the Riverside County Fair and National Date Festival, all held in Indio. Other events include the Palm Springs Modernism Week, Palm Springs International Film Festival, the ANA Inspiration and Desert Classic golf tournaments, and the Indian Wells Masters tennis tournament. It is estimated that 3.5 million conventioners and tourists visit the valley each year.

THE PLANT

LOCATION OVERVIEW

1. Desert Hills Premium Outlets

48400 Seminole Dr, Cabazon, CA 92230  
17.2 MILES FROM SUBJECT PROPERTY

2. Palm Springs Aerial Tramway

1 Tram Way, Palm Springs, CA 92262  
8.8 MILES FROM SUBJECT PROPERTY

3. Cabot's Pueblo Museum

67616 E, Desert View Ave, Desert Hot Springs, CA 92240  
6.5 MILES FROM SUBJECT PROPERTY

4. Indian Canyons

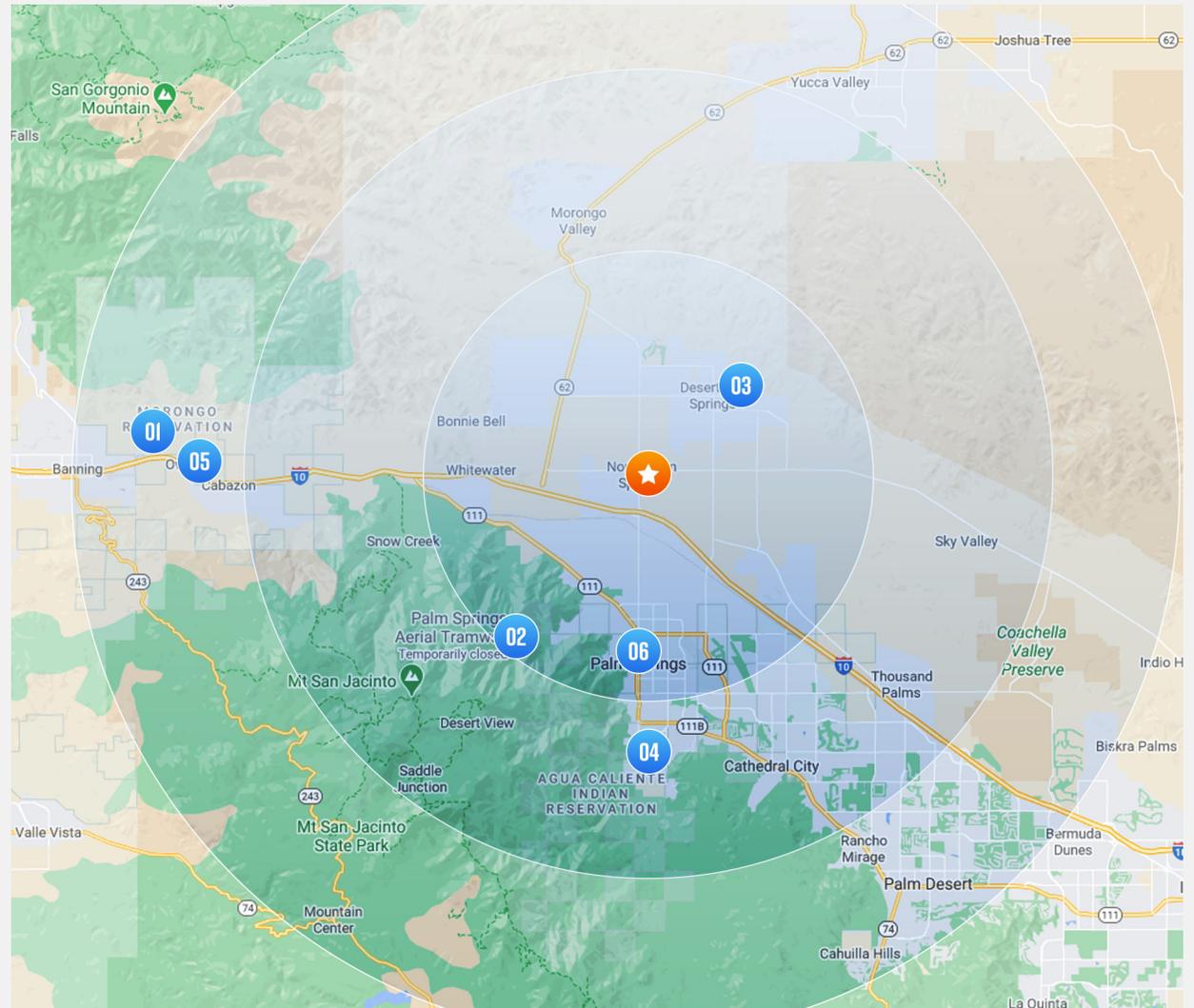
S. Palm Canyon Dr, Palm Springs, CA 92264  
12 MILES FROM SUBJECT PROPERTY

5. Morongo Casino

49500 Seminole Dr, Cabazon, CA 92230  
15.9 MILES FROM SUBJECT PROPERTY

6. Palm Springs Art Museum

101 N. Museum Dr, Palm Springs, CA 92262  
7 MILES FROM SUBJECT PROPERTY



LOCATION OVERVIEW



01

DESERT HILLS PREMIUM OUTLETS

**UPSCALE OUTDOOR SHOPPING CENTER  
FEATURING DESIGNER FASHION OUTLETS.**



02

PALM SPRINGS AERIAL TRAMWAY

**THIS TRAMWAY IS THE LARGEST ROTATING  
AERIAL TRAMWAY IN THE WORLD.**



03

CABOT'S PUEBLO MUSEUM

**A LARGE, HOPI-STYLE PUEBLO BUILT IN  
THE PUEBLO REVIVAL STYLE.**



04

INDIAN CANYONS

**THIS GROUP OF CANYONS HAS TRAILS  
FOR HIKING & HORSEBACK RIDING.**



05

MORONGO CASINO

**A LUXURY RESORT AND CASINO WITH  
LIMITLESS VIEWS AND MYRIAD DINING .**



06

PALM SPRINGS ART MUSEUM

**THIS MUSEUM HAS A COLLECTION OF  
OVER 12,000 OBJECTS OF UNIQUE HISTORY.**

THE PLANT

DEMOGRAPHICS



POPULATION

	3-Mile	5-Mile	10-Mile
2025 Projection	6,911	54,564	157,669
2020 Estimate	6,462	51,457	149,063
2010 Census	5,350	45,282	133,252
Growth '20 - '25	7.00%	6.00%	5.80%
Growth '10 - '20	20.80%	13.60%	11.90%

HOUSEHOLDS

	3-Mile	5-Mile	10-Mile
2025 Projection	2,176	19,039	60,736
2020 Estimate	2,037	18,027	57,583
2010 Census	1,149	11,533	42,203
Growth '20 - '25	6.80%	1.50%	5.50%
Growth '10 - '20	5.70%	5.60%	0.30%
Average Income	\$45,466	\$58,391	\$71,102
Median Income	\$35,951	\$40,159	\$46,376

## THE PLANT

### DISCLAIMER

The information contained in this Marketing Brochure has been obtained from sources believed to be reliable, but the accuracy or completeness of the information contained therein cannot be guaranteed. James Capital Advisors, Inc. ("Broker") has not, and will not, verify any of this information, nor has Broker conducted, nor will it conduct, any investigation regarding these matters. Broker makes no representations, guarantees, or warranties of any nature about the accuracy or completeness of any information provided. The information provided in this brochure is in no way a substitute for a thorough due diligence investigation by Buyer. Broker has made no investigation of, and has made no representations, guarantees, or warranties of any nature, with regard to income and expenses for this property nor the future financial performance of the property. In addition, Broker has made no investigation of, and has made no representations, guarantees, or warranties as to the size and square footage of the property, the presence of any contaminating substances at the property, the physical condition of the property or compliance with any State, Local or Federal regulations. In addition, Broker has made no investigation of, and has made no representations, guarantees, or warranties of any nature, with regard to the financial condition or future financial condition of any tenants, nor any future plans or intentions of tenants with regard to the continued occupancy of the property. All parties are aware that Broker has no affirmative obligation to conduct a due diligence examination of the property for any Buyer. Any and all projections or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. Therefore, Broker assumes no legal responsibility for accuracy or completeness of this information, and expressly disclaims all representations, guarantees, or warranties related thereto.

The value of the property to any Buyer depends on numerous factors that must be evaluated by Buyer and Buyer's legal, tax, construction, and financial advisors. Buyer and Buyer's advisors should conduct a thorough, independent investigation of the property to determine its suitability for Buyer's intended usage. This investment, as with all real estate investments, carries a substantial risk. As such, Buyer and Buyer's legal and financial advisors are strongly advised to request and review all legal and financial documentations related to the property and tenants.

A tenant's past performance is not a guarantee of future performance. The lease rate stated for some properties may be based on a tenant's projected sales with little or no record of actual performance or comparable rents for the area in question. Returns are in no way guaranteed. Tenants may fail to pay the rent or property taxes or any other tenant obligations under the terms of the lease or may default under the terms of such lease. Regardless of tenant's history of performance, and/or any lease guarantors and/or guarantees, Buyer is responsible for conducting Buyer's own investigation of all matters related to any and all tenants and lease agreements. Broker is not, in any way, responsible for the performance of any tenant or for any breach or default by any tenant of any terms of any lease agreement related to the property. Further, Buyer is responsible for conducting Buyer's own independent investigation of all matters related to the value of the property, including, but not limited to, the value of any long-term leases. Buyer must carefully evaluate the possibility of tenants vacating the property or breaching their leases and the likelihood and financial impact of being required to find a replacement tenant if the current tenant should default and/or abandon the property. Buyer must also evaluate Buyer's legal ability to make alternate use of the property in the event of a tenant abandonment of the property.

### CONFIDENTIALITY

This Marketing Brochure and the information contained within, is propriety and strictly confidential. It is intended to be used only by the party receiving it from Broker. It should not be made available to any other person or entity without the express written consent of Broker.

### RELEASE

This Marketing Brochure has been prepared to provide basic, unverified information for prospective purchasers. By accepting this Marketing Brochure, the recipient agrees to release and hold harmless Broker from any claim, demand, liability or loss arising out, or relating in any way, to the information contained in this Marketing Brochure and from Buyer's investigation of the property. In no event shall James Capital Advisors, Inc. or Broker be liable to any party for any direct, indirect, special, incidental, or consequential damages of any kind whatsoever arising out of the use of this Marketing Brochure or any information contained herein.

### NON-ENDORSEMENT

Broker is not affiliated with, endorsed by or sponsored in any way by any tenant or lessee identified in this Marketing Brochure. The presence of any entity's logo or name is not intended in any way to indicate affiliation, sponsorship or endorsement by said entity of Broker.

THE PLANT

CONTACT INFORMATION

CONTACT

**ANTHONY COHEN**

Associate

(424) 306-0320

[anthony.cohen@jamescapitaladvisors.com](mailto:anthony.cohen@jamescapitaladvisors.com)

CA RE Lic. 02097395

**REED MELILLO**

Senior Director

(424) 325-2606

[reed@jamescapitaladvisors.com](mailto:reed@jamescapitaladvisors.com)

CA RE Lic. 01984199

**MIKE JAMES**

Managing Director

(424) 325-2601

[mike@jamescapitaladvisors.com](mailto:mike@jamescapitaladvisors.com)

CA RE Lic. 01869890

