



CORNERS

1000-1020 TIERRA DEL REY CHULA VISTA, CA

OFFERING MEMORANDUM

TIERRA



CBRE

Capital Markets | National Retail Investment Group

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INVESTMENT SUMMARY

LIST PRICE:	\$10,433,000
OCCUPANCY:	100%
NOI (YEAR 1):	\$563,365
CAP RATE (YEAR 1):	5.40%
BUILDING SF:	38,497 SF
LAND SF:	156,816 SF (3.6 Acres)
WEBSITE:	www.nrigwest.com/tierracorners



INVESTMENT HIGHLIGHTS

100% LEASED HIGH IMAGE STRIP SHOPPING CENTER

- Exceptionally well maintained, **100% leased**, pride of ownership center anchored by **Pep Boys, Rubio's, Gymboree, AT&T and Papa John's Pizza**
 - **Pep Boys**— Founded in 1921, The Pep Boys: Manny, Moe and Jack (aka Pep Boys) operates approximately **800 locations** in **35 states** around the US, featuring **±7,500** service bay. Pep Boys (**NYSE:PB**) has a market capitalization of approximately **\$480 million**, and revenue exceeding **\$2 billion**
 - **Rubio's**— Founded in 1983, Rubio's is owned by Mill Road Capital, a Greenwich, CT-based private equity firm. Rubio's operates approximately 200 locations in California, Arizona, Colorado, Nevada and Utah
 - **Papa John's** – Papa John's (Papa John's International, Inc., **NASDAQ:PZZA**) is among the leading takeout and delivery pizza companies in the US. Papa John's operates more than **4,500 locations** in all **50 states**, and **36 countries**. Papa John's posts revenue of approximately **\$1.6 billion**, and a market capitalization of nearly **\$2.6 billion**, up approximately **500%** over the past four years
- Currently **100% leased to 10 tenants**, providing income diversity and validation of Tierra Corner's excellent retail location and popularity with tenants
- Synergistic lineup of restaurant, service and retail tenancy providing excellent resistance to internet competition
- Proximity to national tenants **Costco, Home Depot, Regal Cinemas, Kmart** and **more** (including future tenants **Smart & Final** and **PetSmart** planning occupancy in 2015)

INVESTMENT HIGHLIGHTS

INCOME STABILITY AND GROWTH

- **26,510 SF** of the property (**69%**) is leased to national or regional credit tenants
- **21,960 SF** of the property (**57%**) is leased to tenants operating at the property for 15 years or more, demonstrating exceptional stability across two defined economic cycles
- **Net Operating Income (NOI)** is projected to grow more than **\$283,400 (50%)** over a 10 year hold period from embedded rental increases and below market rents
- Staggered lease expirations produce limited lease expirations/roll over in a given year, enhancing stability and cash flow

STRONG REAL ESTATE FUNDAMENTALS

- Property-wide, existing lease rates are approximately **20% below current market rates**, providing upside and/or stability for current tenants leased below market
 - Property wide, existing rents average just **\$1.35 PSF/MN/NNN**
- Low current rents produce an uncommon below replacement cost acquisition opportunity at Tierra Corners. CBRE estimates land-inclusive replacement cost to exceed **\$315 PSF**
- Internet resistant tenancy including **restaurant, service** and **retail** tenancy providing excellent resistance to internet competition – The tenancy at Tierra Corners “cannot go online”

DOMINANT RETAIL “HUB” LOCATION IN INFILL SAN DIEGO COUNTY, CA

- The retail corridor on E. H Street between Del Rey Blvd to the west and Paseo Ranchero to the east serves the proximate, affluent community of Rancho Del Rey, and the larger trade area bounded by I-805 to the west, SR-54 to the north, SR-125 to the east, and Otay Mesa Road/SR-905 to the south
- National retailers in the immediate vicinity of Tierra Corners include: **Costco, Home Depot, Regal Cinemas, Kmart, Fresh & Easy, Brunswick Bowling Lanes, Jerome’s Furniture, AutoZone, Chili’s, Burger King, Costco Fuel** and more

LOCATED IN AN AFFLUENT, DESIRABLE SAN DIEGO COUNTY SUBMARKET

- More than **16,600** people in a 1-mile radius with an Average Household Income exceeding **\$97,800**
- More than **147,200** people in a 3-mile radius with an Average Household Income exceeding **\$92,100**
- More than **424,100** people in a 5-mile radius with an Average Household Income exceeding **\$76,151**
- Average Annual Consumer Spending per Household: **\$60,250** in a 5-mile radius

EXCELLENT 1031 EXCHANGE REPLACEMENT PROPERTY

- **Central San Diego county location** with strong cash flow and excellent income growth
- **100% leased** to strong, established tenants, with **48%** of the GLA leased to national credit anchor **Pep Boys**, operating at the property since **1998**
- **High NOI growth asset**; projected **\$283,400 (50%)** NOI increase over the hold period, increases cash on cash returns and reducing future financing risk
- **No existing financing in place** – Pay cash or obtain new financing at historically low rates
- **High image, pride of ownership asset** with limited deferred maintenance or near-term capital requirements. This property is the quintessential “trophy” strip center in the affluent, master-planned community of Rancho Del Rey







SPINE & SPORT
PHYSICAL THERAPY

PULSE
ENDURANCE SPORTS

**BICYCLES &
RUNNING SHOES**

PROFESSIONAL BIKE REPAIR
CERTIFIED BIKE FITTING
RUNNING SHOE FITTING
FAMILY OWNED AND OPERATED

CITY OVERVIEW

CHULA VISTA, CA

The city of Chula Vista is located at the center of one of the richest cultural, economic and environmentally diverse zones in the United States. It is the second-largest city in San Diego County (with a population of 266,000). Chula Vista boasts more than 50 square miles of coastal landscape, canyons, rolling hills, mountains, quality parks, and miles of trails. Chula Vista is a leader in conservation and renewable energy, has outstanding public schools, and has been named one of the top safest cities in the country.

- Chula Vista is the second largest city in the San Diego metropolitan area, the seventh largest city in Southern California, the fourteenth largest city in the state of California, and the 76th-largest city in the United States.
- With the city's established economic development initiatives it has created a quality infrastructure, a strong consumer base and a well-educated and experienced workforce.
- The city currently is developing a 535-acre Chula Vista Bayfront project transforming the area into a thriving residential and world-class waterfront resort destination. The Plan will establish thousands of new jobs, create new public parks, protect natural coastal resources, provide conference and visitor-serving amenities and build an important asset for the entire San Diego region.
- Chula Vista Center in the downtown area boasts major retailers, dining, movie theaters, and more than 100 fine specialty shops.
- Established neighborhoods, contemporary communities, start-up firms, corporations, nationally recognized entertainment venues, and the nation's only warm weather Olympic Training Center all contribute to Chula Vista's attraction for both families and businesses.

For More information please visit;

<http://www.chulavistaca.gov/> and

http://en.wikipedia.org/wiki/Chula_Vista,_California

DEMOGRAPHICS:	CHULA VISTA	CALIFORNIA
2015 Estimated Population	266,179	38,822,536
2020 Projected Population	285,533	40,505,730
2010 Census Population	243,950	37,253,956
Growth 2010-2015	9.11%	4.21%
Growth 2015-2020	7.27%	4.34%
2015 Estimated Average Age	35.83	37.55
2015 Estimated Households	80,615	13,097,549
2020 Projected Households	85,901	13,678,939
2010 Census Households	75,551	12,577,498
Growth 2010-2015	6.70%	4.13%
Growth 2015-2020	6.56%	4.44%
2015 Est. Average Housing Value	\$442,755	\$528,895
2015 Estimated Households	80,615	13,097,549
2015 Est. Average Household Income	\$78,583	\$84,669
2020 Prj. Average Household Income	\$81,822	\$88,525



TOP TOURIST ATTRACTIONS

- » Sweetwater Marsh National Wildlife Refuge
- » Living Coast Discovery Center
- » Sleep Train Amphitheatre
- » SeaWorld Aquatica

TOP RETAIL ATTRACTIONS

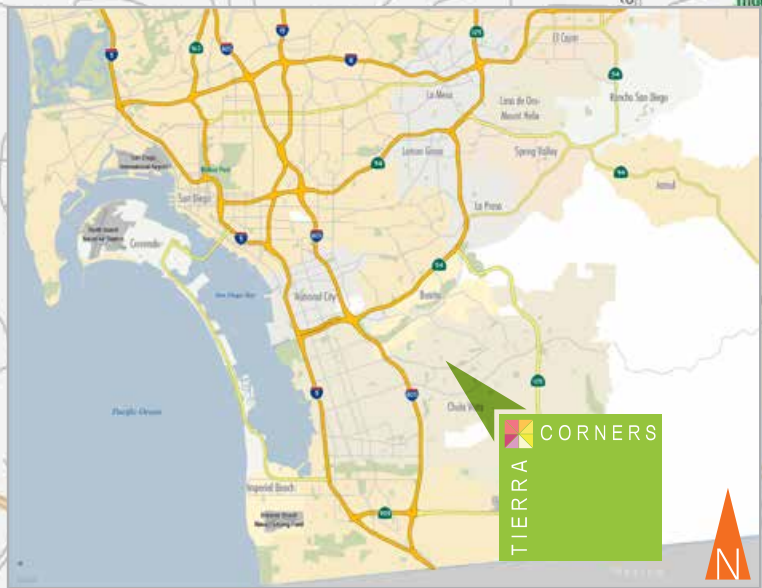
- » Otay Ranch Town Center
- » Historic Downtown District

- BIG 5
- CALIFORNIA COAST CREDIT UNION
- CATHERINES
- CHASE BANK
- CVS
- DAPHNE'S
- HAGGEN NORTHWEST FRESH
- JACK IN THE BOX
- MARSHALLS
- MISSION FEDERAL CREDIT UNION
- RADIO SHACK
- SPORTS AUTHORITY
- STARBUCKS
- TACO BELL
- UNLEASHED BY PETCO



- HOME DEPOT
- PETSMART
- K-MART
- COSTCO
- CHIL'S
- FRESH & EASY
- BURGER KING
- GYMBOREE
- RUBIOS
- 24 HOUR FITNESS

DISTANCE TO	
Palm Springs	75 miles
Los Angeles	106 miles
Las Vegas	253 miles
San Francisco	449 miles
Sacramento	463 miles



COUNTY OVERVIEW

SAN DIEGO COUNTY

San Diego County's nearly perfect year-around weather combined with a dynamic economy make the region one of the most desirable places to live and work in the United States. San Diego's quality of life and burgeoning economy attract residents, businesses and visitors from around the world. Over the last two decades, the San Diego region has developed its own progressive identity as a premier tourist destination as well as a leader in defense development, biotechnology, sustainable energy, wireless and telecommunications technologies, and electronics manufacturing.

- North County San Diego is one of the most affluent regions in California and hosts the world's largest golf manufacturing industry.
- South County boasts a flourishing industrial and manufacturing base fueled by large defense contractors, medium-sized family-owned companies, and international Maquiladoras.

DEMOGRAPHICS:	SAN DIEGO COUNTY	SAN DIEGO METRO <small>Includes SD, Carlsbad & San Marcos</small>
2015 Estimated Population	3,250,417	3,250,417
2020 Projected Population	3,409,092	3,409,092
2010 Census Population	3,095,313	3,095,313
Growth 2010-2015	5.01%	5.01%
Growth 2015-2020	4.88%	4.88%
2015 Estimated Average Age	37.53	37.53
2015 Estimated Households	1,141,245	1,141,245
2020 Projected Households	1,198,324	1,198,324
2010 Census Households	1,086,865	1,086,865
Growth 2010-2015	5.00%	5.00%
Growth 2015-2020	5.00%	5.00%
2015 Est. Average Housing Value	\$556,946	\$556,946
2015 Estimated Households	1,141,245	1,141,245
2015 Est. Average Household Income	\$82,986	\$82,986
2020 Prj. Average Household Income	\$85,929	\$85,929

- With a total population close to 1.3 million, San Diego is the second largest city in California behind Los Angeles and the eighth largest city in the United States. At approximately 3.3 million people, San Diego County is the second largest county in the state and the fifth largest county in the country.
- San Diego is a bastion of innovation and boasts a proud entrepreneurial spirit. In 2014, Radius ranked San Diego as the best place to start a business and the Organization for Economic Co-Operation and Development ranked San Diego as the second most inventive city in the world based on the number of patents filed in the region.
- San Diego's pioneering mentality combined with the region's military/defense industries, a flourishing tech sector, the third largest biotech cluster in the country, and one of the world's strongest tourism industries, creates a diversified economic engine that produced a Gross Regional Product of \$206 billion in 2014.
- Tourism and travel constitute the second largest traded industry in the region (behind Research/Technology/Innovation) employing 165,000 people. In 2013, 33.1 million people visited San Diego and spent close to \$8.4 billion. The overall annual economic impact of the visitor industry on the San Diego regional economy is more than \$18.3 billion.

For more information please visit:

<http://www.sandiegocounty.gov/>

and http://en.wikipedia.org/wiki/San_Diego_County,_California

COUNTY OVERVIEW

TOP TOURIST ATTRACTIONS

- » San Diego Zoo
- » LEGOLAND California
- » SeaWorld San Diego
- » USS Midway Museum
- » San Diego Zoo Safari Park
- » Balboa Park
- » Mission Bay
- » Cabrillo National Monument
- » La Jolla Cove
- » Torrey Pines State Natural Reserve
- » Petco Park
- » Belmont Park
- » Del Mar Fairgrounds
- » Seaport Village
- » Maritime Museum of San Diego

SAN DIEGO SAFARI PARK



SEA WORLD



LEGOLAND



MISSION BAY



TORREY PINES STATE BEACH



DEL MAR FAIRGROUNDS



PROPERTY DESCRIPTION



LOCATION

1000-1020 Tierra del Rey
Chula Vista, CA 91910

SITE

The subject is located at the north east corner of E. H Street and Tierra del Rey.

LAND AREA

The subject consists of one parcel (APN: 640-293-23-000) totaling approximately 3.6 acres or 156,816 of land area.

BUILDING AREA

The subject consists of three retail building totaling approximately 38,497 SF of net rentable area.

FRONTAGE & ACCESS

Access points into the center include one (1) entrance off Tierra del Rey.

PARKING

The subject provides 153 parking stalls which equates to 3.97:1,000 SF parking ratio.

TRAFFIC COUNTS

E. H Street.....±38,138

BUILT

The subject was **built in 1998.**

ZONING

Per the city of Chula Vista the subject site is currently zoned as PC2EP1A – Rancho del Rey Spa/Planned Community.

TENANT ROSTER:

SUITE	TENANT	SF
1000	Pep Boys	18,560
1016A	Rubio's Restaurant	2,000
1016B	Thai Fresh Kitty	256
1020A	Bouidoir Nail Bar	3,896
1020A1	Spine & Sport	3,017
1020A2	Spokes Endurosports	3,418
1020B	Moose's Barber Shop	1,400
1020C	Gymboree	2,500
1020D	AT&T	2,050
1020E	Papa Johns Pizza	1,400
Total SF		38,497



TIERRA CORNERS







TIERRA DEL REY

TENANT PROFILES



AT&T

AT&T, Inc. provides telecommunications services in the US and internationally operating through two segments: Wireless and Wireline. As of December 2014, AT&T served approximately 120 million wireless subscribers.

Website	www.att.com
Ownership	NYSE:T
Revenue	\$132.55 billion
Market Capitalization	\$173.25 billion
S&P Rating	BBB+
Employees	150,790
Headquarters	Dallas, TX

BOUDOIR NAIL BAR

Revolutionize the nail service industry by creating unique and personalized experiences for clients.

Website	www.boudoirnailbar.com
Ownership	Private
Locations	1
Headquarters	Chula Vista, CA



GYMBOREE

For over 35 years, Gymboree Play & Music has use play and music combined with learner to grow creativity and friendship among toddlers and young children.

Parent company, The Gymboree Corporation, is an international family of specialty retail brands that provide unique high-quality products and include brands Gymboree (US, Canada, Puerto Rico), Gymboree Outlet (US), Crazy 8 (US) and Janie and Jack (US).

Website	www.gymboreeclases.com
Ownership	Private
Locations	700
Headquarters	San Francisco, CA



TENANT PROFILES



MOOSE'S BARBER SHOP

Offering Southern California full barber and salon service through its 4-location chain. Specializes in hair cuts, beard trims and straight razor shaves.

Website	www.mosesbarbershop.com
Ownership	Private
Locations	4
Headquarters	San Diego, CA



PAPA JOHN'S PIZZA

For over 30 years, Papa John's has been making pizzas to using the highest quality ingredients and freshest dough. Papa John's is among the highest regarded pizza chains in the US and in 2013 was awarded, "Business of the Year" by Business First and special recognition by QSR Magazine as a "Best Franchise" opportunity.

Website	www.papajohns.com
Ownership	Private
Locations	4,600
Employees	9,500
Headquarters	Jeffersonville, IN



PEP BOYS

Founded in 1921, Pep Boys is a full-service and tire automotive aftermarket business throughout the US and Puerto Rico. The company's service locations offer a range of auto maintenance and repair services.

Website	www.pepboys.com
Ownership	NYSE: PBY
Revenue	\$2.08 billion
Market Capitalization	\$489.41 million
S&P Rating	B
Locations	808
Employees	14,176
Headquarters	Philadelphia, PA



TENANT PROFILES



RUBIO'S RESTAURANT

Founded in 1983, Rubio's has served coastal-inspired cuisine including fish tacos and fresh Mexican food though the West Coast. In 2014, Rubio's was named one of the "Top 50 Brands of the Year) by Fish Casual Movers and Shakers and "Best Quick Service Chain," by the California Restaurant Association.

Website	www.rubios.com
Ownership	Private
Revenue	\$190 million
Locations	190
Headquarters	Carlsbad, CA



SPOKES ENDUROSPORTS

Specialized dealer of road bikes, mountain bikes, triathlon gear, running shoes, custom road bikes, and nutrition.

Website	www.pulseendurance.com
Ownership	Private
Locations	2
Headquarters	Chula Vista, CA



SPINE & SPORT

Spine and Sport utilizes a sports medicine approach to patient care and focuses on increased, lasting function, patient independence and enhanced outcomes.

Website	www.spineandsport.com
Ownership	Private
Locations	15
Headquarters	San Diego, CA

THAI FRESH KITTY

Offering San Diego with fresh Thai cuisine in a comfortable environment. Known for its Tom Yum Soup and Kuay Tiew Lord, Thai Fresh's "made to order" food is always comprised of the freshest ingredients.

Ownership	Private
Locations	1
Headquarters	Chula Vista, CA









ASSUMPTIONS

GLOBAL		
Analysis Period		
Commencement Date	September 1, 2015	
End Date	August 31, 2025	
Term	10 Years	
Area Measures		
Building Square Feet (SF)	38,497 SF	
Growth Rates		
Consumer Price Index (CPI)	3.00%	
Other Income Growth Rate	3.00%	
Operating Expenses	3.00%	
Real Estate Taxes	2.00%	
Market Rent Growth	[1]	
	CBRE EA	Modeled
CY 2016	- 8.20%	5.00%
CY 2017	- 8.50%	5.00%
CY 2018	- 7.30%	5.00%
CY 2019	- 5.60%	5.00%
CY 2020	- 3.90%	3.90%
CY 2021	- 3.00%	3.00%
CY 2022	- 3.00%	3.00%
CY 2023	- 3.00%	3.00%
CY 2024	- 3.00%	3.00%
CY 2025+	- 3.00%	3.00%
General Vacancy Loss	5.00% [2]	
Capital Reserves (CY 2015 Value)	\$0.20 PSF [3]	

AVAILABLE SPACE LEASING	
Occupancy and Absorption	
Projected Available at 9/1/15	0 SF
Currently Available as of 5/1/15	0 SF
Percentage Available at 5/1/15	0.00%
EXPENSES	
Operating Expense Source	2015 Budget
Management Fee (% of EGR)	3.00%
Real Estate Taxes Reassessed	Yes [4]
Millage Rate	1.118450%
Special Assessments	\$3,357

Notes:

All market rent rates are stated on calendar-year basis.

- [1] Market Rent Growth is based upon CBRE Econometric Advisors Q1 2015 Retail outlook for San Diego - Chula Vista/Bonita submarket.
- [2] General Vacancy Loss factor includes losses attributable to projected lease-up, rollover downtime, and fixturing downtime. The following tenants are excluded from this loss factor for current and option lease terms only: **Pep Boys and Rubio's Restaurant**.
- [3] Capital Reserves do not inflate during the term of the analysis.
- [4] Real Estate Taxes have been reassessed at the estimated purchase price based on a millage rate of 1.118450% plus special assessments of \$3,357.
- [5] Rent Abatement includes NNN charges as well as base rent.
- [6] Leasing Commissions are calculated by applying 100% of the rates shown above for lease years 1-5, and 50% of the above rates for lease years 6 and beyond.

MARKET LOAN	
Loan Funding (as of Sep-15)	\$6,259,611
Loan-To-Price	60.00%
Funding Date	Sep-15
Maturity Date	Aug-25
Loan Term	10.0 Years
Amortization Period	30 Years
Initial Interest Only Period (If Any)	48 Months
Interest Rate	4.20%
Origination Fee on Initial Loan Funding	1.00%

FINANCING

Please contact Bruce Francis for customized debt solutions.

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CBRE Debt & Structured Finance (DSF) is a division of CBRE Inc. In the US, DSF represents approximately 300 lenders including: banks, life insurance companies, pension funds, CMBS lenders, and a variety of other lending sources. DSF also acts as a correspondent for over 200 life insurance companies. The quote above is an approximation of available terms.

COSTS TO STABILIZE

Misc CapEx	\$50,000
Total Costs to Stabilize	\$50,000

ASSUMPTIONS

SECOND GENERATION LEASING

	Pep Boys	Shop	Restaurant
Retention Ratio	75%	75%	75%

Financial Terms

2015 Monthly Market Rent	\$1.25 PSF	\$1.50-\$2.50 PSF	\$3.00-\$3.75 PSF
Rent Adjustment	10% Every 5 Yrs	3.00% Annually	3.00% Annually
Lease Term	10 Years	5 Years	5 Years
Expense Reimbursement Type	NNN (No Mgmt) + 5% Admin	NNN	NNN

Tenancing Costs

Rent Abatements ^[5]			
New	3 Month(s)	3 Month(s)	3 Month(s)
Renewal	0 Month(s)	0 Month(s)	0 Month(s)
Weighted Average	0.75 Month(s)	0.75 Month(s)	0.75 Month(s)

Tenant Improvements (\$/SF)

New	\$25.00 PSF	\$20.00 PSF	\$30.00 PSF
Renewal	\$5.00 PSF	\$4.00 PSF	\$6.00 PSF
Weighted Average	\$10.00 PSF	\$8.00 PSF	\$12.00 PSF

Commissions ^[6]

New	6.00%	6.00%	6.00%
Renewal	1.20%	1.20%	1.20%
Weighted Average	2.40%	2.40%	2.40%

Downtime

New	9 Month(s)	6 Month(s)	6 Month(s)
Weighted Average	2 Month(s)	2 Month(s)	2 Month(s)



CASH FLOW

FISCAL YEAR ENDING - AUGUST 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Physical Occupancy	98.31%	100.00%	98.41%	98.51%	100.00%	97.17%	99.46%	97.84%	96.90%	100.00%	98.31%
Overall Economic Occupancy ⁽¹⁾	96.26%	97.03%	96.39%	96.27%	96.95%	96.35%	96.00%	96.32%	93.81%	96.31%	95.77%
Total Operating Expenses PSF Per Year	\$6.82	\$7.00	\$7.17	\$7.37	\$7.56	\$7.76	\$7.96	\$8.16	\$8.37	\$8.62	\$9.18

⁽²⁾

	FY 2016											
	\$/SF/MO											
REVENUES												
Scheduled Base Rent												
Gross Potential Rent	\$1.37	\$631,332	\$650,698	\$665,093	\$713,785	\$737,963	\$785,968	\$808,247	\$833,008	\$894,638	\$926,160	\$949,519
Absorption & Turnover Vacancy	(0.04)	(19,320)	0	(15,280)	(18,273)	0	(32,192)	(6,504)	(24,581)	(48,709)	0	(17,112)
Base Rent Abatements	(0.02)	(7,246)	0	(5,729)	(6,929)	0	(5,535)	(8,976)	(5,305)	(22,395)	0	(6,609)
Total Scheduled Base Rent	1.31	604,766	650,698	644,084	688,583	737,963	748,241	792,767	803,122	823,534	926,160	925,798
Expense Reimbursements	0.49	226,454	239,328	238,384	245,641	259,584	257,531	272,165	273,762	275,522	301,239	303,393
TOTAL GROSS REVENUE	1.80	831,220	890,026	882,468	934,224	997,547	1,005,772	1,064,932	1,076,884	1,099,056	1,227,399	1,229,191
General Vacancy Loss	(0.01)	(5,229)	(26,404)	(11,388)	(10,323)	(30,435)	(132)	(27,358)	(10,644)	0	(45,265)	(28,967)
EFFECTIVE GROSS REVENUE	1.79	825,991	863,622	871,080	923,901	967,112	1,005,640	1,037,574	1,066,240	1,099,056	1,182,134	1,200,224
OPERATING EXPENSES												
CAM	(0.23)	(105,557)	(108,725)	(111,987)	(115,342)	(118,808)	(122,368)	(126,040)	(129,821)	(133,716)	(137,728)	(141,858)
Management Fee	(0.05)	(24,780)	(25,909)	(26,132)	(27,717)	(29,013)	(30,169)	(31,127)	(31,987)	(32,972)	(35,464)	(36,007)
Insurance	(0.02)	(10,692)	(11,013)	(11,344)	(11,684)	(12,035)	(12,396)	(12,768)	(13,151)	(13,546)	(13,951)	(14,370)
Real Estate Taxes	(0.26)	(121,597)	(123,962)	(126,374)	(128,834)	(131,344)	(133,904)	(136,515)	(139,178)	(141,894)	(144,665)	(161,205)
TOTAL OPERATING EXPENSES	(0.57)	(262,626)	(269,609)	(275,837)	(283,577)	(291,200)	(298,837)	(306,450)	(314,137)	(322,128)	(331,808)	(353,440)
NET OPERATING INCOME	1.22	\$563,365	\$594,013	\$595,243	\$640,324	\$675,912	\$706,803	\$731,124	\$752,103	\$776,928	\$850,326	\$846,784
CAPITAL COSTS												
Tenant Improvements	(0.08)	(37,904)	0	(33,237)	(31,064)	0	(36,132)	(43,941)	(29,684)	(105,857)	0	(43,144)
Leasing Commissions	(0.03)	(14,597)	0	(11,544)	(13,958)	0	(11,152)	(18,083)	(10,689)	(45,120)	0	(13,316)
Capital Reserves	(0.02)	(7,699)	(7,699)	(7,699)	(7,699)	(7,699)	(7,699)	(7,699)	(7,699)	(7,699)	(7,699)	(7,699)
Misc CapEx	(0.11)	(50,000)	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL COSTS	(0.24)	(110,200)	(7,699)	(52,480)	(52,721)	(7,699)	(54,983)	(69,723)	(48,072)	(158,676)	(7,699)	(64,159)
OPERATING CASH FLOW	\$0.98	\$453,165	\$586,314	\$542,763	\$587,603	\$668,213	\$651,820	\$661,401	\$704,031	\$618,252	\$842,627	\$782,625

CASH FLOW

FISCAL YEAR ENDING - AUGUST 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
ACQUISITION & RESIDUAL SALE												
Purchase Price	(\$10,432,685)	0	0	0	0	0	0	0	0	0	0	
Misc CapEx	(\$50,000)	50,000	0	0	0	0	0	0	0	0	All Cash	
Net Residual Value ^[3]	0	0	0	0	0	0	0	0	0	13,548,544	IRR	
CASH FLOW BEFORE DEBT	(\$10,483,000)	\$503,165	\$586,314	\$542,763	\$587,603	\$668,213	\$651,820	\$661,401	\$704,031	\$618,252	\$14,391,171	7.94%
MARKET LOAN ^[4]												
Loan Funding / Payoff	6,259,611	0	0	0	0	0	0	0	0	0	(5,548,464)	
Loan Fees	(62,596)	0	0	0	0	0	0	0	0	0	Leveraged	
Annual Debt Service	0	(262,904)	(262,904)	(262,904)	(262,904)	(367,327)	(367,327)	(367,327)	(367,327)	(367,327)	(367,327)	IRR
CASH FLOW AFTER DEBT	(\$4,285,985)	\$240,261	\$323,410	\$279,859	\$324,699	\$300,886	\$284,493	\$294,074	\$336,704	\$250,925	\$8,475,380	11.98%
NOI Return	5.37%	5.67%	5.68%	6.11%	6.45%	6.74%	6.97%	7.17%	7.41%	8.11%		
UNLEVERAGED Cash Return	4.80%	5.59%	5.18%	5.61%	6.37%	6.22%	6.31%	6.72%	5.90%	8.04%		
LEVERAGED Cash Return ^[5]	7.01%	7.73%	7.75%	8.81%	7.20%	7.92%	8.49%	8.98%	9.56%	11.27%		
Rolling - All Cash IRR	N/M	0.64%	4.46%	6.00%	6.84%	7.18%	7.35%	7.53%	8.13%	7.94%		
Rolling - Leveraged IRR	N/M	N/M	4.31%	8.16%	10.11%	10.83%	11.11%	11.40%	12.44%	11.98%		

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and base rent abatements.

[2] Based on 38,497 square feet.

[3] Net Residual Value is calculated by dividing Year 11 NOI by the Residual Cap Rate of 6.00% and applying a 4.00% Cost of Sale.

[4] Market Debt based on 60% Loan-to-Value, 4.20% Interest Rate, 30-Year Amortization, 48 Months Interest Only and 1.00% Loan Fee.

[5] Leveraged Cash Return is based on NOI less debt service divided by equity including costs to stabilize.



RENT ROLL

SUITE	TENANT NAME	SQUARE FEET	% OF PROPERTY	LEASE TERM		RENTAL RATES					RECOVERY TYPE	MARKET ASSUMPTION/ MARKET RENT
				BEGIN	END	BEGIN	MONTHLY	PSF	ANNUALLY	PSF		
1000	Pep Boys	18,560	48.21%	Dec-1998	Dec-2018	Current	\$15,432	\$0.83	\$185,178	\$9.98	NNN (No Mgmt) + 5% P13 PepBoys	Option \$1.25 NNN (Pep Boys)
<p>Tenant has four (4) - five (5) year options at \$199,992; \$215,991; \$233,271; 8 \$251,932 /year, respectively (modeled below). Tenant has Prop 13 Protection if more than one sale during term (modeled - assumed second sale during term).</p>												
				Jan-2019	Dec-2038	FUTURE	\$16,666	\$0.90	\$199,992	\$10.78	NNN (No Mgmt) +	Market
				OPTION		Jan-2024	\$18,003	\$0.97	\$216,038	\$11.64	5% P13 PepBoys	\$1.25 NNN (Pep Boys)
						Jan-2029	\$19,442	\$1.05	\$233,299	\$12.57		
						Jan-2034	\$20,988	\$1.13	\$251,859	\$13.57		
<p>Assumes tenant exercises four (4) - five (5) year options with no leasing costs.</p>												
1016A	Rubio's Restaurant	2,000	5.20%	Nov-1998	Oct-2018	Current	\$6,400	\$3.20	\$76,800	\$38.40	NNN (No Mgmt) + 10% P13 Rubio	Option \$3.50 NNN (Rest) (Bldg 1016)
<p>Tenant has two (2) - five (5) year opts at \$6,780 /mo and FMV, respectively (first option modeled below). T pays percentage rent equal to 4% of Gross Sales over \$1.3 Million (not modeled). T has a 4% cap on CAM Expenses (no info provided, not modeled). T has Prop 13 Prot if more than one sale during term (modeled - assumed second sale during term).</p>												
				Nov-2018	Oct-2023	FUTURE	\$6,780	\$3.39	\$81,360	\$40.68	NNN (No Mgmt) +	Market
				OPTION							10% P13 Rubio	\$3.50 NNN (Rest) (Bldg 1016)
<p>Assumes tenant exercises one (1) - five (5) year option with no leasing costs.</p>												
1016B	Thai Fresh	256	0.66%	May-2013	Apr-2018	Current	\$714	\$2.79	\$8,571	\$33.48	NNN (Bldg 1016)	Market
						May-2016	\$736	\$2.87	\$8,829	\$34.49		\$3.75 NNN (Rest)
						May-2017	\$758	\$2.96	\$9,093	\$35.52		(Bldg 1016)
<p>Tenant has one (1) - five (5) year option at the greater of FMV or 103% of prior rent.</p>												
1020A	Boudoir Nail Salon	3,896	10.12%	Sep-2014	Aug-2020	Current	\$4,286	\$1.10	\$51,427	\$13.20	NNN (No Mgmt) +	Market
						Sep-2017	\$4,480	\$1.15	\$53,765	\$13.80	10% CAM (1020)	\$1.50 NNN (Shops) (Bldg 1020)
<p>Tenant has one (1) - five (5) year option at the greater of FMV or 105% of prior rent. Tenant has a 5% cap on Controllable OpEx (assumes not hitting, not modeled).</p>												

RENT ROLL

SUITE	TENANT NAME	SQUARE FEET	% OF PROPERTY	LEASE TERM		RENTAL RATES					RECOVERY TYPE	MARKET ASSUPTION/ MARKET RENT				
				BEGIN	END	BEGIN	MONTHLY	PSF	ANNUALLY	PSF						
1020A1	SD Spine & Sport	3,017	7.84%	Oct-2012	Sep-2017	Current	\$4,948	\$1.64	\$59,375	\$19.68	NNN (Bldg 1020)	Option				
						Dec-2015	\$5,099	\$1.69	\$61,185	\$20.28		\$1.75 NNN (Shops)				
						Dec-2016	\$5,250	\$1.74	\$62,995	\$20.88		(Bldg 1020)				
				Tenant has one (1) - five (5) year option at continued 3% annual increases (modeled below).												
				Oct-2017	Sep-2022	FUTURE	\$5,407	\$1.79	\$64,885	\$21.51		NNN (Bldg 1020)	Market			
				OPTION		Oct-2018	\$5,569	\$1.85	\$66,827	\$22.15			\$1.75 NNN (Shops)			
						Oct-2019	\$5,737	\$1.90	\$68,848	\$22.82			(Bldg 1020)			
		Oct-2020	\$5,908	\$1.96	\$70,900	\$23.50										
		Oct-2021	\$6,087	\$2.02	\$73,042	\$24.21										
Assumes tenant exercises one (1) - five (5) year option with no leasing costs.																
1020A2	Spokes Endurosports	3,418	8.88%	Mar-2008	May-2018	Current	\$5,298	\$1.55	\$63,575	\$18.60	NNN (Bldg 1020)	Market				
												\$1.65 NNN (Shops)				
												(Bldg 1020)				
Tenant has a 5% cap on controllable OpEx (no information provided, not modeled).																
1020B	Moose's Barber Shop	1,400	3.64%	Sep-2013	Nov-2018	Current	\$2,971	\$2.12	\$35,646	\$25.46	NNN (Bldg 1020)	Market				
						Sep-2016	\$3,060	\$2.19	\$36,722	\$26.23		\$2.50 NNN (Shops)				
						Sep-2017	\$3,151	\$2.25	\$37,814	\$27.01		(Bldg 1020)				
						Sep-2018	\$3,246	\$2.32	\$38,948	\$27.82						
1020C	Gymboree	2,500	6.49%	Jun-2011	May-2016	Current	\$4,925	\$1.97	\$59,100	\$23.64	NNN (Bldg 1020)	Market				
												\$2.00 NNN (Shops)				
												(Bldg 1020)				
Tenant has one (1) - five (5) year option at FMV, not less than 103% of prior rent or more than \$2.30 /sf/mo.																
1020D	AT&T	2,050	5.33%	Dec-2014	Feb-2019	Current	\$4,100	\$2.00	\$49,200	\$24.00	NNN (No Mgmt) + 10% CAM (1020)	Market				
												\$2.00 NNN (Shops)				
												(Bldg 1020)				

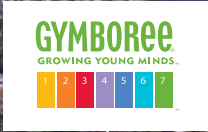
RENT ROLL

SUITE	TENANT NAME	SQUARE FEET	% OF PROPERTY	LEASE TERM		BEGIN	RENTAL RATES			RECOVERY TYPE	MARKET ASSUMPTION/ MARKET RENT	
				BEGIN	END		MONTHLY	PSF	ANNUALLY			PSF
1020E	Papa Johns Pizza	1,400	3.64%	May-1999	Apr-2016	Current	\$2,800	\$2.00	\$33,600	\$24.00	NNN (Bldg 1020)	Market \$3.00 NNN (Rest) (Bldg 1020)
TOTALS / AVERAGES		38,497					\$51,873	\$1.35	\$622,472	\$16.17		
OCCUPIED SF		38,497	100.0%									
AVAILABLE SF		0	0.0%									
TOTAL SF		38,497	100.0%									





Tierra Del Rey



TIERRA DEL REY

E. H STREET (38,138 CPD)

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