

CERES, CA



ROSEVILLE, CA



# NORTHERN CALIFORNIA DIALYSIS PORTFOLIO

TROPHY NET LEASED MEDICAL PORTFOLIO

CERES, CA AND ROSEVILLE, CA



CAPITAL PACIFIC





# Contact the team

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## NORTHERN CALIFORNIA DIALYSIS PORTFOLIO

**\$12,400,000**      **5.25%**  
**PRICE**                      **CAP**

NOI:	<b>\$651,117</b>
PRICE/SF:	<b>\$749.11</b>
LEASE TERM REMAINING:	<b>11.8 FRESENIUS</b> <b>10.8 DAVITA</b>
LEASABLE AREA COMBINED:	<b>16,553 SF</b>
LAND AREA COMBINED:	<b>2.50 AC</b>
YEAR BUILT:	<b>2017 FRESENIUS</b> <b>2016 DAVITA</b>

**NEWER CONSTRUCTION, CORPORATE LEASED  
RENAL CARE FACILITIES THAT HAVE REMAINED  
OPEN AND ESSENTIAL THROUGH THE PANDEMIC**

# Investment Highlights

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**THE OFFERING** consists of a two building portfolio of corporate dialysis facilities in desirable Northern California markets. The portfolio is encumbered by a low leverage, cross collateralized, assumable CMBS loan that converts to a 30 year amortization once the interest only period expires in approximately 18 months.

The leases are signed by the number one and two corporate operators in the dialysis/renal care sector, Fresenius and Davita. The Dialysis/Renal Care sector has been exceptionally resilient through the pandemic with both Davita and Fresenius stock prices currently trading near 52 week highs.

**Davita Dialysis in Ceres, CA**, is an essential service leased building in a strong, neighborhood location. This single tenant asset is located on Whitmore Avenue which is a major east/west arterial in the Ceres/Modesto market. Whitmore Avenue is a major exit off Highway 99 which allows patients from neighboring communities to easily access the facility.

The building and signage for the property were prominently constructed and provide excellent visibility in both directions of Whitmore. The building, constructed in 2016, was built with modern and regional design and architectural accents creating an appealing aesthetic to administer dialysis to patients. The asset has over ten years remaining on an initial corporate lease term of 15-years at a low rental rate of \$25.25/SF. A major office/industrial project is under construction immediately across from the subject property. A new McDonald's was recently constructed at Whitmore and Morgan (half block away) and other retail developments are slated for potential development at the intersection.



# Investment Highlights



**Fresenius Kidney Care in Roseville, CA**, is a trophy, newer construction building in the heart of the medical services area of one of the largest retirement destinations in Northern California.

The property is located on Santa Clara Drive, immediately off of Douglas Boulevard, which boasts traffic counts of nearly 50,000 vehicles per day. The immediate submarket is home to commercial uses including high end retail shopping, class A office buildings and the two area hospitals - Roseville Medical Center Kaiser Permanente Campus (340 beds) and the Sutter Roseville Medical Center (328 beds).

This absolute net corporate leased building was constructed in 2017 using first class design and high quality façade materials which present excellent curb appeal for patients. The subject property shares a parking lot with the high end mixed use property, The Gardens of Roseville, which is home to range of tenants including private medical offices and service based retailers.

**ROSEVILLE IS HAS A LARGE AND GROWING RETIREMENT POPULATION, ONE OF THE HIGHEST IN THE NATION**





## HIGHLIGHTS

**Required assumption of a conservative low leverage, cross collateralized CMBS loan creates certainty of acquisition financing.**

**Two corporate signed leases on recent construction buildings with annual increases in the cash flow income stream.**

**Renal Care is deemed an essential service and has demonstrated inelastic demand during the pandemic.**

**Davita in Ceres has ample parking, excellent visibility and is easily accessible from Highway 99.**

**Fresenius in Roseville is located at the heart of the Roseville medical submarket and is within one mile of the Roseville Medical Center Kaiser Permanente Campus.**





# Portfolio Income & Expense

<b>PRICE</b>		<b>\$12,400,000</b>
Price Per Square Foot:		\$749.11
Capitalization Rate:		5.25%
Down Payment	54%	\$6,700,000
Loan Amount	46%	\$5,700,000
Total Rentable Area (SF) Combined:		16,553
Lot Size (AC) Combined:		2.50
<b>STABILIZED INCOME</b>		<b>PER SQUARE FOOT</b>
Scheduled Rent	\$39.34	\$651,117
Effective Gross Income	\$39.34	\$651,117
<b>LESS EXPENSES</b>		
Taxes	NNN	Tenant Pays Direct
Insurance	NNN	Tenant Pays Direct
Roof And Structure DaVita	NN	Landlord Responsible *
Roof And Structure Fresenius	NNN	Tenant Pays Direct
<b>EQUALS NET OPERATING INCOME</b>		<b>\$651,117</b>

\* Seller will credit buyer the difference in rent from close of escrow to March 1, 2021 scheduled rent increase for both tenants.

\* Roof is still under a Warranty.

<b>Mandatory Loan Assumption</b>	
Assumable Loan Amount	\$5,700,000
Loan To Value	46%
Interest Rate I/O	4.57%
Amortization (Starts September 2022)	30 Year
Term	10 Year
Lender Type	CMBS
Net Operating Income	\$651,000
Debt Service	(\$258,546)
Pre-Tax Cash Flow	\$392,454
Debt Coverage Ratio	2.52
Cash-on-cash Return Year 1	5.86%
Total Return (Year 1)	5.86%
10 Year Average Total Return	6.92%



# Portfolio Rent Roll

TENANT INFO		LEASE TERMS		RENT SUMMARY				
TENANT NAME	SQ. FT.	YEARS		CURRENT RENT	MONTHLY RENT	YEARLY RENT	MONTHLY RENT/FT	YEARLY RENT/FT
<b>Fresenius Medical</b>	<b>7,487</b>	<b>02/27/17</b>	<b>02/28/21</b>	<b>\$392,613</b>	<b>\$32,717.75</b>	<b>\$392,613.00</b>	<b>\$4.37</b>	<b>\$52.44</b>
	<i>Increase</i>	03/01/21	02/28/22		\$33,274.00	\$399,288.00	\$4.44	\$53.33
	<i>Increase</i>	03/01/22	02/28/23		\$33,839.67	\$406,076.00		\$54.24
	<i>Increase</i>	03/01/23	02/29/24		\$34,414.92	\$412,979.00		\$55.16
	<i>Increase</i>	03/01/24	02/28/25		\$35,000.00	\$420,000.00		\$56.10
	<i>Increase</i>	03/01/25	02/28/26		\$35,595.00	\$427,140.00		\$57.05
	<i>Increase</i>	03/01/26	02/28/27		\$36,200.00	\$434,400.00		\$58.02
	<i>Increase</i>	03/01/27	02/29/28		\$36,815.50	\$441,786.00		\$59.01
	<i>Increase</i>	03/01/28	02/28/29		\$37,441.33	\$449,296.00		\$60.01
	<i>Increase</i>	03/01/29	02/28/30		\$38,077.83	\$456,934.00		\$61.03
	<i>Increase</i>	03/01/30	02/28/31		\$38,725.16	\$464,701.88		\$62.07
	<i>Increase</i>	03/01/31	02/29/32		\$39,383.48	\$472,601.81		\$63.12
	<i>Option 1</i>	03/01/32	02/28/37			Fair Market Value		
	<i>Option 2</i>	03/01/37	02/28/42			Fair Market Value		
	<i>Option 3</i>	03/01/42	02/28/47			Fair Market Value		
<b>DaVita Dialysis</b>	<b>9,066</b>	<b>03/01/16</b>	<b>02/28/21</b>	<b>\$228,936</b>	<b>\$19,078.00</b>	<b>\$228,936.00</b>		<b>\$25.25</b>
	<i>Increase</i>	03/01/21	02/28/26		\$20,985.75	\$251,829.00		\$27.78
	<i>Increase</i>	03/01/26	02/28/31		\$23,084.33	\$277,012.00		\$30.56
	<i>Option 1</i>	03/01/31	02/28/36		\$25,392.77	\$304,713.20		\$33.61
	<i>Option 2</i>	03/01/36	02/28/41		\$27,932.04	\$335,184.52		\$36.97
<b>TOTALS:</b>	<b>16,553</b>			<b>\$621,549.00</b>	<b>\$51,795.75</b>	<b>\$621,549.00</b>	<b>\$3.13</b>	<b>\$37.55</b>

\*The NOI was calculated using the scheduled increase coming in March of 2021 for both tenants.



# Portfolio 10-Year Cashflow

Price:	\$12,400,000										
Cap Rate	5.25%										
Down Payment:	\$6,700,000	54.03%									
Loan Amount:	\$5,700,000	45.97%									
Interest Rate:	4.57%										
Amortization:	30										

Davita & Fresenius

\$12,400,000

	In Place	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
For the Years Ending	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030
Potential Gross Revenue		PRIMARY TERM									
Base Rental Revenue - Roseville	\$392,613	\$399,288	\$406,076	\$412,979	\$420,000	\$427,140	\$434,400	\$441,786	\$449,296	\$456,934	\$464,701
Base Rental Revenue - Ceres	\$228,936	\$251,829	\$251,829	\$251,829	\$251,829	\$251,829	\$277,012	\$277,012	\$277,012	\$277,012	\$277,012
Scheduled Base Rental Revenue	\$621,548	\$651,116	\$657,904	\$664,807	\$671,828	\$678,968	\$711,412	\$718,797	\$726,308	\$733,946	\$741,713
Effective Gross Revenue	\$621,548	\$651,116	\$657,904	\$664,807	\$671,828	\$678,968	\$711,412	\$718,797	\$726,308	\$733,946	\$741,713
Total Operating Expenses	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income	\$621,548	\$651,116	\$657,904	\$664,807	\$671,828	\$678,968	\$711,412	\$718,797	\$726,308	\$733,946	\$741,713
Debt Service	\$258,546	\$258,546	\$349,382	\$349,382	\$349,382	\$349,382	\$349,382	\$349,382	\$349,382	\$349,382	\$349,382
Cash Flow After Debt Service	\$363,002	\$392,570	\$308,522	\$315,425	\$322,445	\$329,585	\$362,029	\$369,415	\$376,925	\$384,563	\$392,330
Cash Flow After Debt Service (cumulative)	\$363,992	\$755,572	\$1,064,094	\$1,379,520	\$1,701,966	\$2,031,552	\$2,393,581	\$2,762,996	\$3,139,922	\$3,524,485	\$4,683,040
Monthly Cash Flow After Debt Service	\$30,250	\$30,250	\$25,710	\$26,285	\$26,870	\$27,465	\$30,169	\$30,784	\$31,410	\$32,046	\$32,694
Cash on Cash (%)	5.42%	5.86%	4.60%	4.71%	4.81%	4.92%	5.40%	5.51%	5.63%	5.74%	5.86%
Annual Cash Flow After Debt Service	\$363,002	\$363,002	\$308,520	\$315,420	\$322,440	\$329,586	\$362,028	\$369,408	\$376,920	\$384,552	\$392,328
Interest Expense	\$(258,546)	\$258,546	\$(249,872.02)	\$(245,228)	\$(240,369.23)	\$(235,282)	\$(229,958)	\$(224,386.78)	\$(218,554.59)	\$(212,450)	\$(206,061)
Principal Paydown	\$-	\$-	\$99,510	\$104,153	\$109,013	\$114,099	\$119,423	\$124,995	\$130,828	\$136,932	\$143,141
Total Return (Cash Flow + Principal)	\$363,002	\$392,570	\$408,032	\$419,579	\$431,459	\$443,685	\$481,453.41	\$494,410	\$507,753	\$521,495	\$535,471
Total Return (%)	5.42%	5.86%	6.09%	6.26%	6.44%	6.62%	7.19%	7.38%	7.58%	7.78%	7.99%
Cummulative Principal Paydown	\$-	\$-	\$99,510	\$203,664	\$312,677	\$426,777	\$546,201	\$671,197	\$802,025	\$938,957	\$1,082,099





# DAVITA - CERES, CA

1424 E. WHITMORE AVENUE, CERES, CA 95307





# Lease Abstract - DaVita



## DAVITA RENT ROLL

### BASE RENT

DATE RANGE	MONTHLY RENT	ANNUAL RENT
3/1/16-2/28/21	\$19,078	\$228,936
3/1/21-2/28/26	\$20,985	\$251,829
3/1/26-2/28/31	\$23,084	\$277,012

### OPTION RENTS

DATE RANGE	MONTHLY RENT	ANNUAL RENT
#1. 3/1/31-2/28/36	\$25,392	\$304,713
#2. 3/1/36-2/28/41	\$27,932	\$335,184

The details contained within the Lease Abstract are provided as a courtesy to the recipient for purposes of evaluating the Property's initial suitability. While every effort is made to accurately reflect the terms of the lease document(s), many of the items represented herein have been paraphrased, may have changed since the time of publication, or are potentially in error. Capital Pacific and its employees explicitly disclaim any responsibility for inaccuracies and it is the duty of the recipient to exercise an independent due diligence investigation in verifying all such information, including, but not limited to, the actual lease document(s).

## PREMISE & TERM

<b>TENANT</b>	Davita Healthcare Partners
<b>LEASE TYPE</b>	Corporate NN
<b>TERM</b>	10.8 Years Remaining
<b>RENT COMMENCEMENT</b>	March 1, 2016
<b>RENEWAL OPTIONS</b>	Two 5-Year Options at 95% FMV
<b>RENTAL INCREASES</b>	10% every 5 years

## EXPENSES

<b>TAXES</b>	Tenant (Pays direct)
<b>INSURANCE</b>	Tenant (Pays direct)
<b>UTILITIES</b>	Tenant (Pays direct)
<b>CAM</b>	Tenant (Pays direct)
<b>MAINTENANCE</b>	Roof & Structure - Landlord pays (Roof under warranty)

## LEASE PROVISIONS

<b>ASSIGNMENT/SUBLETTING</b>	None without Landlord's Consent
<b>RIGHT OF FIRST REFUSAL</b>	None
<b>ESTOPPEL</b>	Yes

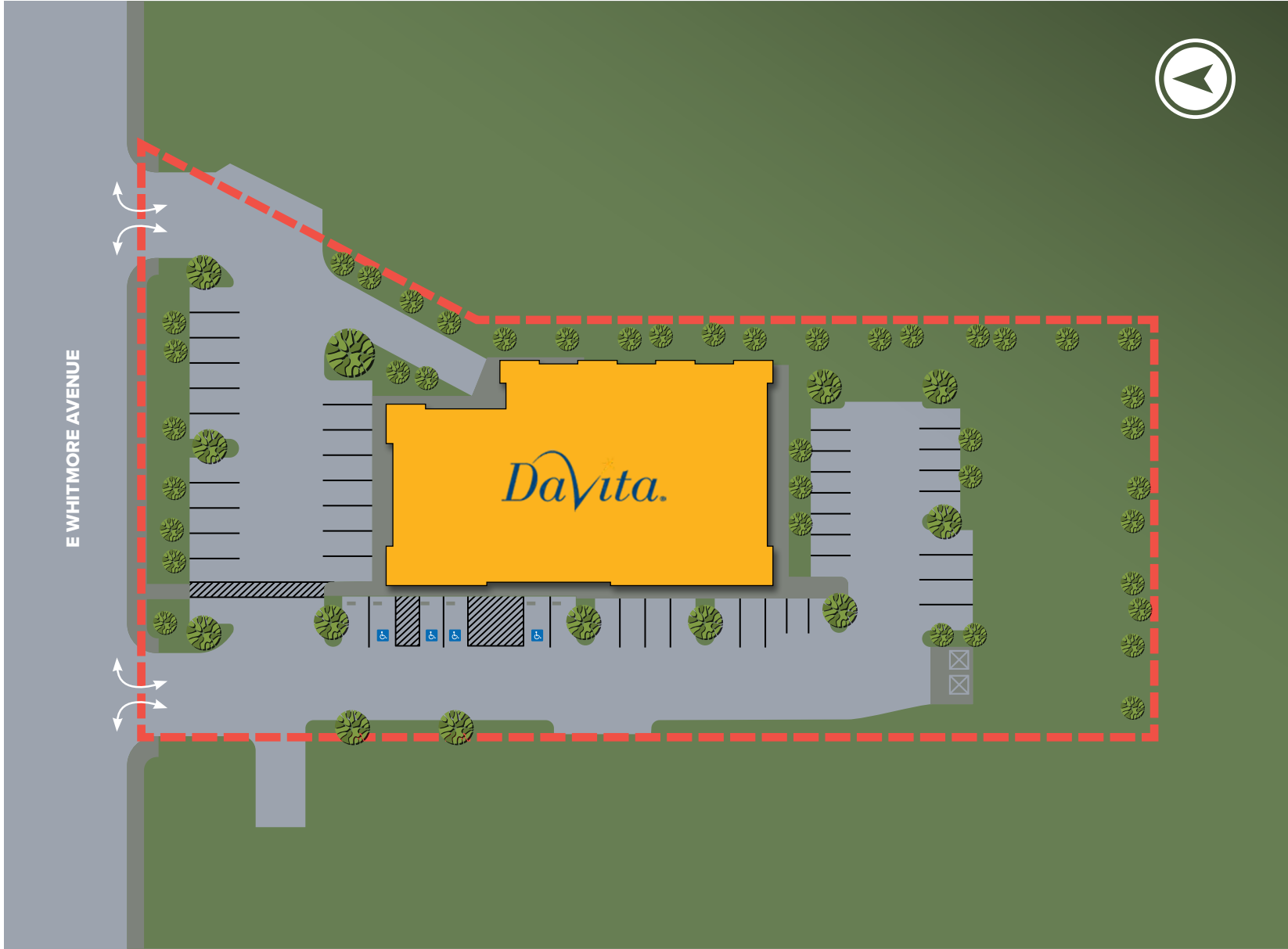


# Site Plan - DaVita

**sf**  
9,066  
RENTABLE SF

**ac**  
1.30  
ACRES

**51**  
SPACES



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# Tenant Overview



## ABOUT DAVITA DIALYSIS

DaVita HealthCare Partners INC. (NYSE: DVA), a Fortune 500 company, is a leading provider of kidney care in the United States, delivering dialysis services and education to patients with chronic kidney disease and end stage renal disease.

DaVita provides dialysis services to over 235,000 patients at 3,012 outpatient dialysis centers in the U.S. and 9 additional countries. DaVita controls more than 33% of the U.S. dialysis market.

For the fiscal year ended December 31, 2018, total revenues were \$11.4 billion and total stockholder's equity was \$3.9 billion. DaVita is rated "BB" by Standard and Poor's.

235,000+

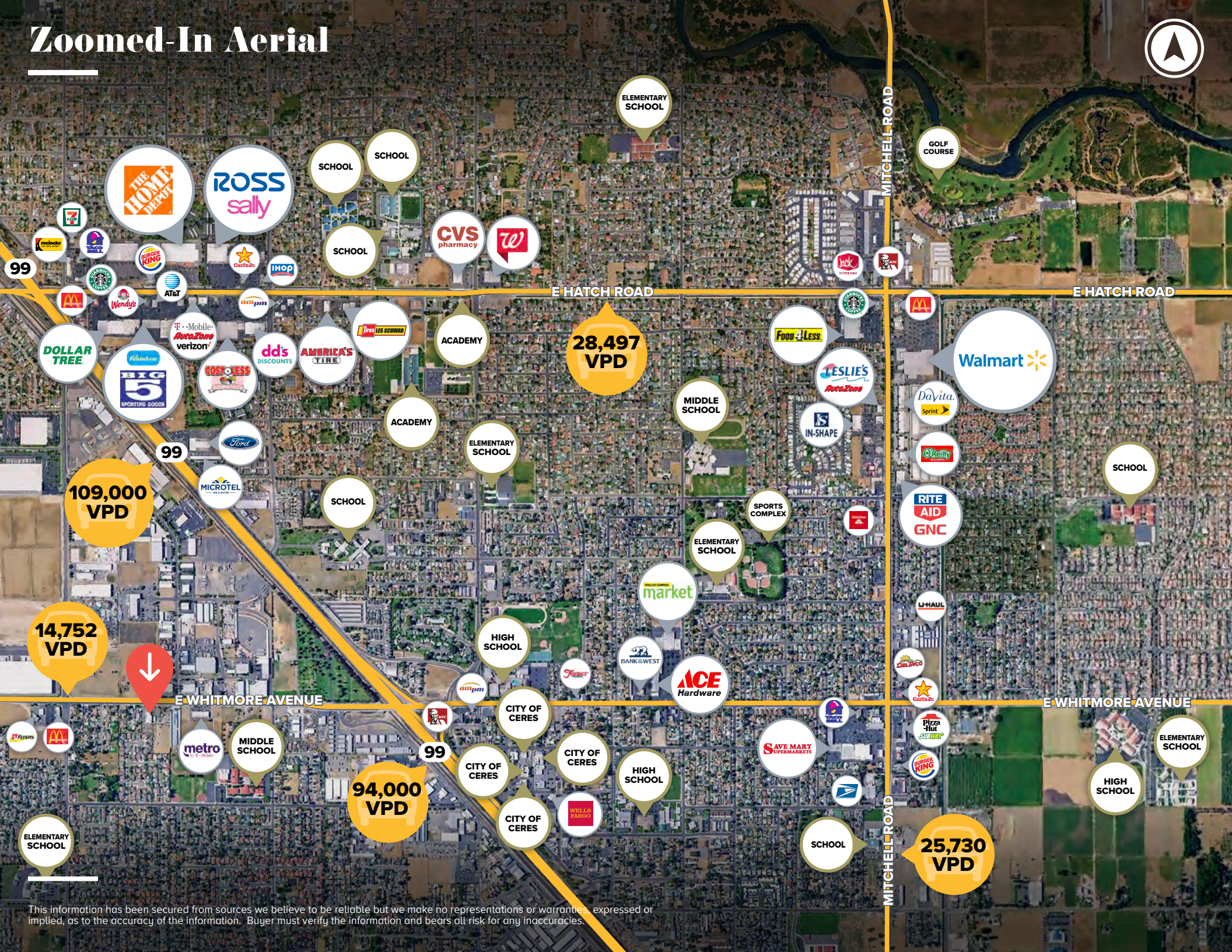
DIALYSIS PATIENTS

TEAMMATES IN THE UNITED STATES

77,700+



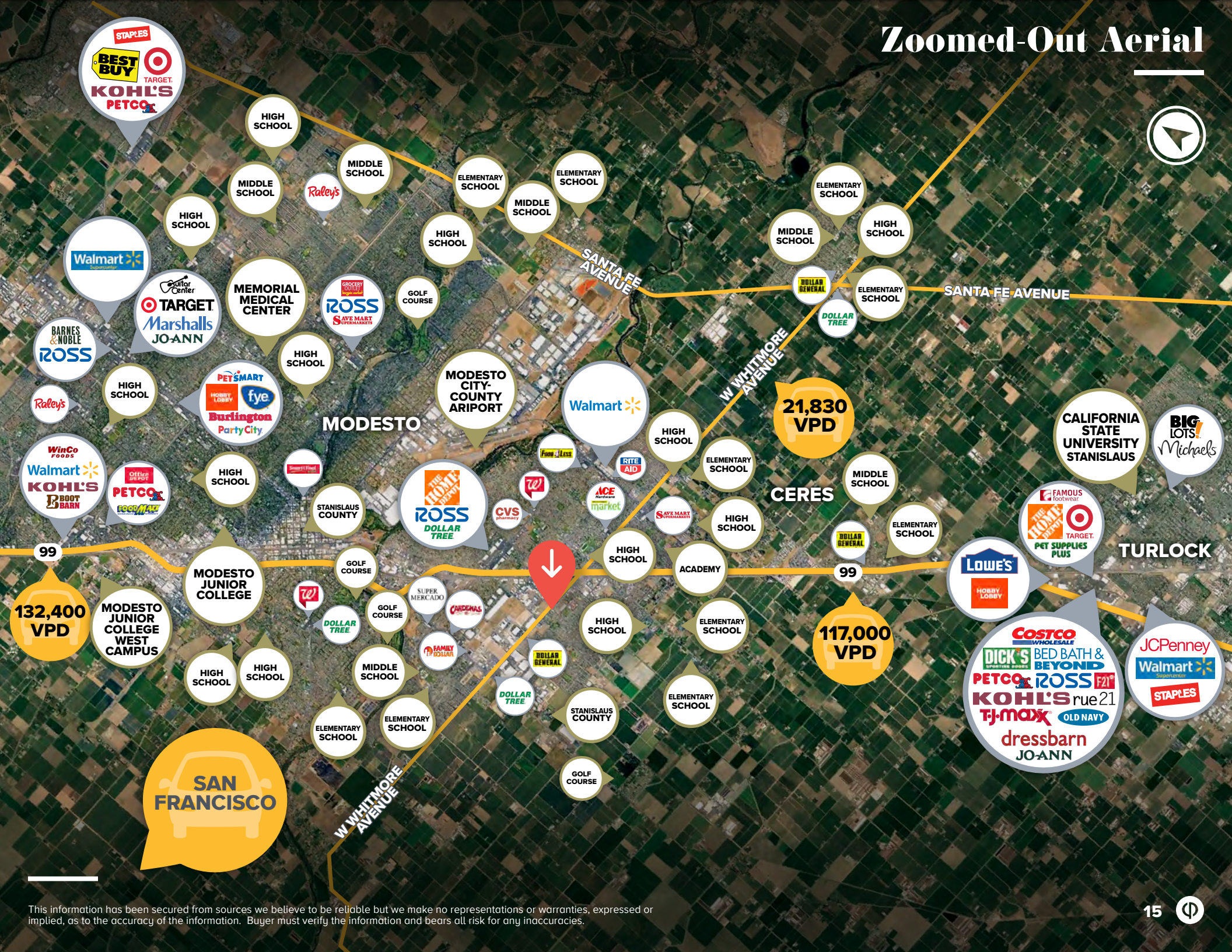
# Zoomed-In Aerial



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# Zoomed-Out Aerial



132,400 VPD

21,830 VPD

117,000 VPD



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# FRESENIUS - ROSEVILLE, CA

1781 SANTA CLARA DRIVE, ROSEVILLE, CA



# Lease Abstract - Fresenius



## FRESENIUS RENT ROLL

### BASE RENT

DATE RANGE	MONTHLY RENT	ANNUAL RENT
2/27/17-2/28/21	\$32,717	\$392,613
3/1/21-2/28/22	\$33,274	\$399,288
3/1/22-2/29/23	\$33,839	\$406,076
3/1/23-2/28/24	\$34,414	\$412,979
3/1/24-2/28/25	\$35,000	\$420,000
3/1/25-2/28/26	\$35,595	\$427,140
3/1/26-2/29/27	\$36,200	\$434,400
3/1/27-2/28/28	\$36,815	\$441,786
3/1/28-2/28/29	\$37,441	\$449,296
3/1/29-2/28/30	\$38,077	\$456,934
3/1/31-2/29/32	\$39,383	\$472,601

### OPTION RENTS

DATE RANGE	MONTHLY RENT	ANNUAL RENT
#1. 3/1/32-2/28/3	Fair Market Value	
#2. 3/1/37-2/28/42	Fair Market Value	
#3. 3/1/42-2/28/47	Fair Market Value	

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## PREMISE & TERM

TENANT	Fresenius Medical Care
LEASE TYPE	Absolute NNN
TERM	11.8 Years Remaining
RENT COMMENCEMENT	February 27, 2017
RENEWAL OPTIONS	Three 5-year options
RENTAL INCREASES	1.7% Annually

## EXPENSES

TAXES	Tenant (Pays direct)
INSURANCE	Tenant (Pays direct)
UTILITIES	Tenant (Pays direct)
CAM	Tenant (Pays direct)
MAINTENANCE	Tenant (Pays direct)

## LEASE PROVISIONS

ASSIGNMENT/SUBLETTING	None without Landlords Consent
RIGHT OF FIRST REFUSAL	None
ESTOPPEL	Yes



# Site Plan - Fresenius

**sf**  
7,487  
RENTABLE SF

**ac**  
1.20  
ACRES

**28**  
SPACES



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# Tenant Overview

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## ABOUT FRESENIUS MEDICAL CARE

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Fresenius Medical Care is the world's leading provider of products and services for people with chronic kidney failure. Around 3.5 million patients worldwide with this disease regularly undergo dialysis treatment. Dialysis is a life-saving blood cleansing procedure that substitutes the function of the kidney in cases of kidney failure.

They care for more than 345,000 patients in a global network of around 4,000 dialysis clinics. At the same time, they operate 45 production sites in more than 20 countries, to provide dialysis products such as dialysis machines, dialyzers and related disposables.

**345,000**

**PATIENTS IN NETWORK**

**\$19.6 B**

**2019 ANNUAL REVENUE**

NO PARKING FIRE LANE







# Zoomed-Out Aerial



125,300 VPD

SACRAMENTO

44,795 VPD

190,200 VPD



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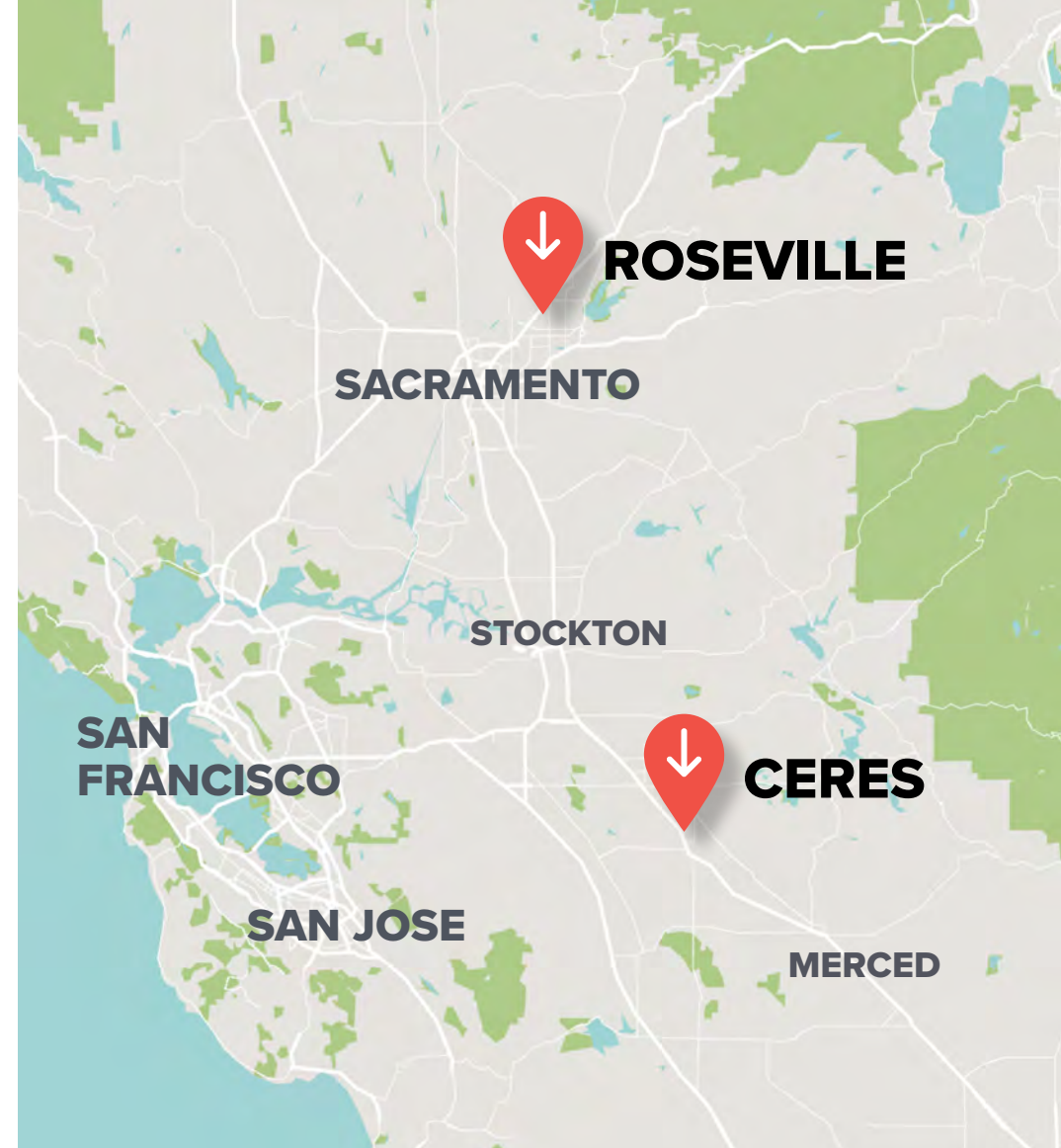
# Demographics

## POPULATION AND HOUSEHOLD INCOMES - CERES

 	1-MILE	3-MILES	5-MILES
2019 Population	17,196	92,001	177,974
Average household Income	\$62,146	\$60,763	\$65,877
Median household income	\$50,757	\$47,408	\$50,077

## POPULATION AND HOUSEHOLD INCOMES - ROSEVILLE

 	1-MILE	3-MILES	5-MILES
2019 Population	8,579	106,967	273,373
Average household Income	\$83,122	\$97,992	\$117,878
Median household income	\$61,370	\$73,359	\$78,001



**THE AVERAGE HOUSEHOLD INCOME WITHIN A 5-MILE RADIUS OF THE ROSEVILLE PROPERTY IS OVER \$117K**



# Location Overview

## CERES



DOWNTOWN MODESTO

**CERES, CA**, is located in the central San Joaquin Valley, 80 miles south of Sacramento and 95 miles east of San Francisco, in the heart of Stanislaus County. Ceres is a suburb of Modesto with an estimated population of 47,975.

Ceres is in one of the Central Valley's richest and most diverse agricultural areas and is the home of the new \$14 million County Agriculture Center. The California State University Stanislaus and Modesto Junior College are located near Ceres.

## ROSEVILLE



THE FOUNTAINS SHOPPING CENTER

**ROSEVILLE, CA**, a suburb 17 miles northeast of Sacramento, is a city in Placer County. The city sits at the intersection of Interstate 80 and California Highway 65, and is home to over 141,000 residents.

One of the state's top retail hubs, Roseville draws visitors from throughout Northern California to shop, dine, and play at places like the Westfield Galleria, Top Golf, Fountains, and SkyZone. More than 30 miles of paved bike and pedestrian trails wind through ravines and along creeks, offering wildlife views and another way to get around. Rooted in railroad heritage, Roseville's historic downtown features a retro vibe, galleries, restaurants, breweries, festivals, concerts, and parks.



# Contact us.

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