

INLAND MEDICAL PLAZA

WILDOMAR, RIVERSIDE COUNTY, CALIFORNIA



OFFERING MEMORANDUM

95%-leased to two strong NNN tenants, across the street from southwest Riverside County's only designated trauma center

Capital Markets | Investment Properties

CBRE

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The image shows the exterior of a modern building with a light-colored, textured facade and large glass windows. The word "IENTE" is visible in blue, three-dimensional letters on the upper left. A large, leafy tree stands in the foreground on the right, partially obscuring the building. The ground in front of the building is landscaped with mulch, small green plants, and a low stone wall.

IENTE

CONTENTS

EXECUTIVE SUMMARY	05
PROPERTY OVERVIEW	13
FINANCIAL	23
TENANCY	33
AREA OVERVIEW / MARKET TRENDS	37



EXECUTIVE SUMMARY



THE OFFERING

CBRE, Inc. is pleased to offer for sale Inland Medical Plaza, a two-story, 56,801 square foot medical office building in southwest Riverside County. Located at 36450 Inland Valley Drive in Wildomar, California, the Property is across the street from Inland Valley Regional Medical Center, a 122-bed acute-care hospital that serves as the region's only designated trauma center and county-designated Paramedic Base Station.

Inland Medical Plaza is 95% leased to two credit tenants: Kaiser Foundation Health Plan, Inc. leases 84% of the Property and has been the primary tenant since 2006. Vantage Oncology leases approximately 11% of the Property's net rentable area and has been a tenant since 1993. In 2016 Vantage Oncology was acquired by McKesson Corporation, a diversified health care services and information technology company that ranks #11 on the list of Fortune 500 companies.



The Subject is offered at \$18,750,000 which equates to \$330.10 per square foot and a going-in capitalization rate of 7.0%. Kaiser's lease extends through October 2023. Vantage Oncology has been in the building since 1993 and has extended its lease until 2023. The only space available is a 2,915 square foot suite on the first floor.

Our discounted cash flow analysis projects that if the debt in place is assumed and the asset is held for 10 years and then sold, an annual IRR of 16.3% is possible, depending on periodic interest rate adjustments.

Inland Medical Plaza represents an exciting opportunity to acquire a strategically-located, stabilized medical office property leased to national credit tenants and attractive yields.



OFFERING SUMMARY

PROPERTY TYPE	Medical office building
PROPERTY NAME	Inland Medical Plaza
ADDRESS	36450 Inland Valley Drive, Wildomar, California 92595
NET RENTABLE AREA	56,801 square feet
CURRENT OCCUPANCY	94.9%
OFFERING PRICE	\$18,750,000 (\$330.10 per square foot)
CAPITALIZATION RATE	7.0%
YEAR BUILT	1993
CONSTRUCTION TYPE	Concrete and steel reinforced with stucco exterior
PARKING	298 spaces; ratio 5.11:1,000 sf

INVESTMENT HIGHLIGHTS

- Priced at \$18,750,000 with a going-in cap rate of 7.0%
- Stabilized medical office building with two strong triple-net tenants, Kaiser Foundation Health Plan and Vantage Oncology, that have occupied the property for 14 and 17 years, respectively
- Institutional-quality medical office asset is 95% leased to two tenants with investment grade credit
- Projected 10-year leveraged annual return of 16.3% (estimated)
- Located in one of the Temecula Valley's three established medical corridors
- Across the street from Inland Valley Regional Medical Center, southwest Riverside County's only designated trauma center
- The high cost of living in Los Angeles and Orange Counties continues to drive growth in the Inland Empire as it has for decades
- Favorable market fundamentals: declining vacancy rates and rising rents

TENANT SUMMARY

TENANT	SF LEASED	COMMENCED	EXPIRES	RENT PSF/YR.
Kaiser Foundation Health Plan	47,835	July 2006	Oct. 2023	\$24.72 nnn
Vantage Oncology (a division of McKesson Corp.)	6,061	Sept. 1993	Sep. 2023	\$26.29 nnn



AREA OVERVIEW

Wildomar comprises ± 24 square miles in Riverside County, California. It was incorporated on July 1, 2008, making it one of the state's newest municipalities. It has grown rapidly from a population of less than 20,000 (as a "census-designated place") in 2000 to an estimated 37,280 in 2018.

Primarily a residential community Wildomar is located in a portion of Southern California commonly known as the Inland Empire. This region is made up of the western segments of San Bernardino and Riverside Counties where millions of people live and tens of millions of square feet of industrial space have made the Inland Empire a powerful and important economic force in Southern California. The Inland Empire developed and grew steadily as Los Angeles and Orange Counties became built out and real estate values pushed expansion to the east.

From 2010 to 2018 Wildomar's population grew more rapidly than the rest of the Inland Empire and is projected to continue to do so for some time. According to census data the median income and home values are higher in Wildomar than in the rest of the Inland Empire.

In Wildomar and the nearby cities of Murrieta and Temecula, there are 99 medical office building totaling approximately 1.98 million square feet. Vacancy is down from 13.2 in Q1 2015 to 7.3%. Medical Office absorption could wane in coming months as the impact of the coronavirus pandemic weighs on demand, especially in medical offices. However, the West Inland Empire may be in a better position to weather the storm compared to the last recession, when speculative development competed with existing inventory. Average asking MOB rent has increased by 4.69% in the last two years and as of 2Q 2020 stood at \$ 26.76 psf/year gross.





INLAND VALLEY DR

PRIELIPP RD

Land for sale

Parcel lines are approximate and for illustrative purposes only.

LOT LINE ADJUSTMENT AND ADDITIONAL LAND

The land immediately east of the Subject is available for sale. It is zoned IP and includes preliminary plans for 50,000 square feet of office. Owner is in the process of adjusting the parcel boundary for the Subject property to include the expanded parking lot as illustrated above. For additional information please contact Jack Faris whose contact information appears herein.



PROPERTY OVERVIEW



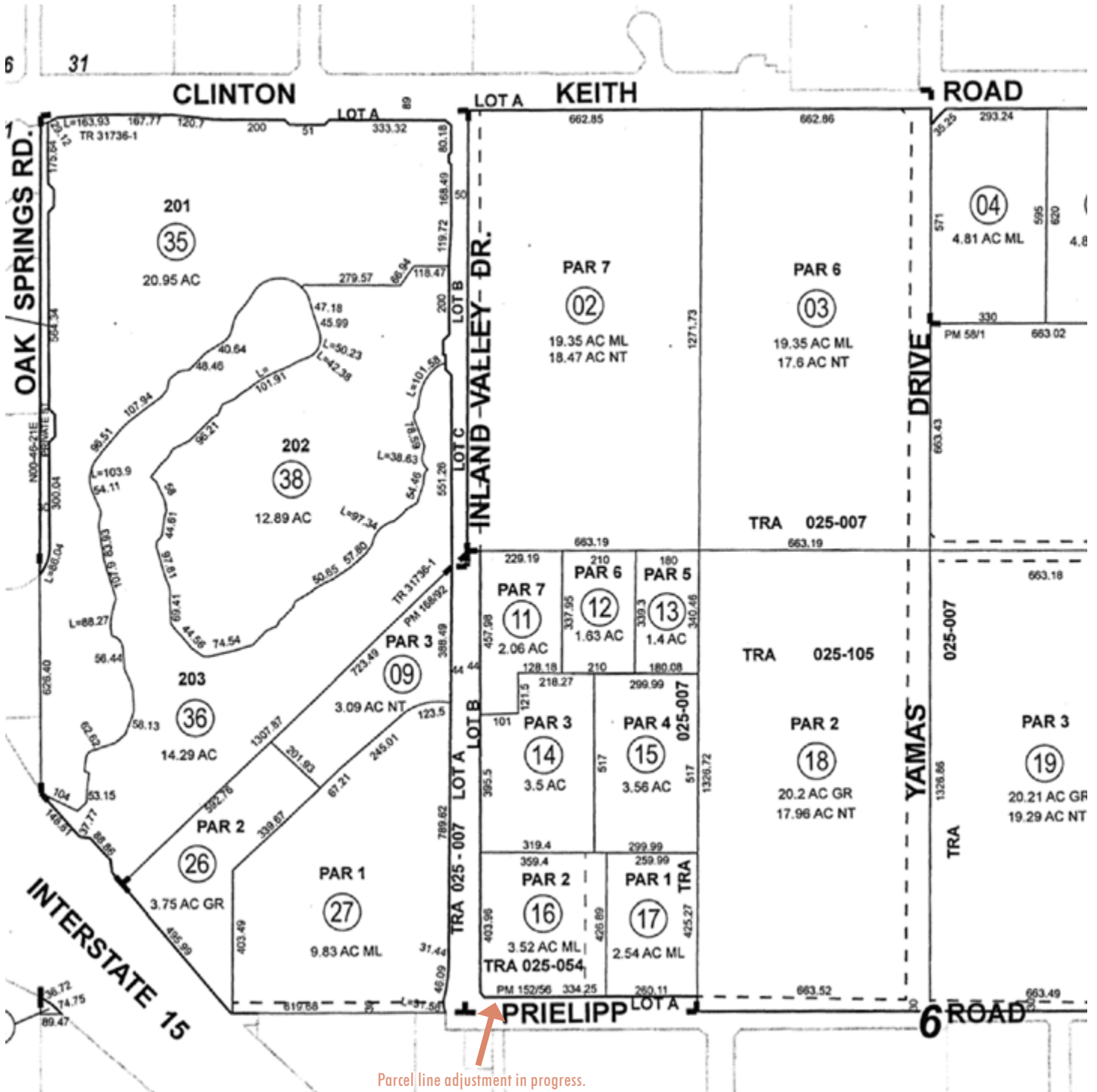
PROPERTY SUMMARY

NAME	Inland Medical Plaza
ADDRESS	36450 Inland Valley Drive, Wildomar, CA 92595
COUNTY	Riverside
ASSESSOR'S PARCEL #	380-250-016
PARKING	A paved parking lot accommodates 298 vehicles for an overall ratio of 5.11:1,000 sf. Sixty of said spaces are presently on an adjacent parcel, but Owner is processing a lot line adjustment so the entire parking lot will be within the Subject parcel.
YEAR BUILT	1993
FLOOD ZONE	Zone X per Community Panel Map # 060245-0605C2705G dated 8/28/08. Flood insurance is not required.
STORIES	Two. Kaiser leases the entire second floor and all of the first floor except suites 101 (Vantage Oncology) and 106 (vacant).
ARCHITECT	The Design Management Group
CONSTRUCTION TYPE	Concrete, glass and steel reinforced two-story office building
EXTERIOR	Stucco, concrete and glass in aluminum frames
INTERIOR	In addition to standard office finishes, each medical area includes waiting rooms, nurses' stations, examination rooms, private offices and private restrooms.
FOUNDATION	Reinforced concrete slab
ROOF	Built-up composition
ELEVATORS	Two ThyssenKrupp hydroelectric elevators, each with a capacity of 15 persons.
RESTROOMS	Men's and Women's restrooms are located on each floor
HVAC	HVAC units are located on the roof and the central chiller is in the parking lot.
FIRE SPRINKLERS	The entire building is equipped with fire sprinklers per code.
ELECTRICAL	2,000-amp service, 277/480 volts, 3-phase, 4-wire
ENVIRONMENTAL	A Phase I environmental assessment was performed in November 2015 by Gabriel Environmental Group that found no evidence of adverse environmental conditions and concluded that no further assessment was needed.



SITE DESCRIPTION

The site is located at the northeast corner of Inland Valley Drive and Prielipp Road. The parking lot can be accessed using either of two driveways, one on Inland Valley Drive and the other on Prielipp Road. The parking lot can accommodate 298 cars. A parcel boundary adjustment is being processed after which the entire parking lot will be on the Subject parcel.





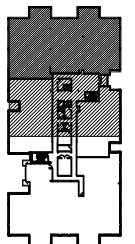
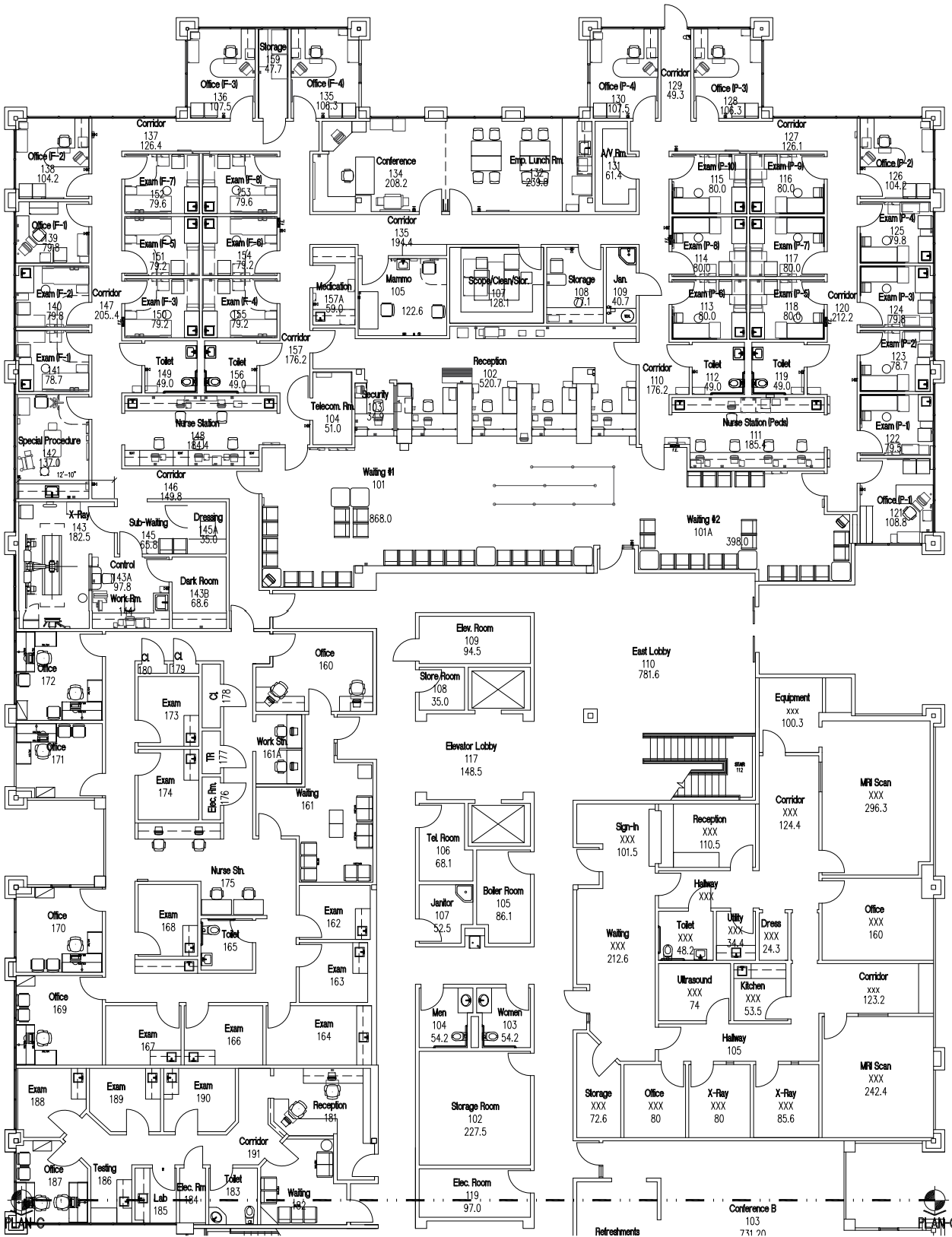
INLAND VALLEY DR

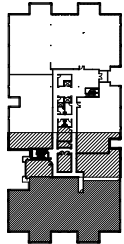
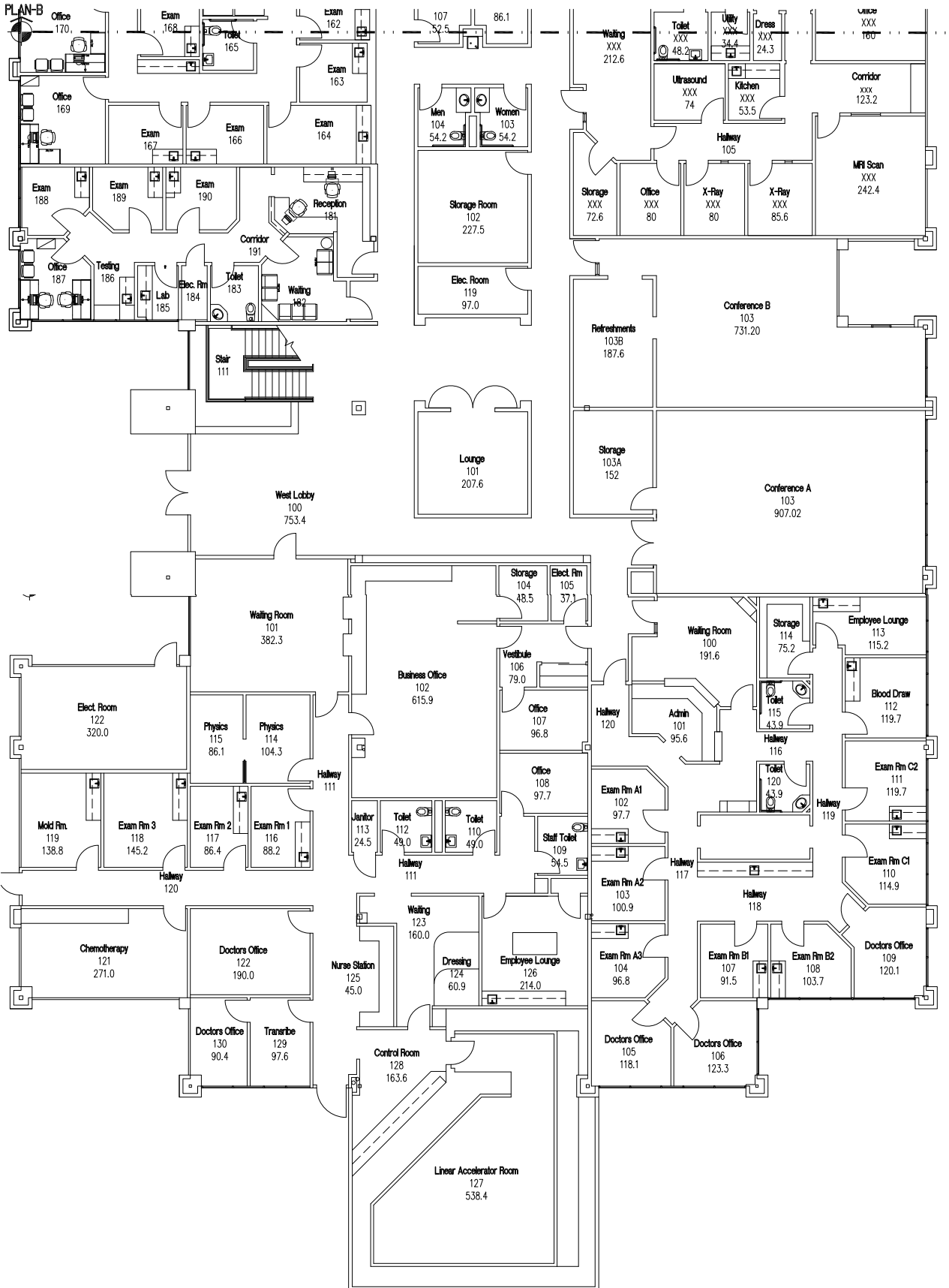
PRIELIPP RD

Parcel lines are approximate and for illustrative purposes only.

Parcel line adjustment in progress.

FLOOR PLANS: FIRST FLOOR

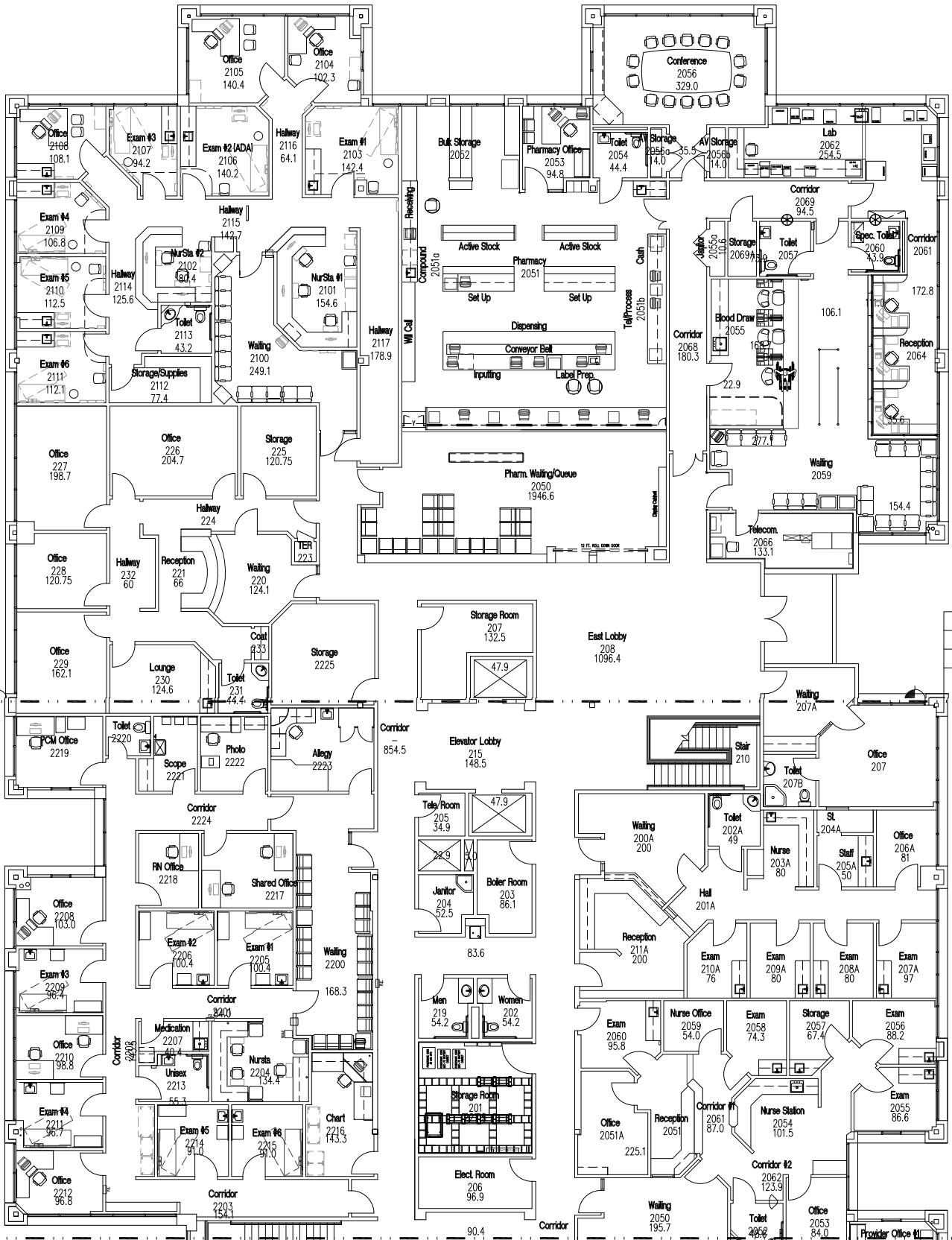
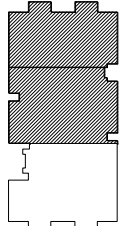


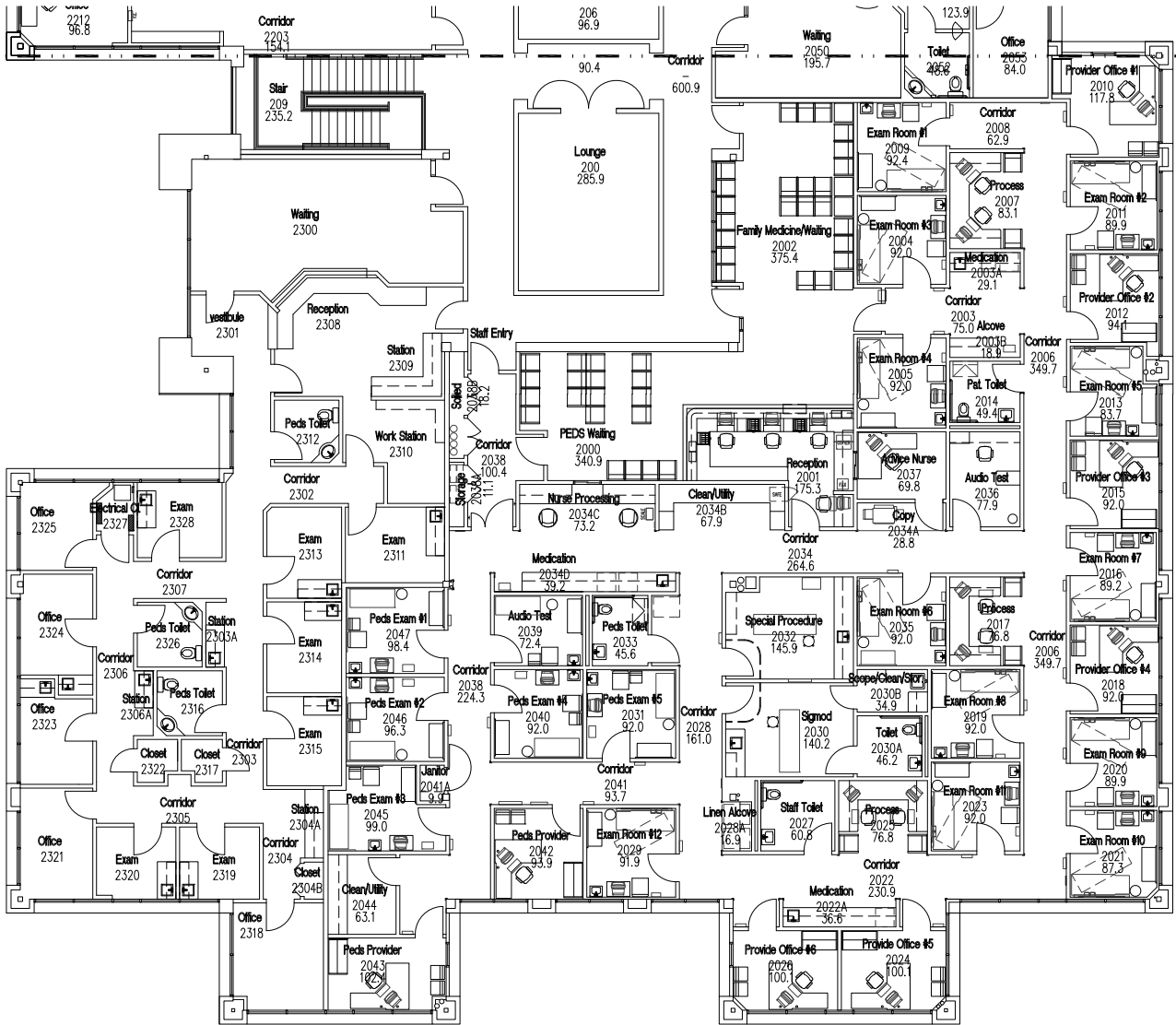


FLOOR PLANS: SECOND FLOOR

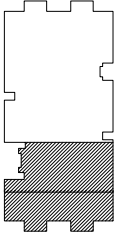


NOT TO SCALE





NOT TO SCALE





INLAND M



NO PARKING

FINANCIAL



FINANCIAL

The property is offered at \$18,750,000 which equates to \$330.10 per square foot at a going-in capitalization rate of 7.0%. There is one space available measuring 2,915 square feet. If the asset is held for ten years and then sold the discounted cash flow analysis projects an unleveraged return of 10%, and if the existing debt is assumed an estimated return of 16.3% is forecast.

The following documents provide additional details about the performance of the asset.

FINANCIAL SUMMARY

This is an estimated income and expense statement based on current leases and assumption of the existing debt.

Price	\$18,750,000
Net Rentable Area	56,801
Price per Square Foot	\$330.10
Financing in Place	
Type: Adjustable every three years (1)	
Interest Rate (initial for 35 months prior to first adjustment date)	3.75%
Principal Amount at commencement, est. 9/1/20	\$11,500,000
Down Payment	\$7,250,000
Amortization (years)	30
Maturity (years)	30
Initial Monthly Payment	\$53,259
Initial Annual Payment	\$639,108
	In Place
Scheduled Gross Income	\$1,344,438
plus expense reimbursements	\$515,852
Adjusted Scheduled Gross Income	\$1,860,290
vacancy and collection allowance	\$0
Effective Gross Income	\$1,860,290
less Operating Expenses	(\$551,156)
Net Operating Income	\$1,309,134
per square foot	\$23.05
Estimated Annual Debt Service	(\$639,108)
Less reserves for capital expenditures @ \$0.15 psf	(\$8,520)
Pre-Tax Cash Flow	\$661,506
Initial Capitalization Rate	7.0%
Initial Cash-on-Cash Return	9.1%
Argus Unleveraged IRR	10.0%
Argus Leveraged IRR (estimated)	16.3%

You are solely responsible for independently verifying the information in this Memorandum.

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(1) Loan may be assumed or paid off with no prepayment penalty. Interest rate adjusts every three years to lender's then-prevailing rate, subject to borrower's affirmative acceptance of the interest rate for each adjustment. The leveraged IRR shown above is only an estimated projection that does not contemplate potential interest rate adjustments.

RENT ROLL

Annual rents are for the 12 months commencing December 1, 2020 including scheduled increases.

SUITE	TENANT	RSF	LEASE TERM		CURRENT BASE RENT			LEASE TYPE
			START	END	MONTHLY	PSF	ANNUAL	
101	Vantage Oncology (1)	6,051	Sep-93	Sep-23	\$13,224	\$2.19	\$159,087	nnn
multiple; see lease	Kaiser Foundation Hlth. Plan see note (1) below	47,835	Jul-06	Oct-23	\$98,540	\$2.06	\$1,185,351	nnn
Total Leased		53,886			\$111,764	\$2.07	\$1,344,438	
106	Vacant-lease speculative (2)	2,915	speculative		\$6,122	\$2.10	\$73,458	nnn
Total Property		56,801			\$117,886		\$1,417,896	

SUITE	TENANT	EST. EXPENSE RECOVERY	ESCALATIONS			OPTIONS		PRO RATA
			DATE	NEW MO. RENT	PSF	NO. X TERM	OPTION RENT	
101	Vantage Oncology	\$57,927	Sep-21	\$13,621	\$2.25	2x5-yrs.	fmr	10.7%
			Sep-22	\$14,030	\$2.32	3% annual increases		
multiple; see lease	Kaiser Foundation Hlth. Plan see note (1) below	\$457,925	Nov-21	\$101,410	\$2.12	1x3-yr.	95% fmr	84.2%
			Nov-22	\$104,759	\$2.19			
Total Leased		\$515,852						94.9%
106	Vacant-lease speculative	\$18,751						5.1%
Total Property		\$534,603						100%

(1) Tenant reimbursements exclude capital expenditures. (2) Income shown is pro forma for 12 months.

PROJECTED POST-SALE EXPENSES

	95%	100%	95%
	2019 YR-END	ARGUS INPUT	POST-SALE
Ad Valorem Property Taxes	166,930	1.00350%	188,156
Direct Levies	-	258	258
Gas & Electric-House meter	130,545	130,545	130,545
Sewer, Water, Trash	45,640	45,640	45,640
Insurance	12,394	12,394	12,394
Management (2.5% of EGI)	70,883	2.50%	53,948
Elevator	8,731	8,731	8,731
Repairs and Maintenance	14,509	14,509	14,509
Cleaning	36,175	36,175	36,175
HVAC	20,080	20,080	20,080
Fire Life Safety	11,909	11,909	11,909
Landscaping / Parking	28,811	28,811	28,811
REIMBURSABLE OPERATING EXPENSES	546,607	n/a	\$551,156
RESERVE FOR NON-REIMB. CAPEX @\$0.15 PSF	9.62		\$8,520
TOTAL OPERATING EXPENSES			\$559,676
	PSF		\$9.85

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ARGUS ASSUMPTIONS

ANALYSIS TERM AND STARTING DATE:	Ten years commencing December 2020
INFLATION RATES:	
General:	2.5%
Market rent:	2.5%
Operating expenses:	2.5%
Property taxes:	2.0%
CURRENT MARKET RENT:	\$25.80 psf/year, NNN.
RESERVES:	\$0.15 per square foot per year to cover capital replacements.
OPERATING EXPENSES:	Based on 2019 year-end with taxes adjusted for projected post-sale reassessment. Management fee estimated at 2.5% of effective gross income.
EXPENSE REIMBURSEMENTS	
Current:	NNN with exclusion for capital items.
Future:	NNN with exclusion for capital items.
VACANCY ABSORPTION:	The vacant suite leases as of 3/1/21 for a term of 64 months at market rent with a \$40 psf tenant improvement allowance, four months of free rent, and 7.5% leasing commission.
ROLLOVER ASSUMPTIONS	
Renewal probability:	85% for Vantage Oncology; 75% for others.
Options:	Assumes options to extend are exercised.
Months dark:	6
Starting rent:	100% of fair market rent when the lease commences.
Escalations:	Assumes rent is increased annually by 3%.
T.I. Allowance:	\$40 per rentable square foot on new leases; \$7.50 per square foot on renewals.
Concessions:	None
Term length:	5 years.
Leasing commissions:	6.5% of base rent on the first five years of term; 3.25% on the next five years; 5% for renewals.
MINIMUM STABILIZED VACANCY:	Natural as leases roll.
DEBT / REFINANCING:	Assume existing debt of \$11,500,000 with 30-year term and 30-year amortization at an initial interest rate of 3.75%. Rate adjusts every three years to lender's then-prevailing rate. If borrower does not wish to extend the financing at the adjustment date the loan can be prepaid without penalty.
REVERSION:	
Terminal capitalization rate:	7.25%
Present value discounting method:	Annually, midpoint on cash flow, endpoint on sale.
Costs of Sale:	1.5% of reversion price.

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ARGUS REPORTS: PROPERTY SUMMARY

TIMING & INFLATION

Reporting Period: December 1, 2020 to November 30, 2030; 10 years

Inflation Month: Analysis Start

General Inflation Rate: 2.50%

PROPERTY SIZE & OCCUPANCY

Property Size: 56,801 Square Feet

Alternate Size: 1 Square Foot

Number of rent roll tenants: 3

Total Occupied Area: 53,886 Square Feet, 94.87%, during first month of analysis

DEBT FINANCING

Number of Notes: 1

Beginning Principal Balance: \$11,447,875

Average Year 1 Interest Rate: 3.75%

PROPERTY PURCHASE PRICE: \$18,750,000

RESALE:

Resale Method: Capitalize Net Operating Income

Cap Rate: 7.25%

Cap Year: Year 11

Commission/Closing Cost: \$389,981

Net Cash Flow from Sale: \$25,608,750

PRESENT VALUE DISCOUNTING

Discount Method: Annually (Midpoint on Cash Flow/Endpoint on Resale)

Unleveraged Annual IRR: 10.00% at \$18,750,000

Leveraged Annual IRR: 16.30% at \$18,750,000



INLAND MEDICAL PLAZA

36450

ARGUS REPORTS: CASH FLOW, RESALE & IRR SUMMARY

Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 12/1/2020

FOR THE YEARS ENDING	YEAR 1 NOV-2021	YEAR 2 NOV-2022	YEAR 3 NOV-2023	YEAR 4 NOV-2024	YEAR 5 NOV-2025	YEAR 6 NOV-2026
Potential Gross Revenue						
Base Rental Revenue	\$1,400,666	\$1,459,785	\$1,500,520	\$1,503,042	\$1,548,134	\$1,598,354
Absorption & Turnover Vacancy						(126,050)
Base Rent Abatements	(24,638)					
Scheduled Base Rental Revenue	1,376,028	1,459,785	1,500,520	1,503,042	1,548,134	1,472,304
Expense Reimbursement Revenue	537,103	559,023	572,197	584,764	598,462	543,538
Total Potential Gross Revenue	1,913,131	2,018,808	2,072,717	2,087,806	2,146,596	2,015,842
Effective Gross Revenue	1,913,131	2,018,808	2,072,717	2,087,806	2,146,596	2,015,842
Operating Expenses						
Ad valorem property taxes	188,156	191,919	195,758	199,673	203,666	207,740
Direct assessments	258	258	258	258	258	258
Electricity-house meter	129,205	133,809	137,154	140,583	144,097	138,902
Sewer, water, trash	45,640	46,781	47,951	49,149	50,378	51,637
Insurance	12,394	12,704	13,021	13,347	13,681	14,023
Management	47,828	50,470	51,818	52,195	53,665	50,396
Elevator	8,731	8,949	9,173	9,402	9,637	9,878
Repairs & maintenance	14,444	14,872	15,244	15,625	16,015	15,988
Cleaning	36,175	37,079	38,006	38,957	39,930	40,929
HVAC	20,016	20,582	21,097	21,624	22,165	22,296
Fire/life/safety	11,909	12,207	12,512	12,825	13,145	13,474
Landscaping/Parking	28,811	29,531	30,270	31,026	31,802	32,597
Total Operating Expenses	543,567	559,161	572,262	584,664	598,439	598,118
Net Operating Income	1,369,564	1,459,647	1,500,455	1,503,142	1,548,157	1,417,724
Debt Service						
Interest Payments	425,651	417,508	409,054	400,278	391,166	381,707
Principal Payments	213,448	221,591	230,045	238,822	247,933	257,392
Total Debt Service	639,099	639,099	639,099	639,100	639,099	639,099
Leasing & Capital Costs						
Tenant Improvements	116,600					55,655
Leasing Commissions	29,431		194,725			21,027
Reserves for CapEx @ \$0.15	8,520	8,520	8,520	8,520	8,520	8,520
Total Leasing & Capital Costs	154,551	8,520	203,245	8,520	8,520	85,202
Cash Flow After Debt Service	\$575,914	\$812,028	\$658,111	\$855,522	\$900,538	\$693,423
But Before Taxes	=====	=====	=====	=====	=====	=====
Resale Amount						
Gross Proceeds from Sale						
Commissions & Adjustments						
Net Proceeds From Sale	=====	=====	=====	=====	=====	=====
Unleveraged Annual IRR						
Leveraged Annual IRR						

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Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 12/1/2020

FOR THE YEARS ENDING	YEAR 7 NOV-2027	YEAR 8 NOV-2028	YEAR 9 NOV-2029	YEAR 10 NOV-2030	YEAR 11 SEP-2031
Potential Gross Revenue					
Base Rental Revenue	\$1,694,657	\$1,741,054	\$1,789,957	\$1,843,656	\$1,898,229
Absorption & Turnover Vacancy	(119,269)				(7,966)
Base Rent Abatements					
Scheduled Base Rental Revenue	1,575,388	1,741,054	1,789,957	1,843,656	1,890,263
Expense Reimbursement Revenue	584,738	643,072	658,183	676,193	715,604
Total Potential Gross Revenue	2,160,126	2,384,126	2,448,140	2,519,849	2,605,867
Effective Gross Revenue	2,160,126	2,384,126	2,448,140	2,519,849	2,605,867
Operating Expenses					
Ad valorem property taxes	211,894	216,132	220,455	224,864	260,898
Direct assessments	258	258	258	258	258
Electricity-house meter	142,893	155,177	159,056	163,033	166,537
Sewer, water, trash	52,928	54,252	55,608	56,998	58,423
Insurance	14,373	14,733	15,101	15,478	15,865
Management	54,003	59,603	61,204	62,996	65,147
Elevator	10,125	10,378	10,638	10,904	11,176
Repairs & maintenance	16,413	17,247	17,678	18,120	18,545
Cleaning	41,952	43,001	44,076	45,178	46,307
HVAC	22,878	23,869	24,466	25,077	25,677
Fire/life/safety	13,811	14,156	14,510	14,873	15,245
Landscaping/Parking	33,412	34,247	35,103	35,981	36,881
Total Operating Expenses	614,940	643,053	658,153	673,760	720,959
Net Operating Income	1,545,186	1,741,073	1,789,987	1,846,089	1,884,908
Debt Service					
Interest Payments	371,887	361,693	351,110	256,144	
Principal Payments	267,212	277,407	287,990	223,180	
Total Debt Service	639,099	639,100	639,100	479,324	
Leasing & Capital Costs					
Tenant Improvements	866,780				62,968
Leasing Commissions	309,328				23,839
Reserves for CapEx @ \$0.15	8,520	8,520	8,520	8,520	8,520
Total Leasing & Capital Costs	1,184,628	8,520	8,520	8,520	95,327
Cash Flow After Debt Service	(\$278,541)	\$1,093,453	\$1,142,367	\$1,358,245	\$1,789,581
But Before Taxes	=====	=====	=====	=====	=====
Resale Amount					
Gross Proceeds from Sale				\$25,998,731	
Commissions & Adjustments				(389,981)	
Net Proceeds From Sale	=====	=====	=====	\$25,608,750	=====
Unleveraged Annual IRR				10.00%	
Leveraged Annual IRR				16.30%	

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ARGUS REPORTS: INDIVIDUAL LOAN & DEBT SERVICE SUMMARY

FOR THE YEARS ENDING	YEAR 1 NOV-2021	YEAR 2 NOV-2022	YEAR 3 NOV-2023	YEAR 4 NOV-2024	YEAR 5 NOV-2025	YEAR 6 NOV-2026
Minimum Debt Service						
Interest Payments	\$425,651	\$417,508	\$409,054	\$400,278	\$391,166	\$381,707
Principal Payments	213,448	221,591	230,045	238,822	247,933	257,392
Total Minimum Debt Service	639,099	639,099	639,099	639,100	639,099	639,099
Reductions & Retirement						
Principal Balloon or Call						
Total Reductions & Retirement						
Total Cash Flow Paid To Lender	\$639,099	\$639,099	\$639,099	\$639,100	\$639,099	\$639,099
Principal Balance Summary						
Beginning Principal Balance	\$11,447,875	\$11,234,426	\$11,012,836	\$10,782,790	\$10,543,968	\$10,296,036
Periodic Principal Reductions	(213,448)	(221,591)	(230,045)	(238,822)	(247,933)	(257,392)
Principal Balloon Payments						
Ending Principal Balance	\$11,234,427	\$11,012,835	\$10,782,791	\$10,543,968	\$10,296,035	\$10,038,644
Interest Rates						
Interest Rate on Principal	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Cash Flow Coverage Ratios						
Cash to Total Interest Charged	321.76%	349.61%	366.81%	375.52%	395.78%	371.42%
Cash to Minimum Debt Service	214.30%	228.39%	234.78%	235.20%	242.24%	221.83%
Loan To Value Ratios						
Loan to Purchase Price	61.06%	59.92%	58.74%	57.51%	56.23%	54.91%
Loan to Capitalized Value	60.60%	55.80%	53.21%	52.01%	49.38%	52.65%
Loan to Lowest Present Value	67.37%	66.11%	64.81%	63.45%	62.05%	60.59%
Loan to Highest Present Value	55.13%	54.10%	53.04%	51.93%	50.78%	49.59%
Lenders Yields (IRR)						
Base Yield to Maturity						

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FOR THE YEARS ENDING	YEAR 7 NOV-2027	YEAR 8 NOV-2028	YEAR 9 NOV-2029	YEAR 10 NOV-2030
Minimum Debt Service				
Interest Payments	\$371,887	\$361,693	\$351,110	\$256,144
Principal Payments	267,212	277,407	287,990	223,180
Total Minimum Debt Service	<u>639,099</u>	<u>639,100</u>	<u>639,100</u>	<u>479,324</u>
Reductions & Retirement				
Principal Balloon or Call				8,982,854
Total Reductions & Retirement				<u>8,982,854</u>
Total Cash Flow Paid To Lender	<u>\$639,099</u> =====	<u>\$639,100</u> =====	<u>\$639,100</u> =====	<u>\$9,462,178</u> =====
Principal Balance Summary				
Beginning Principal Balance	\$10,038,642	\$9,771,431	\$9,494,024	\$9,206,034
Periodic Principal Reductions	(267,212)	(277,407)	(287,990)	(223,180)
Principal Balloon Payments				<u>(8,982,854)</u>
Ending Principal Balance	<u>\$9,771,430</u> =====	<u>\$9,494,024</u> =====	<u>\$9,206,034</u> =====	<u>\$9,206,034</u> =====
Interest Rates				
Interest Rate on Principal	3.75%	3.75%	3.75%	2.81%
Cash Flow Coverage Ratios				
Cash to Total Interest Charged	415.50%	481.37%	509.81%	720.72%
Cash to Minimum Debt Service	241.78%	272.43%	280.08%	385.14%
Loan To Value Ratios				
Loan to Purchase Price	53.54%	52.11%	50.63%	49.10%
Loan to Capitalized Value	47.10%	40.69%	38.45%	36.15%
Loan to Lowest Present Value	59.07%	57.50%	55.87%	54.17%
Loan to Highest Present Value	48.35%	47.06%	45.72%	44.34%
Lenders Yields (IRR)				
Base Yield to Maturity				3.75%


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TENANCY



LEASE SUMMARIES

TENANT:	Kaiser Foundation Health Plan, Inc.  KAISER PERMANENTE®								
TENANT PROFILE:	<p>Headquartered in Oakland, California, Kaiser Foundation Health Plan is recognized as one of America's leading health care providers and not-for-profit health plans, serving more than 10.6 million members in eight states and the District of Columbia. Founded in 1945, Kaiser's mission is to provide high-quality, affordable health care services and to improve the health of its members.</p> <p>The Kaiser Foundation is comprised of:</p> <ul style="list-style-type: none"> • Kaiser Foundation Hospitals and their subsidiaries • Kaiser Foundation Health Plan, Inc. • The Permanente Medical Groups. <p>Kaiser employs more than 193,000 people including over 51,000 nurses and 18,650 doctors. They operate 38 hospitals and 630 medical offices.</p> <p>In 2015 Kaiser reported operating revenue of \$60.7 billion. For the second quarter of 2016 Kaiser reported operating revenue of \$15.8 billion and 2016 year-to-date net operating income of \$707 million.</p>								
WEB SITE:	https://share.kaiserpermanente.org								
FINANCIAL STRENGTH:	Standard & Poor's has given Kaiser Foundation Health Plan a corporate credit rating of AA-.								
LEASED AREA:	47,835 square feet								
TERM:	Tenant has occupied the property since July 2006. The Third Amendment to the lease extends the term to October 31, 2023.								
ANNUAL RENT SCHEDULE:	<table> <tr> <td>Current:</td> <td>\$1,180,568</td> </tr> <tr> <td>November 1, 2020:</td> <td>\$1,182,481</td> </tr> <tr> <td>November 1, 2021:</td> <td>\$1,216,922</td> </tr> <tr> <td>November 1, 2022:</td> <td>\$1,257,104</td> </tr> </table>	Current:	\$1,180,568	November 1, 2020:	\$1,182,481	November 1, 2021:	\$1,216,922	November 1, 2022:	\$1,257,104
Current:	\$1,180,568								
November 1, 2020:	\$1,182,481								
November 1, 2021:	\$1,216,922								
November 1, 2022:	\$1,257,104								
OPTIONS:	One remaining three-year option to extend at 95% of fair market rent.								
RIGHT OF FIRST OFFER	The Second Amendment of Kaiser's lease contains a right of first offer to purchase the property.								
EARLY CANCELLATION:	No options for early termination.								
TYPE OF LEASE:	Net. Tenant is not required to reimburse capital items.								
TENANT EXPENSES:	Pays its pro rata share of all operating expenses. Section 5.B.1 excludes capital improvements from the definition of "operating expenses".								
LANDLORD EXPENSES:	Landlord is responsible for providing repairs and maintenance services, all of which are reimbursed on a pro rata basis. Capital improvements are not reimbursed.								
LEASE AMENDMENTS	<p>The lease commenced in 2006 and has been amended twice. The second amendment was executed in September 2015 and expanded the premises to its current size, extended the term to October 31, 2020, set forth a new rent schedule, granted Tenant two options to extend the lease for three years each at 95% of market rent, and provided Tenant a Right of First Offer should the property be offered for sale.</p> <p>The original lease and amendments thereto shall be made available to prospective purchasers that have executed the Confidentiality agreement.</p>								





15

PRIELIPP RD

AREA OVERVIEW / MARKET TRENDS

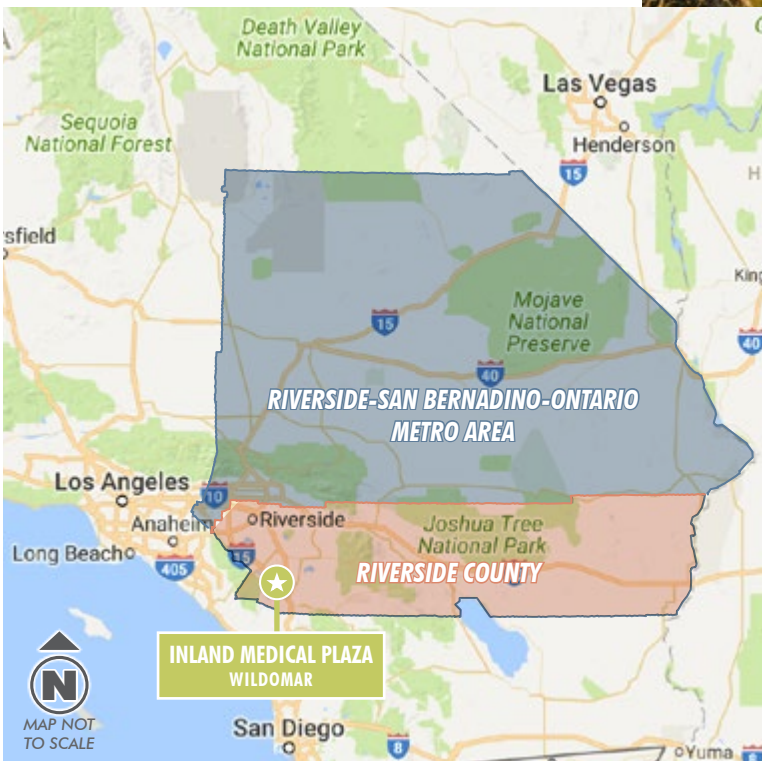


INLAND VALLEY DR

AREA OVERVIEW

Wildomar is a city of ± 24 square miles in Riverside County, California. It incorporated on July 1, 2008, making it one of the state's newest municipalities. It has grown rapidly, from a population of less than 20,000 (as a "census-designated place") in 2000 to an estimated 35,394 in 2016. Situated in the southwest corner of sprawling Riverside County (Southern California), it is directly east of Laguna Niguel and 24 miles inland from the coast at San Clemente. Wildomar is only 13 miles from Orange County and barely 10 miles north of the San Diego County line. Its proximity to densely-populated, high-cost coastal areas like these accounts for Wildomar's rapid growth and for the long-term growth of the entire Inland Empire, for that matter.







A thriving railroad town in the late 1800s, the tracks from Temecula to San Diego were abandoned in 1935 due to repeated washouts caused by frequent flooding. For 50 years Wildomar languished until its fortunes turned and it was re-discovered with the completion of the Temecula Freeway (Interstate 15) in 1985. The rest of the Inland Empire (the western







portions of San Bernardino and Riverside Counties) had already been growing rapidly as Los Angeles and Orange County ran short of developable land and less-expensive property farther inland became increasingly attractive. With a network of new interstate freeways criss-crossing the region, commuting became a feasible and affordable alternative.





The populations of Wildomar and Riverside County are expecting growth that outpaces the percentage growth in California over the next decade. This area's projected population growth for 2014-2019 is 6.9% and 5.3%, respectively vs. 4.4% for California and 3.5% for the U.S. According to census data the median income is higher in Wildomar than in the rest of the Inland Empire, as well. The City is served by the Lake Elsinore School District and its library is a branch of the Riverside County Library System.

DEMOGRAPHICS

		WILDOMAR		RIVERSIDE COUNTY		RIVERSIDE-SAN BERNADINO- ONTARIO METRO AREA	
POPULATION 	2019 Population - Current Year Estimate	36,904		2,456,530		4,649,818	
	2024 Population - Five Year Projection	38,989		2,595,089		4,858,492	
	2010 Population - Census	32,176		2,189,641		4,224,851	
	2000 Population - Census	19,849		1,545,387		3,254,804	
	2010-2019 Annual Population Growth Rate	1.35%		1.13%		0.94%	
	2019-2024 Annual Population Growth Rate	1.11%		1.10%		0.88%	
	HOUSEHOLD 	2019 Households - Current Year Estimate	11,317		762,398		1,418,077
2024 Households - Five Year Projection		11,868		800,270		1,475,634	
2010 Households - Census		9,992		686,260		1,297,878	
2000 Households - Census		6,440		506,218		1,034,805	
2010-2019 Annual Household Growth Rate		1.22%		1.03%		0.87%	
2019-2024 Annual Household Growth Rate		0.96%		0.97%		0.80%	
2019 Average Household Size		3.26		3.18		3.23	
HOUSEHOLD INCOME 	2019 Average Household Income	\$98,899		\$92,186		\$89,572	
	2024 Average Household Income	\$111,264		\$103,233		\$100,189	
	2019 Median Household Income	\$78,520		\$67,369		\$66,193	
	2024 Median Household Income	\$86,765		\$75,096		\$73,281	
	2019 Per Capita Income	\$30,100		\$28,640		\$27,361	
	2024 Per Capita Income	\$33,588		\$31,863		\$30,472	
HOUSING UNITS 	2019 Housing Units	11,836		867,637		1,603,342	
	2019 Vacant Housing Units	519	4.4%	105,239	12.1%	185,265	11.6%
	2019 Occupied Housing Units	11,318	95.6%	762,398	87.9%	1,418,077	88.4%
	2019 Owner Occupied Housing Units	8,529	72.1%	520,123	59.9%	916,309	57.1%
	2019 Renter Occupied Housing Units	2,789	23.6%	242,275	27.9%	501,768	31.3%
EDUCATION 	2019 Population 25 and Over	24,593		1,607,660		3,010,424	
	HS and Associates Degrees	16,473	67.0%	961,435	59.8%	1,793,553	59.6%
	Bachelor's Degree or Higher	4,827	19.6%	372,321	23.2%	674,930	22.4%
PLACE OF WORK 	2019 Businesses	756		70,599		134,360	
	2019 Employees	4,826		655,209		1,319,595	

COMPARABLES: MEDICAL OFFICE BUILDING SALES WITHIN 30 MILES

				
	36450 Inland Valley Dr. Wildomar	23521 Paseo De Valencia Laguna Hills	2250 S. Main St. Corona	31775 De Portola Rd. Temecula
Date Sold	Subject	1/6/20	1/2/19	6/15/18
Sale Type	Investment	Investment	Investment	Investment
Purchaser	TBD	Healthcare Realty Trust Nashville	Global Medical REIT Bethesda	Rancon Real Estate Murrieta
Tenant(s)	Kaiser Foundation Health Plan; Vantage Oncology	20: Sea View Pediatrics, Senior Care Medical etc.	7: Citrus Valley Med. Assoc., Inland Heart Doctors etc.	1: Radnet Management
Built / Renovated	1993	1964 / 2012	2009	2018
Occupancy	95%	74%	100%	100%
Price	\$18,750,000	\$42,000,000	\$17,200,500	\$11,200,000
NOI	\$1,309,134	\$2,184,000	\$1,145,553	\$672,000
Cap Rate Actual	6.98%	5.20%	6.66%	6.00%
Cap Rate Proforma	n/a	7.03%	n/a	n/a
Property Size	56,801	88,538	41,803	25,000
Price/SF	\$330	\$474	\$411	\$448
Adjustments to Value				
Market Timing	-	0%	0%	5%
Location	-	-30%	-10%	0%
Age/Condition	-	0%	-10%	-15%
Quality/Build-out	-	0%	0%	0%
Occ./Tenant Mix	-	15%	0%	-5%
Total Adjust.	-	-15%	-20%	-15%
Adjusted Value	\$18,750,000	\$35,700,000	\$13,760,400	\$9,520,000
Adj. Value PSF	\$330	\$403	\$329	\$381
Notes	Located next to In- land Valley Regional Medical Center. Both tenants national credit			

				
	36450 Inland Valley Dr. Wildomar	44274 George Cushman Ct. Temecula	4244 Riverwalk Pky. Riverside	40700 California Oaks Rd. Murrieta
Date Sold	Subject	3/12/18	12/21/17	10/30/17
Sale Type	Investment	Investment	Investment	Investment
Purchaser	TBD	Cypress West Realty Partners Rancho Santa Margarita	FAEC Holdings Riverside	726 Devon Court, LLC Temecula
Tenant(s)	Kaiser Foundation Health Plan; Vantage Oncology	8: California Imaging, McKesson etc.	Loma Linda Med.; other medical users	Multi-medical local credit
Built / Renovated	1993	2002	2008	2003
Occupancy	95%	95%	79%	78%
Price	\$18,750,000	\$10,550,000	\$13,655,000	\$5,950,000
NOI	\$1,309,134	\$712,125	n/a	\$357,000
Cap Rate Actual	6.98%	6.75%	unreported	6.00%
Cap Rate Proforma	n/a	7.11%	n/a	n/a
Property Size	56,801	32,471	37,597	19,601
Price/SF	\$330	\$325	\$363	\$304
Adjustments to Value				
Market Timing	-	5%	10%	10%
Location	-	0%	-10%	0%
Age/Condition	-	-5%	-10%	-5%
Quality/Build-out	-	0%	0%	0%
Occ./Tenant Mix	-	0%	10%	15%
Total Adjust.	-	0%	0%	20%
Adjusted Value	\$18,750,000	\$10,550,000	\$13,655,000	\$7,140,000
Adj. Value PSF	\$330	\$325	\$363	\$364
Notes	Located next to In-land Valley Regional Medical Center. Both tenants national credit			

MARKET TRENDS

According to Costar data, the West Inland Empire contains 276 medical office buildings totaling 4.7 million square feet. Over the last three years the vacancy rate has moved from within a range of 4.0% to 5.6% and currently stands at 4.0%. Over this period 176,200 square feet of new MOB space was placed into service.

Focusing on Wildomar and the nearby cities of Murrieta and Temecula, there are 99 medical office building totaling approximately 1.98 million square feet, with a vacancy rate of 7.3%. Vacancy is down from 13.2 in Q1 2015 to 7.3%. Medical Office absorption could wane in coming months as the impact of the coronavirus pandemic weighs on demand, especially in medical offices. However, the West Inland Empire may be in a better position to weather the storm compared to the last recession, when speculative development competed with existing inventory. Average asking MOB rent has increased by 4.69% in the last two years and as of 2Q 2020 stood at \$ 26.76 psf/year gross.



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INLAND MEDICAL PLAZA

WILDOMAR, RIVERSIDE COUNTY, CALIFORNIA

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