

OFFERING MEMORANDUM
SATELLITE HEALTHCARE
OAKLAND, CALIFORNIA

 **Sutter Health**
Alta Bates Summit Medical Center



EXCLUSIVELY OFFERED BY:

CHRISTOPHER SHELDON
+1 415 677 0441
chris.sheldon@cushwake.com
CA LIC #01806345

TODD BEATTY
+1 408 615 3418
todd.beatty@cushwake.com
CA LIC #00976940

 **CUSHMAN &
WAKEFIELD**

Table of Contents

Investment Offering & Highlights	3
Investment Overview	4
Site Plan / Floor Plan	5
About the Tenant	7
Site Location / Aerials / Map	8
Oakland, California	11
Economy	12
Healthcare	13
Education	13
Transportation	14
San Francisco Bay Area	16
Property Demographics	17
Confidentiality & Disclaimer	18

CHRISTOPHER SHELDON
+1 415 677 0441
chris.sheldon@cushwake.com
CA LIC #01806345

TODD BEATTY
+1 408 615 3418
todd.beatty@cushwake.com
CA LIC #00976940



**SATELLITE
HEALTHCARE**

Investment Offering & Highlights

The Offering

- A 9,694± square foot freestanding medical office building with 10 onsite parking spaces leased to **SATELLITE HEALTHCARE** until January 31, 2028
- **Price: \$7,095,000 - 5.75% Cap Rate**

Leases / Tenant

- Satellite Healthcare corporate guaranty
- Long term net lease with 2.5% annual increases
- Tenant reimburses all expenses, including management and capital expenditures (on an amortized basis with 8% interest)
- Lease renewal options at Fair Market Value (not less than previous year's rent) with 2.5% annual increases thereafter

Real Estate / Area Strengths

- Rare San Francisco Bay Area single tenant net lease investment
- Irreplaceable location adjacent to Sutter Health Alta Bates Summit Medical Center
- Located on the hard corner of Telegraph Avenue and 34th Street
- Just off of Interstate 580 and Highway 24 - two major East Bay Area commuter freeways with massive traffic counts
- Over 500,000 people within a 3 mile radius with average household incomes of \$95,220
- Less than ½ mile from the MacArthur BART station with complimentary shuttle service to Sutter Health Alta Bates Medical Center
- In 2012, the interior was completely renovated and the exterior was fully upgraded including new parking lot



Investment Overview

Location

3330 Telegraph Avenue, Oakland, CA

Lot Size

Approximately 0.41 acres - 17,638± square feet

Improvements

Originally built in 1970 and fully renovated and upgraded in 2012, a 9,694± square foot freestanding **SATELLITE HEALTHCARE** medical office building with 10 onsite parking spaces.

Lease

Leased to **SATELLITE HEALTHCARE OAKLAND, LLC** for 13 years from January 1, 2015 until January 31, 2028. The current annual rent of \$407,969 increases by 2.5% annually. The lease is net with tenant responsible for reimbursing taxes, insurance and maintenance of the exterior premises, including capital expenditures to roof and structure on an amortized basis along with 8% interest. Tenant is also responsible for reimbursement of the management expense. There are three five-year options to renew at 95% of Fair Market Value (FMV), but no less than the previous year's rent. Thereafter the rent increases by 2.5% annually until the next option period.

Current Rent Per Square Foot

\$42.08 net per year - \$3.51 net per month

Annual Rent

Lease Years	Monthly Rent	Annual Rent	Return
12/01/16 - 11/30/17	\$33,997	\$407,969	5.75%
12/01/17 - 11/30/18	\$34,848	\$418,180	5.89%
12/01/18 - 11/30/19	\$35,719	\$428,623	6.04%
12/01/19 - 11/30/20	\$36,612	\$439,338	6.19%
12/01/20 - 11/30/21	\$37,527	\$450,322	6.35%
12/01/21 - 11/30/22	\$38,465	\$461,580	6.51%
12/01/22 - 11/30/23	\$39,427	\$473,119	6.67%
12/01/23 - 11/30/24	\$40,412	\$484,947	6.84%
12/01/24 - 11/30/25	\$41,423	\$497,071	7.01%
12/01/25 - 11/30/26	\$42,458	\$509,498	7.18%
12/01/26 - 11/30/27	\$43,520	\$522,235	7.36%
12/01/27 - 01/31/28	\$44,608	\$535,291	7.54%
02/01/28 - 01/31/33 (Option 1)	95% of FMV then 2.5% annually		
02/01/33 - 01/31/38 (Option 2)	95% of FMV then 2.5% annually		
02/01/38 - 01/31/43 (Option 3)	95% of FMV then 2.5% annually		

Price: \$7,095,000 - 5.75% Cap Rate

Site Plan

TELEGRAPH AVENUE

PATIENT
DROPOFF

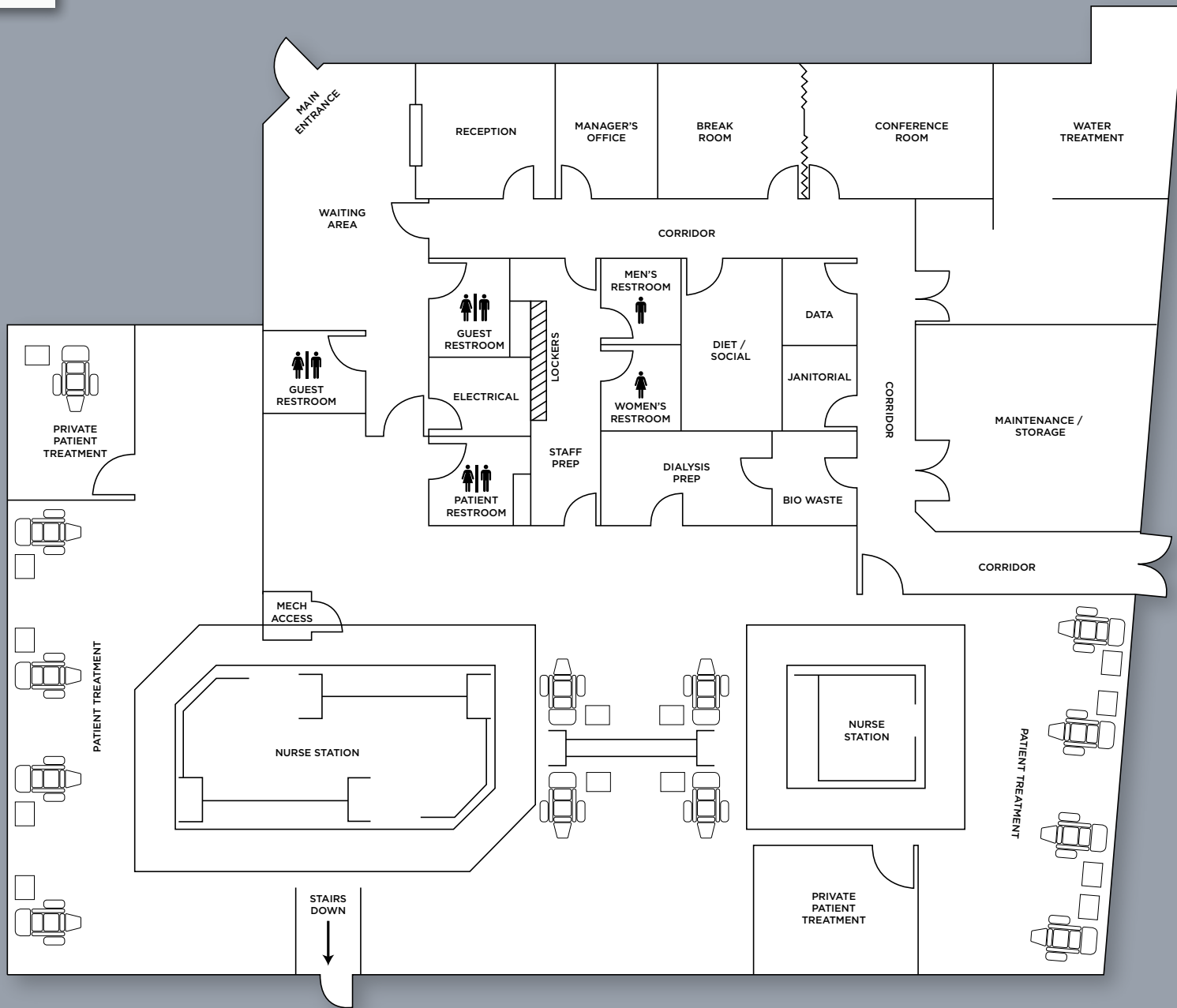
SATELLITE
HEALTHCARE

±9,694 SQ. FT.

34TH STREET



Floor Plan



About the Tenant

SATELLITE HEALTHCARE, INC. has been among the nation's leading not-for-profit providers of kidney dialysis and related services since 1974. Through its affiliated services, Satellite WellBound, Satellite Dialysis, and Satellite Research, Satellite Healthcare provides unparalleled early patient wellness education, personalized clinical services, and a complete range of dialysis therapy choices. In addition, Satellite Healthcare has a well-recognized, enduring commitment to philanthropy and community service, from funding millions of dollars in research grants to sponsoring kidney programs nationwide. Satellite is committed to advancing the standard of chronic kidney disease care so patients can enjoy a better life. Satellite Healthcare has over 1,700 employees across 80 locations across the U.S.

Satellite is recognized nationally as a major force in improving standards of patient care as well as increasing each patient's quality of life.

The company's research focuses on care delivery and process improvement that lead to findings that can rapidly be adopted and implemented across the CKD community. Satellite research initiatives seek to:

- Increase the number of patients dialyzing using home therapies (HHD and PD).
- Greatly reduce home dialysis drop-out rates.
- Advance quality treatment with in the context of excellent patient experience.
- Collaborate with like-minded organizations to create a future network focused on identifying innovative and leading practices.

For more information visit www.satellitehealth.com.

SATELLITE
HEALTHCARE

ELM STREET

HAWTHORNE AVENUE

34TH STREET

TELEGRAPH AVENUE



Site Location

The subject property is located on the northeast corner of Telegraph Avenue and 34th Street, less than one block away from Sutter Health Alta Bates Summit Medical Center, Samuel Merritt University, and just off the confluence of I-580 and Hwy 24. The MacArthur BART station is less than 1/2 miles north of the property. Sutter Health operates a shuttle bus from MacArthur BART to Samuel Merritt University and the Sutter Health Medical Center.

Sutter Health Alta Bates Summit Medical Center, a tertiary referral center, is the East Bay's largest private, not-for-profit medical center and an affiliate of Sutter Health.

Other neighboring tenants include Walgreens, CVS Pharmacy, Sprouts and Grocery Outlet.



140,000 CARS PER DAY



110,000 CARS PER DAY



Area Map



SAN FRANCISCO

OAKLAND
GLOBAL TRADE &
LOGISTICS CENTER

PORT OF
OAKLAND

WEST OAKLAND

OAKLAND
INTERMODAL

EMERYVILLE

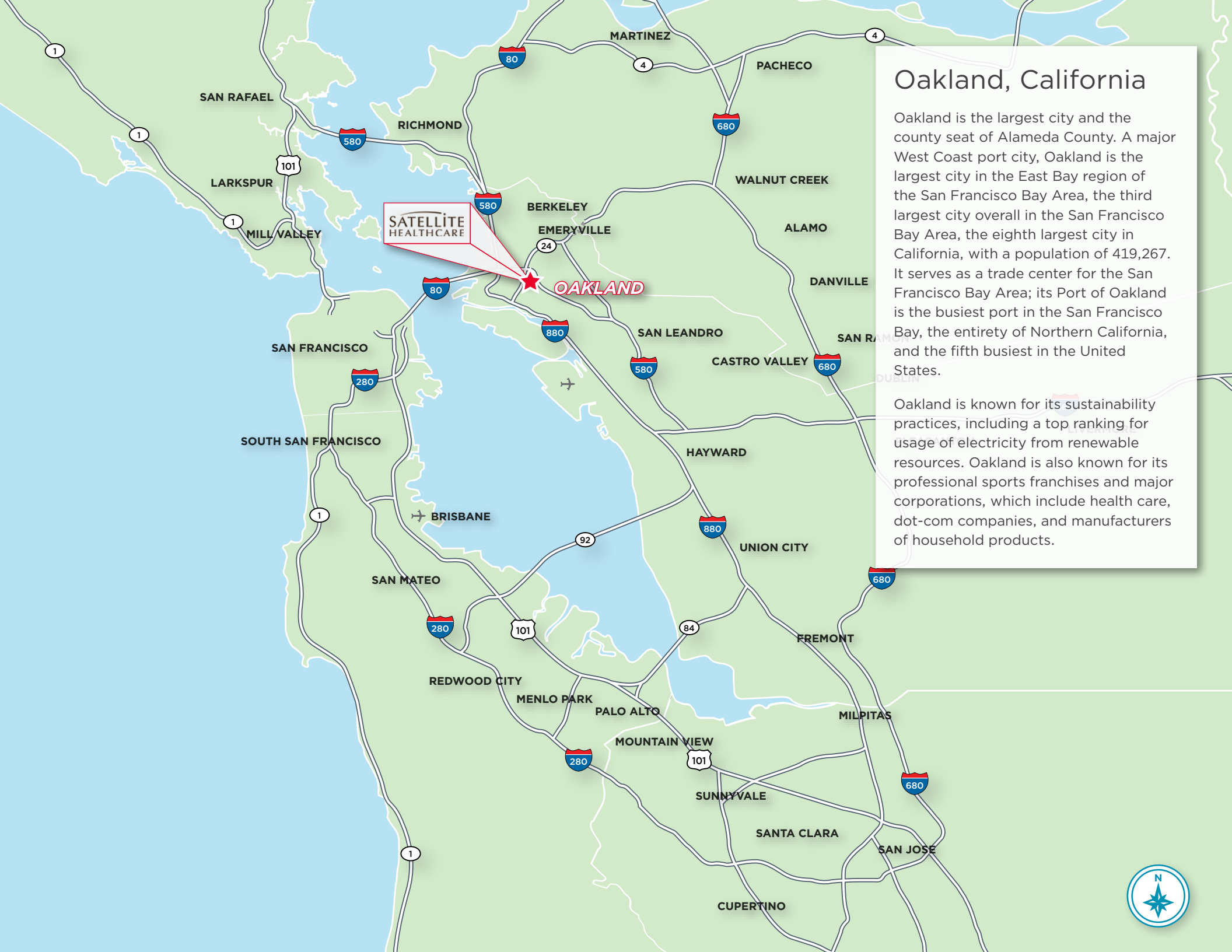
SATELLITE
HEALTHCARE

ALTA BATES
SUMMIT
(SUTTER
HEALTH)

KAISER
PERMANENTE

OAKLAND

LAKE
MERRITT



Oakland, California

Oakland is the largest city and the county seat of Alameda County. A major West Coast port city, Oakland is the largest city in the East Bay region of the San Francisco Bay Area, the third largest city overall in the San Francisco Bay Area, the eighth largest city in California, with a population of 419,267. It serves as a trade center for the San Francisco Bay Area; its Port of Oakland is the busiest port in the San Francisco Bay, the entirety of Northern California, and the fifth busiest in the United States.

Oakland is known for its sustainability practices, including a top ranking for usage of electricity from renewable resources. Oakland is also known for its professional sports franchises and major corporations, which include health care, dot-com companies, and manufacturers of household products.



Oakland, California

ECONOMY

Oakland is a major West Coast port, and the fifth busiest in the United States by cargo volume. The Port of Oakland handles 99% of all containerized goods moving through Northern California, representing \$41 billion worth of international trade. There are nearly 200,000 jobs related to marine cargo transport in the Oakland area. The Port of Oakland was an early innovator/pioneer in the technologies of Intermodal Containerized Shipping. The city is also home to several major corporations including Kaiser Permanente, Clorox, and Dreyer's ice cream, and retailer Cost Plus World Markets.

Tech companies such as Ask.com and Pandora Radio are located in Oakland, and in recent years many start-up high tech and green energy companies have found a home in the downtown neighborhoods of Uptown, City Center, Jack London Square and Lake Merritt Financial District. In 2014, Oakland was the fifth ranked city for tech entrepreneurs by total venture capital investment. In 2015 Uber announced plans to build and house 3,000 employees in a new office at the site of the old Sears building, which is being redeveloped with plans to open in late 2017.

Top employers in the city include:

COMPANY	# OF EMPLOYEES
Kaiser Permanente / Kaiser Foundation	12,150
Bay Area Rapid Transit (BART)	3,300
UCSF Children's Hospital Oakland	2,675
Alameda Health Systems (Highland Hospital)	2,230
Southwest Airlines	2,250
Sutter Hospitals, Medical Foundation & Support Services	2,250
University of California	1,750
US Parcel Service	1,425
Federal Express	1,350
Pandora	1,100



Oakland, California ^(cont)

HEALTHCARE

Originated in Oakland in 1945, **Kaiser Permanente** is the largest managed care organization in the United States and the largest non-governmental health care provider in the world. It is headquartered at 1950 Franklin Street in Downtown Oakland and maintains a large medical center in the Piedmont Avenue neighborhood.

As of December 31, 2016, Kaiser Permanente had 11.2 million health plan members, 199,320 employees, 21,584 physicians, 54,072 nurses, 38 medical centers, and 661 medical offices nationwide.

Oakland is also home to **Alta Bates Summit Medical**, a tertiary referral center a part of the Sutter Health network. Alta Bates is the East Bay's largest private, not-for-profit medical center with 944 beds, over 1,200 physicians on staff and over 4,400 employees.

Alta Bates Summit Medical Center offers comprehensive tertiary services designed to meet the needs of diverse communities. Services include 24-hour emergency care, minimally invasive surgery, high risk obstetrics, Level III Newborn Intensive Care Nursery, a Joint Commission accredited Regional Stroke Center, Joint Commission Gold Seal approved Hip Joint and Knee Joint Replacement, acute rehabilitation, diagnostic imaging, HIV/AIDS services, behavioral health, chemical dependency treatment, physical therapy, intensive care and laboratory services.

EDUCATION

Samuel Merritt University (SMU) educates students to become highly skilled and compassionate healthcare professionals who positively transform the experience of care in diverse communities. Originally founded in 1909, SMU is a fully accredited health sciences institution with campuses in Oakland, Sacramento and San Mateo (San Francisco Peninsula Campus). The University offers degrees in nursing, occupational therapy, physical therapy, physician assistant, and podiatric medicine. Samuel Merritt University offers three doctoral degree programs, including podiatric medicine, physical therapy and nursing practice.

Oakland, California (cont)

TRANSPORTATION

Airport

Oakland is serviced by **Oakland International Airport (OAK)** located 10 miles south of downtown Oakland. OAK is a focus city for Southwest Airlines and Allegiant Air. The airport is the Bay Area's second largest airport and California's fourth largest airport, with more than 11 million passengers passing through every year and 13 airlines offer nonstop service to a growing list of 55 international and domestic destinations.

Highway

The Oakland area is served by several major highways, including four Interstate freeways (I-80, 580, 880, and 980) and State Route 24.

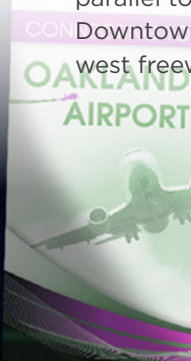
I-80 heads southeast from San Francisco and the Bay Bridge toward Hayward and the California Central Valley. I-580 (McArthur Freeway) is a heavily traveled spur route of I-80 running from San Rafael to I-5 near Tracy in the Central Valley. It provides a connection from the Bay Area to the southern San Joaquin Valley and Southern California via Interstate 5, as I-5 bypasses the Bay Area to the east. I-880 heads south through the greater East Bay area towards San Jose, where it connects with U.S. 101, running parallel to the western shore of San Francisco Bay. I-980 runs through Downtown Oakland from I-880 and becomes SR 24, a heavily traveled east-west freeway.

Public Transportation

The metropolitan area is served by **Bay Area Rapid Transit (BART)** from eight stations in Oakland, providing direct access to other Bay Area cities and service to and from Downtown Oakland to Oakland International and San Francisco International Airports.

Alta Bates Summit Medical Center provides a free shuttle service from MacArthur BART station to the Summit and Alta Bates campuses. The shuttle runs every 20 miles from 4:30 am to 9:00 pm.

Bus transit service in Oakland and the inner East Bay is provided by the Alameda and Contra Costa Transit District, AC Transit. Additionally, the Alameda / Oakland Ferry operates ferry service from Jack London Square to Alameda, San Francisco, and Angel Island.



San Francisco Bay Area

The San Francisco Bay Area is one of the most desirable regions in the world for institutional, private and off-shore investors. The combination of banks, financial services, high technology, leading biotechnology and life science companies, as well as nearly 50% of the country's annual investment capital is being allocated to Bay Area companies. The Bay Area economy continues to be diverse and will continue to experience strong growth. The area is home to more than 7 million people and consists of nine counties, 101 cities, and comprises 7,000 square miles. All of the region's nine counties touch the San Francisco Bay. The region is one of the most appealing places to live in the United States. It has a mild climate, a splendid natural setting, and an informed, sophisticated culture. Its geographic hub, San Francisco, is considered one of the most beautiful and cosmopolitan cities in the world and a famed destination for travelers.

INNOVATION HOTBED

The Bay Area has world-class research facilities and the venture capital to fund risky but potentially breakthrough ideas. Among the research centers that dot the region are federal institutions (like Lawrence Berkeley National Lab, Lawrence Livermore National Lab, NASA Ames Research Center, and Sandia National Labs), new state facilities (e.g., the California Institute of Regenerative Medicine for stem cell research, QB3, and CITRIS), renowned universities like Stanford, UC Berkeley, UC San Francisco, UC Davis, and UC Santa Cruz, and many private laboratories operating in advanced science fields.

California leads the nation in the number of doctorate-level scientists and engineers, small business innovation awards, patents, and federal, academic and industry R&D expenditure. The Bay Area contributes to this leadership. Several local universities rank in the top 20 in the United States as recipients of R&D funding from the National Science Foundation. The Bay Area is also home to the largest number of Top 10-ranked graduate programs among comparable regions.

The Bay Area is a rich pool for venture capitalists because of this fertility in ideas, its expertise at developing them, and its web of entrepreneurial and management talent. The region consumes a disproportionate share of the country's venture capital – both in absolute terms and as a percentage of local GDP. In fact, in 2015 the Bay Area received nearly 50% of all U.S. venture capital spending.

Bay Area companies also tend to gain venture capital earlier than firms elsewhere. The first round of financing usually comes 11.6 months after launch, compared to 16.6 months in Boston and the U.S. as a whole. In Silicon Valley, this swift access to venture capital is evident in every high-tech sector, from consumer and business services and electronics (each gaining funds 50% faster than the U.S. average) to software. As a result, local companies can obtain capital and move ideas and products into the marketplace faster than elsewhere.



Property Demographics

2016 Summary	1 mile	3 miles	5 miles	Projected 2021 Summary	1 mile	3 miles	5 miles
Population	49,903	257,443	502,510	Population	52,976	273,571	531,447
Households	24,684	116,477	209,098	Households	26,090	123,380	220,650
Families	8,389	50,351	102,341	Families	8,892	53,320	107,914
Average Household Size	1.93	2.15	2.30	Average Household Size	1.94	2.16	2.31
Owner Occupied Housing Units	4,853	37,339	77,536	Owner Occupied Housing Units	5,027	38,961	80,713
Renter Occupied Housing Units	19,831	79,138	131,562	Renter Occupied Housing Units	21,063	84,419	139,937
Median Age	37.1	37.7	37.1	Median Age	37.8	38.2	37.4
Median Household Income	\$46,400	\$56,184	\$59,795	Median Household Income	\$49,197	\$61,663	\$67,651
Average Household Income	\$68,776	\$92,971	\$95,220	Average Household Income	\$74,818	\$100,462	\$103,045



Confidentiality & Disclaimer

The information contained in this marketing brochure (“Materials”) is proprietary and confidential. It is intended to be reviewed only by the person or entity receiving the Materials from Cushman & Wakefield (“Agent”). The Materials are intended to be used for the sole purpose of preliminary evaluation of the subject property/properties (“Property”) for potential purchase.

The Materials have been prepared to provide unverified summary financial, property, and market information to a prospective purchaser to enable it to establish a preliminary level of interest in potential purchase of the Property. The Materials are not to be considered fact. The information contained in the Materials is not a substitute for thorough investigation of the financial, physical, and market conditions relating to the Property.

The information contained in the Materials has been obtained by Agent from sources believed to be reliable; however, no representation or warranty is made regarding the accuracy or completeness of the Materials. Agent makes no representation or warranty regarding the Property, including but not limited to income, expenses, or financial performance (past present, or future); size, square footage, condition, or quality of the land and improvements; presence or absence of contaminating substances (PCB's, asbestos, mold, etc.); compliance with laws and regulations (local, state, and federal); or, financial condition or business prospects of any tenant (tenants' intentions regarding continued occupancy, payment of rent, etc). A prospective purchaser must independently investigate and verify all of the information set forth in the Materials. A prospective purchaser is solely responsible for any and all costs and expenses incurred in reviewing the Materials and/or investigating and evaluating the Property.

By receiving the Materials you are agreeing to the Confidentiality and Disclaimer set forth herein.



SATELLITE
HEALTHCARE

3
3
3
0



SATELLITE
HEALTHCARE

EXCLUSIVELY OFFERED BY:

CHRISTOPHER SHELDON
+1 415 677 0441
chris.sheldon@cushwake.com
CA LIC #01806345

TODD BEATTY
+1 408 615 3418
todd.beatty@cushwake.com
CA LIC #00976940

