

OFFERING MEMORANDUM

100%

LEASED RETAIL / COVERED LAND PLAY IN

1741-1745 San Pablo Avenue
Oakland, CA
(AKA 579 18th Street)

UPTOWN OAKLAND



EXCLUSIVE AGENTS

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FINANCING ADVISOR

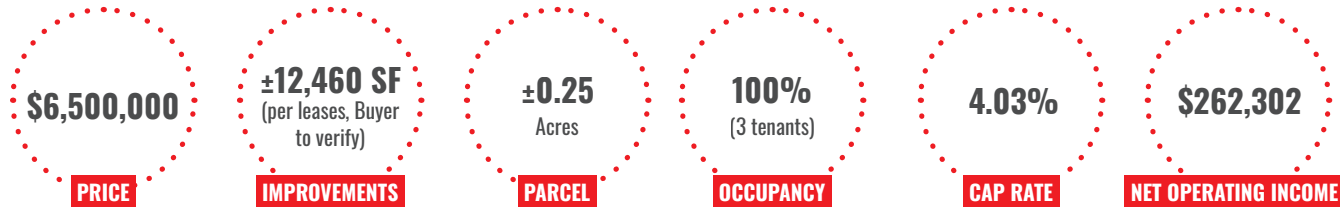
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PROJECT HIGHLIGHTS

1741-1745 San Pablo Avenue (AKA 579 18th Street) is a 100% leased retail and entertainment project located just three blocks from the 19th Street BART (Bay Area Rapid Transit) station in lively Uptown Oakland within the San Francisco Bay Area. The Property is anchored by the well-established New Parish concert venue (established 2009) and beloved Indian street food concept Curry Up Now (41 locations open or in development). The New Parish has hosted acts such as Dave Chappelle and Mos Def, and received the East Bay Express Readers' Poll Award for Best Nightclub in 2015.

Situated in the heart of the revitalized Uptown Oakland entertainment district, 1741-1745 San Pablo Avenue is surrounded by a diverse mix of popular restaurants, lively bars and thriving performance venues such as the Paramount Theater and recently-renovated Fox Theater. Rapidly becoming one of the Bay Area's hottest destinations, Downtown Oakland is exploding with new residential development (over 5,000 units under construction in the immediate area).

OFFERING SUMMARY



Uptown Oakland Location

Fantastic location in lively Uptown Oakland, a bustling neighborhood with many great restaurants, bars and entertainment venues.



BART

Just 3 blocks from the 19th Street BART (Bay Area Rapid Transit) station and related transit oriented development



Outstanding Demographics

Dense population with a population of 511,244 in a five mile radius and average household income of \$117,423.



Stable Investment with Upside

100% leased to 3 long term tenants with staggered lease expirations, scheduled rental increases and under market rent



Covered Land Play

Large 0.25-acre site with dense zoning offers long term future development potential

DEMOGRAPHICS 2019 ESTIMATE



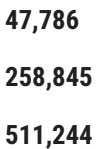
POPULATION



AVG HOUSEHOLD INCOME



AVG DAYTIME POPULATION



LOCATION

1741-1745 San Pablo Avenue // Oakland, CA

(AKA 579 18th Street)



17TH STREET

SAN PABLO AVE

OAKLAND ICE CENTER

FOX THEATER

TELEGRAPH AVE

LOCATION

1741-1745 San Pablo Avenue // Oakland, CA

(AKA 579 18th Street)

BROADWAY AVE

TELEGRAPH AVE

MARTIN LUTHER KING JR AVE

PARAMOUNT THEATER

1741-1745 SAN PABLO AVE

FOX THEATER

19TH STREET

CITY HALL / FRANK OGAWA PLAZA

12TH STREET

Lake Merritt



LOCATION

1741-1745 San Pablo Avenue // Oakland, CA

(AKA 579 18th Street)



Lake Merritt



Downtown
Oakland



PARAMOUNT THEATER

19TH STREET

SQUARE

FOX THEATER

1741-1745 SAN PABLO AVE

CITY HALL / FRANK OGAWA PLAZA

12TH STREET

BROADWAY AVE

TELEGRAPH AVE

SAN PABLO AVE

LOCATION

1741-1745 San Pablo Avenue // Oakland, CA

(AKA 579 18th Street)

17TH STREET

18TH STREET

SAN PABLO AVENUE

CITY PARKING

OAKLAND ICE TOWN



PROPERTY INFORMATION

Address: 1741-1745 San Pablo Ave
Oakland, CA 94612

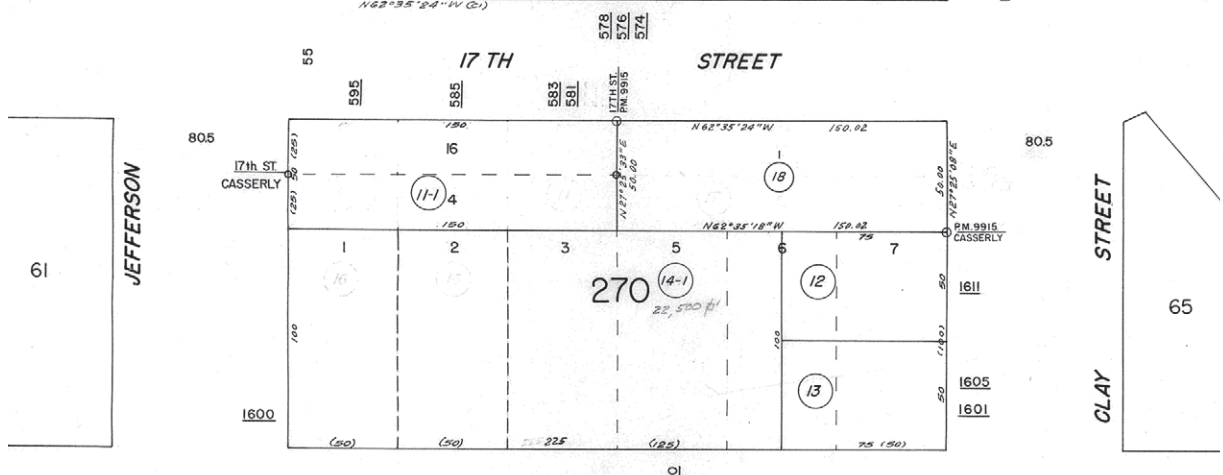
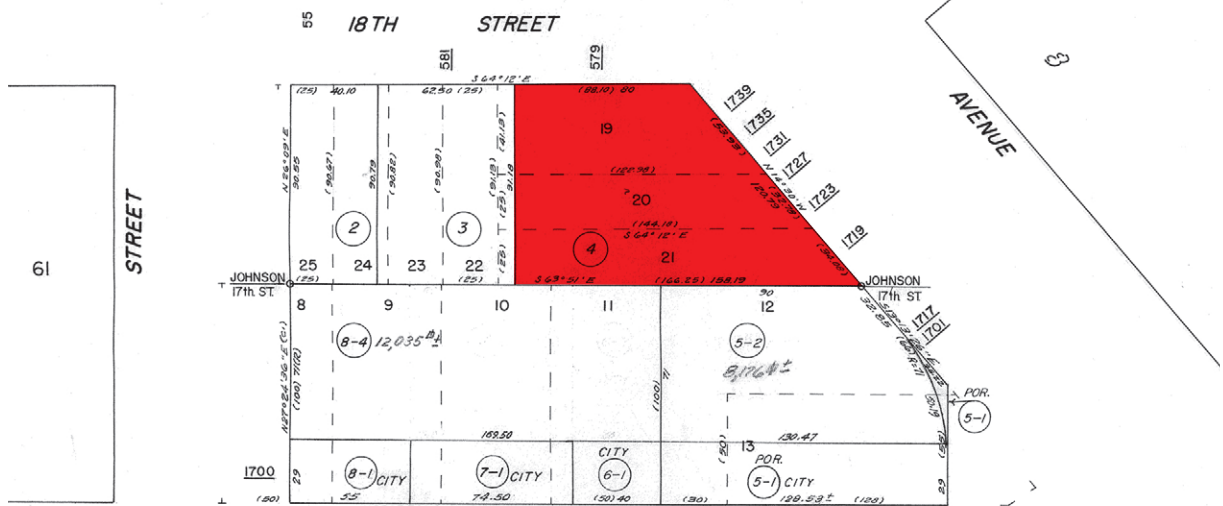
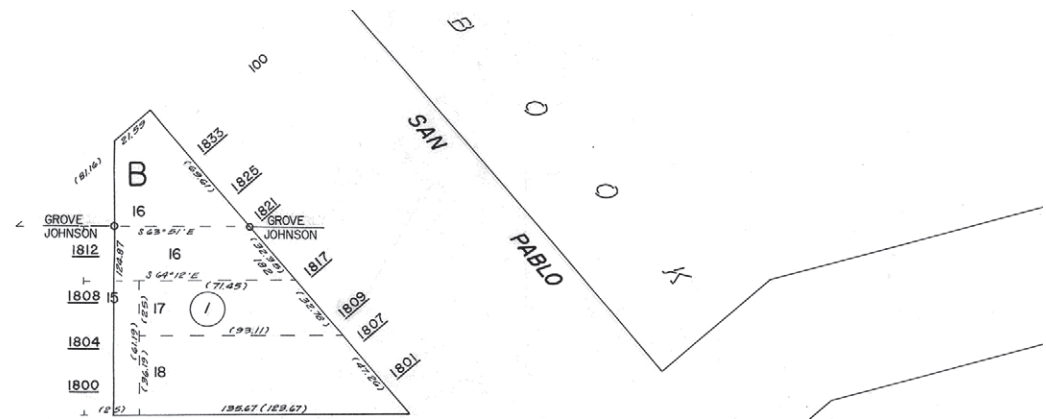
Address (per Title): 579 18th Street
Oakland, CA 94612

APN: 003-0063-004

Improvements: ±12,460 square feet (per leases, Buyer to verify)

Parcel: ±0.25 acres

Zoning: CBD-X (Height Area 6),
Maximum density: 90 square feet per unit.
Maximum F.A.R. of 20.0 to 1.0, no building height limit (minimum building height of 45'), and a 100% site coverage (Buyer to verify).



1741-1745 San Pablo Avenue // Oakland, CA

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FINANCIAL ANALYSIS

RENT ROLL

1741-1745 San Pablo Avenue // Oakland, CA

(AKA 579 18th Street)

| General Tenant Information | | Building | | Space Type | Rent | | Increases | | Expense Structure | Options | Increases | Assumptions |
|----------------------------|---|----------|--------|------------|----------|-----------|-----------|--------|----------------------------|---|---------------------------------------|--|
| | | SF | % | | S/Mo. | S/Year | Date | S/Mo. | | | | |
| Tenant Name | Amplifier | 1,480 | 11.88% | Retail | \$4,635 | \$55,618 | Jul-2019 | \$3.13 | Net Pro-Rata / Tax Only | (1) 5 Year Option | Fixed 3% | Small Tenant - \$3.00 NNN 75% Renewal / 6 Mos Downtime 5YR Term / 3% Increases TI: \$20.00 New / \$0.00 Renew LC: 6.0% New / 0.0% Renew Assume Exercise of Option |
| Suite # | 1741 | | | | | | Jul-2020 | \$3.23 | | | | |
| Lease Dates | 7/1/18-6/30/28 | | | | | | Jul-2021 | \$3.32 | | | | |
| Lease Term | 10 Years / Contract | | | | | | Jul-2022 | \$3.42 | | | | |
| | | | | | | | Jul-2023 | \$3.52 | | | | |
| | | Jul-2024 | \$3.63 | | | | | | | | | |
| | | | | | | | Jul-2025 | \$3.74 | | | | |
| | | | | | | | Jul-2026 | \$3.85 | | | | |
| | | | | | | | Jul-2027 | \$3.97 | | | | |
| Tenant Name | New Parish | 8,500 | 68.22% | Retail | \$14,500 | \$173,995 | Jan-2019 | \$1.71 | Net Pro-Rata/ TAX & UTL | (2) 5 YR Options ROFR - Ongoing Purchase Option 30-Day Reponse to Offer | Fixed \$500/Mo | Large Tenant - \$2.50 NNN 75% Renewal / 6 Mos Downtime 10YR Term / 3% Increases TI: \$20.00 New / \$0.00 Renew LC: 6.0% New / 0.0% Renew Assume Exercise of Both Options |
| Suite # | 1743 | | | | | | Jan-2021 | \$1.76 | | | | |
| Lease Dates | 7/1/18 - 6/30/23 | | | | | | Jan-2023 | \$1.82 | | | | |
| Lease Term | 5 Years / Contract | | | | | | | | | | | |
| Tenant Name | New Parish - Expansion | 480 | 3.85% | Retail | \$500 | \$6,000 | Jul-2019 | \$1.04 | Gross | Assume MTM Coterminous with Annual 3% Increases | | Large Tenant - \$2.50 NNN 75% Renewal / 6 Mos Downtime 10YR Term / 3% Increases TI: \$20.00 New / \$0.00 Renew LC: 6.0% New / 0.0% Renew MTM Lease Assume Expiration is Coterminous with 1743 Space |
| Suite # | 1743A | | | | | | Jul-2020 | \$1.07 | | | | |
| Lease Dates | 7/1/18 - 6/30/23 | | | | | | Jul-2021 | \$1.11 | | | | |
| Lease Term | Month-to-Month Assumed Co-Terminous w/1743 | | | | | | Jul-2022 | \$1.14 | | | | |
| Tenant Name | Curry Up Now | 2,000 | 16.05% | Retail | \$7,850 | \$94,200 | Nov-2018 | \$3.93 | Gross | (2) 5 YR Options | 1st @ Fixed 3% 2nd @ 95% FMV | Small Tenant - \$3.00 NNN 75% Renewal / 6 Mos Downtime 5YR Term / 3% Increases TI: \$20.00 New / \$0.00 Renew LC: 6.0% New / 0.0% Renew Assume Exercise of Both Options |
| Suite # | 1745 | | | | | | Nov-2019 | \$4.04 | | | | |
| Lease Dates | 11/1/16-10/31/21 | | | | | | Nov-2020 | \$4.16 | | | | |
| Lease Term | 5 Years / Contract | | | | | | | | | | | |

| Totals/Averages | SF | Occupancy | In-Place Rent |
|-----------------|--------|-----------|---------------|
| Occupied | 12,460 | 100.0% | \$27,484 |
| Vacant | 0 | 0.0% | \$329,813 |

FINANCIAL ANALYSIS

CASH FLOW ASSUMPTIONS

1741-1745 San Pablo Avenue // Oakland, CA

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| GENERAL ASSUMPTIONS | |
|--------------------------------------|------------|
| Category | Assumption |
| Cash Flow Projection Begin Date | 9/1/2019 |
| Projected Analysis Hold Period | 10 Years |
| Total Rentable Area | 12,460 |
| Occupancy | 100% |
| General Inflation per Annum | 3.0% |
| Market Rental Rate Growth per Annum | 3.0% |
| General Expenses Growth per Annum | 3.0% |
| Real Estate Tax Growth per Annum | 2.0% |
| General Vacancy (Excluded in Year 1) | 5.0% |
| Capital Reserves (S/RSF/YR) | \$0.00 |

| MARKET LEASING ASSUMPTIONS | | | |
|-----------------------------------|------------------|------------------|--|
| Category | Large Tenant | Small Tenant | |
| Rentable Area SF Applied to | 8,980 | 3,480 | |
| % Net Rentable Area | 72% | 28% | |
| Market Rent PSF/Month | \$2.50 | \$3.00 | |
| Renewal Market Rent PSF/Month | \$2.50 | \$3.00 | |
| Type of Lease | NNN | NNN | |
| Speculative Lease Term | 10 | 5 | |
| Escalations w/in Lease Term | Annual 3% | Annual 3% | |
| Probability of Tenant Retention | 75% | 75% | |
| Downtime on Vacancy Rollover | 6 months | 6 months | |
| TI Allowance PSF (New/Renewal) | \$20.00 / \$0.00 | \$20.00 / \$0.00 | |
| Leasing Commissions (New/Renewal) | 6.0% / 0.0% | 6.0% / 0.0% | |

| MARKET LEASING ASSUMPTIONS | | | | |
|----------------------------|-------------|---------------------------|---------------------------|--|
| FYE June 30 | Growth Rate | Large Tenant Rent PSF/Mo. | Small Tenant Rent PSF/Mo. | |
| 2020 | - | \$2.50 | \$3.00 | |
| 2021 | 3.0% | \$2.58 | \$3.09 | |
| 2022 | 3.0% | \$2.65 | \$3.18 | |
| 2023 | 3.0% | \$2.73 | \$3.28 | |
| 2024 | 3.0% | \$2.81 | \$3.38 | |
| 2025 | 3.0% | \$2.90 | \$3.48 | |
| 2026 | 3.0% | \$2.99 | \$3.58 | |
| 2027 | 3.0% | \$3.07 | \$3.69 | |
| 2028 | 3.0% | \$3.17 | \$3.80 | |
| 2029 | 3.0% | \$3.26 | \$3.91 | |

FINANCIAL ANALYSIS

CASH FLOW

| Year | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Year Ending August | YR1 \$/RSF | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Average Occupancy | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| REVENUE | | | | | | | | | | | |
| Rental Revenue | | | | | | | | | | | |
| Potential Base Rent | \$26.68 | 332,491 | 341,246 | 348,143 | 358,188 | 371,383 | 382,735 | 394,247 | 376,577 | 381,675 | 392,615 |
| Absorption & Turnover Vacancy | \$0.00 | - | - | - | - | - | - | - | - | - | - |
| Scheduled Base Rent | \$26.68 | 332,491 | 341,246 | 348,143 | 358,188 | 371,383 | 382,735 | 394,247 | 376,577 | 381,675 | 392,615 |
| Other Tenant Revenue | | | | | | | | | | | |
| Expense Recoveries | \$7.53 | 93,796 | 95,867 | 97,985 | 100,152 | 102,367 | 104,634 | 106,953 | 135,148 | 143,380 | 140,860 |
| Total Other Tenant Revenue | \$7.53 | 93,796 | 95,867 | 97,985 | 100,152 | 102,367 | 104,634 | 106,953 | 135,148 | 143,380 | 140,860 |
| Potential Gross Revenue | \$34.21 | 426,288 | 437,113 | 446,128 | 458,339 | 473,751 | 487,369 | 501,199 | 511,725 | 525,055 | 533,475 |
| Vacancy Allowance | \$0.00 | - | (21,856) | (22,306) | (22,917) | (23,688) | (24,368) | (25,060) | (25,586) | (26,253) | (26,674) |
| Effective Gross Revenue | \$34.21 | 426,288 | 415,257 | 423,822 | 435,422 | 450,063 | 463,000 | 476,139 | 486,139 | 498,802 | 506,801 |
| EXPENSES | | | | | | | | | | | |
| Operating Expenses | | | | | | | | | | | |
| TAX Millage (1.3666%) | \$7.22 | 90,013 | 91,814 | 93,650 | 95,523 | 97,433 | 99,382 | 101,370 | 103,397 | 105,465 | 107,574 |
| TAX Fixed/Special | \$0.22 | 2,766 | 2,822 | 2,878 | 2,936 | 2,994 | 3,054 | 3,115 | 3,178 | 3,241 | 3,306 |
| TAX Oakland Rental Tax (\$13.95/\$1,000) | \$0.48 | 5,947 | 6,098 | 6,223 | 6,394 | 6,609 | 6,799 | 6,992 | 7,139 | 7,325 | 7,442 |
| INS Property Insurance | \$1.12 | 13,921 | 14,339 | 14,769 | 15,212 | 15,668 | 16,138 | 16,622 | 17,121 | 17,635 | 18,164 |
| MGT Management Fee (4% EGR) | \$1.37 | 17,052 | 16,610 | 16,953 | 17,417 | 18,003 | 18,520 | 19,046 | 19,446 | 19,952 | 20,272 |
| UTL Utilities | \$2.29 | 28,560 | 29,417 | 30,299 | 31,208 | 32,145 | 33,109 | 34,102 | 35,125 | 36,179 | 37,264 |
| CLN Cleaning | \$0.09 | 1,122 | 1,156 | 1,190 | 1,226 | 1,263 | 1,301 | 1,340 | 1,380 | 1,421 | 1,464 |
| R&M Repairs & Maintenance | \$0.37 | 4,604 | 4,742 | 4,885 | 5,031 | 5,182 | 5,338 | 5,498 | 5,663 | 5,833 | 6,008 |
| Total Operating Expenses | \$13.16 | 163,985 | 166,997 | 170,848 | 174,947 | 179,297 | 183,641 | 188,084 | 192,448 | 197,050 | 201,494 |
| Net Operating Income | \$21.05 | 262,302 | 248,261 | 252,975 | 260,475 | 270,766 | 279,360 | 288,055 | 293,691 | 301,752 | 305,307 |

Notes: 1. Projected property tax expense reflects reassessment at list price of \$6,500,000 per California's Prop 13 legislation. / 2. Assume exercise of all tenant options, resulting in no effective tenant rollover through 10-year hold period.

TENANT PROFILES

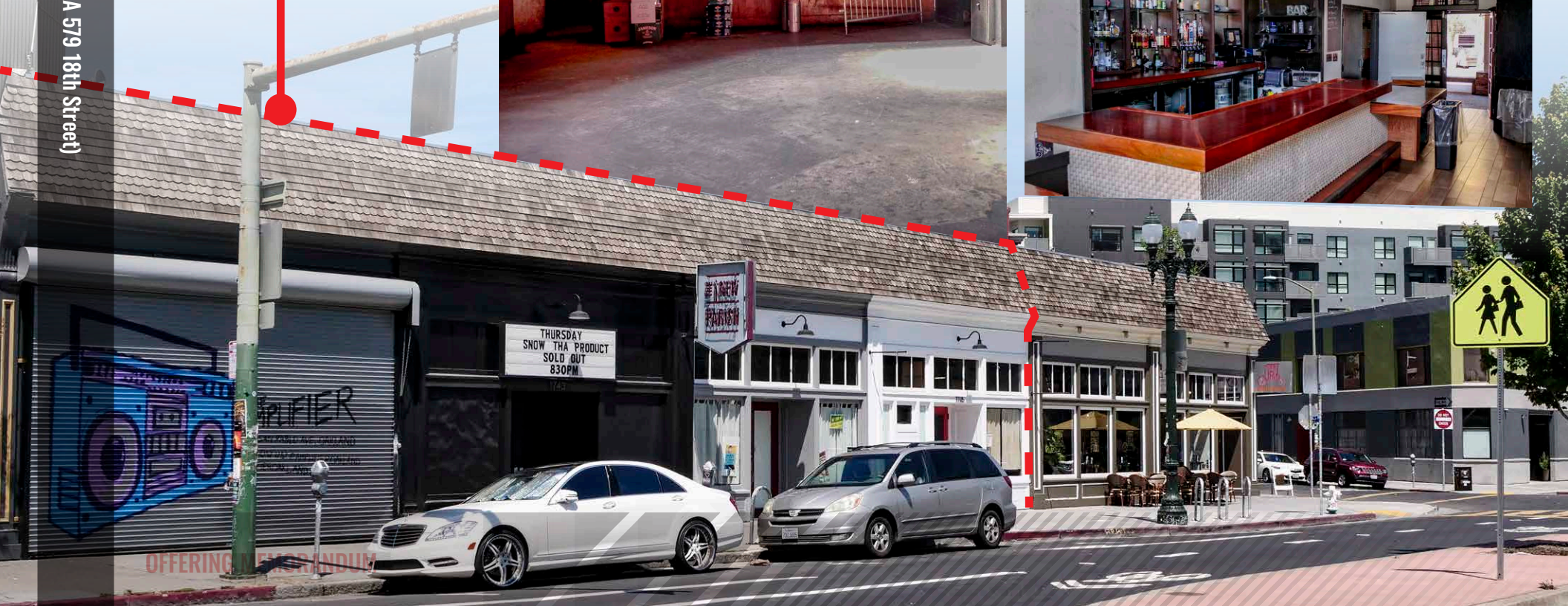
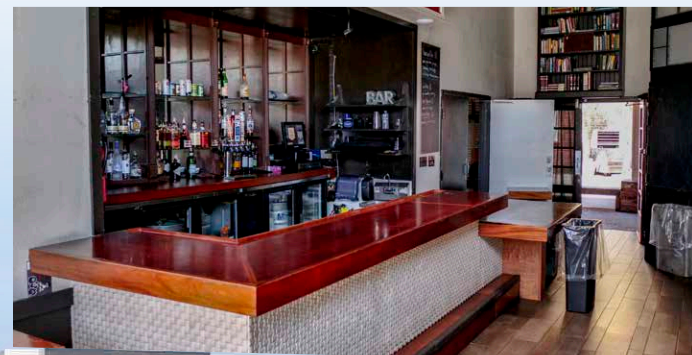
THE NEW PARISH

www.thenewparish.com

Established over 10 years ago, then New Parish is an intimate venue with bars, performance stages and an airy courtyard with palm trees, perfect for those warm spring days in Oakland. Musical performers range from heavy metal to underground hip-hop and a reggae show every Wednesday. The New Parish has hosted notable national acts such as Dave Chappelle, Mos Def and Wolfmother, but is also known for its devotion to booking local and up-and-coming East Bay acts.

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OFFERING MEMORANDUM

TENANT PROFILES

CURRY UP NOW

www.curryupnow.com

Established in 2009 Curry Up Now is a California-based concept pioneering innovative Indian fast casual cuisine. In 2018, Curry Up Now solidified multi-unit franchise deals in nearly every major region in the country, including the West Coast, Northeast, South, and the Mountain States. The brand currently has 41 franchised and corporate stores open and in varying stages of development across the country, including locations in Atlanta, GA; San Ramon, CA; Sacramento, CA; Irvine, CA; Salt Lake City, UT; and New Jersey, which are expected to open throughout 2019.

Fan-favorite menu items include their iconic tikka masala burritos, Deconstructed Samosa, Sexy Fries, and Naughty Naan, as well as a Street Snacks menu and traditional Indian Street Food menu. Ingredients are clean and sourced from local vendors whenever possible, and the menu is designed to support alternative diets in an effort to accommodate all guests no matter their dietary preferences.



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OFFERING MEMORANDUM

DISCLAIMER

This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation (DATE) of this Memorandum have remained the same. Analysis and verification of the information contained in this Memorandum are solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the Property will be made available upon written request of interested and qualified prospective purchasers. Seller and Agent each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property, and/or terminate discussions with any party at any time with or without notice. Seller reserves the right to change the timing and procedures for the Offering process at any time in Seller's sole discretion. Seller shall have no legal commitment or obligations to any party reviewing this Memorandum, or making an offer to purchase the Property, unless and until such offer is approved by Seller, and a written agreement for the purchase of the Property has been fully executed and delivered by Seller and the Purchaser thereunder.

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