

OFFERING MEMORANDUM
SATELLITE HEALTHCARE
STOCKTON, CALIFORNIA



SATELLITE
DIALYSIS

EXCLUSIVELY OFFERED BY:

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Investment Offering & Highlights

The Offering

- A 10,336± square foot freestanding medical office condominium with ample onsite parking spaces leased to **SATELLITE DIALYSIS OF STOCKTON** for 12 years.
- **Price: \$4,341,100 - 6.00% Cap Rate**

Leases / Tenant

- Long term net lease with 2.50% annual increases
- Satellite Healthcare, Inc. corporate guaranty
- Tenant reimburses taxes, insurance, and customary routine maintenance of the exterior premises, including roof, structure and parking lot
- Tenant responsible for the condominium association CAM charges, and a management fee of 5% of the base rent
- Lease renewal options at Fair Market Value with 2.50% annual increases thereafter

Real Estate / Area Strengths

- Rare Northern California long term single tenant net lease investment opportunity with annual rent increases
- Strategic north central Stockton location just off the busy intersection of West Lane and March Lane
- Excellent frontage and visibility along the high traffic arterial of E March Lane with over 38,000 cars per day
- Located within the Weber Ranch Professional Park, a state-of-the-art medical office development with neighboring tenants such as Sutter Health, Dignity Health, Quest Diagnostics, among numerous others
- Strong fundamentals with rent at market rate
- Nearly 322,000 people within a 5 mile radius with average household income of \$75,790
- Established location for Satellite since 2007



Investment Overview

Location

1801 E. March Lane, Suite A100, Stockton, CA in the Weber Ranch Professional Park

Improvements

Built in 2006, a 10,336± square foot freestanding medical office condominium with ample onsite parking.

Lease

Leased to **SATELLITE DIALYSIS OF STOCKTON, LLC**, and guaranteed by **SATELLITE HEALTHCARE, INC.**, for 12 years expiring May 31, 2030. The initial annual rent of \$260,467 increases by 2.50% annually. The lease is net with the tenant responsible for reimbursing taxes, insurance, and customary routine maintenance and repair of the premises, including roof, structure and parking lot. Capital improvement expenditures in excess of \$10,000 are reimbursed by the tenant on an amortized basis over the useful life according to generally accepted accounting principles (GAAP). The tenant is directly responsible for HVAC maintenance and replacement costs up to \$15,000. The tenant is also responsible for reimbursing the condominium association CAM charges, and a management fee of 5% of the base rent. There are two five-year options to renew the lease at 95% of Fair Market Value (FMV), but not less than the previous year's rent. Thereafter the rent increases by 2.50% annually.

Current Rent Per Square Foot

\$25.20 net per year - \$2.10 net per month

Annual Rent

Lease Years	Monthly Rent	Annual Rent	Return
Year 1	\$21,705.60	\$260,467	6.00%
Year 2	\$22,222.40	\$266,669	6.14%
Year 3	\$22,842.56	\$274,111	6.31%
Year 4	\$23,359.36	\$280,312	6.46%
Year 5	\$23,979.52	\$287,754	6.63%
Year 6	\$24,599.68	\$295,196	6.80%
Year 7	\$25,219.84	\$302,638	6.97%
Year 8	\$25,840.00	\$310,080	7.14%
Year 9	\$26,460.16	\$317,522	7.31%
Year 10	\$27,080.32	\$324,964	7.49%
Year 11	\$27,803.84	\$333,646	7.69%
Year 12	\$28,527.36	\$342,328	7.89%
Years 13 - 17 (Option 1)	95% of FMV then 2.5% annually		TBD
Years 18 - 22 (Option 2)	95% of FMV then 2.5% annually		TBD

Price: \$4,341,100 - 6.00% Cap Rate

Site Plan

BUILDING D

BUILDING B

WEBER RANCH
PROFESSIONAL PARK

BUILDING C

SATELLITE
HEALTHCARE
±10,336 SF

BUILDING A

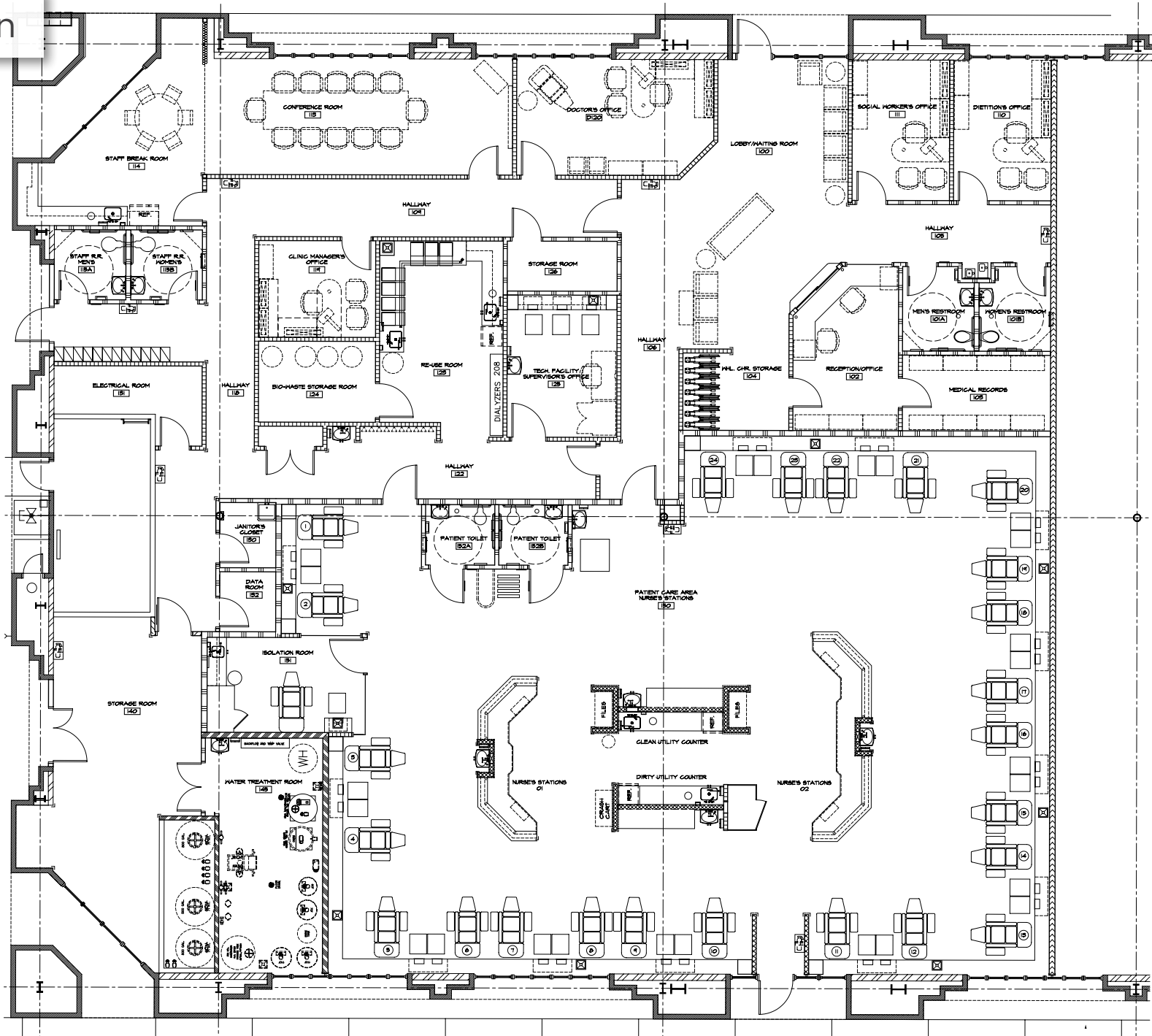
E BIANCHI ROAD

**WinCo
FOODS**

E MARCH LANE



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.

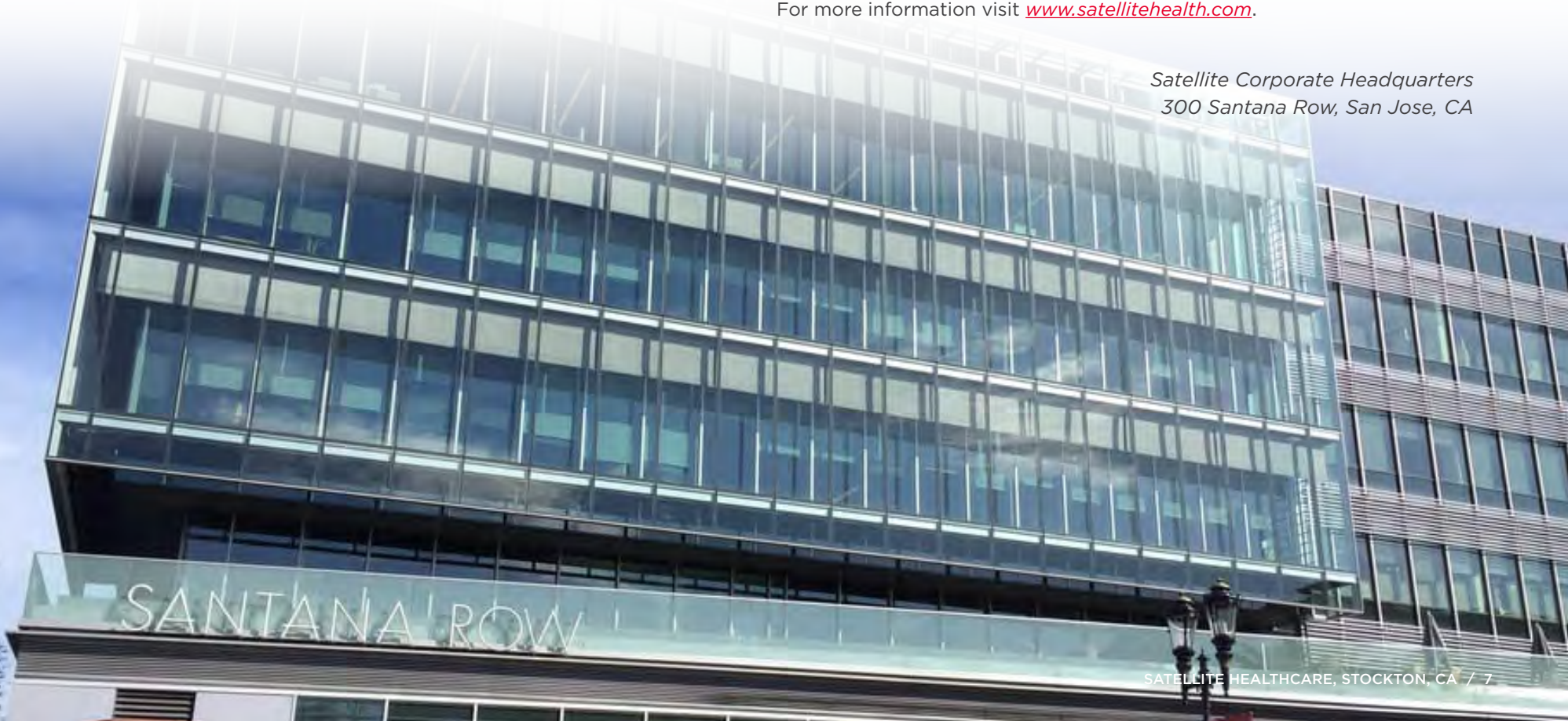
Satellite is recognized nationally as a major force in improving standards of patient care as well as increasing each patient's quality of life.

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 Corporate Headquarters
300 Santana Row, San Jose, CA*



42,200
CARS PER DAY

jcpenney
Dillard's

Sears
OLD NAVY

macys
HomeGoods

BEAT
DICK'S

STONE CREEK
VILLAGE SHOPPING
CENTER

PACIFIC AVENUE

TARGET

WEBERSTOWN MALL

SHERWOOD MALL

FOOD 4 LESS

IN-SHAPE
HEALTH CLUBS

CALAVERAS SQUARE
SHOPPING CENTER

CRUNCH

Walmart

VILLAGE AT
WEBER RANCH

CVS

Davita

E MARCH LANE

Dignity Health
Medical Foundation

SATELLITE
HEALTHCARE

BIANCHI ROAD

MONTAUBAN AVE

38,418
CARS PER DAY

WinCo
FOODS

SOUTH WEST VIEW

LODI

WAL*MART
SUPERCENTER

LOWE'S

THE HOME
DEPOT

16,200
CARS PER DAY

THE STOCKTON
AUTO MALL

HOLMAN ROAD

38,418
CARS PER DAY

WinGo
FOODS

MONTAUBAN AVENUE

MARCH LANE

Chevron

BIANCHI ROAD

SATELLITE
HEALTHCARE

NORTH EAST VIEW

Walgreens

NORMANDY VILLAGE CENTER

KAISER PERMANENTE MEDICAL OFFICES

COSTCO WHOLESALE

REGAL ENTERTAINMENT GROUP

35,487 CARS PER DAY

WEST LANE

SATELLITE HEALTHCARE

38,418 CARS PER DAY

MONTAUBAN AVE

WinCo FOODS

E MARCH LANE

Chevron

NORTH WEST VIEW

SATELLITE
HEALTHCARE

E MARCH LANE

WEST LANE

W MARCH LANE

5

SUTTER GOULD
MED FOUNDATION

ST. JOSEPHS
MEDICAL CENTER

SAN JOAQUIN
GENERAL HOSPITAL

DAMERON HOSPITAL
AND DELTA VALLEY
CONVALESCENT

N AIRPORT WAY

4



Local Area Map

RINDGE TRACT

ROUGH AND READY ISLAND

ROBERTS ISLAND



THORNTON ROAD

W HAMMER LANE

E HAMMER LANE

PACIFIC AVENUE

WEST LANE

E MARCH LANE

MORADA

AUGUST

GARDEN ACRES

KENNEDY

S AIRPORT WAY

S ELDORADO STREET

STOCKTON METRO AIRPORT

FRENCH CAMP

ARCH ROAD

E MARIPOSA ROAD

1801 E MARCH LN
BUILDING A

5

99

88

26

4

4

4

99

26



Stockton, California

The City of Stockton (population of 300,899), the county seat of San Joaquin County, is one of California's fastest growing communities. Stockton is currently the 13th largest city in California with a dynamic, multi-ethnic and multi-cultural population. The city is located on the San Joaquin River, in the northern farmland of San Joaquin Valley, a sub region of the Central Valley. The city is located 83 miles east of San Francisco and 50 miles south of Sacramento. In and around Stockton are thousands of miles of waterways which make up the California Delta.

Stockton is located along Interstate 5, State Route 99, inland California's major north-south highways, and State Route 4 - amid the farmland of the Central Valley. State Route 4 and the dredged San Joaquin River connect the city with the San Francisco Bay Area to its west. Due to its location at the "crossroads" of the Central Valley and a relatively extensive highway system, Stockton is easily accessible from virtually anywhere in California.



Stockton, California^(CONT)

ECONOMY

Historically an agricultural community, Stockton's economy has since diversified to include telecommunications and manufacturing companies along with the development of hospitality and tourism venues.

The Port of Stockton is largest fully operating inland seaport on the West Coast, approximately 75 nautical miles east of the Golden Gate Bridge in San Francisco. Set on the San Joaquin River, the port operates a 2,000 acres transportation center with berthing space for 17 vessels up to 900 ft. in length. The Port of Stockton has 120 tenants and is served by BNSF & UP Railroads. The port also includes 1.1 million square feet of dockside transit sheds and shipside rail trackage and 7.7 million square feet of warehousing.

The Waterfront Events Center is part of a massive revitalization project that will include a marina, high-rise condominiums, and the Downtown Transit Center. The center includes Stockton Arena, Banner Island Ballpark, a Sheraton Hotel and Conference Center, and commercial/retail space.

The Stockton Arena is a 10,000-seat indoor arena used primarily for ice hockey, indoor soccer and arena football. It was announced in January 2015 that the Stockton Arena will be home to the Stockton Heat of the American Hockey League.

The Banner Island Ballpark, a 5,300-seat baseball stadium, is home to the Stockton Ports, a minor league affiliate to the Oakland Athletics in the North Division of the Class A - Advanced California League.

EDUCATION

The University of the Pacific ("Pacific") moved to Stockton in 1924 from San Jose. This non-profit university is the only private school in the United States with less than 10,000 students enrolled to offer eight different professional schools and offers a large number of degree programs. In addition to its liberal arts college, and its schools of education, engineering, business, international studies and music, it has three professional graduate schools: the School of Dentistry in San Francisco, the School of Law in Sacramento, and the school of Pharmacy and Health Sciences located in Stockton. Pacific offers more than 100 academic programs and more than 60 undergraduate degrees. Pacific has an administrative staff of 966, 3,457 undergraduates and 2,739 postgraduates.

- Other schools located in the Stockton area include:
- National University (the second largest private university in the state);
- San Joaquin Delta College, features Distance Learning Education and Internet Classes. Additional sites are being set up to expand access to education in distant locations;
- California State University, Stanislaus established a Stockton campus on the grounds of the former Stockton State Hospital. The hospital was the first state mental institution in California;
- Humphreys College and School of Law (which has its main campus in Stockton and a branch campus in Modesto, California),
- Kaplan College of Stockton;
- Christian Life College is a private four-year Bible college offering Associate and Bachelor of Arts degrees in Bible and Theology or Christian Music;
- MTI Business College;
- UEI College

Stockton, California^(CONT)

TRANSPORTATION

Highways

Due to its location at the “crossroads” of the Central Valley and a relatively extensive highway system, Stockton is easily accessible from virtually anywhere in California. Interstate 5 and State Route 99, California’s major north-south thoroughfares, pass through the city limits. The east-west highway State Route 4 also passes through the city, providing access to the San Francisco Bay Area as well as the Sierra Nevada and its foothills to the east. The San Joaquin River connects the city with the Sacramento Delta and the San Francisco Bay Area to its west. Stockton is the western terminus of State Route 26 and State Route 88, which extends to the Nevada border. In addition, Stockton is within an hour of Interstate 80, Interstate 205 and Interstate 580.

Rail

Stockton is connected to the rest of the nation through a network of railways. Amtrak and Altamont Commuter Express (ACE) both make stops in Stockton, with Amtrak providing passenger access to the rest of the nation. Union Pacific and BNSF Railway, the two largest railroad networks in North America both service Stockton and its port via connections with the Stockton Terminal and Eastern Railroad and Central California Traction Company, who provide local and interconnecting services between the various rail lines. Recently, BNSF Railway opened a much needed \$150 million intermodal freight transport facility in southeast Stockton, which satisfies long-haul transportation needs.

Air

Stockton is served by Stockton Metropolitan Airport (SCK), located on county land just south of city limits. Daily non-stop service to and from Las Vegas, NV and Phoenix-Mesa, Arizona is provided by Allegiant Air.

The nearest international airport is Sacramento International Airport (SMK) located off of Interstate 5 approximately 58 miles north of Stockton. In 2014, SMF handled 8,971,526 passengers. Domestic service is provided by all the big carriers. Oakland International Airport (OAK) and San Francisco International Airport (SFO) are approximately 67 and 85 miles from Stockton, respectively.



Sacramento, California

Sacramento, the state capital of California, is located along the Sacramento River and just south of the American River's confluence in California's expansive Central Valley. With a current population of 537,354, it is the sixth largest city in California and the 35th largest city in the United States. Sacramento is the core cultural and economic center of the Sacramento Metropolitan Area which includes seven counties and has a combined population of over 2,927,000.

ECONOMY

Setting the course for a dynamic future, Sacramento is fueling its economic development efforts in innovative industry sectors including clean technology, agriculture, and life sciences and health services. Sacramento serves as the state capital, making the government sector important to the region's economy. During the past three decades, however, the local economy has diversified considerably, and government jobs now comprise just 25 percent of total employment, compared with 40 percent in 1970. The government sector is expected to grow by 0.7 percent annually through 2020. Businesses headquartered in the area include Sutter Health, Blue Diamond Growers, Teichert, and The McClatchy Company, with significant operations for Dignity Health and Kaiser Permanente also located in the area. Regional higher education institutions - California State University, Sacramento; University of California, Davis (along with the world-renowned UC Davis Medical Center in the city); University of the Pacific McGeorge School of Law and three community colleges within the county - offer opportunities for internships, technology transfer, and contribute substantially to the quality of the region's labor pool.

The city's major employers are widely dominated by the local and state government and local health systems. The geographic location, qualified workforce, lower cost of living, access to government and higher education, quality of life, amenities and cultural offerings are all key ingredients that make Sacramento the place to be.

Major employers in the area include:

- State of California
- Sacramento County
- UC Davis Health System
- Dignity/Catholic Healthcare
- Intel
- Kaiser Permanente
- Sutter Health
- Sacramento City Unified School District

EDUCATION

California State University, Sacramento, is the largest university in the city and one of 23 campuses in the California State University system. Drexel University Sacramento and the University of the Pacific McGeorge School of Law are in Sacramento. In addition, the University of California, Davis, is in nearby Davis, 15 miles west of the capital. The UC Davis Medical Center, a world-renowned research hospital, is located in the city of Sacramento. The Los Rios Community College District consists of several two-year colleges in the Sacramento area - American River College, Cosumnes River College, Sacramento City College, Folsom Lake College, plus a large number of outreach centers for those colleges. Sierra College is on the outskirts of Sacramento in Rocklin.



Sacramento, California^(cont)

TRANSPORTATION

Due to its central location between the Bay Area and Nevada border, the Greater Sacramento is a key transportation hub into Northern California. While the region doesn't have an extensive public transportation system as the two larger metropolitan areas of California, Greater Los Angeles and the San Francisco Bay Area, Greater Sacramento has had an earlier history of public mass transit and is served by a vast freeway system. Sacramento is served by numerous highways. Five highways merge together in the Capital City Corridor, serving the immediate downtown Sacramento area. The major freeways of the Greater Sacramento area are Interstate 80, U.S. Route 50, Interstate 5 and California State Route 99, which serve the northern Tahoe area, southern Tahoe area, and valley areas respectively as well as forming the Capital City Corridor along with Interstate 80 Business. The main airport servicing Greater Sacramento is the Sacramento International Airport north of downtown while the Sacramento Mather Airport, Sacramento Executive Airport and Minden-Tahoe Airports provide general aviation. The Reno- Tahoe International Airport in Reno provides more direct access to Lake Tahoe than Sacramento International. For a wider range of destinations, residents travel down to San Francisco International Airport, the largest airport in Northern California and 10th largest in the United States.

PARKS AND RECREATION

Sacramento boasts an extensive park system consisting of over 5,000 acres of parkland and recreation centers. The city features a collection of smaller parks in the Downtown districts, including Crocker Park, Pioneer Landing and Southside Park. Popular parks outside the central core include American River Parkway which spans 23 miles along the American River, and William Land Park.



Property Demographics

2017 Summary	1 mile	3 miles	5 miles
Population	27,817	157,565	306,340
Households	7,710	49,444	97,080
Families	5,829	34,336	68,469
Average Household Size	3.58	3.10	3.09
Owner Occupied Housing Units	3,642	23,237	48,638
Renter Occupied Housing Units	4,068	26,207	48,442
Median Age	30.1	31.9	32.8
Median Household Income	\$40,398	\$42,069	\$46,174
Average Household Income	\$57,115	\$60,261	\$67,136

2022 Summary	1 mile	3 miles	5 miles
Population	29,611	165,734	321,207
Households	8,153	51,658	101,084
Families	6,156	35,835	71,212
Average Household Size	3.61	3.13	3.12
Owner Occupied Housing Units	3,801	24,075	50,217
Renter Occupied Housing Units	4,352	27,583	50,868
Median Age	30.7	32.5	33.4
Median Household Income	\$41,084	\$43,575	\$48,558
Average Household Income	\$64,283	\$68,079	\$75,790



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