



1025 COUNTRY CLUB DR,
MORAGA, CA 94556

OFFERING MEMORANDUM

800+
LOCATIONS

5.50%
CAP RATE

6.25 YEARS
TERM REMAINING

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A photograph of a modern house with a large tree and a blue overlay. The house is partially obscured by the tree and the overlay. The text "EXECUTIVE OVERVIEW" is centered in the image.

EXECUTIVE OVERVIEW

INVESTMENT HIGHLIGHTS



PROPERTY HIGHLIGHTS

- **E-Commerce & Recession-Resistant Property** – Veterinary properties are extremely sought-after investments for their resistance to downturns in the economy and e-commerce trends that affect traditional retail properties
- **Strong Performance History** – VCA Hospital acquired the practice in 2015 because of the site's strong performance
- **Tenant Investment in Location** – Veterinary Clinics rarely relocate due to difficulty retaining the same patients in a new location, and high costs of moving
- **Very Passive Lease Structure** – This investment offers investors a potential investor a very passive “hands-off” investment
- **Inflation-Protected Lease Structure** – Lease Features 2% Annual Increases throughout base term and options



LOCATION HIGHLIGHTS

- **Strong Real Estate Fundamentals** – Property is surrounded by a strong list of national tenants that includes Safeway, McCaulou's, Chevron, Bank of America, Orchard Supply Hardware, Wells Fargo Bank, and Moraga Shopping Center amongst many others.
- **Close Proximity to Private CA College** – Subject Property sits less than 2-miles from Saint Mary's College, one of the top Private Colleges in California.
- **Ideal Location** – more than 128,820 residents within a 5-mile Radius, with an average household income of \$224,996 within a 1-mile Radius.
- **Rapidly Expanding Market** – Within a 1-mile radius of the subject property, the population grew over 11.21% in the past eight years alone and is projected to grow another 2.25% by 2024!



TENANT HIGHLIGHTS

- **Subsidiary of VCA & Mars, Inc.** – In 2016, Companion Animal Practices of North America (VCA Hospital), sold 100% of the company to the largest veterinary operator in the United States – VCA, which brings VCA Hospital into the Mars, Inc. family - 7th largest privately-owned company in **the country perfectly Positioned Industry** – Baby Boomers and Millennials are the largest population block in the United States and own the most pets. 84.6 Million Households own a pet in the United States
- **Robust Industry Growth** – The global veterinary services market size is expected to reach \$142 Billion by 2025, with a CAGR of 5.6% during that period. Consumers spent over \$72 Billion on their pets in 2018 and that number is expected to grow to \$75 Billion in 2019

An aerial photograph of a suburban neighborhood. In the foreground, there's a mix of residential houses, some with large lawns, and a few commercial buildings. A road with a parking lot is visible. The middle ground is filled with more houses and trees. In the background, a large, densely forested hill rises under a clear blue sky with some light clouds. The overall scene is bright and sunny.

FINANCIAL OVERVIEW



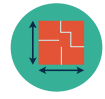
\$1,180,800

LIST PRICE



5.50%

CAP RATE



\$64,905

NOI



±2,316 SF

GLA



±0.30 AC

LOT SIZE



1972

YEAR BUILT

TENANT SUMMARY

Tenant Name	VCA Hospital
Lease Guarantor	Corporate
Lease Type	NNN
Original Lease Term	10 Years
Lease Commencement Date	11/17/15
Lease Expiration Date	11/17/25
Term Remaining	± 6.25 Years
Increases	2% annually
Options	Two, 5-Year Options



ANNUALIZED OPERATING SUMMARY

	MONTHLY	ANNUAL	CAP RATE
VCA Hospital	\$5,412.00	\$64,905.00	5.50%
Total	\$5,412.00	\$64,905.00	5.50%



SURROUNDING TENANTS





An aerial photograph of a large, modern building with a flat roof and a parking lot, surrounded by trees and a blue overlay. The building has a long, rectangular shape with a flat roof. There are several air conditioning units on the roof. A silver SUV is parked in the lot. The building is surrounded by lush green trees. A blue overlay is applied to the entire image.

TENANT OVERVIEW

VCA

VCA is committed to continuously improving the standard of care for animal hospitals and for veterinary medicine as a whole. They do it through our flagship Advanced Veterinary Care Centers, our National Medical Board and Chief Medical Officer, and through the compassionate, high-quality primary care they provide at nationwide of over 750 hospitals.

VCA has 65 Specialty Hospitals with over 525+ Board Certified Specialists who provide services in oncology, dentistry, surgery, orthopedics, diagnostic imaging, stem cell therapy, and more. VCA Specialty Hospitals attract some of the nation's most talented veterinarians and serve as a primary training ground for the industry's next generation of veterinary specialists. Board-certified specialists also provide training and resources that are open to every veterinarian in the community, whether they work for VCA or not.

WWW.VCAHOSPITALS.COM



PET HEALTH IS DRIVING INDUSTRY GROWTH

With pet health as the foremost pet market driver, veterinarians today are more potent than ever, with 76 percent of dog and cat owners agreeing that “vet recommendation is important to me in the pet foods I buy,” and 71 percent agreeing that “the most important consideration when buying pet medications is medical advice from a veterinarian.” Nor is the influence of veterinarians limited to pet food and medications, with myriad brands of grooming products, supplements and even cat litter directly benefiting from veterinarians’ R&D input and direct or tacit blessing. Given these trends and statistics, it comes as little surprise that some of the pet industry’s biggest players are doubling down on all things veterinary, in some cases more or less betting the house.

The world’s largest pet food maker, Mars, has been on a veterinary acquisitions tear. In fall 2017, the company completed its \$9.1 billion purchase of VCA, bringing its total number of animal hospitals to approximately 2,000.



±5,000
VETERINARIANS



±800
ANIMAL HOSPITALS



43
US STATES



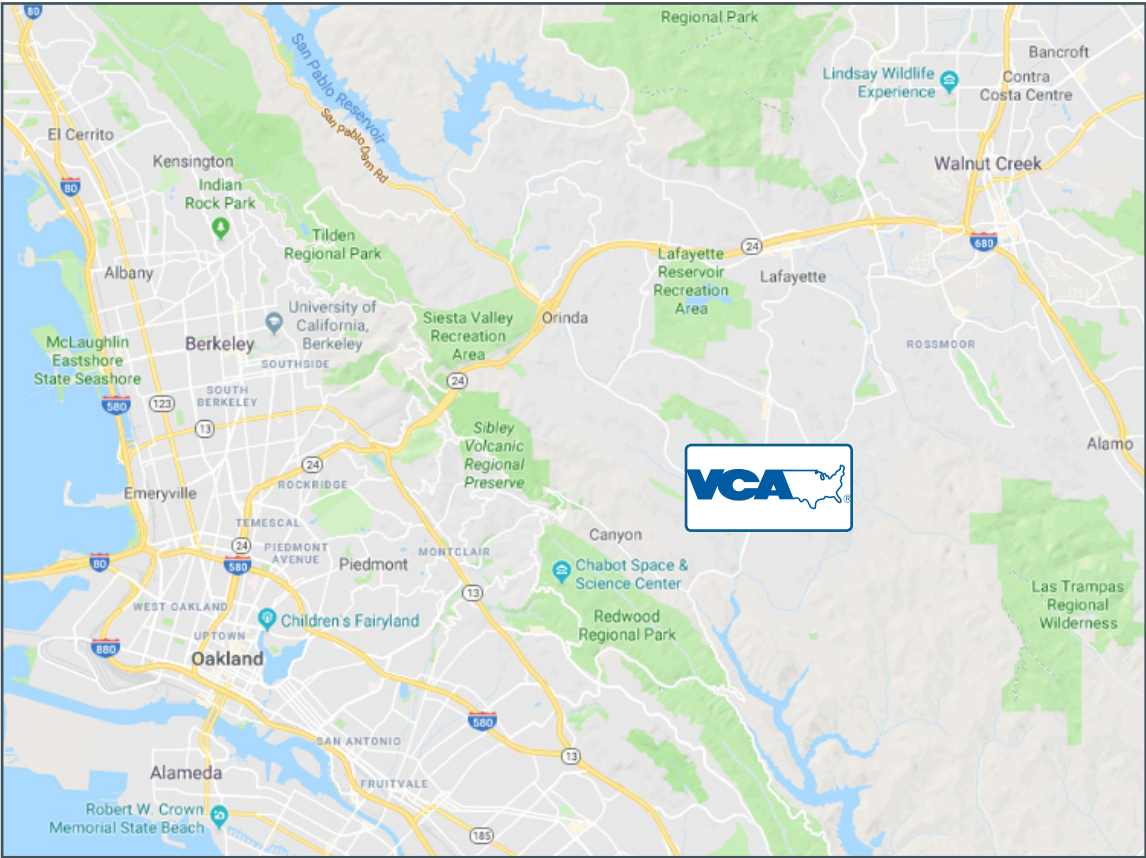
±8 Million
ANNUAL VISITS

An aerial photograph of a coastal city, likely Los Angeles, taken from a hillside. The foreground shows dry, scrubby vegetation. The middle ground features a dense urban area with a prominent multi-lane highway (Interstate 10) running horizontally. To the left, there are some large, modern buildings. The background shows the city extending to the ocean under a clear blue sky. The text 'AREA OVERVIEW' is overlaid in large, white, sans-serif capital letters.

AREA OVERVIEW

MORAGA, CA

Moraga is a town in Contra Costa County, California. The town of Moraga is located very close to Oakland and Berkeley. Although Berkeley and Oakland offer plenty of fine nightlife and cuisine, Moraga still has activities by day for the outward bounder, nature lover, and market-goer. In Moraga there are a lot of restaurants, coffee shops, and parks. Many young professionals and retirees live in Moraga and residents tend to have moderate political views. Moraga gains many benefits from Oakland, the largest city and the county seat of Alameda County, in fact the third largest city overall in San Francisco Bay Area. Oakland is a major West Coast port, and the fifth busiest in the United States by cargo volume. Oakland has more than 50 distinct neighborhoods. North Oakland encompasses the neighborhoods between downtown and Berkeley and Emeryville. West Oakland is the area between downtown and the Bay, partially surrounded by the Oakland Point, and encompassing the Port of Oakland.



DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2010 Census	6,836	22,355	115,939
2019 Estimate	7,128	23,216	124,685
2024 Projection	7,325	23,826	129,862

HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2010 Census	2,393	7,878	48,108
2019 Estimate	2,491	8,217	52,189
2024 Projection	2,563	8,456	54,554

INCOME	1-MILE	3-MILE	5-MILE
2019 Average Household Income	\$234,149	\$237,499	\$190,486

EAST BAY

The East Bay is not a formally defined region, but generally includes Alameda and Contra Costa counties. While there are hills and parklands, much of the East Bay is highly urbanized. In addition to housing the largest port in Northern California and serving as one of the West Coast's major transportation hubs, the region is headquarters to a number of highly notable businesses, including Pixar, Kaiser Permanente, Chevron and Safeway. There are also three major sporting teams in the East Bay: the Oakland Raiders (NFL), the Golden State Warriors (NBA) and the Oakland A's (MLB).

The East Bay is the birthplace of many musical acts, including Creedence Clearwater Revival, Counting Crows, Digital Underground, Green Day, Tower of Power, The Pointer Sisters, MC Hammer, and Tupac Shakur. As such, there are many music venues in the area catering to all sounds, from major pop and arena shows at Oracle Arena and O.co Coliseum to more intimate venues like the Oakland Paramount Theater, the Fox Oakland Theatre and UC Berkeley's Greek Theater.

LIVING

Whether it's shopping at Broadway Plaza in Walnut Creek, watching a professional sports game at Oakland's O.co Coliseum, or catching your favorite indie act at The Fox, there is always something to do in the East Bay. Bay Area Rapid Transit (BART) makes getting around the area easy, while parking is abundant and affordable, making all that the East Bay (and nearby SF) have to offer within easy reach. Not to mention, residents have access to some of the most prominent higher education institutions around, including UC Berkeley and St. Mary's.

QUICK FACTS

- Berkeley has one of the highest rates of bicycle commuting in the country.
- One of the co-founders of Blizzard North, David Brevik, grew up in the area and the popular PC video game series Diablo was named after Mt. Diablo.
- Pixar Animation Studios is based in Emeryville, California.
- The Alameda Point Antiques Faire (or Alameda Flea Market) is the largest antique show in Northern California.





CULTURE

The East Bay has a free weekly newspaper, the East Bay Express, which has reported on the culture and politics of the East Bay for over 30 years and has influenced the identification of the East Bay as a culturally defined region of the Bay Area. The free East Bay Monthly has been published since 1970. In the early years of the evolution of USA Today, during the early 1980s, they operated regional newspapers, with the region's paper, entitled East Bay Today.

The Solano Avenue Stroll, the oldest and largest street festival in the greater San Francisco Bay Area, is held every September on the Solano Avenue shopping district in Albany and Berkeley.

Major music (and sports) venues include the Oakland Oracle Arena, home arena of the Golden State Warriors; adjacent O.co Coliseum, home of the Oakland A's and the Oakland Raiders; the Oakland Paramount Theater, venue for the Oakland East Bay Symphony; the Fox Oakland Theatre, the UC Berkeley Greek Theater, the nonprofit The Freight and Salvage, and the Concord Pavilion (formerly Sleep Train Pavilion).

The East Bay Regional Parks District operates over fifty parks, many consisting of significant acreage of wildlands, in the East Bay, many directly adjacent to urban centers. Tilden Regional Park is one of the largest regional parks (2,000 acres) located directly adjacent to the urban center of Berkeley. Briones Regional Park, at 5,000 acres, is another large wildlands park near an urban center, Walnut Creek.

DEVELOPMENT

Although initial development in the larger Bay Area focused on San Francisco, the coastal East Bay came to prominence in the middle of the nineteenth century as the part of the Bay Area most accessible by land from the east. The Transcontinental Railroad was completed in 1869 with its western terminus at the newly constructed Oakland Long Wharf, and the new city of Oakland rapidly developed into a significant seaport.

CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **VCA Hospital** located in **1025 Country Club Dr | Moraga, CA 94556** ("Property"). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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REAL ESTATE INVESTMENT SERVICES



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