

OFFERING MEMORANDUM

DaVita Kidney Care

Colma, California (Core SF Bay Area)



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NET LEASE GROUP

DaVita Kidney Care

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Transbay Terminal , Downtown San Francisco

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Investment Offering & Highlights



OFFERING

- Under construction with completion estimated for early 2020, a brand new 12,500± sq. ft. state-of-the-art medical office building located in Colma, California leased to Total Renal Care Inc. and guaranteed by DaVita, Inc., for 15 years.
- Price: \$9,967,500 - 5.00% Cap Rate

LEASES/TENANTS/GUARANTORS

- DaVita, Inc. (NYSE: DVA) is one of the fastest growing companies on the Fortune 200 with a total stockholder's equity of \$3.70 billion and 2018 revenues of \$11.41 billion
- DaVita controls more than 33% of the U.S. dialysis market
- New 15 year net lease guaranteed by DaVita, Inc. with 10% rent increases every 5 years
- DaVita treats 42% of all dialysis patients in the United States
- DaVita is rated "BB" by Standard & Poor's
- Warren Buffett's Berkshire Hathaway owns a 23% stake in DaVita, it's third largest holding by ownership percentage

REAL ESTATE/AREA STRENGTHS

- Close proximity to Interstate 280 and US Hwy 1 with traffic counts in excess of 250,000 cars per day
- Strong Demographics with over 509,500 residents and an average household income of over \$118,000 within 5 miles
- San Mateo County has an unemployment rate of 1.8%- the lowest in the state of California
- The property is located only 1/2 mile from the Colma BART Station
- The San Francisco Bay Area is the 43rd largest urban area in the world and 5th largest in the United States
- The 357-bed Seton Medical Center and 120-bed South San Francisco Kaiser Permanente Medical center are located less than two miles from the subject property
- Directly west of the DaVita property is one of the densest retail hubs serving San Francisco consisting of the Serramonte Center, 280 Metro Center, Serra Center and Gellert Marketplace with over 1.28 million sq. ft. of retail space combined

Investment Overview

LOCATION

1055 El Camino Real, Colma, CA 94014

LOT SIZE

Approximately 1.17 acres - 50,933 square feet

IMPROVEMENTS

Currently under construction with completion estimated for early 2020, a brand new 12,500± sq. ft. state-of-the-art medical office building with ample onsite parking.

LEASE

Leased to **Total Renal Care Inc.** and guaranteed by **DaVita Inc.** for 15 years from a rent commencement date scheduled for May 1, 2020. The annual rent of \$498,375 increases by 10% every 5 years throughout the primary term and in each of the three, five-year options. The lease is net with the tenant responsible for taxes, insurance, maintenance and repair of the premises including roof, parking lot and HVAC. The landlord is responsible for maintaining the building structure, exterior plumbing and electrical systems; and replacement of roof, parking lot and HVAC. Tenant will reimburse landlord on an amortized basis the cost for replacement of the roof, parking lot and HVAC.

NET INCOME

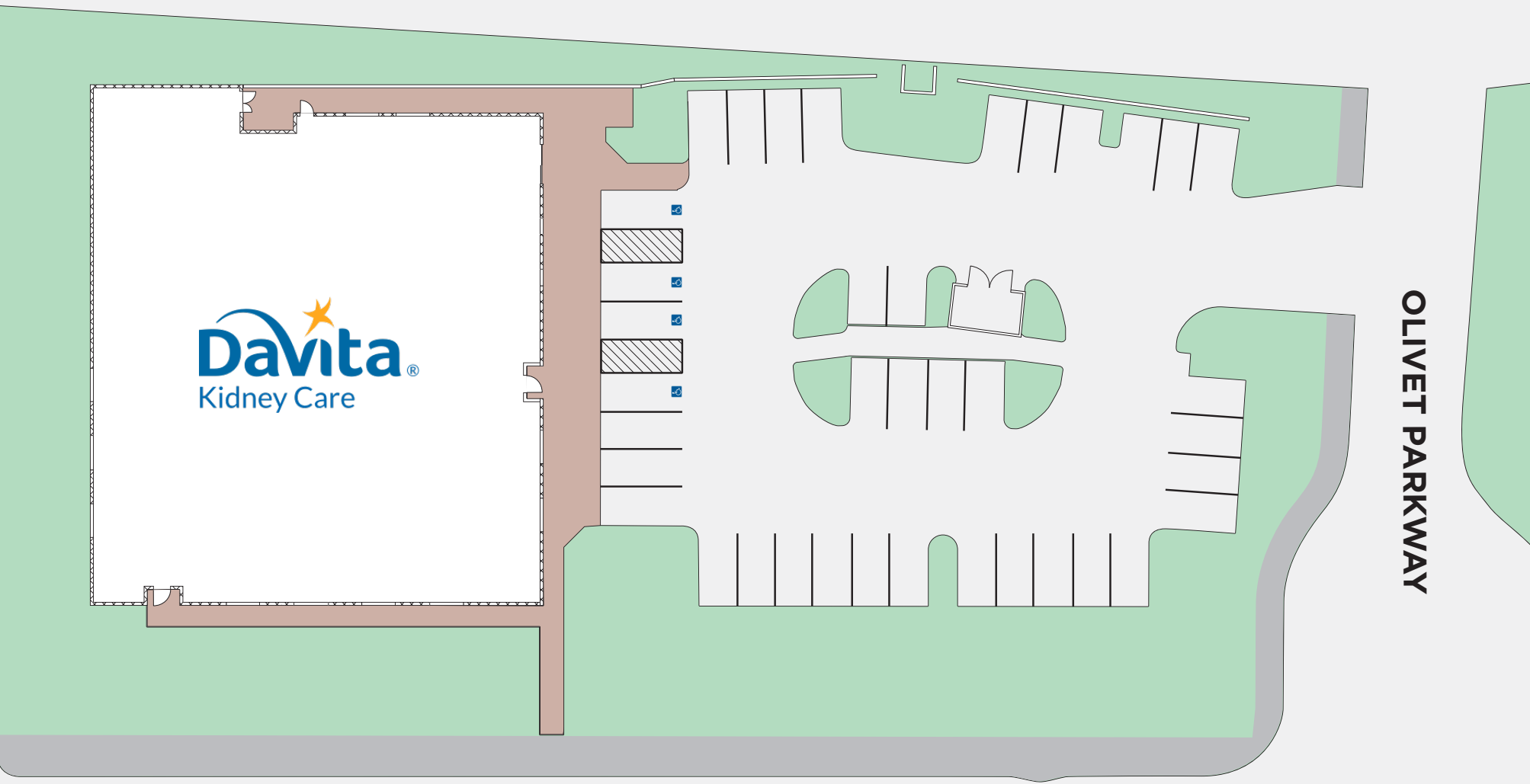
Investment Period	Annual Rent	Cap Rate
Year 1-5	\$498,375	5.00%
Year 6-10	\$548,213	5.50%
Year 11-15	\$603,034	6.05%
Year 16-20 (Option 1)	\$663,375	6.66%
Year 21-25 (Option 2)	\$729,625	7.32%
Year 26-30 (Option 3)	\$802,625	8.05%

PRICE: \$9,967,500 – 5.00% CAP RATE

BUILDING ELEVATION SAMPLE



Site Plan



OLIVET PARKWAY

EL CAMINO REAL (24,500 VPD)

About the Tenant

DaVita Inc. (“**DaVita**”), a Fortune 200 Company, is a leading provider of kidney dialysis services for patients with chronic kidney failure or end stage renal disease (ESRD). The company operates kidney dialysis centers and provides related lab services in outpatient dialysis centers. It also provides outpatient, hospital inpatient, and home-based hemodialysis services; owns clinical laboratories that provide routine laboratory tests for dialysis and other physician-prescribed laboratory tests for ESRD patients; and management and administrative services to outpatient dialysis centers. In addition, the company provides disease management services; vascular access services; clinical research programs; physician services; and comprehensive care services. As of December 31, 2018, it provided dialysis and administrative services in the United States through a network of 2,664 outpatient dialysis centers; and operated 241 outpatient dialysis centers located in 9 countries outside of the United States. Further, the company provides acute inpatient dialysis services in approximately 900 hospitals and related laboratory services in the United States. The company was formerly known as DaVita HealthCare Partners Inc. and changed its name to DaVita Inc. in September 2016. DaVita Inc. was founded in 1994 and is headquartered in Denver, Colorado.

DaVita controls more than 33% of the U.S. dialysis market and Fresenius Medical Center controls a similar portion. The rest of the market is fragmented, served by hospitals and much smaller chains. DaVita is treating 42.2% of all dialysis patients in the United States. They have cornered a serious share of the market, and as the greater portion of the American population continues to age, the demand for DaVita’s services will only increase.

For the fiscal year ended December 31, 2018, total revenues were \$11.41 billion and total stockholder’s equity was \$3.70 billion. DaVita is rated “BB” by Standard and Poor’s.

More information can be obtained at www.davita.com



DaVita Headquarters, Denver, CO



MARIN COUNTY

SONOMA COUNTY

NAPA COUNTY

RICHMOND

BERKELEY

GOLDEN GATE BRIDGE

BAY BRIDGE

DOWNTOWN
SAN FRANCISCO

SAN FRANCISCO

250,000
CARS PER DAY



24,500
CARS PER DAY

COLMA



STATION

82

10,000
CARS PER DAY

HILLSIDE BLVD.

Davita
Kidney Care

13,480
CARS PER DAY

HONDA
ACURA
CARmax

SERRAMONTE BLVD.

EL CAMINO REAL





SILICON VALLEY

SAN JOSE

REDWOOD CITY

SAN MATEO BRIDGE

FOSTER CITY

SAN MATEO

BURLINGAME

HILLSBOROUGH

SFO

San Francisco
International
Airport

MILLBRAE

SAN BRUNO

142,000
CARS PER DAY

250,000
CARS PER DAY

241,000
CARS PER DAY



SOUTH
SAN FRANCISCO

SOUTH
SAN FRANCISCO



Town of Colma
Police Department

Town of Colma
City Hall

KOHL'S

SERRAMONTE BLVD. - 13,480 VPD



280 METRO
CENTER



SPROUTS FARMERS MARKET
BED BATH & BEYOND
PETS MART
OUTBACK STEAKHOUSE
CVS
24 FITNESS

macy's JCPenney
TARGET
DICK'S SPORTING GOODS
T.J. MAXX
buy buy BABY
WORLD MARKET
Disney

GELLERT MARKETPLACE

SERRAMONTE CENTER

KAISER PERMANENTE

250,000 CARS PER DAY

JUNIPERO SERRA BLVD. - 15,400 VPD

HYUNDAI
NISSAN

SERRA CENTER

SUBARU
Dollar Tree
Ford

CHEVROLET
LEXUS

TARGET
Michaels
BevMo!

THE HOME DEPOT

280 METRO CENTER

BEST BUY

KOHL'S

Town of Colma Police Department

Town of Colma City Hall

EL CAMINO REAL

82

24,500 CARS PER DAY

13,480 CARS PER DAY

HONDA
ACURA
CARmax

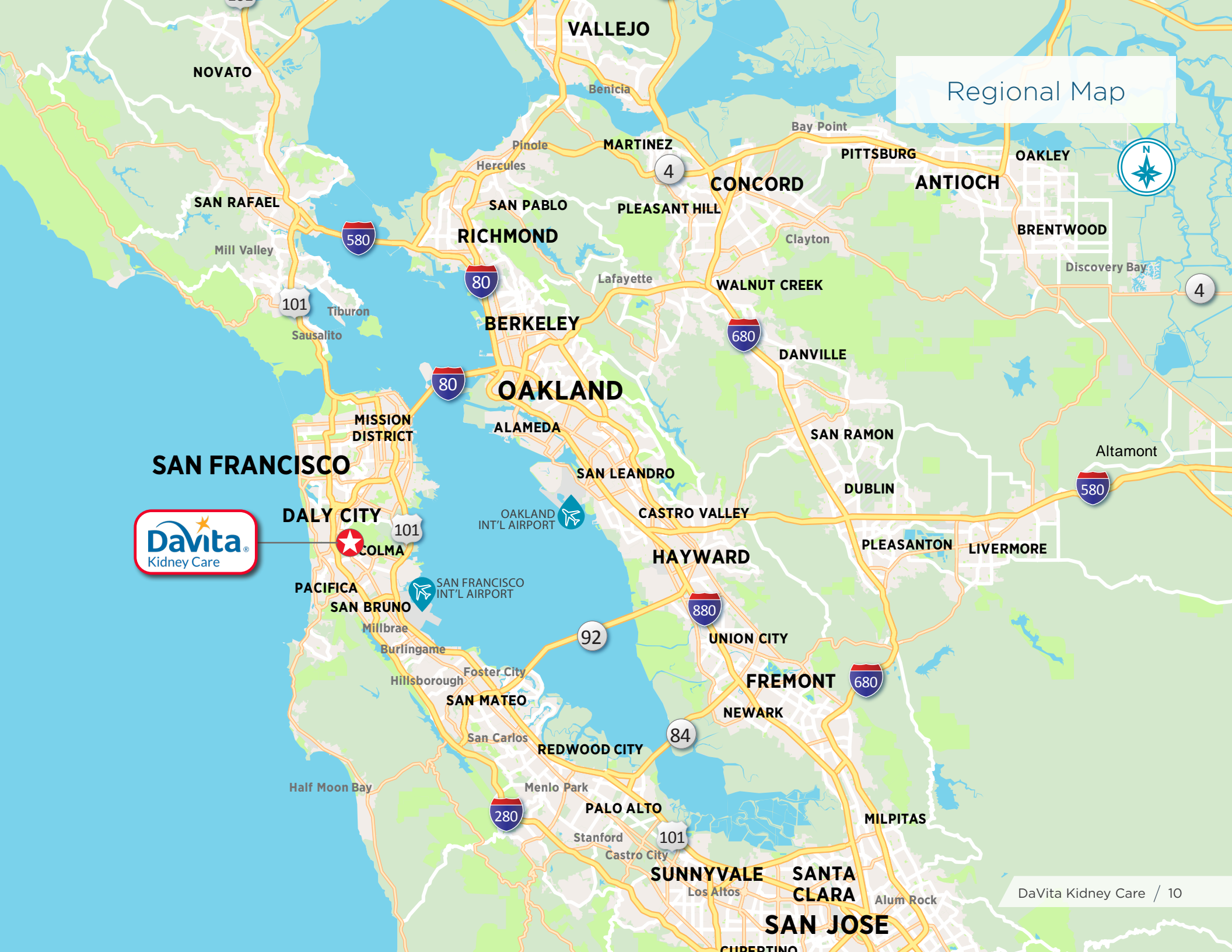
SERRAMONTE BLVD.

OLIVET PKWY.

Davita Kidney Care

OLD NAVY
Marshall's
ROSS
JOANN
Pier 1 Imports
GNC
ULTA BEAUTY

Regional Map

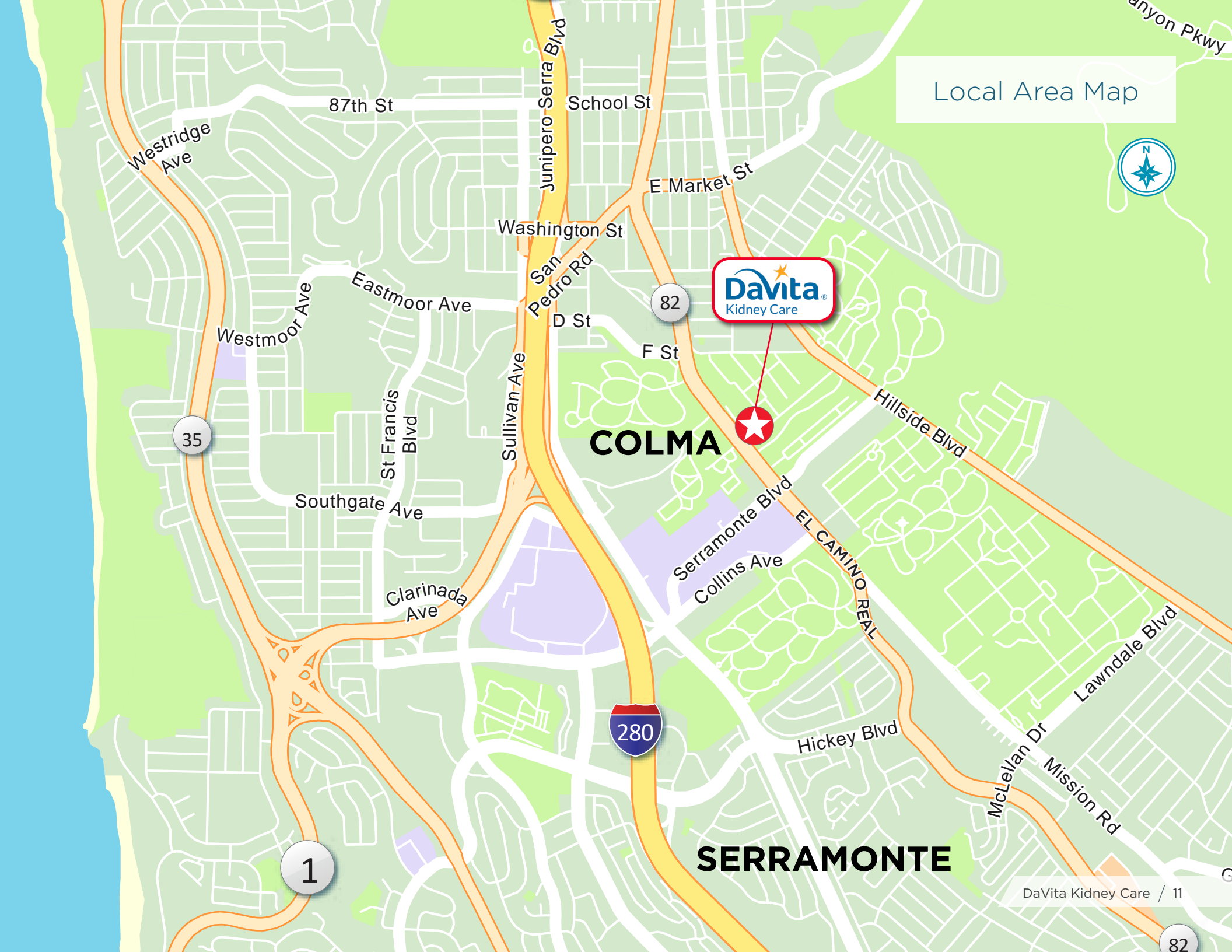


Local Area Map



COLMA

SERRAMONTE



Site Location

The DaVita Kidney Care property is located on the high traffic retail corridor of El Camino Real, just off Interstate 280, with direct access to San Francisco, Palo Alto and San Jose. El Camino Real runs from Interstate 880 (I-880) in San Jose to I-280 in San Francisco along the San Francisco Peninsula. It is the primary neighborhood thoroughfare of the San Francisco Peninsula and runs parallel to the nearby Caltrain line along much of the route. El Camino Real passes through the downtowns of many highly affluent San Francisco Peninsula cities, including Burlingame, San Mateo, Redwood City, Menlo Park, Palo Alto, Mountain View, and Sunnyvale.

The DaVita property is located just one and a half miles from Seton Medical Center, a 357-bed Verity Health System hospital that has been serving the health care needs of San Francisco and northern San Mateo County since its founding in 1893. The hospital is recognized for its stroke treatment and cardio-vascular excellence. Seton also offers a comprehensive range of medical specialties on both an inpatient and outpatient basis, as well as emergency and urgent care services.

Subject property under construction

Located just two miles south of the DaVita property lies the 120-bed South San Francisco Kaiser Permanente Medical Center. The campus first opened its doors in 1949 and currently employs more than 1,700 professionals. The center was recognized by The Joint Commission for sustained excellence in 2010, earning distinction as a “Top Performer on Key Quality Measures” and offers breakthrough treatments in the field of oncology.

Directly south east of the property is the Serramonte Center and the 280 Metro Center with a combined 1.1 million sq. ft. of retail space. National tenants in the immediate area include, The Home Depot, Costco, BevMo!, Target, Best Buy, Macy’s, DICK’s Sporting Goods, Ross, T.J. Maxx, Sprouts, PetSmart, CVS, Office Depot, as well as numerous car dealerships, such as, Lexus, Ford, Chevrolet, Cadillac, Chrysler Dodge, Honda, Acura, Subaru and Hyundai.



Colma, California



COLMA, CA is located in the heart of the San Francisco Peninsula, one of the most desirable commercial real estate markets in the country. Positioned between San Francisco and Silicon Valley, the Peninsula encompasses all of San Mateo and the northern portion of Santa Clara Counties and includes the major cities of San Mateo, Redwood City, Palo Alto and Mountain View.

The Peninsula has generated a path of continuous growth, responding to the constant demand drivers of high technology innovation, and is an ideal location for corporations and entrepreneurs due to its proximity to venture capital, a highly educated workforce, and extensive transportation infrastructure. This is evidenced by the regional economy substantially outperforming the state and national economy. The most recent unemployment rate in the SF Peninsula dropped from 3.3% to 2.4%. The SF Peninsula unemployment rate is consistently lower than the National and State unemployment rates which are currently 4.5% and 4.9% respectively.

The Town of Colma is located in the heart of the San Francisco Peninsula just 10 miles south of the City of San Francisco. Colma is known for its distinct architecture resulting from design standards that encourage Spanish-Mediterranean motifs and bustling commercial districts. Commercial activity is primarily generated by two prominent shopping centers, the 280 Metro Center and Serra Center and one of Northern California's most complete collections of car dealerships, the Serramonte Auto Row, comprised of CarMax, Honda, Acura, Lexus, Subaru, Volkswagen, Ford, Jeep and Chevrolet dealerships. Excellent access to the SF Bay Area and Silicon Valley is provided by two nearby BART Stations and Highway 280.

The fundamentals remain extremely favorable in the regional and local Colma economy and provide a strong foundation for economic growth continuing into the future.

SF Peninsula/ Silicon Valley Key Statistics:



GDP PER CAPITA:
\$126,820

#1 in the United States¹



2.4%

Unemployment rate²



47%

of Residents, **age 25 or older**, have a college degree or higher – **compared to 32% nationally**



\$99,026

Median Income³



16

of the **Fortune 500**
headquartered in Silicon Valley



42%

of all **VENTURE CAPITAL FUNDING** in the United States allocated to Silicon Valley Companies⁴



Home to **THREE** of the world's **10 most valuable companies**

¹ Business insider rank of top 40 US Metros

² Weighted average unemployment of Santa Clara and San Mateo Counties

³ ESRI

⁴ PwC | CB Insights MoneyTree™ Report Q1 2018

San Francisco, California



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.

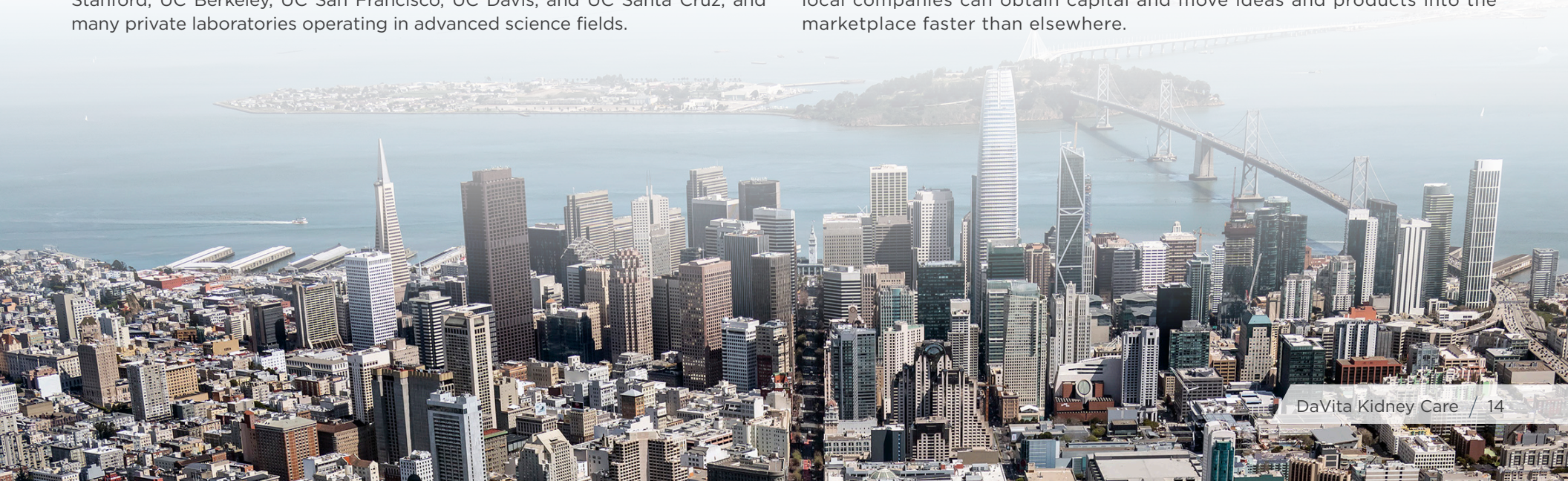
INNOVATION HOTBED

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 (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 2017 the Bay Area received over 40% 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.



Area Demographics

2018 Summary	1 mile	3 miles	5 miles
Population	23,160	247,358	509,604
Households	7,112	77,365	165,886
Families	5,087	55,660	114,072
Average Household Size	3.22	3.17	3.03
Owner Occupied Housing Units	3,686	44,972	101,157
Renter Occupied Housing Units	3,426	32,394	64,729
Median Age	39.5	39.9	40.9
Median Household Income	\$75,291	\$84,018	\$88,168
Average Household Income	\$96,471	\$106,733	\$118,016

Projected 2023 Summary	1 mile	3 miles	5 miles
Population	23,821	253,896	526,316
Households	7,296	79,152	170,599
Families	5,230	57,049	117,651
Average Household Size	3.23	3.19	3.05
Owner Occupied Housing Units	4,017	48,408	109,141
Renter Occupied Housing Units	3,279	30,744	61,457
Median Age	41.1	41.2	42.0
Median Household Income	\$85,591	\$97,754	\$102,486
Average Household Income	\$113,849	\$124,886	\$138,300



GELLERT MARKET CENTER

SERRAMONTE CENTER

SETON MEDICAL CENTER



280 METRO CENTER

SERRA CENTER



EL CAMINO REAL

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Disclaimer

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Subject property under construction



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