

CONFIDENTIAL OFFERING MEMORANDUM

DAVITA WALNUT CREEK DIALYSIS

1221 ROSSMOOR PARKWAY
WALNUT CREEK, CA 94595

A photograph of a Davita Dialysis facility. In the foreground, a large blue sign with the Davita logo (a stylized 'D' with a star) and the word 'Dialysis' in white. The sign is mounted on a stone base. In the background, a modern building with large windows and a flat roof is visible under a dramatic, cloudy sky at dusk or dawn. The building has the number '1221' on its facade.

Davita[®]
Dialysis



DaVita®



ERE
HEALTHCARE REAL ESTATE
ADVISORS



DaVita®
Dialysis

DaVita Walnut Creek Dialysis is a generational asset with over 10 years remaining on a corporately guaranteed NNN lease and located directly across from the 9,200+ resident Rossmoor Senior Living Community, just east of San Francisco.

DAVITA WALNUT CREEK DIALYSIS

TABLE OF CONTENTS

EXECUTIVE SUMMARY

4

- Investment Opportunity
- Property Summary
- Lease Abstract
- Opportunity Highlights
- Tenant Overview
- Top 10

MARKET OVERVIEW

11

- Sale Comparables Map
- Area Overview Map
- Area Overview
- Regional Transport & Healthcare
- Area Healthcare Market

PROPERTY PHOTOS

19

- Site Plan
- Aerial Tour
- Property Photos
- Aerial Photos





★ EXECUTIVE SUMMARY

Davita

Davita

INVESTMENT OPPORTUNITY

ERE Healthcare Real Estate Advisors ("ERE Advisors") exclusively represents the owners of the DaVita Walnut Creek Dialysis ("the Property") in the sale of their facility. The property was a build-to-suit for DaVita in 2014 and is located in Walnut Creek, California, approximately 18-miles east of San Francisco in the affluent East Bay region of the Bay Area.

This generational asset is located in the densely populated Rossmoor area, surrounded by national retailers and dominant healthcare providers, all of whom service the renowned Rossmoor Senior Living Community, a gated 55+ residential development with over 9,200 residents.

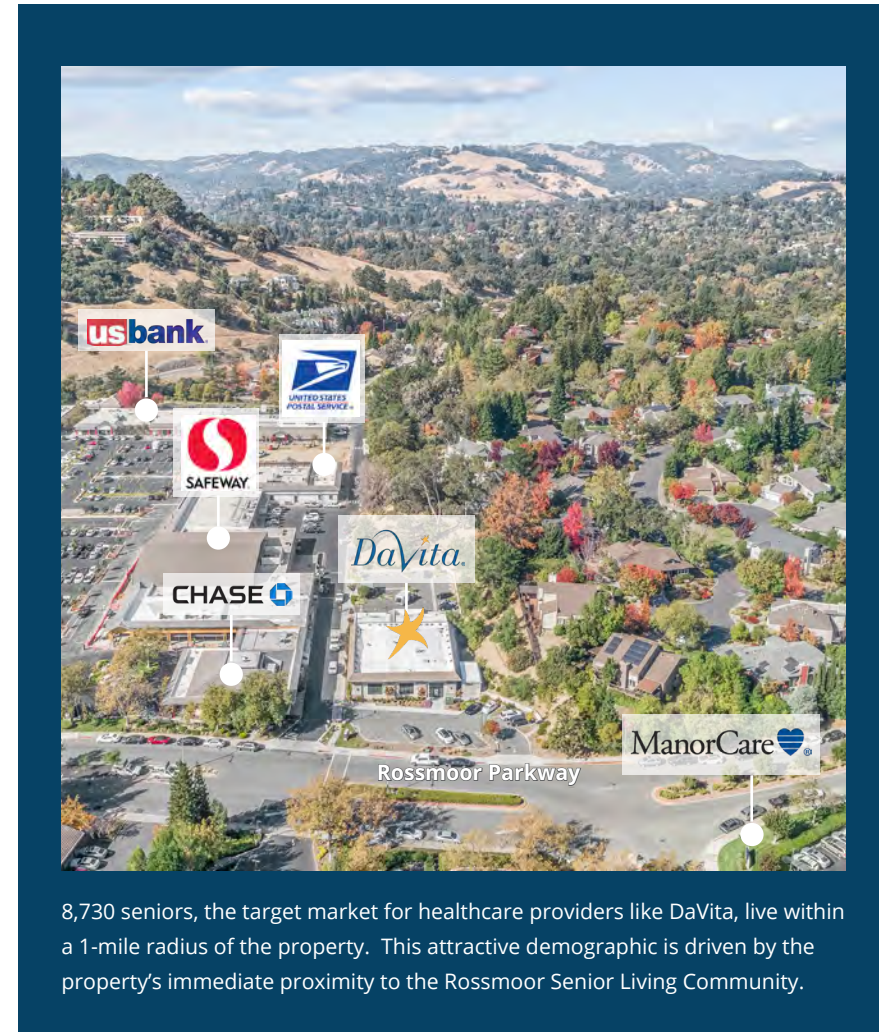
The property's strategic location in this high barrier to entry community makes it a desirable long-term investment. DaVita's commitment to the space is evidenced by 21 dialysis stations, supporting the consistent influx of patients.

The tenant, DaVita Kidney Care (NYSE:DVA), is a Fortune 500 company with a Moody's credit rating of Ba2. Davita has operated in the property since 2014 and has over 10 years remaining on the original 15 year, corporately guaranteed, NNN lease. Rent increases 10% every 5 years with the next increase in 2025.

\$463,889
2020 NOI

5%
CAP RATE

\$9,277,780
SALE PRICE



8,730 seniors, the target market for healthcare providers like DaVita, live within a 1-mile radius of the property. This attractive demographic is driven by the property's immediate proximity to the Rossmoor Senior Living Community.

PROPERTY SUMMARY

FREESTANDING MEDICAL 1221

PROPERTY TYPE

1.104 ACRES

PARCEL SIZE

8,171 SF

BUILDING SIZE

2014

YEAR BUILT

21

STATION COUNT

Address

1221 Rossmoor Parkway
Walnut Creek, CA 94595

Tenant

Total Renal Care, Inc.

Guarantor

Davita Healthcare Partners Inc.

Current NOI (2/18/20)

\$463,889

Lease Commencement

February 18, 2015

Lease Expiration

February 17, 2030

Remaining Term

10+ Years

Rental Escalations

10% on 2/18/25

Lease Structure

NNN

Landlord Responsibilities

Roof & Structure

Renewal Options

2 x 5 Years

LEASE ABSTRACT

RENT SCHEDULE

Year	Lease Year	Rent/Yr
2019	5	\$421,717
2020	6	\$463,889
2021	7	\$463,889
2022	8	\$463,889
2023	9	\$463,889
2024	10	\$463,889
2025	11	\$510,278
2026	12	\$510,278
2027	13	\$510,278
2028	14	\$510,278
2029	15	\$510,278
2030	16	\$510,295

*10% rental increase on 2/18/25

**Tenant has 2 x 5 year renewal options

TAXES AND UTILITIES | SECTION 8

Tenant pays directly.

INSURANCE | SECTION 16

Landlord carries property and commercial liability insurance, Tenant reimburses.

REPAIRS AND MAINTENANCE | SECTION 18

- (a)(i) Structure. Landlord maintains and replaces.
- (b)(i) Parking Areas. Landlord maintains, Tenant reimburses for maintenance or amortizes for replacement.
- (b)(ii) Roof. Landlord maintains, Tenant reimburses up to \$1,000 annually for repairs or amortizes for replacement.
- (b)(iii) HVAC. Tenant maintains, Landlord replaces, Tenant amortizes for replacement.

OPPORTUNITY HIGHLIGHTS

01

CREDIT TENANT

DaVita (NYSE:DVA) is a Fortune 500 company with a Moody's credit rating of Ba2, 2018 revenue over \$11B and a market capitalization of more than \$9B.

02

INDUSTRY LEADER

DaVita Kidney Care's 77,000 employees provide services to 203,000 patients across their 2,664 outpatient dialysis centers.

03

STRONG BACKING

DaVita's largest shareholder is Warren Buffett's Berkshire Hathaway with a stake of 38.6 million shares, accounting for approximately 23% of DVA's ownership.

04

DOMINANT PROVIDER

DaVita controls 33% of the U.S. dialysis market, serving nearly 42% of the total dialysis patients. Similarly, Fresenius Medical Care treats 42.7% of total patients.

05

CORPORATE GUARANTY

DaVita Walnut Creek Dialysis is leased to Total Renal Care, Inc. and guaranteed by DaVita Healthcare Partners, Inc.

06

CAREFREE INVESTMENT

The property has a NNN lease structure with limited landlord responsibilities, resulting in simplified management and ownership.

TENANT OVERVIEW



DaVita, Inc. is a Fortune 500 company that is publicly traded on the New York Stock Exchange (NYSE:DVA). DaVita, which means, “giving life” in Italian, was founded in 1979 and is headquartered in Denver, Colorado.

The company primarily operates DaVita Kidney Care, which delivers dialysis services to patients experiencing chronic kidney failure and is a leading provider of kidney care in the United States. Operating through 2,664 outpatient dialysis centers nationwide, the company serves over 200,000 patients annually. As of 2019, DaVita employed over 77,000 people and had revenues exceeding \$11 billion. DaVita has maintained a credit rating of Ba2 from Moody’s and BB from Standard & Poor’s.

According to a report published in the American Journal of Kidney Disease, the United States’ aging population has shown continued growth. As this trend continues, the prevalence of chronic kidney disease will rise. Statistics show that the percentage of adults aged 30 and older who have CKD is projected to increase from the current 13.2% to 14.4% in 2020, and 16.7% in 2030. Projections like these support the future demand for treatment centers and the growth of DaVita, Inc.



2,664 OUTPATIENT DIALYSIS CENTERS



SERVES OVER 200,000 PATIENTS ANNUALLY



\$11 BILLION IN 2019 REVENUE

TOP 10

REASONS WHY

DaVita®

IS A STRONG
INVESTMENT

01

DaVita is a Fortune 500® company publicly traded on the NYSE as DVA

02

DaVita is a leading provider of kidney care in the United States with 42% market share

03

DaVita had a market capitalization of \$9.4 billion in 2019

04

DaVita has 77,000 full time employees making it one of America's largest public companies

05

DaVita had annual revenue of \$11.3 billion in 2019

06

DaVita provides dialysis service to over 200,000 patients per year

07

Fortune Magazine, Modern Healthcare, and others have recognized DaVita's leadership initiatives

08

Legendary investor Warren Buffett's Berkshire Hathaway reported a 23% stake in DaVita

09

DaVita achieved savings of \$75 million during the first performance year of their pilot program with ESCOs

10

DaVita continues to implement more than 10 health plan partnerships, making its services more accessible

★ MARKET OVERVIEW



9,200+ Resident
Senior Living Community

Davita ★

ManorCare 

Dedicated Short-Term Care
Long-Term Care
Outpatient Rehabilitation

Davita ★



SALE COMPARABLES MAP



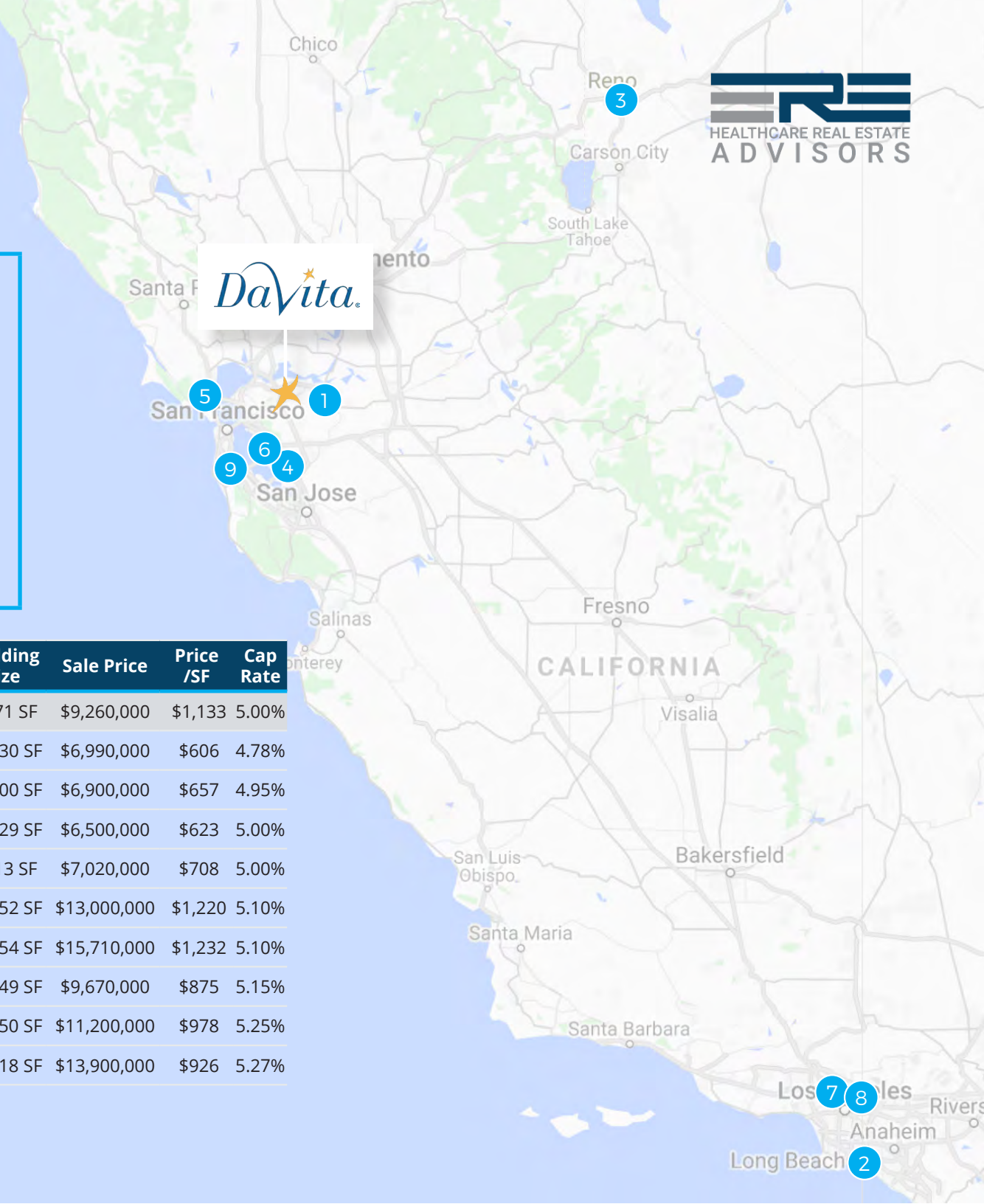
**AVERAGE
PRICE/SF**

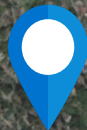
\$763

**AVERAGE
CAP RATE**

5.09%

Property Name	Year Built	Sold	Building Size	Sale Price	Price /SF	Cap Rate
★ DaVita Dialysis Walnut Creek	2014		8,171 SF	\$9,260,000	\$1,133	5.00%
1 DaVita Lone Tree Ranch Dialysis	2016	2016	11,530 SF	\$6,990,000	\$606	4.78%
2 DaVita El Derado Dialysis	1968	2016	10,500 SF	\$6,900,000	\$657	4.95%
3 DaVita Sparks Dialysis	2019	2019	10,429 SF	\$6,500,000	\$623	5.00%
4 Davita Castro Valley Dialysis	2018	2019	9,913 SF	\$7,020,000	\$708	5.00%
5 DaVita San Rafael Dialysis	2015	2016	10,652 SF	\$13,000,000	\$1,220	5.10%
6 DaVita Oakland Broadway Dialysis	2018	2018	12,754 SF	\$15,710,000	\$1,232	5.10%
7 Fresenius Kidney Care West Glendale	1952	2016	11,049 SF	\$9,670,000	\$875	5.15%
8 DaVita San Gabriel Dialysis	2018	2018	11,450 SF	\$11,200,000	\$978	5.25%
9 DaVita San Bruno Dialysis	2018	2019	15,018 SF	\$13,900,000	\$926	5.27%





AREA OVERVIEW MAP

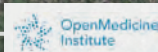


PLEASANTHILL RD



EVOLVED MEDICAL

24



OLYMPIC BLVD

195,300 CPD

Davita

23,718 CPD



ManorCare



ROSSMOORE PKWY

9,200+
Senior Residents



YGNACIO VALLEY RD

JOHN MUIR
HEALTH

554-Bed
General Acute Care Hospital



KAISER PERMANENTE

233-Bed
General Acute Care Hospital



TICE VALLEY BLVD

DAVITA WALNUT CREEK DIALYSIS | 13

MARKET OVERVIEW

WALNUT CREEK, CA



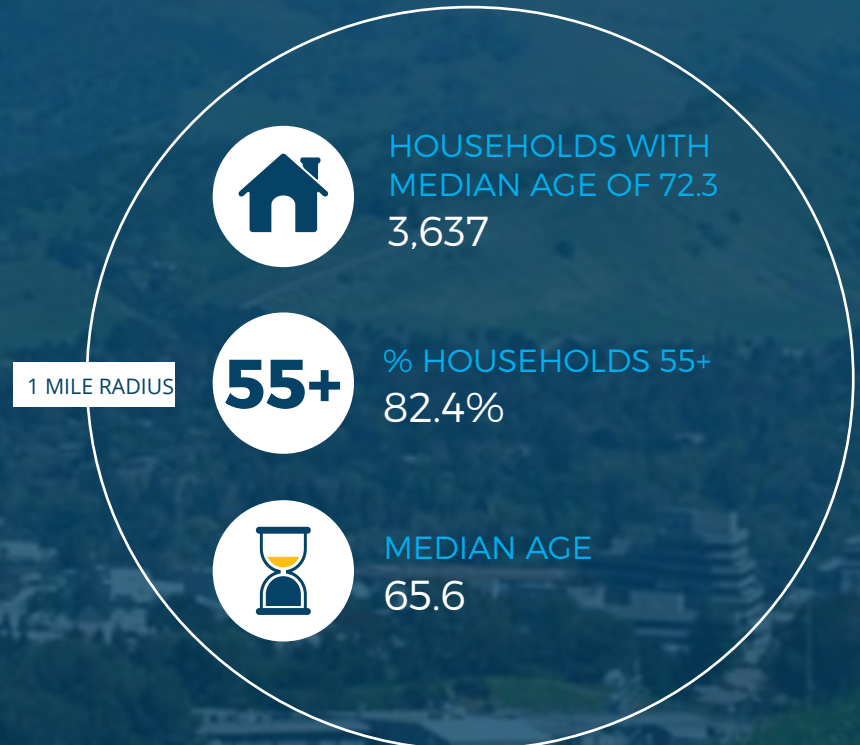
The city of Walnut Creek is located in Contra Costa County, in the East Bay region of the San Francisco Bay Area, and ranking Number 11 on Livability's Top 100 Best Places to Live List in 2016. Known as the Jewel of the East Bay, Walnut Creek draws visitors and retains residents with its many amenities and privileges, including its cultural attractions, thriving economy, strong education system, and its proximity to six international airports. Since the opening of Heather Farm Park along with other continued development, the community's population has almost doubled, approximating a census population of 69,825.

Walnut Creek owns more open space per capita than any other community in the state of California and serves as a hub for neighboring cities. Strategically located at the confluence of highways connecting Sacramento, San Jose (I-680), San Francisco/Oakland (SR-24), and part of the BART (Bay Area Rapid Transit) system, the city's accessibility is unmatched.

Residents of Walnut Creek enjoy opportunities typically only found in the larger neighboring cities, but without the high cost of living and excessive traffic. As a result, the city has attracted major corporations like the California State Automobile Association, which moved its corporate headquarters from San Francisco to Walnut Creek in 2011. This midsized city supports a wide variety of industries, drawing on its robust education system to provide a steady and reliable workforce. One of Walnut Creek's most prominent employers is the health care industry, which primarily comprises the city's two hospitals: Kaiser Permanente Hospital and John Muir Medical Center.

Located directly across from DaVita Walnut Creek Dialysis lies the nationally recognized Rossmoor Senior Living Community. Spread over 1,800 acres, Rossmoor Senior Living is home to 9,200+ senior residents who enjoy the gated community's plentiful amenities. The Subject property's proximity to Rossmoor creates unrivaled patient access.

2019	1 Mile	3 Mile	5 Mile
Total Population	12,613	78,162	175,740
Population 55+	8,730	38,630	87,362
% of Households 55+	82.4%	59.9%	57.9%
Population Growth 2024	.86%	.83%	.72%
Median Household Income	\$134,273	\$172,406	\$190,324



SAN FRANCISCO, CA



San Francisco, a city and port, is the cultural, commercial, and financial center of Northern California. In 2019, San Francisco was recognized as the highest rated American city on world livability rankings and the seventh-highest income county in the United States, with a per capita income of \$130,696.

San Francisco is the 13th most populous city in the United States and the 4th most populous city in California with a 2018 census population of 883,305. San Francisco is also noted as the 12th largest metropolitan statistical area in the United States with 4.72 million people in 2018. With San Jose, it forms the 5th most populous combined statistical area in the U.S., the San Jose-San Francisco-Oakland, Combined Statistical Area (CSA), encompassing 9.67 million residents in 2018.

A popular tourist destination, San Francisco is known for its cool summers, steep rolling hills, architecture, and landmarks, including the Golden Gate Bridge, cable cars, the former Alcatraz Federal Penitentiary, Fisherman's Wharf, and its Chinatown district. San Francisco is also the headquarters of five major banking institutions and top leading innovative companies such as Salesforce, Twitter, Uber, Lyft, Dropbox, Airbnb, Levi Strauss & Co., Gap Inc., Fitbit, and Yelp.



SAN FRANCISCO METRO POPULATION

883,305



UNEMPLOYMENT

1.8%



JOB GROWTH

3.5%



APPAREL



AEROSPACE



SHIPBUILDING

MAJOR INDUSTRIES

THE BAY AREA

★ *Economy*

Big cities are continually powering economic progress and the Bay Area's tech industry may only proceed to explode as San Francisco has risen to one of the strongest economies in the U.S.

The San Francisco Bay Area job market and economy continues to boom as the nation's leading tech-hub and popular international tourist destination. For the first time in history, the Bay Area has exceeded 4.1 million jobs, an employment winning streak that has extended to 10 consecutive months. The California statewide unemployment rate has thus remained unchanged at a record best of 4.1 percent.

Most of the nation's largest tech companies, such as Salesforce, are headquartered in San Francisco, and due to the tech sector being the fastest-growing part of San Francisco Bay Area's economy, the nine-county region has been able to further provide jobs to its residents. In August 2019, the Bay Area added an additional 5,100 jobs and has outpaced the state and the nation's job market growth. San Francisco Easy Bay gained 2,400 jobs in August 2019, while the San Francisco-San Mateo region added 2,200 positions and the South Bay added 1,900 jobs, according to the recent Employment Development Department report.

★ *Transportation*

San Francisco, California has one of the most extensive transportation systems in the nation. The two main operators within the city that manage all forms of transport are the San Francisco Municipal Railway (MUNI) and the Bay Area Rapid Transit (BART). The MUNI includes all buses, street cars, and the infamous San Francisco cable cars, while the BART is a subway and commuter line that runs in one straight line through the city. Beyond the city limits, the BART opens to all directions and makes frequent stops in both urban and suburban stations within the greater Bay Area, including Oakland. The BART can also be used to get to and from both Oakland and San Francisco airports.

★ *Colleges & Universities*

The San Francisco Bay Area is home to a multitude of colleges and universities. The three most notable universities are University of California, Berkeley, University of California, San Francisco, and Stanford University; all considered among the most prestigious universities in the world. Within 100-mile radius of San Francisco are 60 colleges and universities including Saint Mary's College of California, San Francisco State University, and California State University, East Bay.



REGIONAL TRANSPORT & HEALTHCARE



30 MILE RADIUS

AREA HEALTHCARE MARKET

30 MILE RADIUS | 2019



POPULATION
4,900,440



AGING POPULATION
1,743,168



MEDIAN AGE
39.2



HOUSEHOLDS 55+
44.6%

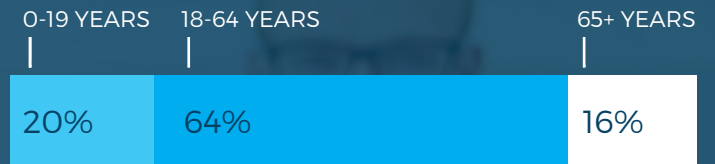


MEDIAN INCOME
\$103,075

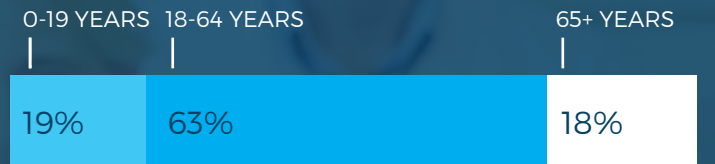


HEALTHCARE SPENDING
\$15.7B

POPULATION BY AGE



2018



2024

124,122

**NEW SENIORS
BY 2024**

★ PROPERTY PHOTOS

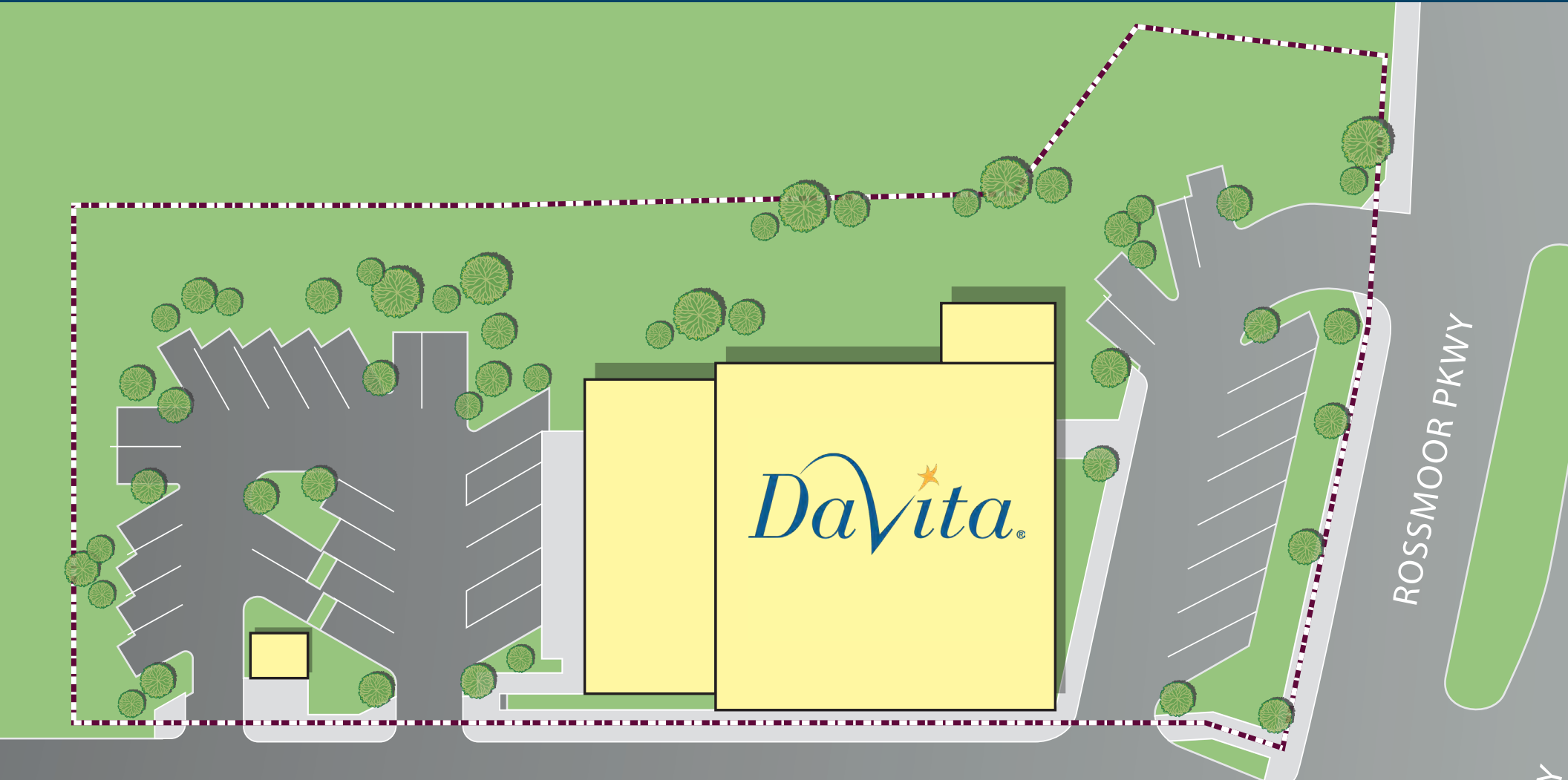
DaVita★

ManorCare

DaVita★



SITE PLAN | DaVita Walnut Creek Dialysis benefits from 35 parking stalls, resulting in a healthy, 4.28 per thousand, parking ratio.



AERIAL TOUR

Click below to take an aerial tour of DaVita Walnut Creek Dialysis.



PROPERTY PHOTOS

The Class A facility was redeveloped for DaVita in 2014 and features attractive aesthetics in a dense in-fill area.



AERIAL PHOTOS

DaVita Walnut Creek Dialysis is across the street from the 9,200+ resident Rossmoor Senior Living Community.



AERIAL PHOTOS

DaVita Walnut Creek Dialysis is adjacent to the ManorCare Rehab Center and the newly-renovated, Safeway-anchored, Rossmoor Shopping Center.



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