

DaVita Kidney Care

4040 Lone Tree Way, Antioch, California 94531

CONFIDENTIAL OFFERING MEMORANDUM



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DaVita Kidney Care

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Investment Offering & Highlights

THE OFFERING

- Completed in 2016, a 11,530± square foot medical office building leased to TOTAL RENAL CARE, INC., and guaranteed by DAVITA, INC. for 15 years. (11 years remaining)
- **Price: \$8,265,000 – 5.00% Cap Rate**

LEASE / TENANT

- 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
- 11 years remaining - 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

- A part of a CVS and AutoZone center located on the frequently traveled Lone Tree Ave (46,747 ADT)
- Adjacent to proposed New 13 acre mixed use Development – over 150,000 SF of Office and Retail Development
- Strong Medical corridor - two Sutter Health Medical facilities within half a mile & 2.5 miles from Kaiser Permanente Medical Center
- Infill Bay Area location - average household Income of \$108,827 and a population of 156,346 Within a 5-Mile radius
- 1.5 miles south of Highway 4 (125,000 ADT)



Investment Overview

LOCATION

4040 Lone Tree Way, Antioch, California 94531

LOT SIZE

Approximately 1.30 acres— 56,628 square feet

IMPROVEMENTS

Completed in 2016, a 11,530± square foot 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 September 21, 2016 until September 20, 2031. The annual rent of \$413,237⁽¹⁾ increases by 10% in September 2026 (see rent schedule). There are two 5-year renewal options increasing at 95% of appraised Fair Market Rent Value (FMRV). The lease is net with the tenant responsible for taxes, insurance and maintenance. The landlord is responsible for maintaining and replacing the roof, structure, exterior plumbing and electrical systems, and parking areas and driveways, and replacement of HVAC (not maintenance). Tenant will reimburse landlord on an amortized basis the cost for replacement of the roof, parking areas and HVAC. Tenant will also reimburse up to \$1,000/year in roof maintenance expenses. If the tenant exercises its options, the guaranty by DaVita, Inc., terminates at that point.

⁽¹⁾ Seller will make up the difference in rent between the closing date and the date the rent increases as a credit in escrow.

RENT SCHEDULE

Investment Period	Annual Rent	Cap Rate
Years 6 - 10	\$413,237	5.00%
Years 11 - 15	\$454,560	5.50%
Years 16 - 20 (Option 1)	FMRV	TBD
Years 21 - 25 (Option 2)	FMRV	TBD

PRICE: \$8,265,000 — 5.00% Cap Rate

RENT PER SQUARE FOOT

\$35.84 net per year –\$2.99 net per month

LONE TREE WAY

Site Plan

 **CVS**
pharmacy

 **Auto**
Zone

 **DaVita**

 **TAILGATERS**
SPORTS BAR & GRILL

GOLF COURSE RD



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

NORTHWEST AERIAL



SUTTER DELTA
MEDICAL CENTER



SUTTER DELTA MEDICAL CENTER

Birth Control
Lab
Imaging
Pediatric

Emergency
Urology
Cardiopulmonary

CVS
pharmacy

46,747
CARS PER DAY

Davita

Auto
Zone

TAILGATERS
SPORTS BAR & GRILL

LONE TREE WAY

GOLF COURSE RD

EST. 1995
MUSCLE
MAKER
GRILL

42,100
CARS PER DAY



SUTTER DELTA MEDICAL CENTER

Birth Control
Lab
Imaging
Pediatric

Emergency
Urology
Cardiopulmonary

SOUTH EAST AERIAL



42,100
CARS PER DAY

LONE TREE WAY



TAILGATERS
SPORTS BAR & GRILL



GOLF COURSE RD



State Farm

CONTRA COSTA
MEDICAL CAREER COLLEGE

HEARING
SERVICES
OF ANTIOCH



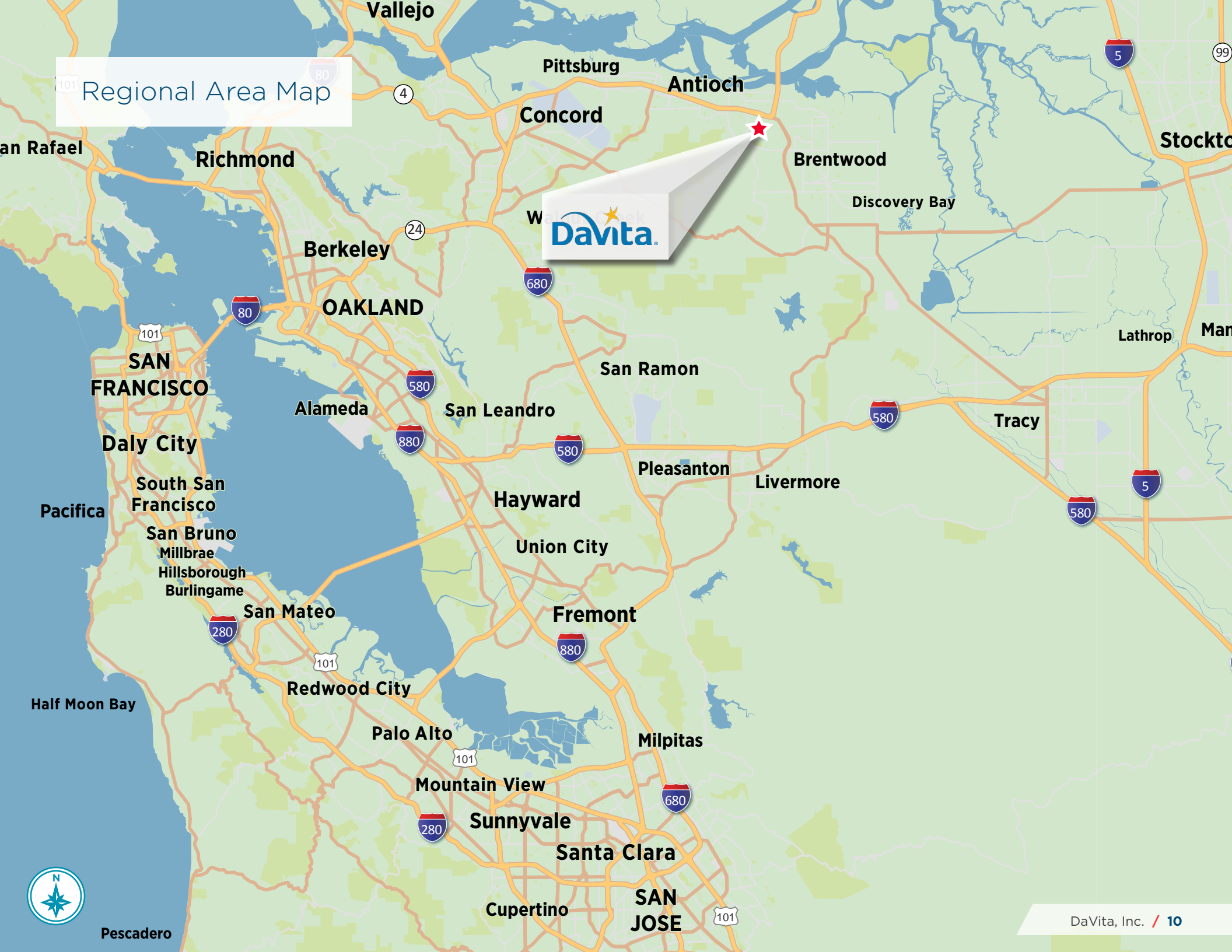
MR. PICKLE'S
SANDWICH SHOP



46,747
CARS PER DAY



Regional Area Map



Local Area Map



ANTIOCH

Bridgehead

Newlove

Neroly

OAKLEY



*Contra Loma
Regional Park*

Site Location

The DaVita property is located off the frequently trafficked Lone Tree Way (46,747 ADT), just 1.5 miles from Highway 4 (125,000 ADT), which routes off Interstate 80 in the Bay Area ending at State Route 89 in the Sierra Nevada, passing through the major towns of Concord and Stockton. The property is located just a half mile from the Sutter Medical Center, a 145 bed, nationally ranked acute care facility, with a total patient revenue

of \$784 million as of January 2020. The DaVita is also located 2.5 miles from the 663,000 square foot Kaiser Permanente Medical Center. Other national tenant located in the immediate area include: CVS, Walgreens, Safeway, Starbucks, Raley's, 7-Eleven, FoodMaxx, Chase Bank, McDonald's, Burger King, Shell, Rite Aid and Taco Bell to name a few.



Antioch is located on the banks of the San Joaquin River in Northern California. Just off Highway 4, in Contra Costa County. With a population of over 100,000 people, Antioch has become the heart of Eastern Contra Costa County, offering a variety of employment, shopping and vast recreational activities. Land remains plentiful and affordable, compared with other parts of the Bay Area. The pace of development in Antioch has spurred activity for financial and insurance institutions, contractors, and other types of service-oriented businesses. Increased development has created increased employment in schools, hospitals and other local service sectors.

ECONOMY

Antioch has a healthy workforce, diverse and educated in a variety of industries. One of the City's top industries is medical. Antioch has two major hospitals Kaiser Permanente and Sutter Health. There is a demand of office space, products, and companies moving to Antioch that serve this industry. Retaining and growing is fueled by the educational institutions of Dozier-Libby Medical High School and Contra Costa Medical Career College. Antioch is strategically laid out and lends itself to grow more industries. Antioch has a variety of market rate housing projects in the pipeline. Planning for growth, the City has large areas where companies can ignite a campus of technology, manufacturing, and innovation.

With a strong and growing residential, retail, and commercial base, much available and affordable land for new business and housing, a recently completed connection to the area's mass transit line, four designated Opportunity Zones that offer tax incentives for new business development, and a willing and able City administration, Antioch is poised for considerable and sustainable growth.

EDUCATION

Public schools are run or overseen by the Antioch Unified School District, which consists of three high schools, four middle schools, and numerous elementary schools.

TRANSPORTATION

Highways

Antioch's primary surface transportation link is via State Route 4, both westward a half hour's drive to Interstate 80 and the road network of the Bay Area, or alternatively eastward to connect with Interstate 5 at the Central Valley city of Stockton, California. State Route 160 leads north from Highway 4, crossing the San Joaquin River via the Antioch Bridge and through the Delta to Sacramento.

Airport

The property is located 45 miles from Oakland International Airport, 56 miles from San Francisco International Airport and 70 miles from San Jose International Airport.

Rail

Antioch is served by both the Antioch-Pittsburg Amtrak station, and access to Bay Area Rapid Transit (BART) is available at the Antioch eBART Station which was opened on May 26, 2018

Public Transportation

Tri Delta Transit, formally the Eastern Contra Costa Transit Authority, is a joint powers agency of the governments of Pittsburg, Antioch, Oakley, Brentwood, and Contra Costa County that provides bus service for the eastern area of Contra Costa County. Tri Delta Transit local buses connect to the BART at Pittsburg/Bay Point and Concord. Tri Delta Transit buses also connect with County Connection bus service, WestCAT bus service, Delta Breeze bus service and Amtrak at shared bus stops.

Area Overview - San Francisco Bay Area

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 (e.g., 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.



Demographics - Antioch, CA

2020 Summary	1 mile	3 miles	5 miles
Population	15,528	104,633	171,642
Households	4,792	32,532	52,933
Families	3,852	25,149	41,153
Average Household Size	3.22	3.20	3.22
Owner Occupied Housing Units	3,889	21,826	36,545
Renter Occupied Housing Units	902	10,706	16,388
Median Age	39.8	35.1	35.0
Median Household Income	\$100,767	\$76,723	\$82,272
Average Household Income	\$122,775	\$99,081	\$104,827

Projected 2025 Summary	1 mile	3 miles	5 miles
Population	15,933	108,690	179,920
Households	4,900	33,634	55,211
Families	3,939	26,018	42,949
Average Household Size	3.23	3.21	3.24
Owner Occupied Housing Units	4,012	22,914	38,640
Renter Occupied Housing Units	888	10,720	16,571
Median Age	40.4	36.0	35.8
Median Household Income	\$113,688	\$90,784	\$99,707
Average Household Income	\$146,789	\$120,171	\$126,483





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