

OFFERING MEMORANDUM



43350-43352

BUSINESS PARK DRIVE | TEMECULA, CA

CAPITAL MARKETS | INVESTMENT PROPERTIES

**CBRE**



43350-43352

BUSINESS PARK DRIVE | TEMECULA, CA



# TABLE OF CONTENTS

- 02 Investment Overview
- 06 Property Overview
- 14 Area Overview
- 20 Market Overview
- 22 Tenant Overview
- 26 Replacement Cost

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# INVESTMENT OVERVIEW





# INVESTMENT HIGHLIGHTS

## NNN LEASED INDUSTRIAL - STABLE CASH FLOW WITH UPSIDE POTENTIAL

- 100% NNN leased to two quality tenants; Global Product Resources, Inc. and QC Manufacturing, Inc. with in-place rent significantly below market. The project totals 91,697 square feet and is situated on 4.87 acres of land.
- Staggered lease expiration dates (Jan. 2018 & Dec. 2022) provide investors with upside potential when QC Manufacturing Inc.'s lease rolls at approximately 18% below market. This will allow the investor to increase in-place yield by locking in a longer term lease, further securing the cash flow stream while receiving long-term stable cash flow from Global Product Resources.

## EXCEPTIONALLY STRONG MARKET FUNDAMENTALS IN SOUTHWEST RIVERSIDE

- Southwest Riverside has an overall industrial vacancy rate of 2% and has seen approximately 600,000 SF of YTD leasing activity in the Temecula/Murrieta area. No new construction is coming online for another 12-15 months in the Temecula/Murrieta area, and all recently built buildings have been absorbed during construction, proving the strong demand in the submarket.
- There is little risk of downtime exposure since there is currently a vacancy rate of less than 1% for buildings between 25,000 and 100,000 square feet. Additionally, there are 14 tenant requirements in the immediate market looking for space greater than 35,000 square feet totaling 1,150,000 square feet.
- CBRE-EA predicts robust rental growth of 24.4% over the next 3 years in the greater Temecula/Murrieta market. These strong market fundamentals will push rents as the leases on the property roll over.

## STRATEGIC LOCATION

- Located in one of the tightest Southern California regional market with outstanding supply/demand dynamics.
- Southwest Riverside has become a highly desired submarket and has experienced record demand and absorption due to some of the lowest economic rents in all of Southern CA while providing access to Southern California's largest freeways.

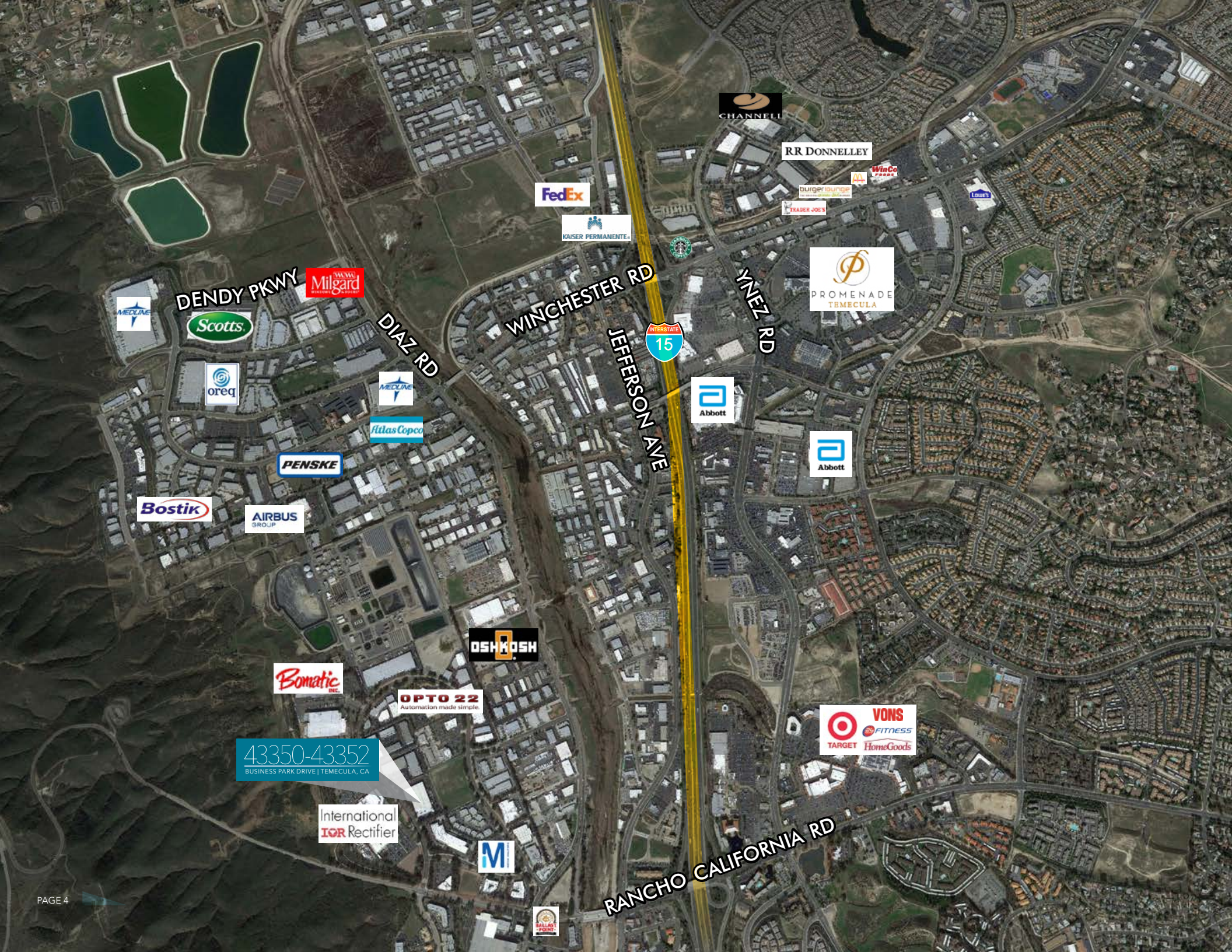
- Located in the master-planned Rancho California Business Park, with easy access to Interstate 15 off of Rancho California Road. High image corporate neighbors include Scott's Turf Supply, Professional Hospital Supply, Oreq, Milgard Windows, Penske, Kaiser Permanente and FedEx.
- Close to Old Town Temecula, home to numerous shops, high end restaurants, wineries and breweries.
- As of 2015, the combined populations of the six incorporated cities of Southwest Riverside passed the 400,000 mark and is now at 404,852, with over half that population in the cities of Temecula and Murrieta.
- Strategic Foreign Trade Zone "FTZ" Status: FTZ benefits including state and local tax incentives and on-site job training. Experienced Zone operators minimize the burden of compliance and documentation, which creates substantial savings to the tenant. The area draws major corporations and users looking to capitalize on the area's strong labor pool, creative talent, and access to both the Inland Empire and San Diego markets via Interstate 15.

## INVESTMENT SUMMARY

<b>OFFERING PRICE</b>	<b>\$9,450,000</b>
<b>PRICE PSF</b>	<b>\$103</b>
<b>CAP RATE</b>	<b>6.00%</b>
<b>YEAR 1 NOI</b>	<b>\$567,105</b>
<b>TOTAL BUILDING AREA</b>	<b>±91,697 SF</b>
<b>TOTAL LAND AREA</b>	<b>±4.873 Acres</b>
<b>WEBSITE</b>	<b><a href="http://www.ipsocal.com/43350temeculaBP">www.ipsocal.com/43350temeculaBP</a></b>

**Price at \$9,450,000 (\$103 PSF) which is significantly below the estimated replacement cost of \$13,438,000 (\$147 PSF)**





DENDY PKWY



DIAZ RD



43350-43352  
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WINCHESTER RD



JEFFERSON AVE



YNEZ RD



RR DONNELLEY



RANCHO CALIFORNIA RD







# PROPERTY OVERVIEW





## PROPERTY DESCRIPTION

**Address:** 43350/43352 Business Park Drive  
Temecula, CA 92590

**APN:** 921-020-049

**Current Bldg Size:** ±91,326 SF

**Remeasured Bldg Size:** ±91,697 SF

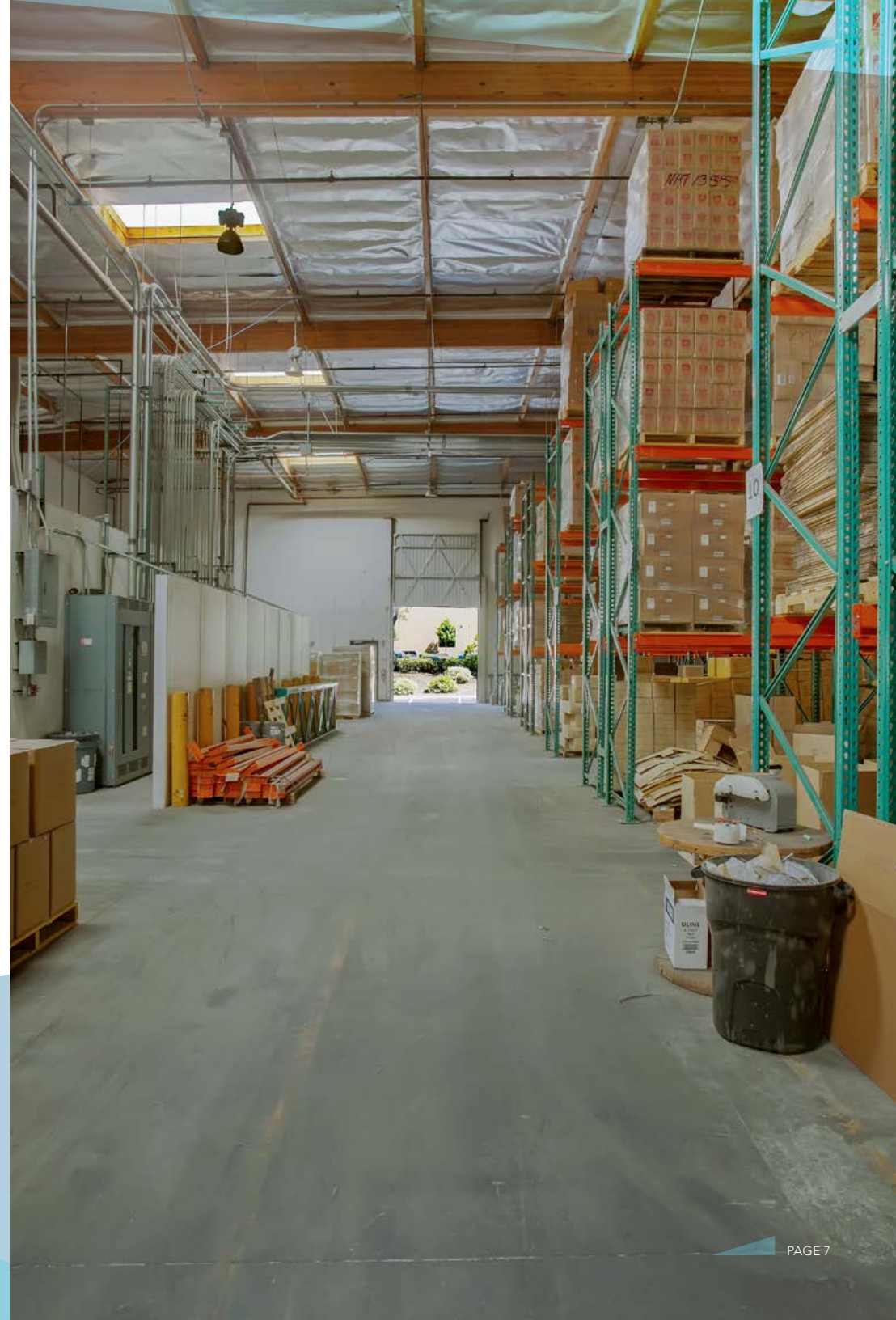
**Office Build Out:** ±25%

**Land Size:** ±4.873 acres (212,280 SF)

**Year Built:** 1986

**HVAC:** Individual HVAC Units

**Parking:** ±200 stalls (± 2.18/1,000);  
additional street parking in front  
of building





# PARCEL MAP

## PROPERTY DESCRIPTION (CONT.)

**Roof:** Single-ply membrane

**Foundation:** Spread footings

**Structure:** Concrete and steel

**Exterior Walls:** Concrete Tilt-up

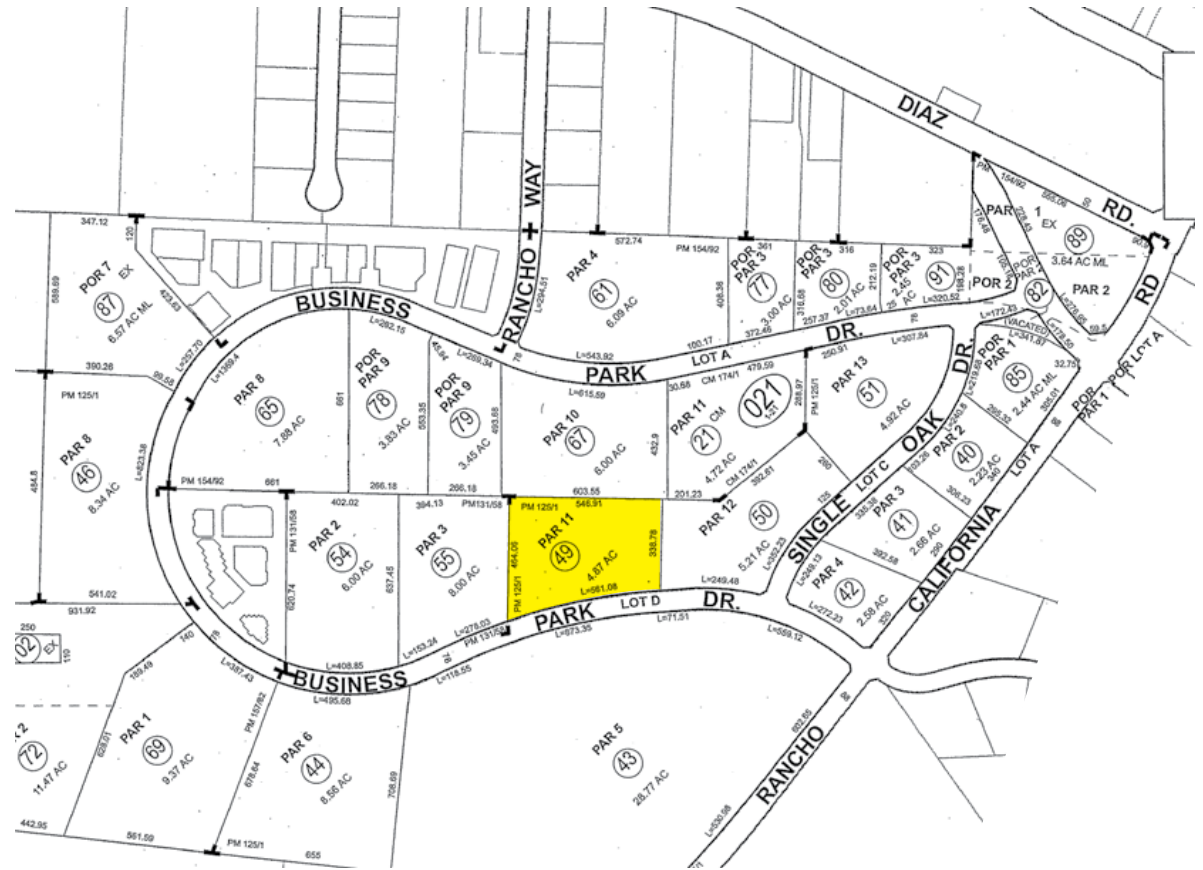
**Fire Protection:** Fire sprinklers

**Zoning:** LI (Light Industrial)

**Loading:** Dock High and Ground Level

**Clear Height:** ±28 feet

**Electrical:** 3,000 Amp, 277/480 Volt





SITE PLAN

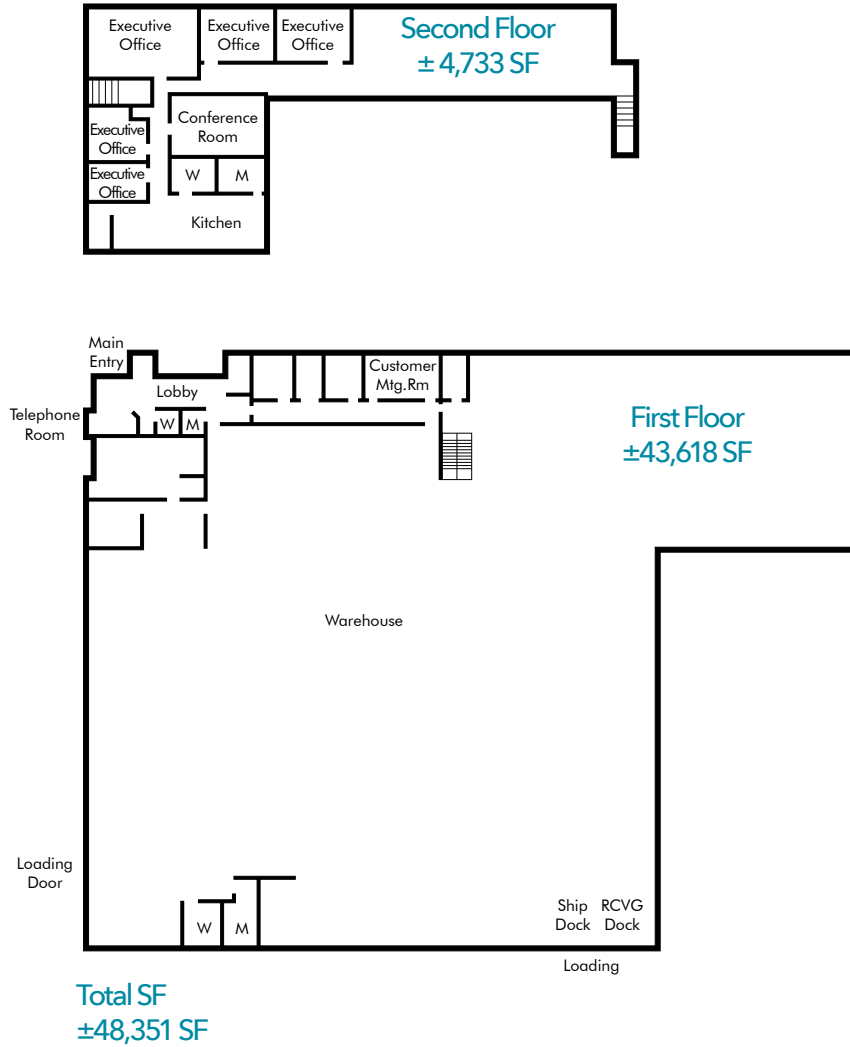




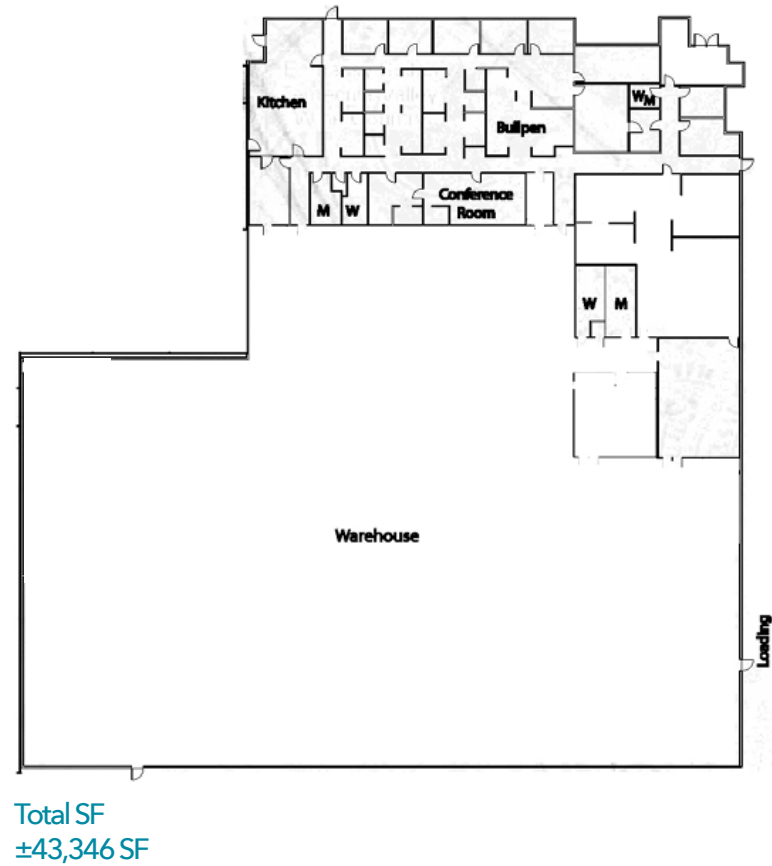
# FLOOR PLANS

43350

GLOBAL PRODUCT RESOURCES INC.



43352  
QC MANUFACTURING INC.





INLAND EMPIRE



TEMECULA



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BUSINESS PARK DRIVE













# CITY OF TEMECULA AREA OVERVIEW

Centrally located between Los Angeles, Orange County and San Diego, Temecula boasts designation in California's Innovation Hub (IHub) and the San Diego Foreign Trade Zone. Rated one of the top twenty least expensive cities to do business in California by the Kossmont-Rose Institute, Temecula remains the ideal city for relocating, expanding, and developing a new project in Southern California.

Temecula, branded as Southern California Wine Country, has award winning schools, higher educational opportunities, vast array of parks and trails, diverse shopping/dining options and beautiful residential communities. Over the past two decades, the City of Temecula has evolved into an innovative, dynamic City and a regional economic center for Southwest Riverside County, all while retaining its small town feeling and character.

## CITY OF TEMECULA TOP EMPLOYERS

Employee Name	Product
Pechanga Resort and Casino	Tourism/Casino/Resort
Temecula Valley Unified School District	Education
Abbott Laboratories	Medical Device Innovations
Professional Hospital Supply	Medical Supplies
International Rectifier / Hexfet	Power Semi-Conductors & Related Devices
Channell Commercial Corp	Radio/TV Communications
DCH Auto Group	Automotive Dealership
Millipore Corporation	Life Science
Milgard Manufacturing	Custom Window & Tempered Glass
Cassidian Communications	Emergency Response Systems
Tension Envelope	Envelope Manufacturer
Southwest Traders	Distributor Dry Goods
FFF Enterprises	Biopharmaceutical
Southwest Healthcare	Hospitals / Healthcare



Abbott Laboratories



Professional Hospital Supply



International Rectifier



## TEMECULA DEMOGRAPHICS

### POPULATION

2016 Population	112,883
2021 Population	122,375
Percent Pop Change: 2016 to 2021	8.41%

### AGE

2016 Average Age	35.43
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### HOUSEHOLDS

2016 Households	34,440
2021 Households	36,988
Percent HH Change: 2016 to 2021	7.40%
Average Household Size	3.27

### INCOME

2016 Average Household Income	\$94,171
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### HOUSING UNITS

2016 Housing Units	36,767
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Entrance to Old Town Temecula



Temecula Balloon and Wine Festival

## TEMECULA, CA

- Temecula is well known for its championship golf courses, a climate perfect for serene and beautiful hot-air ballooning adventures, and award-winning wineries nestled in 3,000 acres of picturesque wine country.
- Old Town Temecula is the site of many special events including car shows, semi-annual Road Runs, Western Days, and summer weekend entertainment.
- The city is a prominent tourist destination, with the Temecula Valley Wine Country, Old Town Temecula, the Temecula Valley Polo Club, the Temecula Valley Balloon & Wine Festival, and the Temecula Valley International Film Festival.
- In addition to the tourism sector, the educational, leisure, professional, finance, and retail sectors contribute to the city's economy.
- Temecula Valley is the premiere winemaking region in Southern California. Over the last decade, the number of wineries in the Temecula Valley has doubled and more new wineries are in the planning stages.



## Top Attractions

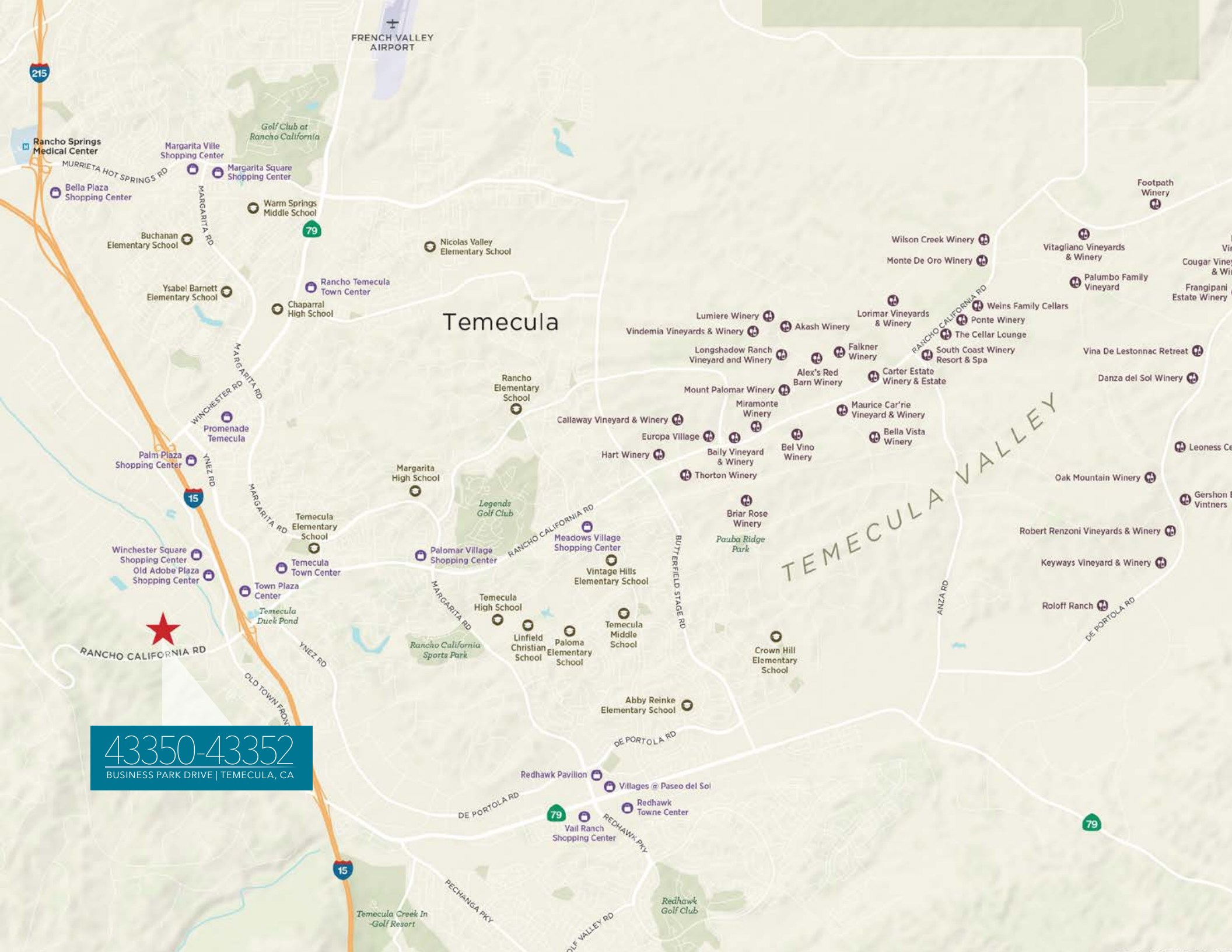
- Pechanga Resort and Casino - The world-class casino is the largest in California and features state-of-the-art slot and video machines, table games, non-smoking poker room and a modern 700 seat bingo facility. Journey at Pechanga golf course is one of the state's top 20 public courses, it is a par 72, 18 hole course.
- Old Town Temecula Community Theatre -is a contemporary, state-of-the-art proscenium theater in the heart of Old Town. The Theater has two performance venues; the 361-seat proscenium theater provides an intimate performance experience, and the 48-seat Club at the Merc.
- Temecula Valley Balloon & Wine Festival - is a recipient of 27 International Festivals and Events Association awards including awards for best volunteer program, press and media relations campaigns, and social media campaigns. Attendance pushes 40,000 at the three-day festival.
- Temecula Wine Country - Temecula Valley wines continue to win hundreds of major awards at dozens of wine competitions that include well-known domestic and international brands.

## Top Retail Attractions

- Promenade Temecula - is an indoor/outdoor regional lifestyle shopping center located in Temecula, California. The center's anchor stores include Macy's, Macy's Men/Children & Home, JCPenney, Sears and Edwards 15 Cinemas.







FRENCH VALLEY AIRPORT

215

Rancho Springs Medical Center

Margarita Ville Shopping Center

Margarita Square Shopping Center

Bella Plaza Shopping Center

Buchanan Elementary School

Warm Springs Middle School

Nicolas Valley Elementary School

Ysabel Barnett Elementary School

Rancho Temecula Town Center

Chaparral High School

Temecula

Rancho Elementary School

Lumiere Winery

Lorimar Vineyards & Winery

Wilson Creek Winery

Monte De Oro Winery

Vitagliano Vineyards & Winery

Palumbo Family Vineyard

Cougar Vine & Winery

Frangipani Estate Winery

The Cellar Lounge

South Coast Winery Resort & Spa

Vina De Lestonnac Retreat

Danza del Sol Winery

Promenade Temecula

Palm Plaza Shopping Center

Rancho Elementary School

Callaway Vineyard & Winery

Mount Palomar Winery

Miramonte Winery

Maurice Car'rie Vineyard & Winery

Bella Vista Winery

Europa Village

Hart Winery

Baily Vineyard & Winery

Bel Vino Winery

Leoness Cellars

Oak Mountain Winery

Gershon Vintners

Temecula Elementary School

Margarita High School

Legends Golf Club

Meadows Village Shopping Center

Thorton Winery

Briar Rose Winery

Pauba Ridge Park

Robert Renzoni Vineyards & Winery

Keyways Vineyard & Winery

Winchester Square Shopping Center

Old Adobe Plaza Shopping Center

Palomar Village Shopping Center

Vintage Hills Elementary School

Temecula Middle School

Crown Hill Elementary School

Roloff Ranch



RANCHO CALIFORNIA RD

OLD TOWN FRONT

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Temecula Creek In-Golf Resort

Redhawk Golf Club

Redhawk Pavilion

Villages @ Paseo del Sol

Redhawk Towne Center

Vail Ranch Shopping Center

79

15

79

PECHANGA PKY

OLF VALLEY RD

ANZA RD

TEMECULA VALLEY

DE PORTOLA RD

DE PORTOLA RD

BUTTERFIELD STAGE RD

RANCHO CALIFORNIA RD

RANCHO CALIFORNIA RD

MARGARITA RD

MARGARITA RD

MARGARITA RD

MARGARITA RD

WINCHESTER RD

WINCHESTER RD

MARGARITA RD

MARGARITA RD

MARGARITA RD

MARGARITA RD

MARGARITA RD

MARGARITA RD

MURRIETA HOT SPRINGS RD

215

79

79

79

79



WALKING SCORE: 36

# 43350-43352 TEMECULA BUSINESS PARK



## SHOPPING CENTERS

- 1 mile: 1
- 2 miles: 11
- 3 miles: 17



## BUSINESS POINTS WITHIN A 1 MILE RADIUS

- 21 Grocery Stores
- 61 Restaurants
- 38 Banks
- 10 Hotels & Motels
- 25 Fitness, Recreational Sports Centers & Membership Organizations



## BUSINESS POINTS WITHIN A 2 MILE RADIUS

- 55 Grocery Stores
- 202 Restaurants
- 77 Banks
- 19 Hotels & Motels
- 58 Fitness, Recreational Sports Centers & Membership Organizations



## BUSINESS POINTS WITHIN A 3 MILE RADIUS

- 73 Grocery Stores
- 263 Restaurants
- 105 Banks
- 19 Hotels & Motels
- 85 Fitness, Recreational Sports Centers & Membership Organizations



## DAILY TRAFFIC COUNTS

INTERSECTION	AVERAGE DAILY TRAFFIC
Rancho California Rd	33,032
I-15	169,133
Front St	18,793

## DISTANCE

Palm Springs	42 miles
Newport Beach	46 miles
Anaheim	50 miles
San Diego	54 miles
Los Angeles	68 miles
San Francisco	418 miles

PLACE OF WORK	1 MILE	2 MILE	3 MILE	5 MILE
Total Businesses	1,651	3,710	5,218	8,405
Daytime Employment (Total Employees)	12,960	37,210	48,713	76,108





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**Tower Plaza**  
88Ranch Marketplace  
Armstrong Garden Centers  
**BIG LOTS!**  
Michaels

**Palm Plaza S.C.**  
Kmart  
TJ-maxx  
Pier 1 Imports  
CHASE  
Food 4 Less  
HOBBY LOBBY

**Murrieta Springs S.C.**  
IHOP  
PETS MART  
BIG LOTS  
McDonald's

**Village Walk Plaza**  
Office DEPOT  
Dixie's Dry Cleaning  
PETCO  
Sally Beauty  
BeVMO!

**Redhawk Town Center**  
Walmart  
KOHLS  
Marshall's  
CHASE  
Applebees  
PET SMART  
IHOP  
FAMOUS FOOTWEAR  
ROSS  
Payless

**Vail Ranch Center**  
Sutter Health  
Rite Aid  
McDonald's  
Taco Bell

**Temecula Town Center**  
Target  
VONS  
FITNESS  
HomeGoods

**The Promenade**  
macy's  
Sears  
JCPenney  
rack  
PETCO

**Murrieta Town Center**  
Dick's Sporting Goods  
Fitness  
Ralphs  
Rite Aid

**Villages at Paseo Del Sol**  
Bank of America  
Staples  
CVS

**Palomar Village**  
CVS  
McDonald's  
Shell

**Ralph's Marketplace**  
Ralphs  
CVS

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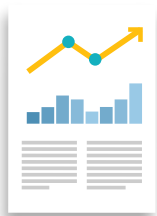
BUSINESS PARK DRIVE



# SOUTHWEST RIVERSIDE INDUSTRIAL MARKET OVERVIEW

The Southwest Riverside County (Temecula, Wildomar, Murietta, Lake Elsinore) submarket serves as the gateway to the Inland Empire region, one of the most desirable industrial markets in the US. The total industrial market includes 679 buildings totaling 15,813,041 SF. High image corporate neighbors surrounding 43350 Business Park Drive include Scott's Turf Supply, Professional Hospital Supply, Oreq, Milgard Windows, Penske, Kaiser Permanente and FedEx. The Southwest Riverside area continues to draw major corporations and users looking to capitalize on the area's strong labor pool, creative talent, and access to both the Inland Empire and San Diego markets via Interstate 15. Furthermore, the proximity to North San Diego and ease of access on the I-15 is a major draw to companies that are looking to expand or that have been priced out of the north San Diego submarket.

Southwest Riverside County continues to show:



**STRONG NET  
ABSORPTION**



**STRENGTHENING  
SALE PRICES  
IN 2016**

The industrial market has been historically strong, as the area's lower lease rates and large blocks of available land in comparison to the neighboring counties of San Diego, Los Angeles and Orange County make it highly desirable to many industrial users. Demand for Southwest Riverside industrial buildings continued its momentum through the 2nd quarter of 2016 with gross activity YTD at approximately 600,000 SF. This statistic is particularly notable given the lack of product available in the marketplace, and the approximate 2% vacancy.

Asking sales prices have increased 2.8% from the first quarter and are now \$117.52 per SF. Well featured buildings available for sale are becoming more difficult to find. Asking lease rates averaged \$0.65 NNN in the 2nd quarter of 2016. Rental rates have exhibited an upward trend which is expected to continue for the foreseeable future, given historically low vacancy rates and limited available product in the marketplace.

There are currently fourteen active tenant requirements in the market above 35,000 SF. This diverse mix of tenants includes engineering firms, sports/recreational users, cold storage users, and LED light distributors. The market has seen a substantial increase in requirements from North County San Diego as vacancy has remained tight and very little new construction is being delivered.

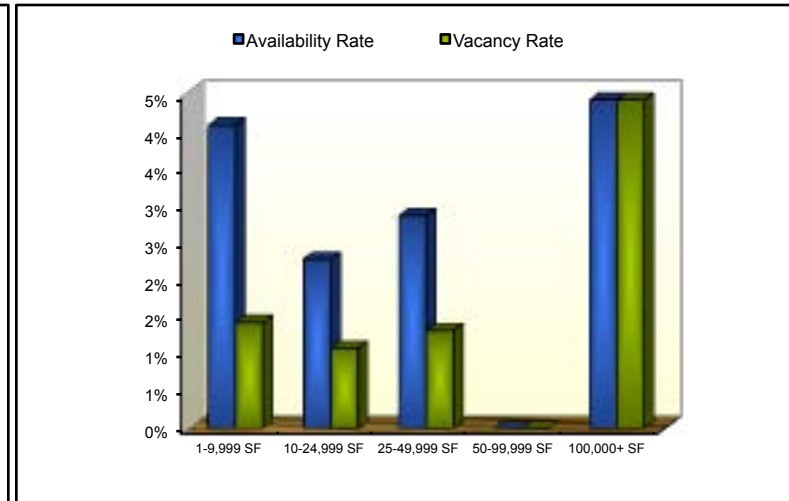
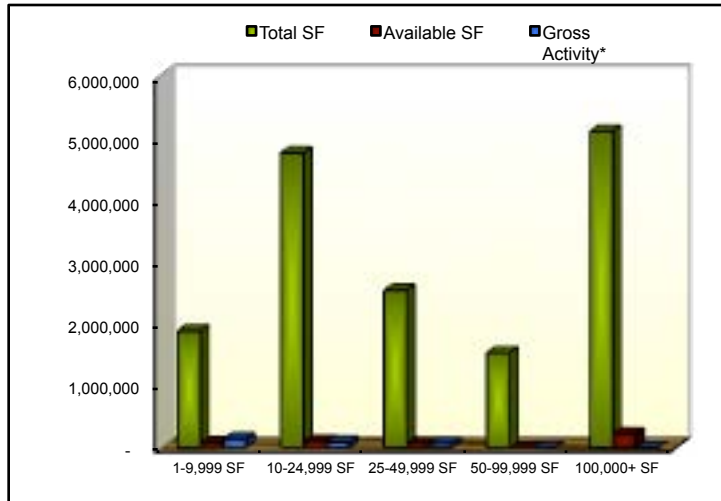
**ASKING SALES PRICES INCREASED 2.8%  
SINCE THE FIRST QUARTER**

**THERE ARE CURRENTLY FOURTEEN  
ACTIVE TENANT REQUIREMENTS  
IN THE MARKET ABOVE  
35,000 SF**



## SOUTHWEST RIVERSIDE COUNTY 2Q 2016 INDUSTRIAL SUMMARY

Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant	Vacancy Rate	Gross Activity*
1-9,999 SF	274	1,882,488	76,524	4.07%	26,765	1.42%	143,160
10-24,999 SF	281	4,755,127	107,992	2.27%	51,294	1.08%	89,641
25-49,999 SF	75	2,539,807	72,416	2.85%	33,295	1.31%	63,908
50-99,999 SF	23	1,531,479	-	0.00%	-	0.00%	-
100,000+ SF	26	5,104,140	224,720	4.40%	224,720	4.40%	-
<b>Totals</b>	<b>679</b>	<b>15,813,041</b>	<b>481,652</b>	<b>3.05%</b>	<b>336,074</b>	<b>2.13%</b>	<b>296,709</b>





# TENANT OVERVIEW





## GLOBAL PRODUCT RESOURCES INC.

SUITE	43350
SQUARE FEET	±48,351
WEBSITE	www.gprinc.com
PUBLIC (Y/N)	PRIVATE
CURRENTSQUARE FEET	±48,155
OFFICE SIZE	±9,470 SF
LOCATIONS	8
HEADQUARTERS	TEMECULA, CA

Founded in 2005, Global Product Resources, Inc. is a privately held firm headquartered in Southern California which prides itself in superior design, manufacturing and distribution of creative consumer products. The following are registered trademarks of Global Product Resources, Inc., DECO BREEZE®, DecoGLOW®, CATINA®, FANITY® and DecoFLAIR®. The company is the creator of the popular brand of decorative floor and table top fans known as DECO BREEZE®, decorative candles known as DecoGLOW® decorative candles, and unique home décor pieces known as DecoFLAIR® decorative accessories. Global Product Resources, Inc. sells to over 8,000 retailers, catalogs, and internet sites in the U.S. and Canada.



## QC MANUFACTURING INC.

SUITE	43352
SQUARE FEET	±43,346
WEBSITE	www.quietcoolsystems.com
PUBLIC (Y/N)	PRIVATE
CURRENTSQUARE FEET	±43,171
OFFICE SIZE	±13,450 SF
LOCATIONS	1
HEADQUARTERS	TEMECULA, CA

QC Manufacturing makes the world's most energy efficient and quiet whole house fans on the market. QuietCool introduced the Energy Saver line of QuietCool fans. These fans revolutionized the industry with ultra-high efficiency motors never seen before in the whole house fan industry. In 2015, QuietCool was ranked number 1,630 on The Inc. 5000's List of Fastest Growing Companies in America.













# REPLACEMENT COST





## REPLACEMENT COSTS

Land Size	212,280	Square Feet
Building Size	91,697	Square Feet

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### HARD COSTS

Land Acquisition Cost @	\$12.00		\$2,547,360
Hard Costs @	\$65.00		\$5,960,305
Tenant Improvements on 22,920 SF of Office	\$50.00		\$1,146,213
TOTAL HARD COSTS			\$9,653,878 72%

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### SOFT COSTS

A & E @	2.0%		\$193,078
Insurance	\$0.37	PSF	33,928
Property Taxes	1.10%	Hard Costs	106,193
Development Fees	\$8.50	PSF of Bldg. Area	779,425
Legal	1%	Hard Costs	96,539
Developer's Profit	10%	Hard Costs	965,388
Loan Fee	1%	Hard Costs	96,539
Contingency	5%	Hard Costs	482,694
Interest on Land Carry	3%	Land Cost	76,421
Interest on Construction	5%	Hard Costs	482,694
Interest on Lease Up	3%	Hard Costs	289,616
Leasing Commission	\$1.98	PSF	181,560
TOTAL SOFT COSTS			\$3,784,073 28%

<b>Total Development Costs</b>	<b>\$13,437,950</b>	<b>100%</b>
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<b>Cost Per Square Foot</b>	<b>\$146.55</b>
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Economic Rent Calculation		
Replacement Costs		\$146.55
Required Return	7.0%	\$10.26
Less Vacancy/Credit	5%	\$0.51
Economic Rent Required, PSF per year (NNN)		\$10.77
Economic Rent Required, PSF per month (NNN)		\$0.90







## CONFIDENTIALITY DISCLOSURE & AGREEMENT

### AFFILIATED BUSINESS DISCLOSURE

CBRE operates within a global family of companies with many subsidiaries and/or related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates may represent various clients with competing interests in the same transaction. For example, this Memorandum may be received by our Affiliates, including CBRE Investors, Inc. or Trammell Crow Company. Those, or other, Affiliates may express an interest in the property described in this Memorandum (the "Property") may submit an offer to purchase the Property and may be the successful bidder for the Property. You hereby acknowledge that possibility and agree that neither CBRE, Inc. nor any involved Affiliate will have any obligation to disclose to you the involvement of any Affiliate in the sale or purchase of the Property. In all instances, however, CBRE Inc. will act in the best interest of the client(s) it represents in the transaction described in this Memorandum and will not act in concert with or otherwise conduct its business in a way that benefits any Affiliate to the detriment of any other offeror or prospective offeror, but rather will conduct its business in a manner consistent with the law and any fiduciary duties owed to the client(s) it represents in the transaction described in this Memorandum.

### CONFIDENTIALITY AGREEMENT

This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the property or the owner of all Property (the "Owner"), to be all-inclusive or to contain all or part of the information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors being the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner. Neither the Owner or CBRE, Inc., nor any of their respectful directors, officers, Affiliates or representatives make an representation or warranty, expressed or implied,

as to the accuracy or completeness of this Memorandum or any of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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**CBRE**





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43350-43352 Business Park Dr

10-Year Hold Period

*43350-43352 Business Park Dr.  
Temecula, CA*

September 8, 2016

*CBRE - Financial Consulting Group*

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**SUMMARY OF FINANCIAL ASSUMPTIONS**

GLOBAL				VACANT SPACE LEASING		SECOND GENERATION LEASING	
<b>Analysis Period</b>				<b>Occupancy and Absorption</b>		<b>Retention Ratio</b>	
Commencement Date	January 1, 2017			Projected Vacant at 1/1/17	0 SF	70%	
End Date	December 31, 2026			Currently Vacant as of 9/1/16	0 SF	<b>Financial Terms</b>	
Term	10 Years			Percentage Vacant at 9/1/16	0.00%	2017 Monthly Market Rent	\$0.55 PSF
<b>Area Measures</b>				<b>EXPENSES</b>		Rent Adjustment	3.00% Annually
Current Building Square Feet (NRSF)	91,326 SF			<b>Operating Expense Source</b>	Estimates	Lease Term	5 Years
Remeasured Building Square Feet (NRSF)	91,697 SF			<b>Management Fee (% of EGR)</b>	3.00%	Expense Reimbursement Type	NNN
<b>Growth Rates</b>				<b>Real Estate Taxes Reassessed</b>		<b>Tenanting Costs</b>	
Consumer Price Index (CPI)	3.00%			Millage Rate	1.047850%	Rent Abatements	
Other Income Growth Rate	3.00%			Special Assessments	\$7,194	New	3 Month(s)
Operating Expenses	3.00%			Yes [4]		Renewal	1 Month(s)
Year One Actual	\$2.13 PSF/Yr					Weighted Average	1.60 Month(s)
Year One Pro-Forma at 100% Occupancy	\$2.15 PSF/Yr					Tenant Improvements (\$/NRSF)	
Real Estate Taxes	2.00%					New	\$1.50 PSF
Market Rent Growth [1]	<u>W/A Market Rent</u>					Renewal	\$0.50 PSF
				<u>In-Place Rent [2]</u>		Weighted Average	\$0.80 PSF
CY 2018	-	13.90%	CY 2017	-	\$0.52 PSF	Commissions	
CY 2019	-	5.50%	CY 2018	-	\$0.45 PSF	New	6.00%
CY 2020	-	5.00%	CY 2019	-	\$0.58 PSF	Renewal	3.00%
CY 2021	-	3.70%	CY 2020	-	\$0.60 PSF	Weighted Average	3.90%
CY 2022	-	3.00%	CY 2021	-	\$0.62 PSF	Downtime	
CY 2023	-	3.00%	CY 2022	-	\$0.64 PSF	New	6 Month(s)
CY 2024	-	3.00%	CY 2023	-	\$0.62 PSF	Weighted Average	2 Month(s)
CY 2025	-	3.00%	CY 2024	-	\$0.78 PSF		
CY 2026	-	3.00%	CY 2025	-	\$0.80 PSF		
CY 2027+	-	3.00%	CY 2026	-	\$0.82 PSF		
<b>General Vacancy Loss</b>	0.00% [3]						
<b>Capital Reserves (CY 2017 Value)</b>	\$0.10 PSF						

**Notes:**

Market rent growth is calculated on a calendar-year basis. All in-place and market rental rates above are stated on a calendar-year

- [1] Market rent growth through is based on the CBRE Econometric Advisors Industrial Outlook for the Highway 78 corridor submarket as of Q2 2016.
- [2] In-place rent equal to Scheduled Base Rent including Fixed/CPI Increases divided by the weighted-average physical occupancy during each fiscal year.
- [3] General Vacancy Loss factor includes losses attributable to projected lease-up, rollover downtime, and fixturing downtime.  
The following tenants are excluded from this loss factor for current lease terms only: Global Product Resources Inc and QC Manufacturing Inc.
- [4] Real Estate Taxes have been reassessed at the estimated purchase price based on a millage rate of 1.047850% plus special assessments of \$7,194.



CASH FLOW PROJECTIONS

Calendar Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Physical Occupancy	100.00%	76.31%	100.00%	100.00%	100.00%	100.00%	83.33%	100.00%	100.00%	100.00%	100.00%
Overall Economic Occupancy [1]	100.00%	64.56%	100.00%	100.00%	100.00%	100.00%	71.82%	100.00%	100.00%	100.00%	100.00%
Weighted Average Market Rent	\$0.55	\$0.63	\$0.66	\$0.69	\$0.72	\$0.74	\$0.76	\$0.79	\$0.81	\$0.83	\$0.86
Weighted Average In Place Rent [2]	\$0.52	\$0.45	\$0.58	\$0.60	\$0.62	\$0.64	\$0.62	\$0.78	\$0.80	\$0.82	\$0.85
Total Operating Expenses PSF Per Month	\$0.18	\$0.17	\$0.19	\$0.19	\$0.20	\$0.20	\$0.20	\$0.21	\$0.22	\$0.22	\$0.26

	[3] CY 2017 \$/SF/MO											
<b>REVENUES</b>												
Scheduled Base Rent												
Gross Potential Rent	\$0.52	\$567,105	\$624,224	\$641,650	\$660,900	\$680,727	\$701,148	\$822,362	\$854,127	\$879,751	\$906,144	\$933,327
Absorption & Turnover Vacancy	0.00	0	(162,925)	0	0	0	0	(140,012)	0	0	0	0
Base Rent Abatements	0.00	0	(81,462)	0	0	0	0	(112,010)	0	0	0	0
Total Scheduled Base Rent	0.52	567,105	379,837	641,650	660,900	680,727	701,148	570,340	854,127	879,751	906,144	933,327
Expense Reimbursements	0.18	195,402	146,835	206,132	211,032	216,058	221,213	184,033	235,512	241,183	246,999	289,839
<b>TOTAL GROSS REVENUE</b>	<b>0.69</b>	<b>762,507</b>	<b>526,672</b>	<b>847,782</b>	<b>871,932</b>	<b>896,785</b>	<b>922,361</b>	<b>754,373</b>	<b>1,089,639</b>	<b>1,120,934</b>	<b>1,153,143</b>	<b>1,223,166</b>
General Vacancy Loss	0.00	0	0	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS REVENUE</b>	<b>0.69</b>	<b>762,507</b>	<b>526,672</b>	<b>847,782</b>	<b>871,932</b>	<b>896,785</b>	<b>922,361</b>	<b>754,373</b>	<b>1,089,639</b>	<b>1,120,934</b>	<b>1,153,143</b>	<b>1,223,166</b>
<b>OPERATING EXPENSES</b>												
CAM	(0.05)	(55,351)	(57,112)	(58,835)	(60,600)	(62,418)	(64,290)	(66,361)	(68,352)	(70,402)	(72,514)	(74,690)
Management Fee	(0.02)	(22,875)	(15,800)	(25,433)	(26,158)	(26,904)	(27,671)	(22,631)	(32,689)	(33,628)	(34,594)	(36,695)
Insurance	(0.01)	(10,959)	(11,308)	(11,649)	(11,998)	(12,358)	(12,729)	(13,139)	(13,533)	(13,939)	(14,357)	(14,788)
Property Taxes	(0.10)	(106,216)	(108,196)	(110,216)	(112,277)	(114,378)	(116,522)	(118,709)	(120,939)	(123,214)	(125,534)	(163,669)
<b>TOTAL OPERATING EXPENSES</b>	<b>(0.18)</b>	<b>(195,401)</b>	<b>(192,416)</b>	<b>(206,133)</b>	<b>(211,033)</b>	<b>(216,058)</b>	<b>(221,212)</b>	<b>(220,840)</b>	<b>(235,513)</b>	<b>(241,183)</b>	<b>(246,999)</b>	<b>(289,842)</b>
<b>NET OPERATING INCOME</b>	<b>0.52</b>	<b>567,106</b>	<b>334,256</b>	<b>641,649</b>	<b>660,899</b>	<b>680,727</b>	<b>701,149</b>	<b>533,533</b>	<b>854,126</b>	<b>879,751</b>	<b>906,144</b>	<b>933,324</b>
<b>CAPITAL COSTS</b>												
Tenant Improvements	0.00	0	(66,970)	0	0	0	0	(87,593)	0	0	0	0
Leasing Commissions	0.00	0	(98,911)	0	0	0	0	(169,574)	0	0	0	0
Capital Reserves	(0.01)	(9,133)	(9,423)	(9,707)	(9,999)	(10,299)	(10,607)	(10,949)	(11,278)	(11,616)	(11,964)	(12,323)
<b>TOTAL CAPITAL COSTS</b>	<b>(0.01)</b>	<b>(9,133)</b>	<b>(175,304)</b>	<b>(9,707)</b>	<b>(9,999)</b>	<b>(10,299)</b>	<b>(10,607)</b>	<b>(268,116)</b>	<b>(11,278)</b>	<b>(11,616)</b>	<b>(11,964)</b>	<b>(12,323)</b>
<b>OPERATING CASH FLOW</b>	<b>\$0.51</b>	<b>\$557,973</b>	<b>\$158,952</b>	<b>\$631,942</b>	<b>\$650,900</b>	<b>\$670,428</b>	<b>\$690,542</b>	<b>\$265,417</b>	<b>\$842,848</b>	<b>\$868,135</b>	<b>\$894,180</b>	<b>\$921,001</b>
<b>ACQUISITION &amp; RESIDUAL SALE</b>												
Purchase Price		(\$9,450,000)	0	0	0	0	0	0	0	0	0	0
Net Residual Value [4]		0	0	0	0	0	0	0	0	0	14,485,188	All Cash IRR
<b>CASH FLOW BEFORE DEBT</b>	<b>(\$9,450,000)</b>	<b>\$557,973</b>	<b>\$158,952</b>	<b>\$631,942</b>	<b>\$650,900</b>	<b>\$670,428</b>	<b>\$690,542</b>	<b>\$265,417</b>	<b>\$842,848</b>	<b>\$868,135</b>	<b>\$15,379,368</b>	<b>9.63%</b>
<b>MARKET LOAN [5]</b>												
Loan Funding / Payoff	5,670,000	0	0	0	0	0	0	0	0	0	(4,504,431)	Leveraged IRR
Loan Fees	(56,700)	0	0	0	0	0	0	0	0	0	0	
Annual Debt Service	0	(334,716)	(334,716)	(334,716)	(334,716)	(334,716)	(334,716)	(334,716)	(334,716)	(334,716)	(334,716)	
<b>CASH FLOW AFTER DEBT</b>	<b>(\$3,836,700)</b>	<b>\$223,257</b>	<b>(\$175,764)</b>	<b>\$297,226</b>	<b>\$316,184</b>	<b>\$335,712</b>	<b>\$355,826</b>	<b>(\$69,299)</b>	<b>\$508,132</b>	<b>\$533,419</b>	<b>\$10,540,221</b>	<b>14.36%</b>

Capitalization Rate (NOI/Total Investment)	6.00%	3.54%	6.79%	6.99%	7.20%	7.42%	5.65%	9.04%	9.31%	9.59%
Cash-on-Cash Return (Operating CF/Total Investment)	5.90%	1.68%	6.69%	6.89%	7.09%	7.31%	2.81%	8.92%	9.19%	9.46%
Leveraged Cash-on-Cash Return (CFAD/Initial Equity + Costs to Stabilize)	5.82%	-4.58%	7.75%	8.24%	8.75%	9.27%	-1.81%	13.24%	13.90%	14.58%
Debt Service Coverage Ratio (NOI)	1.69x	1.00x	1.92x	1.97x	2.03x	2.09x	1.59x	2.55x	2.63x	2.71x
Debt Service Coverage Ratio (CF)	1.67x	0.47x	1.89x	1.94x	2.00x	2.06x	0.79x	2.52x	2.59x	2.67x
Rolling - All Cash IRR	N/A	6.47%	7.39%	7.84%	8.11%	3.98%	9.72%	9.68%	9.65%	9.63%
Rolling - Leveraged IRR	N/A	8.91%	11.12%	12.04%	12.48%	3.37%	15.16%	14.84%	14.58%	14.36%

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and base rent abatements.

[2] This figure does not include any amount related to expense reimbursements. Only Scheduled Base Rent and Fixed/CPI Increases are included in this calculation, which is based on the weighted-average physical occupancy during each fiscal year.

[3] Based on 91,697 square feet.

[4] Net Residual Value is calculated by dividing Year 11 NOI by the Residual Cap Rate of 6.25% and applying a 3.00% Cost of Sale.

[5] Market Debt based on 60% Loan-to-Value, 4.25% Interest Rate, 30-Year Amortization, and 1.00% Loan Fee.

[6] All Capitalization Rates, Equity Multiples and Cash-on-Cash returns are based on Total Investment or initial equity including costs to stabilize. Internal rate of return and in-place returns are based on Purchase Price or initial equity.



IN-PLACE NOI SUMMARY vs. PRO-FORMA NOI SUMMARY

	In-Place NOI [1] Jan-2017, Annualized		Year 3 Pro Forma		Pro Forma With In-Place NOI Jan-17 to Dec-17		100% at Market Rents Pro Forma NOI Jan-17 to Dec-17	
		\$ PSF		\$ PSF		\$ PSF		\$ PSF
Size of Improvements		91,697 SF		91,697 SF		91,697 SF		91,697 SF
<b>REVENUES</b>								
Scheduled Base Rent								
Gross Potential Rent	\$550,680	\$6.01	\$641,650	\$7.00	\$567,105	\$6.18	\$605,201	\$6.60
Absorption & Turnover Vacancy	0	0.00	0	0.00	0	0.00	0	0.00
Base Rent Abatements	0	0.00	0	0.00	0	0.00	0	0.00
Total Scheduled Base Rent	550,680	6.01	641,650	7.00	567,105	6.18	605,201	6.60
Expense Reimbursements	195,396	2.13	206,132	2.25	195,402	2.13	196,858	2.15
<b>TOTAL GROSS REVENUE</b>	746,076 [1]	8.14	847,782	9.25	762,507 [2]	8.32	802,059 [3]	8.75
General Vacancy Loss	0	0.00	0	0.00	0	0.00	0	0.00
<b>EFFECTIVE GROSS REVENUE</b>	746,076	8.14	847,782	9.25	762,507	8.32	802,059	8.75
<b>OPERATING EXPENSES</b>								
CAM	(55,356)	(0.60)	(58,835)	(0.64)	(55,351)	(0.60)	(55,576)	(0.61)
Management Fee	(22,380)	(0.24)	(25,433)	(0.28)	(22,875)	(0.25)	(24,062)	(0.26)
Insurance	(10,956)	(0.12)	(11,649)	(0.13)	(10,959)	(0.12)	(11,004)	(0.12)
Property Taxes	(106,212)	(1.16)	(110,216)	(1.20)	(106,216)	(1.16)	(106,216)	(1.16)
<b>TOTAL OPERATING EXPENSES</b>	(194,904) [4]	(2.13)	(206,133) [4]	(2.25)	(195,401) [4]	(2.13)	(196,858) [4]	(2.15)
<b>NET OPERATING INCOME</b>	<b>\$551,172</b>	<b>\$6.01</b>	<b>\$641,649</b>	<b>\$7.00</b>	<b>\$567,106</b>	<b>\$6.18</b>	<b>\$605,201</b>	<b>\$6.60</b>
Annual Debt Service	(\$334,716)		(\$334,716)		(\$334,716)		(\$334,716)	
<b>STABILIZED CASH FLOW AFTER DEBT [5]</b>	<b>\$216,456</b>		<b>\$306,933</b>		<b>\$232,390</b>		<b>\$270,485</b>	
Capitalization Rate	5.83%		6.79%		6.00%		6.40%	
<b>PURCHASE PRICE AS OF JANUARY 1, 2017</b>	<b>\$9,450,000</b>	<b>\$103.06</b>	<b>\$9,450,000</b>	<b>\$103.06</b>	<b>\$9,450,000</b>	<b>\$103.06</b>	<b>\$9,450,000</b>	<b>\$103.06</b>
<b>RESULTING EQUITY</b>	<b>\$3,836,700</b>		<b>\$3,836,700</b>		<b>\$3,836,700</b>		<b>\$3,836,700</b>	
Stabilized Leveraged Cash-on-Cash Return [5]	<b>5.64%</b>		<b>8.00%</b>		<b>6.06%</b>		<b>7.05%</b>	
<b>In-Place Occupancy (At Start of Analysis With No Vacant Lease-Up)</b>		<b>100.00%</b>		-		-		-
<b>Pro-Forma Occupancy</b>		-		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>

Notes:

[1] In-Place Net Operating Income is calculated using contractual rents and expense reimbursements as of January 2017, Annualized (with no General Vacancy Loss).

In-Place NOI does not include vacant lease-up revenue, downtime due to near-term expirations, or future rent increases for existing tenants.

[2] Pro Forma with In-Place Net Operating Income assumes all in-place tenants are paying contractual rent and recoveries and all vacant suites are paying market rents and recoveries.

Pro Forma with In-Place Net Operating Income does not include downtime due to near-term expirations but does include future rent increases for existing tenants.

[3] 100% at Market Rents Pro Forma Net Operating Income assumes all in-place tenants and vacant suites are paying market rents and recoveries.

[4] Property Taxes are reassessed based on the purchase price.

[5] Stabilized Leveraged Cash-on-Cash returns are based on respective NOI before any below the line costs (capital expenditures, leasing commissions, tenant improvements, etc.) less debt service divided by Equity including, if applicable, any Costs to Stabilize.



**EXISTING VERSUS MARKET COMPARISON**

<u>Suite</u>	<u>Tenant at January 1, 2017</u>	<u>Square Feet</u>	<u>Lease Start</u>	<u>Lease End</u>	<u>Existing Rent as of Jan 1, 2017</u>	<u>Market Rent as of Jan 1, 2017</u>	<u>Percentage Above/(Below) Market Rent [1]</u>
<b><u>Existing Tenants</u></b>							
	BOMA Remeasurement	371					
43350	Global Product Resources Inc	48,155	Oct-15	Dec-22	\$0.50 PSF NNN	\$0.55 PSF NNN	-8.24%
43352	QC Manufacturing Inc	43,171	Feb-13	Jan-18	\$0.50 PSF NNN	\$0.55 PSF NNN	-9.09%
Total Existing Square Feet		<b>91,697</b>			<b>\$0.50</b>	<b>\$0.55</b>	<b>-8.64%</b>

**Weighted-Average Lease Term Remaining: 3.66 Years**

[1] The calculation of total "Percentage Above/(Below) Market Rent" only includes existing tenants as noted in this schedule.



**EXISTING LEASE EXPIRATIONS**

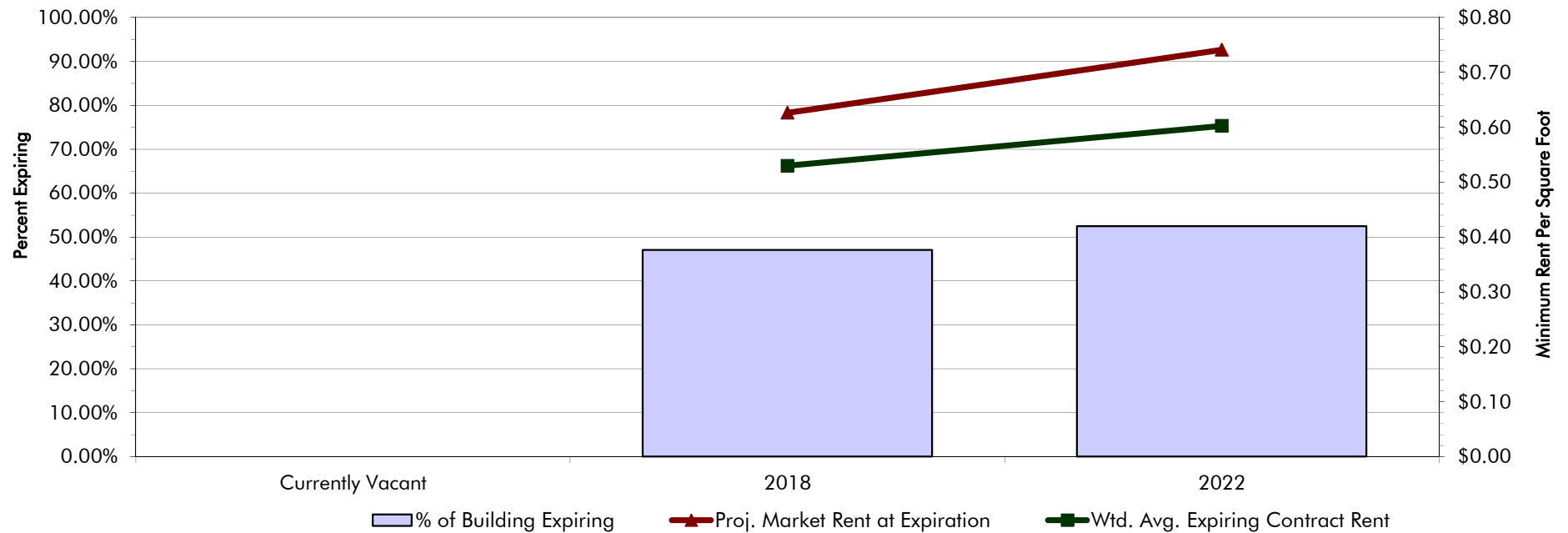
<u>Date</u>	<u>Tenant</u>	<u>Suites</u>	<u>Total SF</u>	<u>Annual (% of SF) [1]</u>	<u>Cumulative (% of SF) [1]</u>	<u>Contract Rent At Expiration</u>	<u>Projected Mkt. Rent At Expiration</u>	<u>\$ Variance</u>	<u>% Variance</u>
Jan-18	QC Manufacturing Inc	43352	43,171	47.08%		\$0.53	\$0.63	(\$0.10)	-15.40%
<i>CYE 2018 Totals</i>			43,171	47.08%	47.08%	\$0.53	\$0.63	(\$0.10)	-15.40%
Dec-22	Global Product Resources Inc	43350	48,155	52.52%		\$0.60	\$0.74	(\$0.14)	-18.71%
<i>CYE 2022 Totals</i>			48,155	52.52%	99.60%	\$0.60	\$0.74	(\$0.14)	-18.71%
<b>Subtotal</b>			91,326	99.60%					
	BOMA Remeasurement		371	0.40%	100.00%				
	Vacant		0	0.00%	100.00%				
<b>TOTAL</b>			<u>91,697</u>	<u>100.00%</u>					

[1] Based on 91,697 total building square feet.

**EXISTING LEASE EXPIRATIONS**

[1] Calendar Year Ending	Number of Suites	Net Rentable Square Feet Expiring	Percentage Square Feet Expiring	Cumulative Square Feet Expiring	Weighted. Average Contract Rent At Expiration	Projected Market Rent At Expiration	\$ Variance	% Variance
Currently Vacant	0	0	0.00%					
2018	1	43,171	47.08%	47.08%	\$0.53	\$0.63	(\$0.10)	-15.40%
2022	1	48,155	52.52%	99.60%	\$0.60	\$0.74	(\$0.14)	-18.71%

**Market Rent At Expiration vs. Weighted Average Contract Rent At Expiration [1]**



The years in which no existing tenants expire are not reflected on this graph.



Rent Roll as of 1/1/2017

Suite	Tenant Name	Current Square Feet	Remeasured Square Feet	% of Property	Lease Term		Begin	Rental Rates			Recovery Type	Rent Abatements		Tenant Improvements	Leasing Commissions	Market Assumption / Market Rent	Comments/Options	
					Begin	End		Monthly	PSF	Annually		PSF	Month #					% Abated
43350	Global Product Resources Inc	48,155	48,351	52.73%	Oct-2015	Dec-2022	Current	\$24,304	\$0.50	\$291,646	\$6.06	NNN	-	-	-	-	Market \$0.55 NNN	Tenant has one (1) - three (3) year option at FMV, not less than original term's final base rent, with 3% annual increases. Tenant has ROFO to lease the adjacent space.
							Oct-2017	\$25,041	\$0.52	\$300,487	\$6.24							
							Oct-2018	\$25,803	\$0.54	\$309,637	\$6.43							
							Oct-2019	\$26,566	\$0.55	\$318,786	\$6.62							
							Oct-2020	\$27,368	\$0.57	\$328,417	\$6.82							
							Oct-2021	\$28,171	\$0.59	\$338,048	\$7.02							
							Oct-2022	\$29,013	\$0.60	\$348,161	\$7.23							
43352	QC Manufacturing Inc	43,171	43,346	47.27%	Feb-2013	Jan-2018	Current	\$21,586	\$0.50	\$259,026	\$6.00	-	-	-	-	Vacate \$0.55 NNN	Tenant has one (1) - one (1) year option at FMV, not less than 97% of prior, with 3% annual increases. Analysis assumes tenant vacates upon expiration.	
						VACATE	Feb-2017	\$22,881	\$0.53	\$274,568	\$6.36							

<b>TOTALS / AVERAGES</b>	<u>91,326</u>	<u>91,697</u>		<u>\$45,889</u>	<u>\$0.50</u>	<u>\$550,672</u>	<u>\$6.03</u>
OCCUPIED SqFt	91,326	91,697	100.0%				
VACANT SqFt	0	0	0.0%				
<b>TOTAL SqFt</b>	<u>91,326</u>	<u>91,697</u>	<u>100.0%</u>				