



OFFERING MEMORANDUM

Trail Creek Crossing

1300 E. BIDWELL STREET | FOLSOM, CALIFORNIA

CBRE



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FOLSOM LAKE



TRADER JOE'S



ED MITCHELL PARK

FOLSOM MIDDLE SCHOOL

MONTROSE DRIVE

BLUE RAVINE ROAD

BIDWELL STREET



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LEMBI PARK



CREEKSIDE DRIVE



Investment Summary

Offering Price	\$8,474,000
Cap Rate (Year 1)	6.50%
NOI (Year 1)	\$550,858
Cap Rate (Year 2)	6.98%
NOI (Year 2)	\$595,639
Total Land Area	1.98 Acres (85,998 SF)
Total Building Area	25,396 SF
Occupancy	93%
Website	www.nrigwest.com/trailcreekcrossing



Investment Highlights

BEST OF CLASS STRIP CENTER

- High identity, high-quality asset with construction completed in 2005
- Strong visibility with convenient parking and access facilitated by the linear “strip” site plan
- **93%** leased to thirteen (13) established tenants including **Peet's Coffee & Tea, Edible Arrangements, T-Mobile, Patelco Credit Union, and Family Christian Stores** among others

STABLE CASH FLOW WITH INCREASING RETURNS

- **9.12%** cash on cash return Year 1; **9.25%** cash on cash average over the anticipated ten (10) year hold period
- Staggered lease expirations with limited same year lease rollover
- Tenants have scheduled rental increases enhancing future cash on cash returns
- Recent construction – no deferred maintenance or near-term capital requirements

STRONG REAL ESTATE FUNDAMENTALS

- **No existing financing in place** – Trail Creek Crossing will be delivered debt free, permitting investor to place new financing at desired LTV and market interest rate
- Shallow, efficiently sized suites are conducive to **high occupancy, optimal rents and low tenant improvement costs**, keeping capital expenditures to a minimum year to year
- **Master-planning** in this community will regulate growth and ensure value preservation
- Bidwell Street is a main arterial for the city of Folsom, connecting the communities of Old Folsom, Fair Oaks, Orangevale and Roseville

FAMILY

Christian Stores

1319



Investment Highlights (continued)

CONVENIENT RETAIL LOCATION

- The property is in the core of a vibrant retail trade area that includes national tenants such as: **Walmart, Target, Kohl's, Orchard Supply Hardware, Lowe's, Save Mart, Raley's, CVS, Office Depot, 24 Hour Fitness, Dollar Tree, Jo-Ann Stores, Chipotle, Starbucks, Carl's Jr., McDonald's, Bank of the West, Chase Bank, Circle K, Liberty Tax and Jiffy Lube** among others
- Proximate to **Mercy Folsom Hospital** (106 beds, 700 employees and 32,000 annual emergency department visits), supporting medical office buildings and across the street from **Emeritus at Folsom** (83 units) and the future (Summer 2014) **Oakmont of Folsom** (67 units) assisted living facilities
- Less than 2 miles on Bidwell Street from **Folsom Lake College** (over 18,540 students)

HIGHLY AFFLUENT DEMOGRAPHICS WITH STRONG PURCHASING POWER

- More than **13,600** people in a 1-mile radius with an Average Household Income of **\$84,160**
- More than **75,650** people in a 3-mile radius with an Average Household Income of **\$100,100**
- More than **139,150** people in a 5-mile radius with an Average Household Income of **\$107,500**
- 2013 Average Effective Buying Income per Household: **\$82,300**
- High growth area: since 2003, the city of Folsom grew by nearly **13%** with projections of continued growth of over **6%** in the next five years

EXCELLENT 1031 EXCHANGE REQUIREMENT

- "Best of Class" strip center located in affluent Folsom providing income diversity and stability from its 13 established tenants
- Strong retail location with neighboring residential density and, high volume medical traffic providing tenants high-end convenience consumers
- Trail Creek Crossing is being offered free and clear of any existing debt, permitting a buyer to place new financing to achieve desired returns
- Available for a quick close to accommodate tight 1031 Exchange timelines

Folsom Demographics

2013 Estimated Population	75,097
2018 Projected Population	79,807
Growth 2010-2013	4.01%
Growth 2013-2018	6.27%
2013 Estimated Median Age	37.87
2013 Estimated Average Age	37.30
2013 Estimated Households	25,738
2018 Projected Households	27,331
Growth 2010-2013	3.16%
Growth 2013-2018	6.19%
2013 Est. Average Household Size	2.65
2013 Est. Median Household Income	\$87,020





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Trail Creek Crossing

1300 E. BIDWELL STREET | FOLSOM, CALIFORNIA



Traffic Counts (CPD daily averages)

31,700

E. Bidwell Street

18,600

Blue Ravine Road

15,800

Oak Avenue Parkway



City Overview

FOLSOM

Folsom, located in Sacramento County, has a population of just over 75,000 and is a high-tech town with businesses ranging from small to large international companies. Folsom has one of the highest Average Household Incomes (\$105,194) in California, 21% higher than state average. In the last three years Folsom has grown by 4% and is projected to grow more than 6% in the next five years. Folsom is a suburb of Sacramento and makes up part of the Sacramento Metropolitan Statistical Area which has a current population of more than 2.45 million. Folsom is conveniently located 25 miles east of Sacramento, 85 miles from Lake Tahoe and 100 miles from San Francisco. Folsom is well-known as a safe, family-oriented community with a low crime rate (one of the lowest per capita crime rates in Sacramento County).

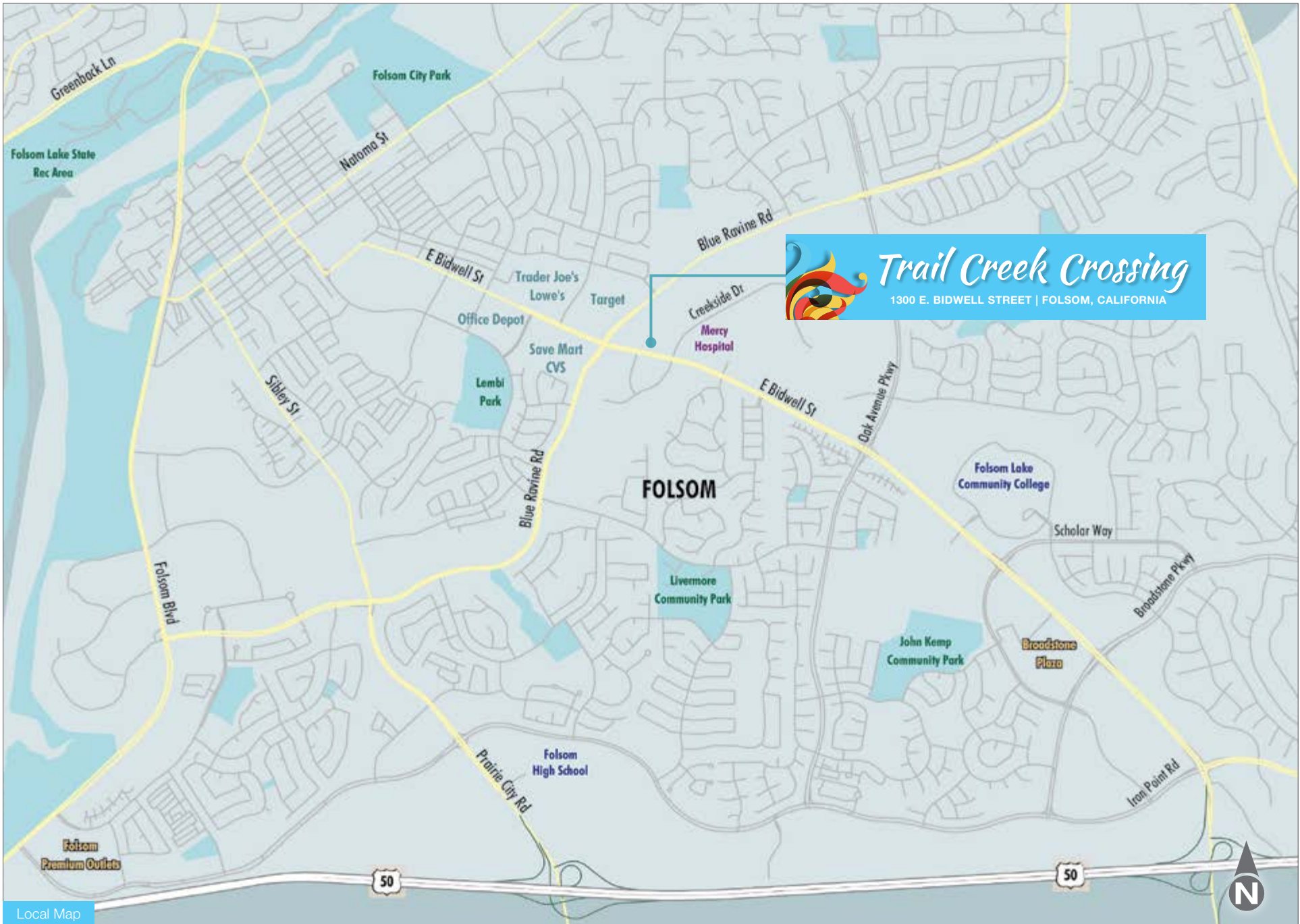
In 2011, Folsom's Historic District underwent a revitalization to bring new life to the historical landmarks, museums, restaurants, art galleries and shops. The Historic District not only benefits from its great history but is also just a short walk to the shores of Lake Natoma on the American River. The Folsom Powerhouse is another attraction located at the end of the Historic District. The Powerhouse was constructed in 1895, and in addition to serving as a tourist attraction, has the ability to take the water from the American River and turn generators that supply electricity to Sacramento.

Folsom offers its residents an attractive place to live while preserving the ability to commute to Sacramento for work. Folsom offers a less congested alternative to the big city living and is becoming home to more and more businesses. In fall 2013 Folsom added Westwood Cellars (wine tasting) to its business and entertainment activity. *Money Magazine*, *Newsweek Magazine*, and *Business Week Magazine* have all named Folsom as one of the best places in America to live, work, and play. Recently, *Bizjournals* named Folsom one of the top 100 wealth centers in the nation.

Top Employers in Folsom

Rank	Employer	# of Employees
1	Intel	6,500
2	California State Prison	1,450
3	Verizon	1,100
4	Folsom State Prison	975
5	Folsom Cordova Unified School District	875
6	Worthington Imports	680
7	Peterson's Folsom Lake Enterprises	654
8	Mercy Hospital of Folsom	620
9	California ISO	550
10	City of Folsom	480

Folsom Lake is one of the most popular, year round recreational areas in the California State Park System. The lake was created from the Folsom Dam in 1955 to control the American River and became home to an 18,000 acre park to hike, fish, camp, and enjoy the lake. Along with the lake, Folsom offers more than 32 miles of biking trails and plans to add another 15 miles in the near future. Folsom is home to 43 parks that include 275 developed acres and 155 undeveloped acres, 20 baseball/softball fields, 18 outdoor basketball courts, 17 tennis courts and 14 soccer fields.



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Local Map

County Overview

SACRAMENTO COUNTY

Sacramento County was incorporated in 1850 in response to the needs of a growing population. It is one of California's original 27 counties. The area's population count is estimated at 1.4 million and has increased by 16% since 2000. Rapid growth can be partly attributed to the region's economic stability. Employment numbers have grown by 18,000-20,000 jobs per year since 2000, ranking the region 11th among the nation's hottest job markets.

The Greater Sacramento Region consists of El Dorado, Placer, Sacramento and Yolo counties, and is home to the capital of the State of California. It is one of the most dynamic regions in the state, as well as one of the fastest growing major metropolitan areas in California. The region is also the hub of population and employment activity for the Central Valley.

The Sacramento Region's diverse and recession resistant economy has made it a premier target for investors, as well as developers. Businesses find the environment attractive due to affordable land prices, reasonable rents, superior transportation facilities, and a skilled labor force. The region's proximity to the San Francisco Bay Area, Lake Tahoe and the Napa Valley adds to the quality of life offered to its residents.



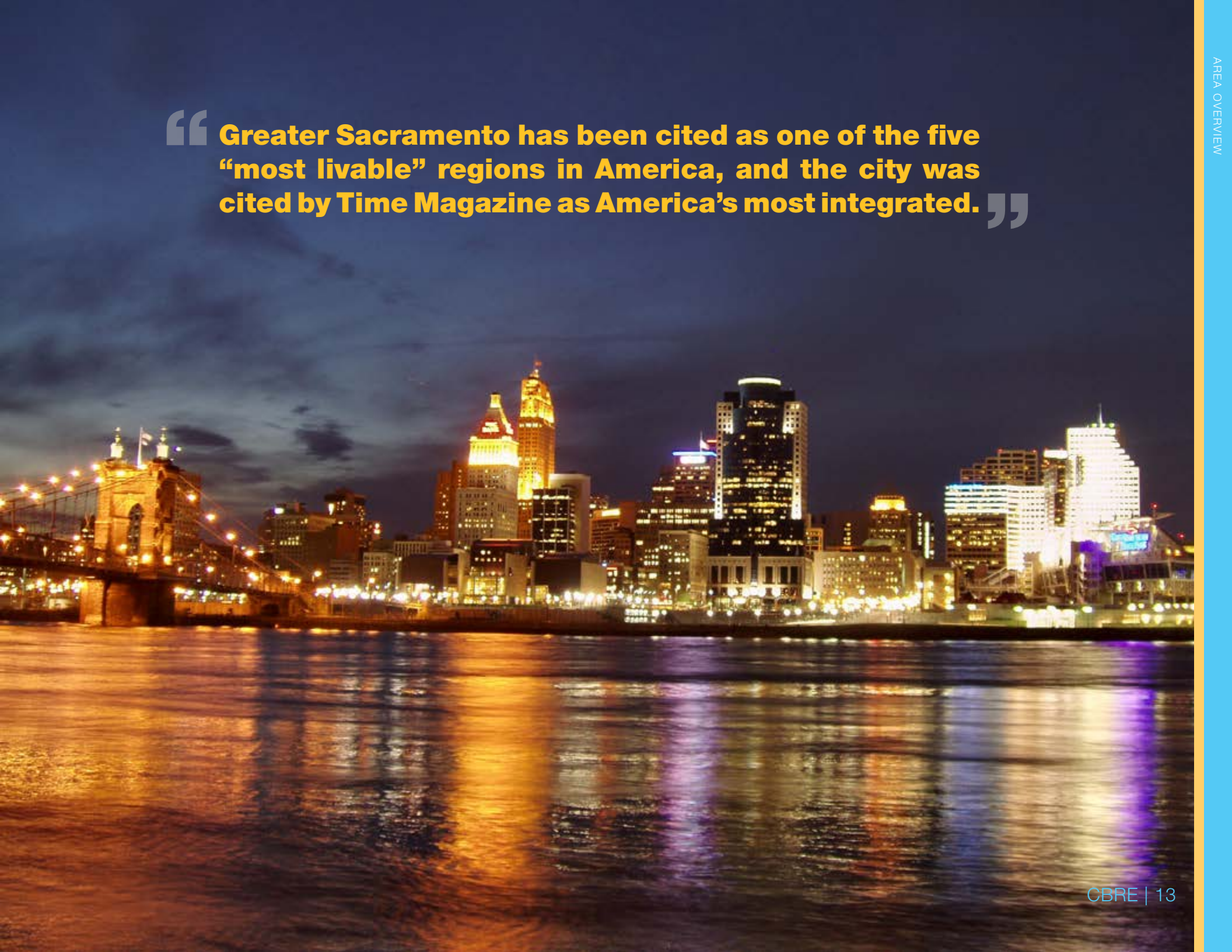
Sacramento County Demographics

2013 Estimated Population	1,454,867
2018 Projected Population	1,517,516
2010 Census Population	1,418,788
2000 Census Population	1,223,782
Growth 2010-2013	2.54%
Growth 2013-2018	4.31%
2013 Estimated Median Age	35.32
2013 Estimated Average Age	36.81
2013 Estimated Households	524,654
2018 Projected Households	546,225
Growth 2010-2013	2.08%
Growth 2013-2018	4.11%
2013 Est. Average Household Size	2.73
2013 Est. Median Household Income	\$52,393

Top Employers in Sacramento County

Rank	Employer	# of Employees
1	State of California	73,273
2	Sacramento County	13,304
3	UC Davis Health System	8,496
4	Kaiser Permanente	7,979
5	Sutter Health	7,314
6	Sacramento City Unified School District	6,500
7	Elk Grove Unified School District	6,391
8	Intel	6,000
9	Mercy/Catholic Healthcare West	5,922
10	San Juan Unified School District	5,190

“ Greater Sacramento has been cited as one of the five “most livable” regions in America, and the city was cited by Time Magazine as America’s most integrated. ”





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Regional Map



Suite	Tenant Name	Feet
1290-100	T-Mobile	2,270
1290-110	Peet's Coffee & Tea	1,730
1300-100	Saffron Kabob	1,597
1300-105	Folsom Pharmacy	1,201
1300-110	Edible Arrangements	1,226
1300-115	Tiffany Nails	1,029

Suite	Tenant Name	Feet
1300-120	El Rincon	1,501
1300-125	AVAILABLE	1,823
1300-130	North House Thai Cuisine	1,538
1300-135	ReLovelt	1,301
1300-140	Lakeforest Wines	2,201
1300-150	Quest Diagnostics	1,200

Suite	Tenant Name	Feet
1300-155	Patelco Credit Union	2,459
1310-100	Family Christian Stores	4,320
AVAILABLE SF		1,823
TOTAL SF		25,396

Property Description

LOCATION

1300 E. Bidwell Street
 Folsom, California 95630

BUILDING AREA

25,396 SF of rentable space

LAND AREA

85,998 SF (1.98 Acres)

PARCELS

- 071-0040-152 - 24,892 SF (0.57 Acres)
- 071-0040-153 - 44,657 SF (1.03 Acres)
- 071-0040-154 - 16,449 SF (0.38 Acres)

ZONING

Commercial C2 - Store Retail

PARKING

4.26:1,000 RSF

ACCESS

Three (3) access points off of Bidwell Street

TRAFFIC COUNTS

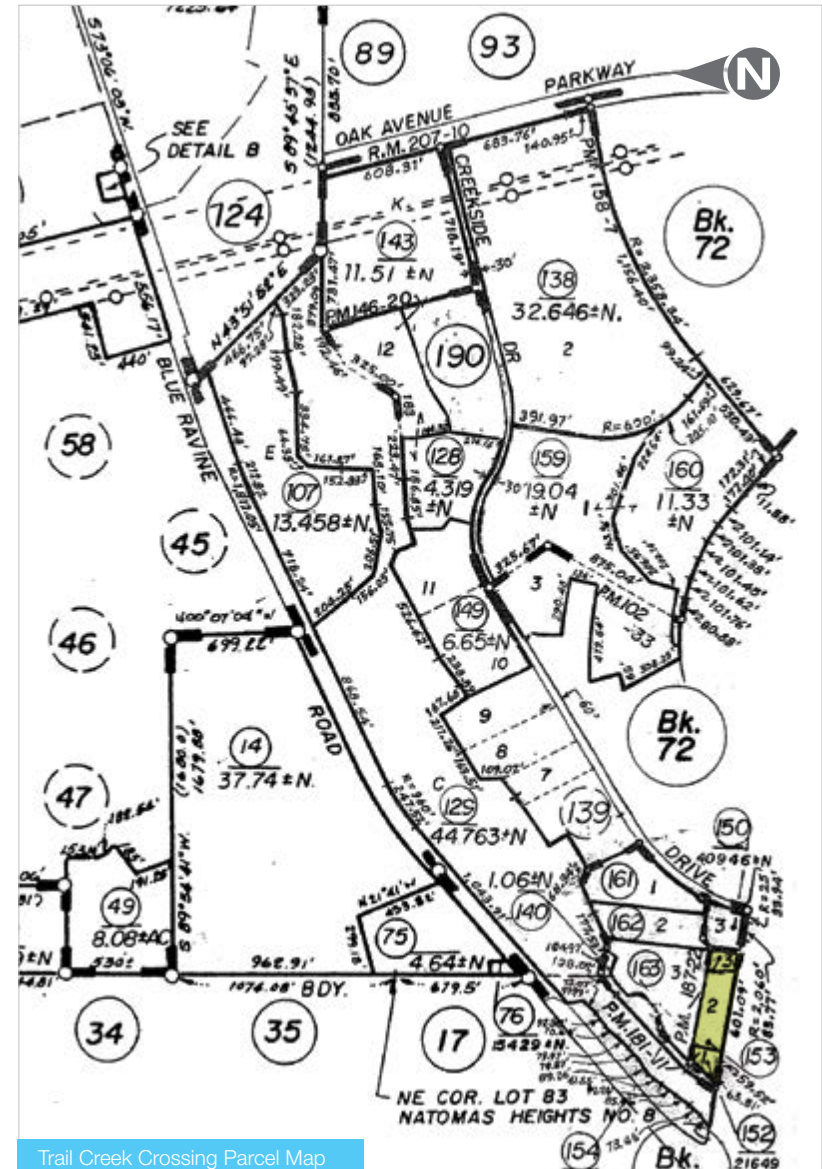
El Dorado Freeway (SR 50)..... 75,000 cars per day
 Bidwell Street 31,700 cars per day
 Blue Ravine Road..... 18,600 cars per day
 Total 125,300 cars per day

AGE

Built in 2005

THOMAS BROS. MAP

261-E6



Trail Creek Crossing Parcel Map

Tenant Profiles



Tenant	Website	Description	Revenue	Market Capitalization
T-Mobile	www.t-mobile.com	T-Mobile operates various mobile communications globally and is recognized as a mobile phone company in the United States and Europe. Globally, T-Mobile has about 150 million subscribers and is the twelfth largest mobile phone provider. T-Mobile USA, Inc. is based out of Bellevue, Washington and is currently the fourth-largest U.S. carrier with 33 million customers. In addition to being a wireless carrier, T-Mobile operates nationwide Wi-Fi internet access under the T-Mobile HotSpots brand that provides service to thousands of businesses, hotels and airports throughout the U.S.	N/A	Private Subsidiary of T-Mobile International AG
Peet's Coffee & Tea	www.peets.com	Peet's Coffee & Tea is a coffee roaster and retailer that was started by Alfred Peet in 1966 in Berkeley, California. Peet's original location is still there today, located close to the University of California, Berkeley and has expanded to 194 stores throughout California, Colorado, Illinois, Oregon, Massachusetts and Washington. An interesting fact about Peet's is that when Starbucks was founded in Seattle in 1971, they purchased coffee beans from Peet's during their first year in business! Peet's has become one of the most recognizable coffee shops as it is located in airports, college campuses, grocery stores and shopping centers. Peet's went public in 2001.	\$361.92M	NASDAQ: PEET \$749.12M
Folsom Pharmacy	www.folsompharmacy.com	Folsom Medical Pharmacy is an independently owned, full service pharmacy that specializes in compounding and homeopathic products. Folsom Medical Pharmacy teams up with the University of California, San Francisco and services the Mercy Folsom Hospital, conveniently located across the street. Folsom Medical Pharmacy is also currently developing a pharmaceutical line of skincare products as well as doing extensive research on up-and-coming products.	N/A	N/A
Edible Arrangements	www.ediblearrangements.com	Edible Arrangements is a unique business that specializes in fresh fruit arrangements. They used the design of a floral bouquet and replaced it with fresh, in-season fruit. Edible Arrangements has 1,103 locations throughout the country and are very particular about where they will deliver to ensure the freshest products. Each arrangement can be created with chocolate covered fruit and custom orders for special occasions. In 2011, <i>Forbes</i> ranked Edible Arrangements among the top 20 franchises to start and was ranked 49th in <i>Entrepreneur Magazine</i> Franchise Top 500.	N/A	Privately Held Company Franchise
El Rincon	www.elrincondelsabor.com	El Rincon Del Sabor is a local, family-owned and operated Mexican restaurant. The restaurant features traditional and American inspired Mexican dishes.	N/A	N/A

Tenant Profiles (continued)



Tenant	Website	Description	Revenue	Market Capitalization
ReLoveIt	www.reloveit.us	ReLoveIt is a local consignment shop that services the Folsom area.	N/A	N/A
Lakeforest Wines	www.winesfolsom.com	Lakeforest Wines is a local, family-owned and operated wine company that offers a wide variety of wines, beer and liquors. Lakeforest Wines has two locations; Folsom and El Dorado Hills, and offers tasting events, catering and wine clubs.	N/A	N/A
Quest Diagnostics	www.questdiagnostics.com	Quest Diagnostics offers patients and physicians access to diagnostic testing through its network of locations and laboratories. They company offers a wide range of clinical testing services including blood work, drug testing, pregnancy and many others. The company was founded in 1967 in Madison, New Jersey and now has more than 200 patient centers across the country. Quest Diagnostics performs testing for more than a half a millions patients daily and serves half of the physicians and hospitals in the United States.	\$7.46B	NYSE: DGX \$8.91B
Patelco Credit Union	www.patelco.org	Patelco is one of the top 20 credit unions in the country with over 290,000 members and over \$3.7 billion in assets. Though primarily based in Northern California, Patelco serves more than 1,000 large and small businesses throughout the country. Patelco Credit Union currently has over 6,000 branches and 28,000 ATM's to service its members.	N/A	N/A
Family Christian Stores	www.familychristian.com	Family Christian Stores is the largest retailer of Christian items in the United States. It currently has more than 300 stores in 40 states and offers a variety of Christian-themed items such as books and CDs. Family Christian Stores operates a large portion of their business online where a wider variety of merchandise is available. Some of the larger stores host large in-store events including concerts and book signings by Christian bands and authors.	N/A	N/A



Assumptions

GLOBAL

Analysis Period	
Commencement Date	September 1, 2014
End Date	August 31, 2024
Term	10 Years
Area Measures	
Building Square Feet (NRSF)	25,396 SF
Growth Rates	
Consumer Price Index (CPI)	3.00%
Other Income Growth Rate	3.00%
Operating Expenses	3.00%
Real Estate Taxes	2.00%
Market Rent Growth	(1)
	CY 2015 - 3.40%
	CY 2016 - 4.50%
	CY 2017 - 3.20%
	CY 2018 - 2.30%
	CY 2019 - 2.10%
	CY 2020 - 3.00%
	CY 2021 - 3.00%
	CY 2022 - 3.00%
	CY 2023 - 3.00%
	CY 2024+ - 3.00%
General Vacancy Loss	5.00% (2)
Capital Reserves (CY 2013 Value)	\$0.25 PSF (3)

VACANT SPACE LEASING

Occupancy and Absorption	
Projected Available at 9/1/14	1,823 SF
Currently Available as of 4/1/14	1,823 SF
Percentage Available at 4/1/14	7.18%
Absorption Period	
Absorption Period	12 Month(s)
Absorption Period Start Date	September 1, 2014
First Absorption Occurs On	September 1, 2015
Last Absorption Occurs On	September 1, 2015
Financial Terms	
2014 Monthly Market Rent	\$2.00 PSF
Rent Adjustment	3.00% Annually
Lease Term	5 Years
Expense Reimbursement Type	NNN (4)
Rent Abatements	0 Month(s)
Tenant Improvements (\$/SF)	\$22.00 PSF
Commissions	6.00%

**Available Space Tenant Improvements include an additional \$10 PSF

EXPENSES

Operating Expense Source	2013 CAM Rec (5)
Management Fee (% of EGR)	3.00%
Real Estate Taxes Reassessed	Yes (6)
Millage Rate	1.076700%
Special Assessments	\$0

Notes:

All market rent rates are stated on calendar-year basis.

[1] Market Rent Growth is based upon CBRE Econometric Advisors Q4 2013 Retail Outlook for the Folsom/EI Dorado Hills submarket in Sacramento, CA.

[2] 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: **Peet's Coffee & Tea** and **T-Mobile**.

[3] Capital Reserves do not inflate during the term of the analysis.

[4] Current and future tenants are assumed to reimburse their pro rata share of all expenses, including Management Fee, except for T-Mobile, Peet's Coffee, and Family Christian Stores

[5] Operating Expenses are based on the 2013 CAM Reconciliation, grown 3% for 2014.

[6] Real Estate Taxes have been reassessed at the estimated purchase price based on a millage rate of 1.076700% with no special assessments.

[7] Rent Abatement includes NNN charges as well as base rent.

Assumptions (continued)

SECOND GENERATION LEASING

	Shops	Restaurant	1310 Building
Retention Ratio	75%	75%	75%
Financial Terms			
2014 Monthly Market Rent	\$1.75 - \$2.25 PSF	\$2.00 - \$3.00 PSF	\$2.00 PSF
Rent Adjustment	3.00% Annually	3.00% Annually	3.00% Annually
Lease Term	5 Years	5 Years	5 Years
Expense Reimbursement Type	NNN	NNN	NNN
Tenanting Costs			
Rent Abatements			
New	4 Month(s)	4 Month(s)	4 Month(s)
Renewal	0 Month(s)	0 Month(s)	0 Month(s)
Weighted Average	1.00 Month(s)	1.00 Month(s)	1.00 Month(s)
Tenant Improvements (\$/SF)			
New	\$12.00 PSF	\$25.00 PSF	\$15.00 PSF
Renewal	\$2.40 PSF	\$5.00 PSF	\$3.00 PSF
Weighted Average	\$4.80 PSF	\$10.00 PSF	\$6.00 PSF
Commissions			
New	6.00%	6.00%	6.00%
Renewal	1.50%	1.50%	1.50%
Weighted Average	2.63%	2.63%	2.63%
Downtime			
New	9 Month(s)	9 Month(s)	9 Month(s)
Weighted Average	3 Month(s)	3 Month(s)	3 Month(s)

Notes:

All market rent rates are stated on calendar-year basis.

[4] Current and future tenants are assumed to reimburse their pro rata share of all expenses, including Management Fee, except for T-Mobile, Peet's Coffee, and Family Christian Stores

[7] Rent Abatement includes NNN charges as well as base rent.

LEVERAGED SUMMARY

	MARKET LOAN
Initial Loan Funding (as of Sep-14)	\$5,508,580
Loan-To-Price	65.00%
Funding Date	Sep-14
Maturity Date	Aug-24
Loan Term	10.0 Years
Amortization Period	30 Years
Interest Rate	5.00%
Interest Only Period (If Any)	24 Months
Origination Fee on Initial Loan Funding	1.00%

Note:

For a debt quote customized to meet your specific requirements, please call **Bruce Francis** at (602) 735-1781 or email him at bruce.francis@cbre.com. CBRE Debt & Structured Finance (DSF) is a division of CBRE Inc. In the U.S., DSF represents approximately 300 lenders including: banks, life insurance companies, pension funds, CMBS lenders and a variety of other lending sources. DSF also acts as a correspondent for over 200 life insurance companies. The Quote above is an approximation of available terms.

Cash Flow Projections

Calendar Year		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Physical Occupancy		88.51%	94.95%	99.21%	99.20%	100.00%	92.37%	93.23%	99.21%	99.20%	100.00%	93.11%
Overall Economic Occupancy ^[1]		89.85%	92.67%	94.71%	94.71%	95.00%	91.12%	90.91%	94.71%	94.70%	95.00%	94.18%
Total Operating Expenses PSF Per Year		\$8.18	\$8.42	\$8.67	\$8.89	\$9.12	\$9.28	\$9.52	\$9.83	\$10.09	\$10.35	\$10.78
REVENUES	FY 2015 ^[2]											
Scheduled Base Rent	\$/SF/MO											
Gross Potential Rent	\$2.17	\$661,380	\$672,993	\$689,904	\$712,253	\$733,385	\$759,047	\$783,398	\$803,493	\$827,906	\$852,836	\$879,418
Absorption & Turnover Vacancy	(0.24)	(72,367)	(39,768)	(5,187)	(5,468)	0	(55,634)	(58,892)	(6,020)	(6,241)	0	(57,392)
Base Rent Abatements	(0.04)	(11,954)	(21,870)	(2,593)	(2,734)	0	(27,817)	(29,446)	(3,055)	(3,214)	0	(7,897)
Total Scheduled Base Rent	1.89	577,059	611,355	682,124	704,051	733,385	675,596	695,060	794,418	818,451	852,836	814,129
Expense Reimbursements	0.60	181,462	198,742	218,945	224,795	233,195	209,017	217,416	246,321	253,176	264,534	250,797
TOTAL GROSS REVENUE	2.49	758,521	810,097	901,069	928,846	966,580	884,613	912,476	1,040,739	1,071,627	1,117,370	1,064,926
General Vacancy Loss	0.00	0	(647)	(40,126)	(41,248)	(48,329)	0	0	(46,318)	(47,652)	(55,869)	0
EFFECTIVE GROSS REVENUE	2.49	758,521	809,450	860,943	887,598	918,251	884,613	912,476	994,421	1,023,975	1,061,501	1,064,926
OPERATING EXPENSES												
CAM	(0.09)	(28,858)	(29,723)	(30,616)	(31,533)	(32,479)	(33,454)	(34,457)	(35,491)	(36,556)	(37,653)	(38,782)
Utilities	(0.19)	(57,349)	(59,069)	(60,842)	(62,666)	(64,547)	(66,482)	(68,476)	(70,532)	(72,647)	(74,827)	(77,072)
Management Fee	(0.07)	(22,756)	(24,283)	(25,828)	(26,628)	(27,548)	(26,538)	(27,374)	(29,833)	(30,719)	(31,845)	(31,948)
Insurance	(0.02)	(6,238)	(6,425)	(6,618)	(6,817)	(7,021)	(7,232)	(7,449)	(7,672)	(7,903)	(8,140)	(8,384)
Property Taxes	(0.30)	(92,462)	(94,311)	(96,197)	(98,121)	(100,084)	(102,085)	(104,127)	(106,210)	(108,334)	(110,500)	(117,505)
TOTAL OPERATING EXPENSES	(0.68)	(207,663)	(213,811)	(220,101)	(225,765)	(231,679)	(235,791)	(241,883)	(249,738)	(256,159)	(262,965)	(273,691)
NET OPERATING INCOME	1.81	550,858	595,639	640,842	661,833	686,572	648,822	670,593	744,683	767,816	798,536	791,235

Notes:

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

[2] Based on 25,396 square feet.

[3] Net Residual Value is calculated by dividing Year 11 NOI by the Residual Cap Rate of 7.50% and applying a 4.00% Cost of Sale.

[4] Market Debt based on 65% Loan-to-Value, 5.00% Interest Rate, 30-Year Amortization, and 1.00% Loan Fee.

Cash Flow Projections (continued)

Calendar Year		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CAPITAL COSTS												
Tenant Improvements	(0.09)	(28,537)	(109,471)	(6,111)	(6,430)	0	(81,862)	(90,860)	(7,297)	(7,678)	0	(29,934)
Leasing Commissions	(0.06)	(19,678)	(50,412)	(4,269)	(4,501)	0	(45,789)	(48,472)	(5,028)	(5,291)	0	(12,999)
Capital Reserves	(0.02)	(6,349)	(6,349)	(6,349)	(6,349)	(6,349)	(6,349)	(6,349)	(6,349)	(6,349)	(6,349)	(6,349)
TOTAL CAPITAL COSTS	(0.18)	(54,564)	(166,232)	(16,729)	(17,280)	(6,349)	(134,000)	(145,681)	(18,674)	(19,318)	(6,349)	(49,282)
OPERATING CASH FLOW	\$1.63	\$496,294	\$429,407	\$624,113	\$644,553	\$680,223	\$514,822	\$524,912	\$726,009	\$748,498	\$792,187	\$741,953
ACQUISITION & RESIDUAL SALE												
Purchase Price	(\$8,474,738)	0	0	0	0	0	0	0	0	0	0	
Tenant Improvements	(\$40,106)	0	40,106	0	0	0	0	0	0	0	0	
Leasing Commissions	(\$14,411)	0	14,411	0	0	0	0	0	0	0	0	
Net Residual Value ^[3]	0	0	0	0	0	0	0	0	0	0	10,477,043	All Cash IRR
CASH FLOW BEFORE DEBT	(\$8,529,000)	\$496,294	\$483,924	\$624,113	\$644,553	\$680,223	\$514,822	\$524,912	\$726,009	\$748,498	\$11,269,230	8.63%
MARKET LOAN ^[4]												
Loan Funding / Payoff	5,508,580	0	0	0	0	0	0	0	0	0	(4,729,275)	
Loan Fees	(55,086)	0	0	0	0	0	0	0	0	0	0	Leveraged IRR
Annual Debt Service	0	(275,429)	(275,429)	(354,855)	(354,855)	(354,855)	(354,855)	(354,855)	(354,855)	(354,855)	(354,855)	
CASH FLOW AFTER DEBT	(\$3,075,506)	\$220,865	\$208,495	\$269,258	\$289,698	\$325,368	\$159,967	\$170,057	\$371,154	\$393,643	\$6,185,100	13.31%
NOI Return		6.46%	6.98%	7.51%	7.76%	8.05%	7.61%	7.86%	8.73%	9.00%	9.36%	
UNLEVERAGED Cash Return		5.82%	5.67%	7.32%	7.56%	7.98%	6.04%	6.15%	8.51%	8.78%	9.29%	
LEVERAGED Cash Return		7.18%	6.78%	8.75%	9.42%	10.58%	5.20%	5.53%	12.07%	12.80%	14.22%	
Rolling - All Cash IRR		N/M	5.50%	7.09%	7.99%	6.91%	7.25%	8.34%	8.56%	8.80%	8.63%	
Rolling - Leveraged IRR		N/M	5.43%	10.08%	12.46%	9.78%	10.63%	13.09%	13.41%	13.76%	13.31%	

Rent Roll

Suite	Tenant Name	Square Feet	% of Property	Lease Term		Rental Rates				Recovery Type	Assumption / Market Rent	
				Begin	End	Begin	Monthly	PSF	Annually			PSF
1290-100	T-Mobile	2,270	8.94%	Sep-2006	Mar-2015	Current	\$5,060	\$2.23	\$60,720	\$26.75	NNN +10% Admin	Market \$2.25 NNN (Shops)
<p>Tenant has two (2) - three (3) year options, the first at \$2.65 /sf/mo with 3% annual increases and the second at FMV. Tenant has exclusive use of wireless retail sales. Tenant is responsible for repair and replacement of HVAC systems for premise and trash removal. Tenant has 5% annual cap on controllable expenses (not, modeled).</p>												
1290-110	Peet's Coffee & Tea	1,730	6.81%	Nov-2005	Feb-2016	Current	\$5,709	\$3.30	\$68,508	\$39.60	NNN (Peet's)	Market \$3.00 NNN (Restaurants)
<p>Tenant has two (2) - five (5) year options at \$3.63 /sf/mo and \$3.99 /sf/mo. Tenant has exclusive use of coffee/tea shop. Landlord agrees not to lease any of the pad space to a fast food restaurant. Tenant has annual 5% cap on controllable expenses (modeled). Tenant is responsible for repair and replacement of HVAC systems for premise.</p>												
1300-100	Saffron Kabob	1,597	6.29%	Jun-2008	Jul-2015	Current	\$3,593	\$2.25	\$43,119	\$27.00	NNN	Market \$2.25 NNN (Restaurants)
<p>Tenant has two (2) - five (5) year options at 3% annual increases.</p>												
1300-105	Folsom Pharmacy	1,201	4.73%	Jul-2007	Mar-2016	Current	\$2,953	\$2.46	\$35,434	\$29.50	NNN	Option \$2.25 NNN (Shops)
<p>Tenant has exclusive use for medical supplies/pharmacy.</p>												
1300-110	Edible Arrangements	1,226	4.83%	Oct-2005	Aug-2017	Current	\$2,268	\$1.85	\$27,217	\$22.20	NNN	Market \$2.00 NNN (Shops)
<p>Tenant has exclusive use for fruit arrangements.</p>												

Rent Roll (continued)

Suite	Tenant Name	Square Feet	% of Property	Lease Term		Rental Rates				Recovery Type	Assumption / Market Rent	
				Begin	End	Begin	Monthly	PSF	Annually			PSF
1300-115	Tiffany Nails	1,029	4.05%	Nov-2005	Jun-2018	Current	\$1,801	\$1.75	\$21,609	\$21.00	NNN	Option
						Jul-2015	\$1,852	\$1.80	\$22,226	\$21.60		\$2.00 NNN (Shops)
						Jul-2016	\$1,904	\$1.85	\$22,844	\$22.20		
						Jul-2017	\$1,955	\$1.90	\$23,461	\$22.80		
Tenant has two (2) - five (5) year options at 103% of prior rent with 3% annual increases (modeled below). Tenant has exclusive use for a nail salon.												
				Jul-2018	Jun-2028	FUTURE	\$2,014	\$1.96	\$24,165	\$23.48	NNN	Market
				OPTION		Jul-2019	\$2,074	\$2.02	\$24,892	\$24.19		\$2.00 NNN (Shops)
						Jul-2020	\$2,136	\$2.08	\$25,632	\$24.91		
						Jul-2021	\$2,200	\$2.14	\$26,404	\$25.66		
						Jul-2022	\$2,266	\$2.20	\$27,196	\$26.43		
						Jul-2023	\$2,334	\$2.27	\$28,009	\$27.22		
						Jul-2024	\$2,404	\$2.34	\$28,853	\$28.04		
						Jul-2025	\$2,476	\$2.41	\$29,718	\$28.88		
						Jul-2026	\$2,551	\$2.48	\$30,613	\$29.75		
						Jul-2027	\$2,627	\$2.55	\$31,529	\$30.64		
Assumes tenant exercises two (2) - five (5) year options at 103% of prior rent with 3% annual increases thereafter. No leasing costs assumed												
1300-120	El Rincon	1,501	5.91%	Feb-2011	Jan-2016	Current	\$3,602	\$2.40	\$43,229	\$28.80	NNN	Market
						Feb-2015	\$3,753	\$2.50	\$45,030	\$30.00		\$2.25 NNN (Restaurants)
Tenant has exclusive use for a Mexican restaurant.												
1300-125	AVAILABLE	1,823	7.18%	Sep-2015	Aug-2020	Sep-2015	\$3,770	\$2.07	\$45,240	\$24.82	NNN	Market
						Sep-2016	\$3,883	\$2.13	\$46,596	\$25.56		\$2.00 NNN (Shops)
						Sep-2017	\$4,000	\$2.19	\$48,000	\$26.33		
						Sep-2018	\$4,120	\$2.26	\$49,440	\$27.12		
						Sep-2019	\$4,243	\$2.33	\$50,916	\$27.93		
Assumed available as of analysis start.												

Rent Roll (continued)

Suite	Tenant Name	Square Feet	% of Property	Lease Term		Rental Rates				Recovery Type	Assumption / Market Rent	
				Begin	End	Begin	Monthly	PSF	Annually			PSF
1300-130	North House Thai Cuisine	1,538	6.06%	Sep-2014	Aug-2019	Current	\$2,999	\$1.95	\$35,989	\$23.40	NNN	Market
					ASSUMED	Sep-2015	\$3,091	\$2.01	\$37,097	\$24.12	+ 10% Admin	\$2.00 NNN (Restaurants)
						Sep-2016	\$3,184	\$2.07	\$38,204	\$24.84		
						Sep-2017	\$3,276	\$2.13	\$39,311	\$25.56		
						Sep-2018	\$3,368	\$2.19	\$40,419	\$26.28		
	Analysis assumes tenant is in place as of analysis start and seller to guarantee any outstanding leasing costs. Tenant has one (1) - five (5) year option at FMV. Tenant has exclusive use for a Thai restaurant.											
1300-135	ReLovelt	1,301	5.12%	Feb-2009	Jan-2015	Current	\$2,553	\$1.96	\$30,641	\$23.55	NNN	Market
												\$2.00 NNN (Shops)
	Tenant has two (2) - five (5) year options at FMV. Tenant has exclusive use for retail consignment store. Tenant is subject to a 10% admin fee (not practicing, not modeled).											
1300-140	Lakeforest Wines	2,201	8.67%	Aug-2009	Feb-2015	Current	\$4,028	\$1.83	\$48,334	\$21.96	NNN	Market
												\$1.75 NNN (Shops)
	Tenant has two (2) - five (5) year options at 7.5% increases every 30 months. Tenant has exclusive use for a liquor/wine beer store.											
1300-150	Quest Disagnostics	1,200	4.73%	May-2011	Sep-2016	Current	\$2,228	\$1.86	\$26,735	\$22.28	NNN	Market
						Oct-2014	\$2,295	\$1.91	\$27,540	\$22.95		\$2.00 NNN (Shops)
						Oct-2015	\$2,364	\$1.97	\$28,368	\$23.64		
	Tenant has two (2) - three (3) year options at FMV. Tenant has 3% cap on controllable expenses (not modeled). Tenant has exclusive use for a blood lab.											
1300-155	Patelco Credit Union	2,459	9.68%	Oct-2005	Nov-2015	Current	\$5,948	\$2.42	\$71,373	\$29.03	NNN	Market
												\$2.25 NNN (Shops)
	Tenant has one (1) - five (5) year option with 3% annual increases. Tenant has exclusive use for a credit union.											
1310-100	Family Christian Stores	4,320	17.01%	Oct-2007	Apr-2020	Current	\$8,208	\$1.90	\$98,496	\$22.80	NNN	Market
						May-2015	\$8,453	\$1.96	\$101,434	\$23.48	(Family Christian)	\$2.00 NNN
						May-2016	\$8,708	\$2.02	\$104,501	\$24.19		(1310 Building)
						May-2017	\$8,968	\$2.08	\$107,611	\$24.91		
						May-2018	\$9,238	\$2.14	\$110,851	\$25.66		
						May-2019	\$9,515	\$2.20	\$114,178	\$26.43		
	Tenant pays % rent of 5% of sales > \$1MM (not modeled). T has (2) - (5) year options at \$3.03 /sf/mo and \$3.33 /sf/mo. T has term option with notice date of 8/16 if sales during 5/15 - 4/16 do not exceed \$750K. Cap on mgmt fee of \$0.10 /sf/mo and 5% cap on contrl exp (not modeled). T responsible for HVAC. Exclusive use for Christian Books & Music.											
TOTALS / AVERAGES		25,396					\$50,950	\$2.16	\$611,403	\$25.94		
OCCUPIED SF		23,573	92.8%									
AVAILABLE SF		1,823	7.2%									
TOTAL SF		25,396	100.0%									



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