Marcus & Millichap

OFFERING MEMORANDUM

ELMWOOD CENTER

1673 - 1709 East Highland Avenue • San Bernardino, CA 92404

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ELMWOOD CENTER
San Bernardino, CA
ACT ID Y0080211

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Marcus & Millichap

INVESTMENT OVERVIEW

EXECUTIVE SUMMARY

VITAL DATA			YEAR 1	YEAR 2
Price	$2,795,000	CAP Rate	8.33%	9.25%
Loan Amount	$1,956,500	Net Operating Income	$232,785	$258,539
Loan Type	Proposed New	Net Cash Flow After Debt Service	13.57% / $113,825	16.65% / $139,580
Interest Rate / Amortization	4.50% / 30 Years	Total Return	17.34% / $145,388	20.58% / $172,592
Gross Leasable Area (GLA)	23,423 SF			
Price/SF	$119.33			
Current Occupancy	94.46%			
Year Built / Renovated	1958 / 2006			
Lot Size	1.29 acre(s)			

MAJOR TENANTS

TENANT	GLA	LEASE EXPIRATION	LEASE TYPE
Aarons	6,936	6/30/2023	NNN
Options For Youth	3,048	10/31/2018	NNN

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES
San Manuel Indian Bingo Casino	2,950
Patton State Hospital	2,000
Office of Special Districts	1,347
Caltrans District 8	1,200
Transportation Department Center	1,200
Human Services Systems	1,041
San Bernadino Police Dept	950
Ashley Furniture	907
Stater Bros Markets, Inc.	900
Job Options Incorporated	820
County of San Bernardino	779
Public Works Department	755

DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2016 Estimate Pop	25,090	146,815	244,905
2016 Census Pop	23,877	140,085	233,392
2016 Estimate HH	6,909	41,718	69,778
2016 Census HH	6,607	39,800	66,537
Median HH Income	$31,431	$35,258	$38,428
Per Capita Income	$11,998	$14,596	$15,876
Average HH Income	$42,913	$49,150	$53,884

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to announce the offering of the Elmwood Center. A approximately 23,423 square foot multi-tenant retail center anchored by Aarons, Cricket Wireless, Options For Youth and Check into Cash.

Elmwood Center is located at 1673-1709 East Highland Avenue, San Bernardino, California. The property is located in between two of the primary retail intersections for the city of San Bernardino. East Highland Avenue and Del Rosa and East Highland Avenue and Sterling Street which is home to Stater Bros, DD's Discount, CVS, Walgreens, Harbor Freight, McDonald's, Carl's Jr, Domino's Pizza, Planet Fitness, 99 Cents Only, Big 5 Sporting Goods, O'Reilly Auto Parts, Bank of America, Chase Bank, Western Dental, El Pollo Loco and many more.

The property is being offered at $2,795,000 with 8.33 percent cap rate and a projected cap rate of 9.25 percent. The projected cap rate can be achieved by tenanting the only vacancy in the center, no other projections were done past the annual increases already negotiated with the existing leases. The center is a value added opportunity as it offers the investor an opportunity to purchase a well located strip center with strong potential for rental growth, its current average monthly rental rate is below $1.00 per square foot. There is tremendous upside to an investor to capitalize on the below market rents. In addition, the property has recently undergone a beautification process, limited capital improvements are expected (buyer to do its own due diligence to verify).

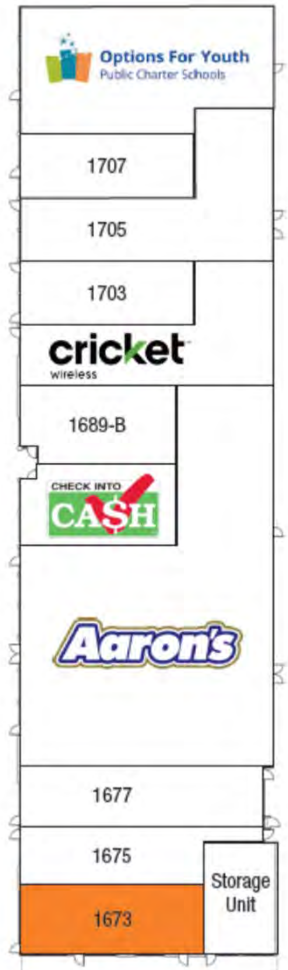
INVESTMENT HIGHLIGHTS

- Only $106 per Square Foot, Below Replacement Cost
- Multi-Tenant Retail Center
- Anchored by National Tenants
- 94.5 Percent Occupied

PROPERTY SUMMARY

THE OFFERING	
Property	Elmwood Center
Price	$2,795,000
Property Address	1673 - 1709 E Highland Ave.,San Bernardino,CA

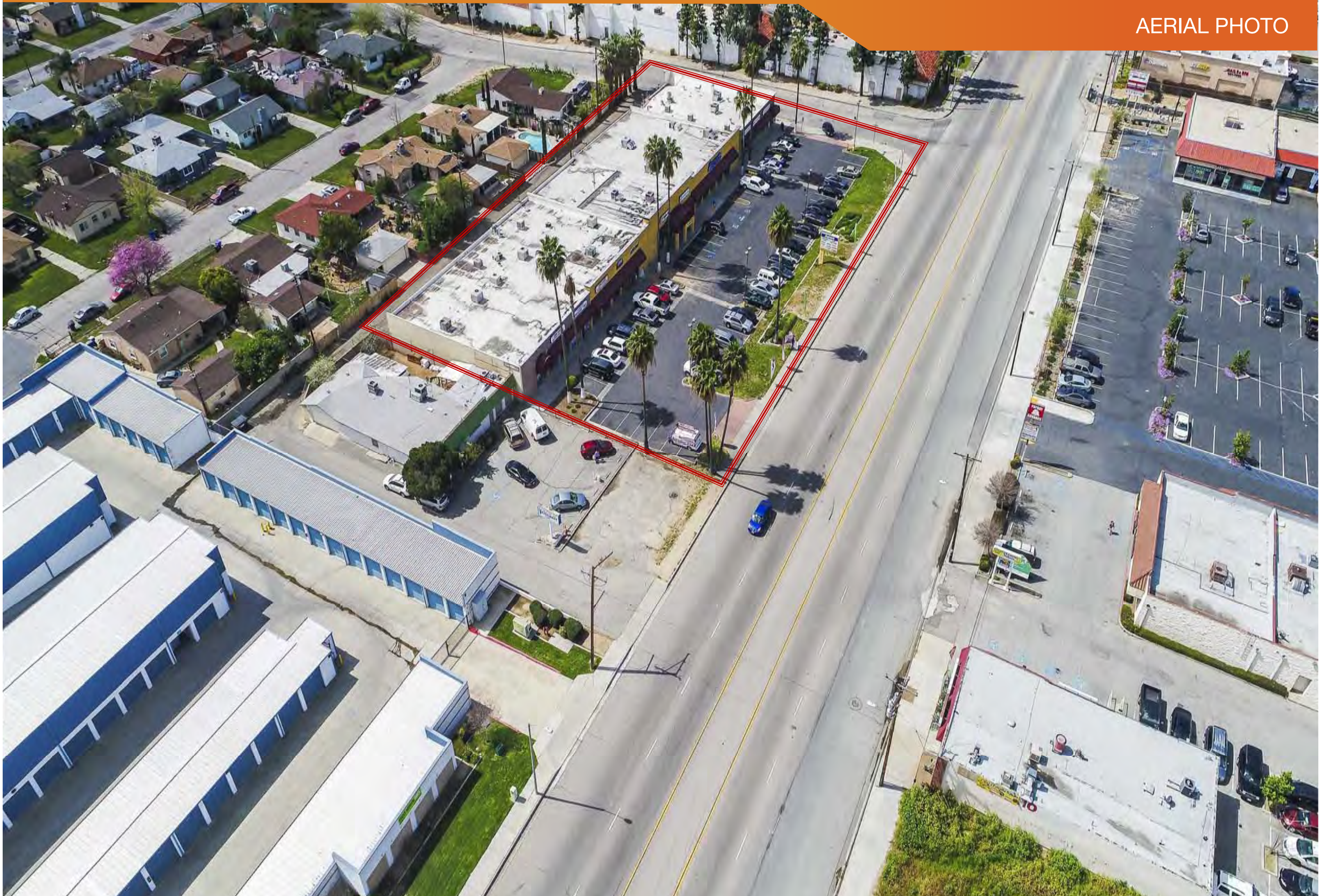
SITE DESCRIPTION	
Year Built/Renovated	1958
Gross Leasable Area	23,423 SF
Ownership	Fee Simple
Lot Size	1.29 acre(s)



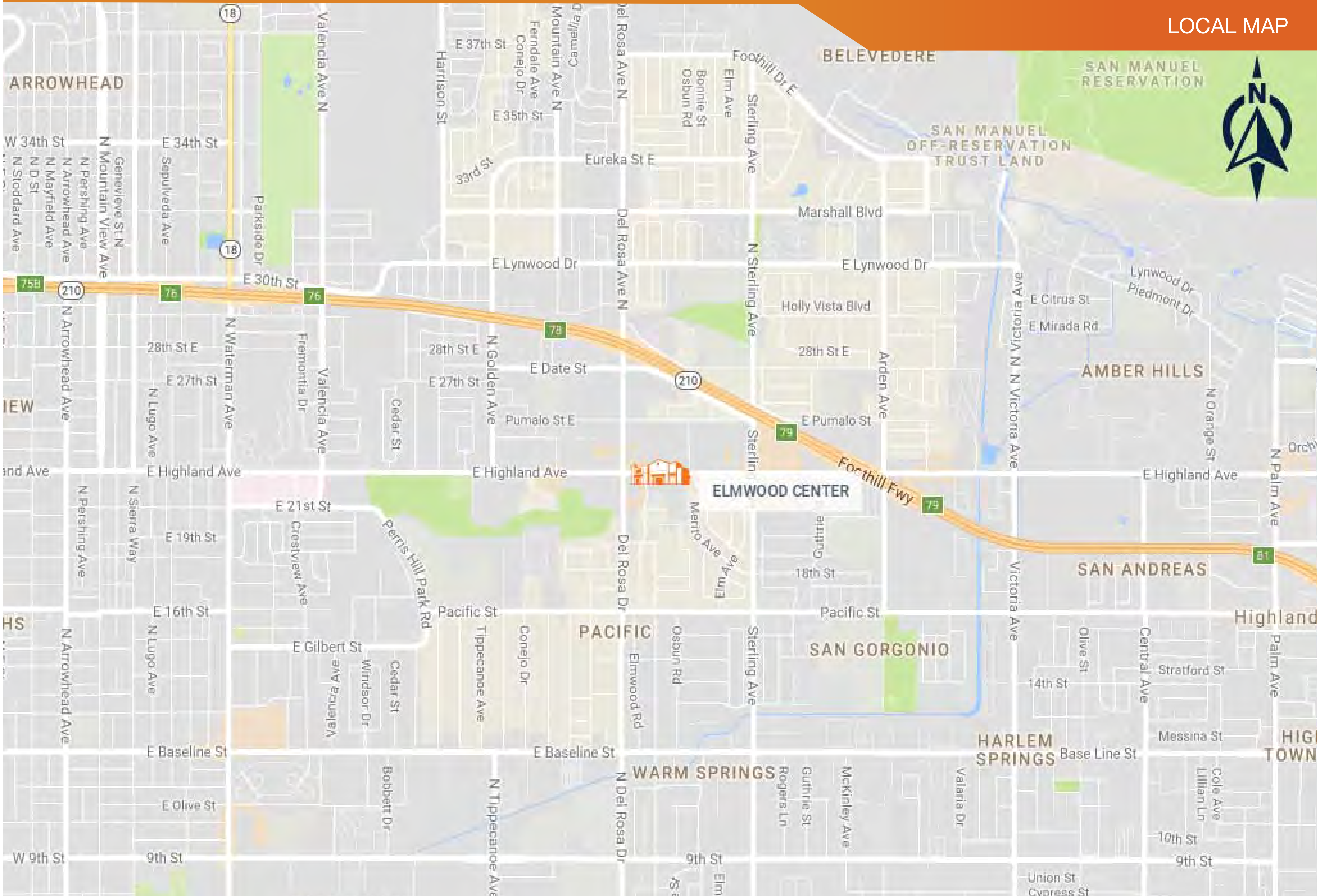
PROPOSED FINANCING	
First Trust Deed	
Loan Amount	$1,956,500
Loan Type	Proposed New
Interest Rate	4.50%
Amortization	30 Years
Loan Term	5 Years
Loan to Value	70%
Debt Coverage Ratio	1.96

UNIT#	TENANT	±SF
1673	AVAILABLE	1,298
1675	All About Pets	1,104
1677	Town & Country Dry Cleaning	1,502
1689	Aaron's	6,936
1689-A	Check into Cash	1,242
1689-B	Internet Cafe	1,178
1701	Cricket Wireless	1,850
1703	Barber Shop	1,118
1705	Kouture Embroidery	2,258
1707	Panamericana Income Tax	1,103
1709-AB	Options for Youth	3,048
	Storage Unit	768

AERIAL PHOTO



LOCAL MAP


ELMWOOD CENTER
ARROWHEAD
BELEVEDERE
SAN MANUEL RESERVATION
SAN MANUEL OFF-RESERVATION TRUST LAND
AMBER HILLS
SAN ANDREAS
PACIFIC
SAN GORGONIO
WARM SPRINGS
HARLEM SPRINGS
Highland
Foothill Fwy
Foothill Dr E
E Highland Ave
E Lynwood Dr
Marshall Blvd
Eureka St E
E Pumalo St
Pacific St
E Baseline St
Base Line St
9th St
W 9th St
E 34th St
W 34th St
E 30th St
E 37th St
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33rd St
28th St E
E 27th St
E Date St
Pumalo St E
E 21st St
E 19th St
18th St
E 16th St
E Gilbert St
E Olive St
14th St
10th St
Holly Vista Blvd
E Citrus St
E Mirada Rd
Lynwood Dr
Piedmont Dr
Stratford St
Messina St
Union St
Cypress St
Del Rosa Ave N
Del Rosa Dr
N Del Rosa Dr
N Sterling Ave
Sterling Ave
N Waterman Ave
N Arrowhead Ave
Valencia Ave N
Valencia Ave
N Golden Ave
Harrison St
Mountain Ave N
N Mountain View Ave
Sepulveda Ave
Parkside Dr
Fremontia Dr
Cedar St
Perris Hill Park Rd
Crestview Ave
Windsor Dr
Tippecanoe Ave
N Tippecanoe Ave
Conejo Dr
Elmwood Rd
Osbun Rd
Merito Ave
Elm Ave
Arden Ave
N Victoria Ave
Victoria Ave
Olive St
Central Ave
N Orange St
N Palm Ave
Palm Ave
N Lugo Ave
N Pershing Ave
N Sierra Way
Bobbett Dr
Rogers Ln
Guthrie St
McKinley Ave
Valaria Dr
Lillian Ln
Cole Ave
18
210
76
78
79
81
758

FINANCIAL ANALYSIS

OPERATING STATEMENT

Income	Current		Year 1		Year 2		Per SF	Notes
Scheduled Base Rental Income	**244,179**		**245,114**		**266,926**		**11.40**	
Expense Reimbursement Income								
CAM	68,820		25,886		27,591		1.18	
Insurance	0		3,967		4,237		0.18	
Real estate Taxes	0		28,944		30,911		1.32	
Management Fees	0		8,555		8,555		0.37	
Total Reimbursement Income	**$68,820**	**101.0%**	**$67,352**	**84.5%**	**$71,294**	**89.5%**	**$3.04**	
Other Income - Agent Defined							0.00	
Other Income - Agent Defined							0.00	
Potential Gross Revenue	**312,999**		**312,466**		**338,220**		**14.44**	
General Vacancy			0	0.0%	0	0.0%	0.00	
Effective Gross Revenue	**$312,999**		**$312,466**		**$338,220**		**$14.44**	

Operating Expenses	Current		Year 1		Year 2		Per SF
Utilities - Electricity	5,704		5,704		5,704		0.24
Utilities - Water	4,448		4,448		4,448		0.19
Utilities - Sewer/Storm Water	4,363		4,363		4,363		0.19
Utilities - Telephone	0		0		0		0.00
Trash Service	1,818		1,818		1,818		0.08
Day Porter	8,425		8,425		8,425		0.36
Alarm	2,903		2,903		2,903		0.12
Plumbing Repair	0		0		0		0.00
Landscape Repairs & Maintenance	2,700		2,700		2,700		0.12
Administrative	0		0		0		0.00
License & Permit Fees	402		402		402		0.02
Operating Expenses - Agent Defined	0		0		0		0.00
Operating Expenses - Agent Defined	0		0		0		0.00
Operating Expenses - Agent Defined	0		0		0		0.00
Insurance	4,866		4,866		4,866		0.21
Real Estate Taxes	23,983		35,497		35,497		1.52
Management Fee	8,555	2.7%	8,555	2.7%	8,555	2.5%	0.37
Other Expenses - Non Reimbursable	0		0		0		0.00
Total Expenses	**$68,167**		**$79,681**		**$79,681**		**$3.40**
Expenses as % of EGR	**21.8%**		**25.5%**		**23.6%**		
Net Operating Income	**$244,833**		**$232,785**		**$258,539**		**$11.04**

Notes and assumptions to the above analysis are on the following page.

PRICING DETAIL

Summary		
Price	**$2,795,000**	
Down Payment	$838,500	30%
Number of Suites	12	
Price Per SqFt	$119.33	
Gross Leasable Area (GLA)	23,423 SF	
Lot Size	1.29 Acres	
Year Built/Renovated	1958/2006	
Occupancy	94.46%	

Returns	Year 1	Year 2
CAP Rate	**8.33%**	**9.25%**
Cash-on-Cash	13.57%	16.65%
Debt Coverage Ratio	1.96	2.17

Financing	1st Loan
Loan Amount	$1,956,500
Loan Type	New
Interest Rate	4.50%
Amortization	30 Years
Year Due	2022

Loan information is subject to change. Contact your Marcus and Millichap Capital Corporation representative.

Operating Data

Income		Year 1		Year 2
Scheduled Base Rental Income		**$245,114**		**$266,926**
Total Reimbursement Income	27.5%	$67,352	26.7%	$71,294
Other Income		$0		$0
Potential Gross Revenue		$312,466		$338,220
Effective Gross Revenue		$312,466		$338,220
Less: Operating Expenses	25.5%	($79,681)	23.6%	($79,681)
Net Operating Income		**$232,785**		**$258,539**
Tenant Improvements		$0		$0
Leasing Commissions		$0		$0
Capital Expenditures		$0		$0
Cash Flow		$232,785		$258,539
Debt Service		($118,960)		($118,960)
Net Cash Flow After Debt Service	13.57%	$113,825	16.65%	$139,580
Principal Reduction		$31,563		$33,013
Total Return	**17.34%**	**$145,388**	**20.58%**	**$172,592**

Operating Expenses	Year 1	Year 2
CAM	$30,763	$30,763
Insurance	$4,866	$4,866
Real Estate Taxes	$35,497	$35,497
Management Fee	$8,555	$8,555
Total Expenses	**$79,681**	**$79,681**
Expenses/Suite	**$6,640**	**$6,640**
Expenses/SF	**$3.40**	**$3.40**

TENANT SUMMARY

As of October,2017

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates Comm.	Lease Dates Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Changes on	Changes to	Lease Type	Renewal Options and Option Year Rental Information
Available	1,673	1,298	5.5%	9/16/14	8/31/17	$0.00	$0	$0	Oct-2018	$15,576	NNN	
All About Pets	1,675	1,104	4.7%	6/29/15	6/30/19	$6.87	$632	$7,584	Oct-2018	$7,584	NNN	
Town & Country Dry Cleaning	1,677	1,520	6.5%	5/1/11	7/31/21	$11.60	$1,469	$17,625	May-2018	$18,154	NNN	
Aarons	1,689	6,936	29.6%	12/1/16	6/30/23	$9.60	$5,549	$66,588	N/A	N/A	NNN	
Criket Wireless	1,701	1,850	7.9%	11/15/16	11/14/19	$10.20	$1,573	$18,870	Nov-2017	$19,436	NNN	
Crystal Aparicio	1,703	1,118	4.8%	2/29/16	2/28/21	$13.20	$1,230	$14,760	Mar-2019	$15,200	NNN	
Kouture Clothing	1,705	2,258	9.6%			$9.30	$1,750	$21,000	Apr-2018	$24,000	Gross	
Panamericana Income Tax	1,707	1,103	4.7%	1/1/14	12/31/18	$9.50	$873	$10,476	Jan-2018	$11,030	NNN	
Check Into Cash	1689-A	1,242	5.3%	11/1/15	10/31/18	$17.16	$1,776	$21,312	N/A	N/A	NNN	
Mahmoud Hemood	1689-B	1,178	5.0%	11/1/16	10/31/18	$11.12	$1,092	$13,104	N/A	N/A	NNN	
Options For Youth	1709-A&B	3,048	13.0%	6/1/17	10/31/18	$13.80	$3,505	$42,060	Feb-2018	$19,980	NNN	
Chris Antignolo	Storage	768	3.3%	3/1/17	2/28/18	$14.06	$900	$10,800	Feb-2018	$16,596	Gross	
Total		**23,423**				**$10.42**	**$20,348**	**$244,179**				

Notes:

MARCUS & MILLICHAP CAPITAL CORPORATION CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We leverage our prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues to the benefit of our clients.

Closed 1,651 debt and equity financings in 2016

National platform operating within the firm's brokerage offices

$5.1 billion total national volume in 2016

Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Our ability to enhance buyer pool by expanding finance options

Our ability to enhance seller control

- **Through buyer qualification support**
- **Our ability to manage buyers finance expectations**
- **Ability to monitor and manage buyer/lender progress, insuring timely, predictable closings**
- **By relying on a world class set of debt/equity sources and presenting a tightly underwritten credit file**

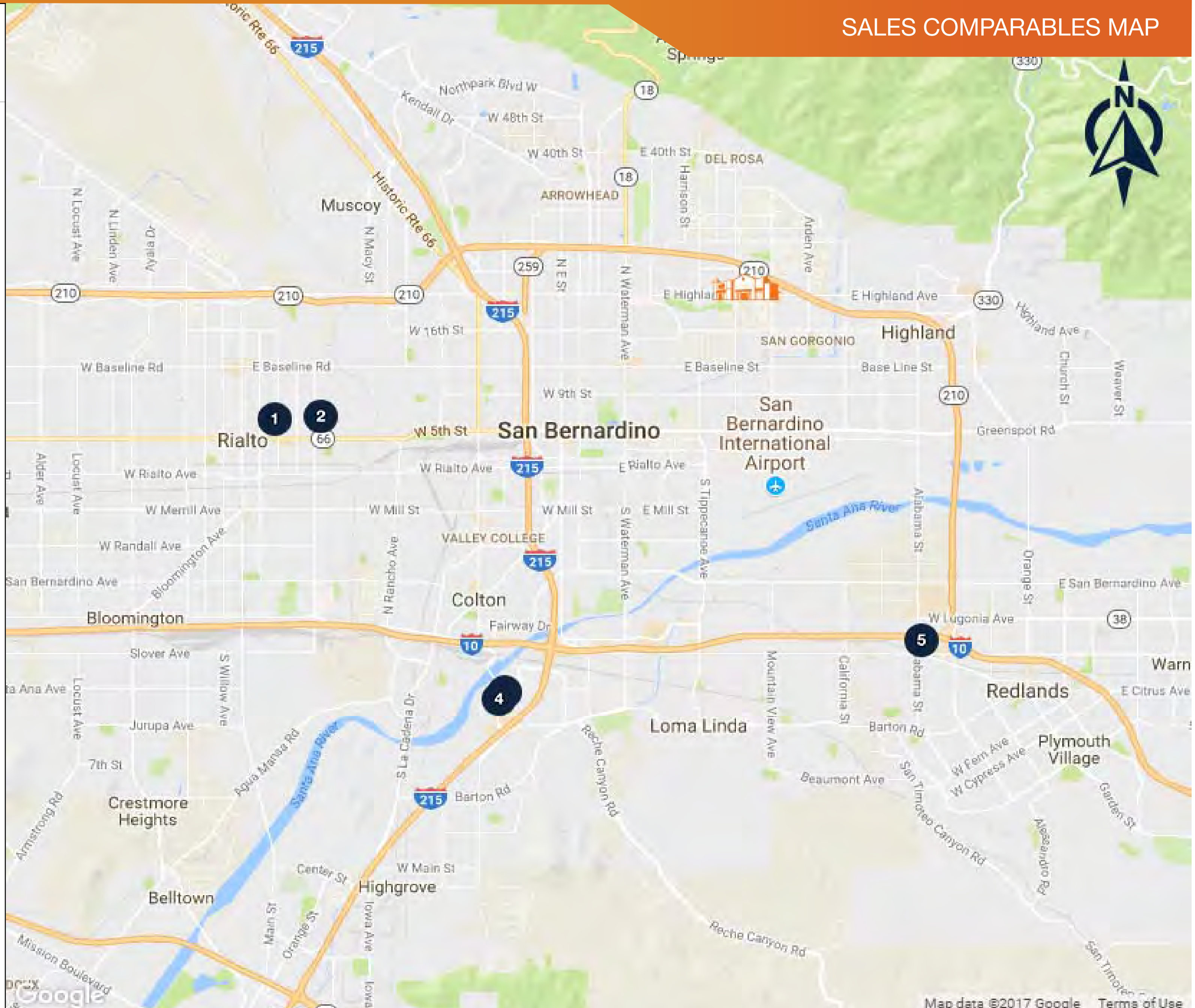
MARKET COMPARABLES

SALES COMPARABLES MAP

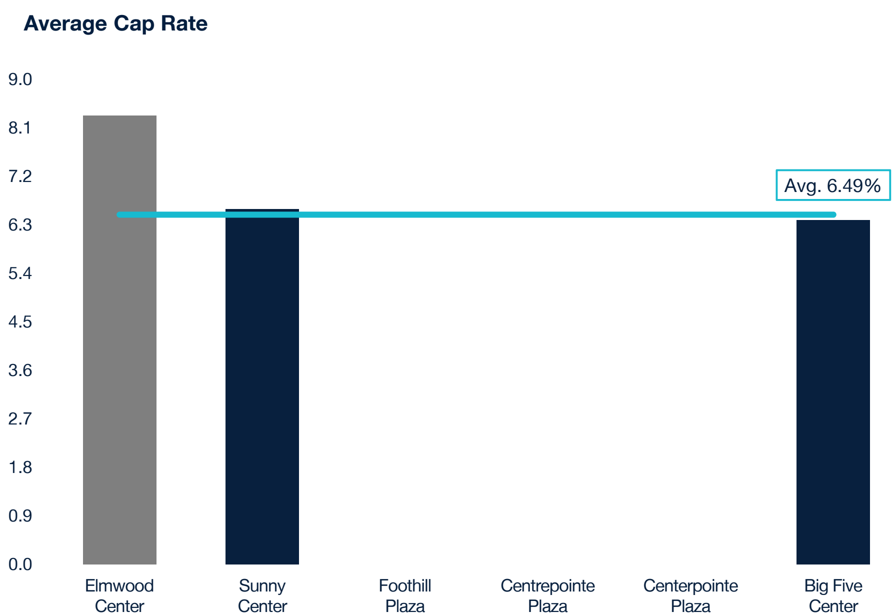
ELMWOOD CENTER (SUBJECT)

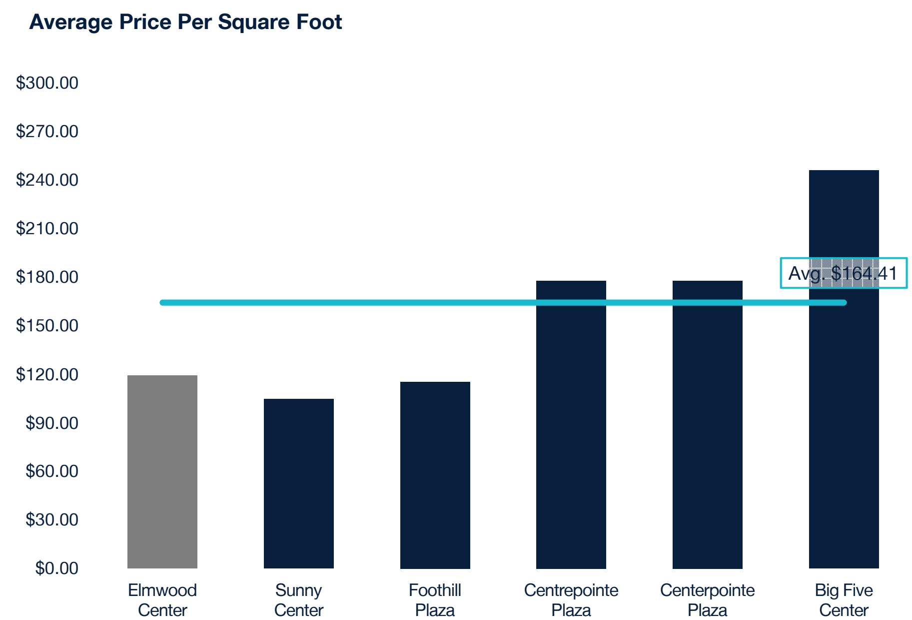
1. Sunny Center
2. Foothill Plaza
3. Centrepointe Plaza
4. Centerpointe Plaza
5. Big Five Center

SALES COMPARABLES



SALES COMPARABLES SALES COMPS AVG





SALES COMPARABLES

ELMWOOD CENTER
1673 - 1709 East Highland Avenue, San Bernardino, CA, 92404

		Tenants	Lease Type
Asking Price:	$2,795,000	Aarons	NNN
Price/SF:	$119.33	Options For Youth	NNN
CAP Rate:	8.33%		
Year Built:	1958		

	Annual	Per SF
Income	$312,466	$13.34
Expenses	$79,681	$3.40
NOI	$232,785	$9.94
Occupancy	94.46%	

SUNNY CENTER
444 East Foothill Boulevard, Rialto, CA, 92376

1

		Tenants	Lease Type
Close Of Escrow:	12/17/2015	Club Da Vida Saludab	
Sales Price:	$1,550,000	Garcia's Computers	
Price/SF:	$104.73	Money Solutions Auto	
CAP Rate:	6.59%	Nunez Barber Shop	
Year Built:	1987	Top Nail	
		Used Cell Phone Guys	

	Annual	Per SF
Occupancy	100%	

FOOTHILL PLAZA
2850 West Foothill Boulevard, Rialto, CA, 92376

2

		Tenants	Lease Type
Close Of Escrow:	9/25/2016	Strategic Realty Solution	
Sales Price:	$1,200,000	Abstract Income Tax	
Price/SF:	$115.38	House of Pain Tattoo Stud	
Year Built:	1982		

	Annual	Per SF
Occupancy	67%	

NOTES

Multi-tenant office building that is 70-percent occupied.

SALES COMPARABLES

CENTREPOINTE PLAZA
1040 South Mount Vernon Avenue, Colton, CA, 92324

3

		Tenants	Lease Type
Close Of Escrow:	5/26/2016	Advance America	
Sales Price:	$3,258,202	Bank of Hope	
Price/SF:	$177.94	Cabreras Hair Design	
Year Built:	1992	Graham Enterprises	
		Mather's Nutrition	
		Rainbow Dental Offic	
		UPS Store	

CENTERPOINTE PLAZA
1100 South Mount Vernon Avenue, Colton, CA, 92324

4

		Tenants	Lease Type
Close Of Escrow:	5/26/2016	Gamestop	
Sales Price:	$3,905,714	GNC	
Price/SF:	$177.94	Payless Shoe Source	
Year Built:	1992	Rent A Center	
		Sally Beauty Supply	
		Sprint Store	
		Sweeties Fashion	
		Totally Nails & Spa	

BIG FIVE CENTER
1573 West Redlands Boulevard, Redlands, CA, 92373

5

		Tenants	Lease Type
Close Of Escrow:	12/12/2016	Big 5 Sporting Good	
Sales Price:	$5,640,000	Crystal Nails & Spa	
Price/SF:	$246.07	Daryls Pet Shop	
CAP Rate:	6.39%	Express Tailoring	
Year Built:	1985	Fish Guy	
		Flores Family Dental	
		Flame Broiler	

SVN

RICH INVESTMENT
REAL ESTATE PARTNERS