



1499 East Highland Avenue, San Bernardino, CA 92404



\$13,700,000 | Investment Details

- ❖ Relocation OUTPATIENT medical clinic having outgrown the previous location
- ❖ New construction
- ❖ New 10 year lease with one 10 year option
- ❖ 2% annual rent escalations to hedge against inflation
- ❖ Densely populated area with more than 254,394 residents within the immediate area
- ❖ Standard & Poor's AA rated tenant (County of San Bernardino)

Offering Memorandum

TENANT OVERVIEW



- ❖ **Parent Company: Arrowhead Regional Medical Center**
- ❖ **Owned & operated by the County of San Bernardino**
- ❖ **Privately Held**
- ❖ **Main hospital operates 456 +/- bed & is a teaching hospital**
- ❖ **Website – www.arrowheadmedcenter.org**

ABOUT PARENT COMPANY INFO

Arrowhead Regional Medical Center (ARMC) is a teaching hospital located in Colton, CA. ARMC is owned and operated by San Bernardino County, The emergency room at ARMC is the second busiest emergency room in the state of California. The hospital operates ten different training programs. In the most recent year with available data, the hospital had 24,441 admissions, performed 6,483 inpatient and 5,367 outpatient surgeries, and 254,000 outpatient visits. Arrowhead Regional Medical Center is an accredited hospital

ARMC is a certified stroke center, and was the first certified stroke center in San Bernardino County. The emergency room at ARMC has more than 130,461 visits annually, making it the second busiest emergency room in the state of California. The hospital provides the only burn center for the San Bernardino, Riverside, Inyo and Mono Counties. Image Guided Intensity Modulated Radiation Therapy is offered as part of the Medical Imaging Department.





THE OFFERING



Overview

Price	\$13,700,000
Gross Leasable Area	30,484 SF
Lot Size	3.78 Acres
Gross Income	\$1,090,108
Reimbursed Expenses	\$268,600
Net Operating Income	\$821,508
CAP Rate (on December 2017 rent)	6.00%
Year Built	2017

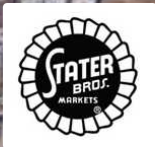
Lease Abstract

Lease Type	NN
Lease Term	10 Years
Lease Start	1/15/2018*
Renewal Options	1x10
Increases	2% annually
Roof and Structure	Landlord Responsible

Years	Gross Rent
Dec 2017-2018 (Year 1)	\$1,090,108
2018-2019 (Year 2)	\$1,111,910
2019-2020 (Year 3)	\$1,134,148
2020-2021 (Year 4)	\$1,156,831
2021-2022 (Year 5)	\$1,179,967
2022-2023 (Year 6)	\$1,203,567
2023-2024 (Year 7)	\$1,227,638
2024-2025 (Year 8)	\$1,252,191
2025-2026 (Year 9)	\$1,277,234
2026-2027 (Year 10)	\$1,302,779
Option 1 (1x10)	\$1,328,835

* Lease start date is estimate based on projected receipt of COO & subject to change.

** Management company (Scott Beard Del Rosa ARMC) to stay on after COE. Management fee already accounted for in expense reimbursement.



SAN BERNARDINO TRANSITIONAL





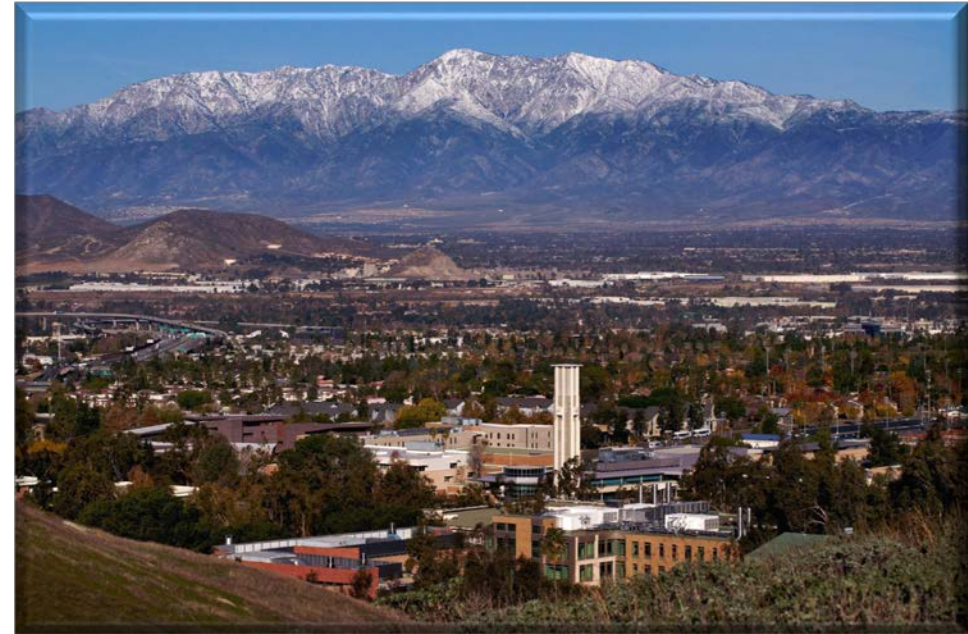
San Bernardino, California OVERVIEW

Infrastructure

Riverside-San Bernardino features three interstate freeways, I-10, I-215 and I-15, that form a triangle around one of the region's core growth centers. Additionally, the completion of the 210 freeway extension made commuting to and from Rialto and San Bernardino considerably easier.

The Riverside-San Bernardino metro has two major airports: Ontario International and Palm Springs International. The region also has a cargo-dedicated facility, the Southern California Logistics Airport, located just north of Victorville in the High Desert.

Two rail lines serve Riverside-San Bernardino, and the region boasts one of the largest and most modern intermodal facilities in the nation. Amtrak provides passenger rail service, and MetroLink connects the area to Orange County and Los Angeles. Local transit agencies run bus service throughout the area.



Geography

The Riverside-San Bernardino metro, also referred to as the Inland Empire, is a 28,000-square-mile region in Southern California composed of San Bernardino and Riverside counties. Valleys in the southwestern portion of the region, adjacent to Los Angeles, Orange County and San Diego County, are the most populous in the metro. These areas abut the San Bernardino and San Jacinto mountains, behind which lies the high desert area of Victorville/Barstow to the north and the low-desert Coachella, home of Palm Springs, to the east.

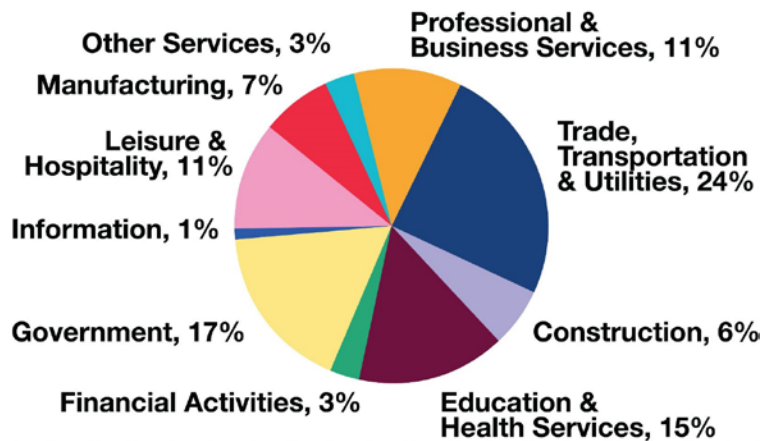
Population Specs	3 Miles	5 Miles
2014	150,025	248,298
AHHI	\$47,273	\$51,708



ECONOMY



Share of 2015 Total Employment



The Riverside-San Bernardino metro has one of the largest economies in the United States. While the region's economic expansion has been fueled by a number of factors, robust population growth has been the primary demand driver. High home prices throughout much of Southern California leave residents seeking more affordable options in the Inland Empire. The resulting increase in population will continue to heighten the need for housing, retail goods, personal services and government services.

There has also been exceptional growth in wholesale trade and warehousing as the area is an important distribution hub for the Southwest. Riverside-San Bernardino is the premier location in the Los Angeles Basin for new distribution facilities. This is because of its large pool of experienced workers, relatively inexpensive land and highly efficient intermodal transportation system that reduces the cost of both aggregating and distributing shipments. Amazon and Deckers have huge warehouses in the region, and growth in the distribution industry is expected to impact all other sectors.

During the past year, the Riverside-San Bernardino metro recorded higher industrial absorption than most other industrial markets in the state. The distribution system also benefits two major cargo airports: Ontario International and the Southern California Logistics Airport in Victorville.



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