LAKESHORE VILLAGE MARKETPLACE

VALUE-ADD RETAIL COMMUNITY CENTER
INVESTMENT OFFERING | Sunnymead Ranch, CA

Faris • Lee INVESTMENTS

LAKESHORE VILLAGE MARKETPLACE

23579 SUNNYMEAD RANCH PARKWAY
MORENO VALLEY CA, 92557

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PROPERTY OVERVIEW

Price	Price PSF	Year 3 Cap	Unlevered IRR
$7,300,000	$91	12.22%	22.38%
$7,100,000	$89	12.56%	23.52%
$6,900,000	$86	12.93%	24.70%

INVESTMENT SUMMARY

Faris Lee Investments is pleased to offer for sale a value-add retail investment opportunity located in Sunnymead Ranch, an affluent captive community in Moreno Valley. Lakeshore Village Marketplace is the only neighborhood center serving the local community. Lakeshore Village Marketplace is currently 31% leased providing future upside through lease-up for the investor as well as increasing current rents over time when the anchor space is occupied.

LOCATION SUMMARY

The neighborhood center is the only commercial development serving the entire master-planned community. The area is comprised of primarily single family residential with over 500 planned single family units proposed for future development. In addition, the average household income in the area is north of $90,000 combined with the low cost of housing provides a high disposable income which is ideal for retail. Lakeshore Village Marketplace's location is ideal for servicing the surrounding residential neighborhoods as the property lies directly between the two main thoroughfares of the region, Pigeon Pass Road (20,679 vehicles per day) and Heacock Street (16,718 vehicles per day), and are both intersected by Sunnymead Ranch Parkway (16,602 vehicles per day). The centralized nature of this location is further evident by the high school, middle school, church, and fire station all within 1/3-mile of the subject property.

PROPERTY SPECIFICATIONS

Rentable Area:	79,987 SF	Year Built:	1993
Land Area:	10.34 Acres	Zoning:	CPS: Scenic Highway Commercial
Address:	23579 Sunnymead Ranch Parkway, Moreno Valley, CA 92557		

Access: There are four (4) access points, two (2) along Sunnymead Ranch Parkway, one (1) each along Old Lake Drive and Village Road.

Parking: There are approximately 350 dedicated parking stalls on the owned parcel. The parking ratio is approximately 4.38 parking stalls per 1,000 SF of leasable area.

Traffic Counts (Costar 2014)	Vehicles Per Day
Sunnymead Ranch Parkway:	16,200
Old Lake Drive:	12,000
Pigeon Pass Road:	20,600

PARCEL	ACRES	SQUARE FEET
260-460-019	2.30	100,188
260-460-020	1.65	71,874
260-460-021	4.53	197,327
260-460-022	1.86	81,022

PARCEL MAP

EXCELLENT VALUE ADD OPPORTUNITY THROUGH REDEVELOPMENT, RENOVATION, AND LEASE-UP

- By releasing the anchor space with quality anchors, an investor can substantially increase the value.
- In addition, by securing an anchor tenant, leasing up the remainder of the shop space will move quickly with the ability to also increase rents over time.
- An investor can also realize increased value by renovating the overall center in order to secure and stabilize the center by making the physical condition more appealing for tenants.
- Lastly, there is a 2.30 acre parcel that can be developed into a number of potential optional uses including medical, office and retail which are ideal based on the need and demand from the local community. In addition, by rezoning from the current zoning an investor may be able develop multi-family which continues to show significant demand in the marketplace.

MASTER PLANNED COMMUNITY – ONLY NEIGHBORHOOD CENTER SERVING THE LOCAL TRADE AREA

- Sunnymead Ranch is a master planned community limiting any future retail competition.
- This center is the only retail center that serves the trade area and if redeveloped strategically with the optimum tenant mix should perform well for the long-term.
- Private lake community comprised of stable single family homes.
- Ranked as one of the fastest growing cities in the U.S.

AFFLUENT POPULATION WITH PRIMARILY SINGLE FAMILY RESIDENTIAL SURROUNDING THE CENTER WITH PLANNED NEW RESIDENTIAL DEVELOPMENT

- The average household income exceeds $90,000 in this community combined with low cost of housing provides a high disposable income.
- The majority of housing in the surrounding area consists of single family homes and a stability of family households, which is ideal for retail success.
- 663 Single family homes have been approved within a 1.5 mile radius of the subject property.

INTRINSIC VALUE – WELL BELOW REPLACEMENT COST

- Based on the asking range of $86 to $91 per square feet, an investor will be able to acquire the center substantially below replacement cost.
- With an initial low basis, an investor will have a competitive leasing advantage in the marketplace from other centers.

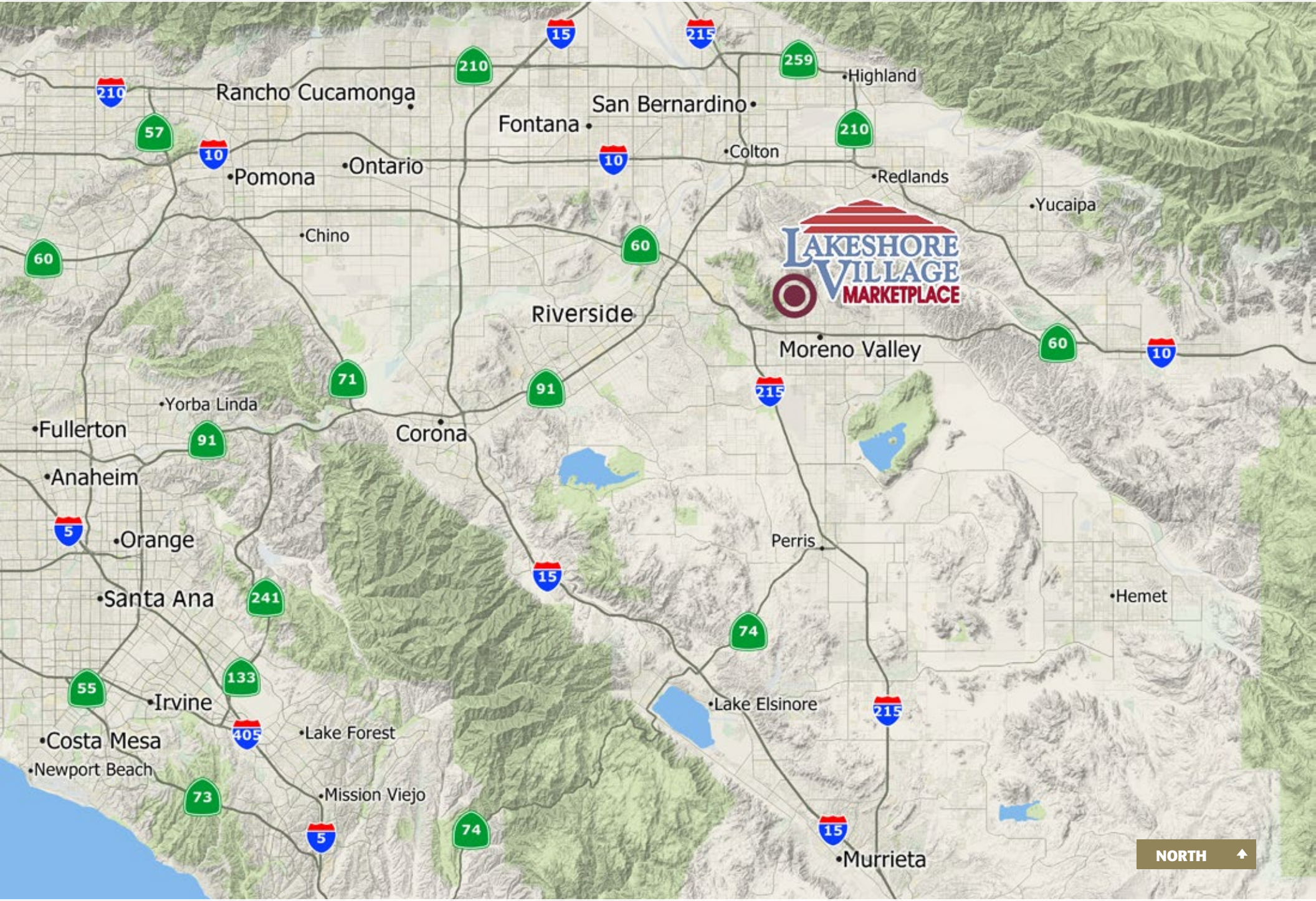
LAKESHORE VILLAGE ATTRIBUTES

- Only Retail Center serving the immediate Trade Area
- Below Replacement Cost - Ideal Candidate for Reposition / Cosmetic Renovation
- Ability to Re-Lease Anchor Space with Strong Junior Anchors
- Current Shops are Below Market
- Ability to increase substantially shop rents upon lease up of anchor space

AERIAL VIEW

Pigeon Pass
Valley
SUBWAY
Bank of America
2.3 Acres
Riverside County
Fire/Moreno
Valley Station
OLD LAKE DRIVE
Jack
in the box
DEL TACO
INTERSECTION TOTAL:
28,200 VPD
SUNNYMEAD RANCH PARKWAY
Sunnymead Ranch
Lake Club
NORTH

LOCATION MAP



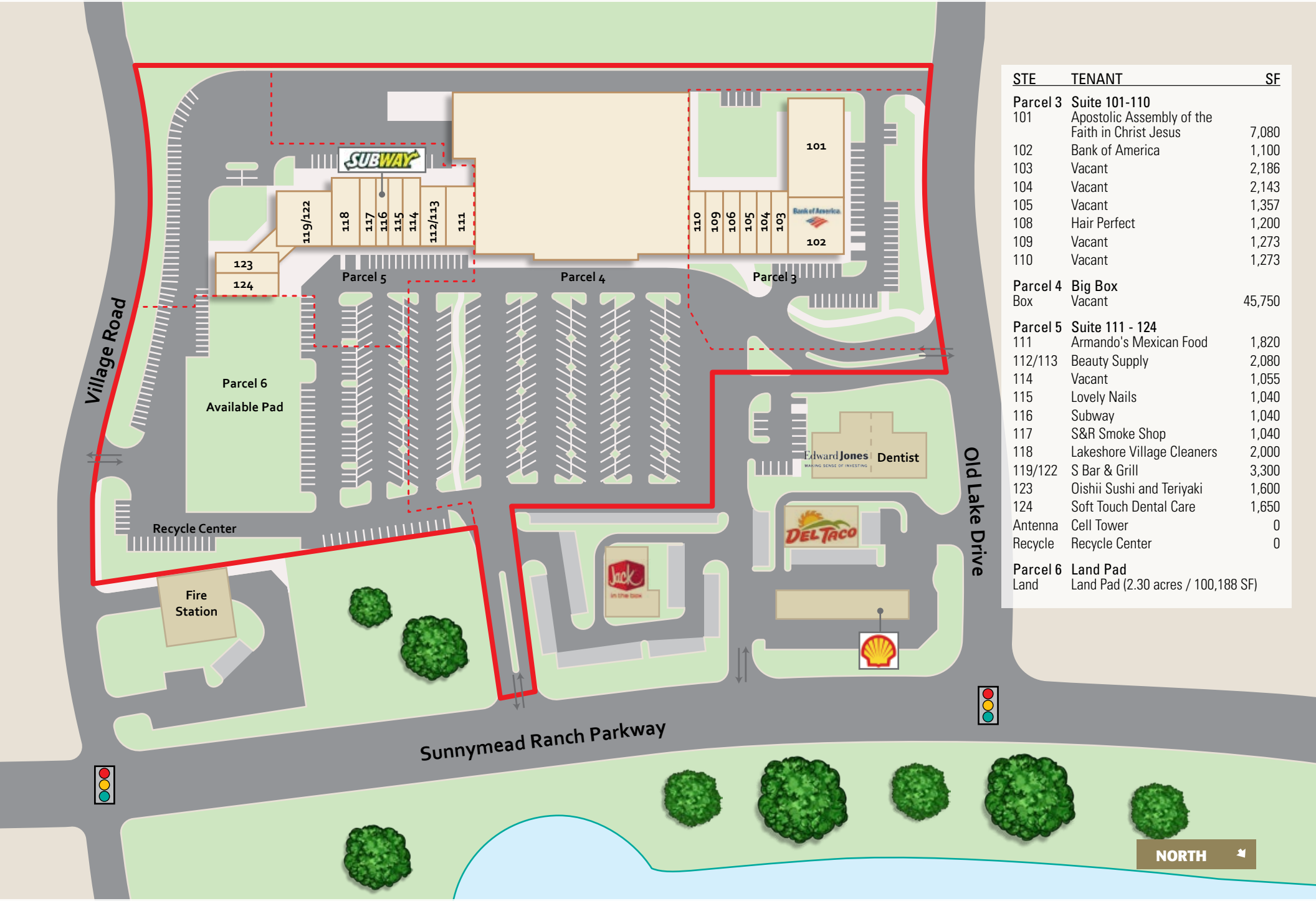
NEW SINGLE FAMILY & MULTIFAMILY DEVELOPMENTS - APPROVED / RECORDED / IN PROCESS

1. Pigeon Pass Ltd. - 78 Units
2. Professors Fund IV - 58 Units
3. Mission Pacific Land Co - 184 Units
4. Red Hill Village, LLC - 214 Units
5. Construction Specialist Group LLC - 53 Units
6. Randy McFarland - 7 Units
7. Winchester Associates - 105 Units
8. Professor's FUnd IV/Winchester Associates - 9 Units
9. CV Communities - 139 Units
10. SCH Development, LLC - 16 Units
11. RSI - 104 Units
12. OFA - 12 Units
13. Skyline Homes - 12 Units
14. Right Solutions, LLC - 7 Units
15. Tilak Chopra - 38 Units

AERIAL VIEW

Poorman's Reservoir
LAKESHORE VILLAGE MARKETPLACE
Canyon Springs High School
Pigeon Pass Valley
Sunnymead Ranch Lake Club
OLD LAKE DRIVE
AHHI 1-Mile Radius: $91,000
SUNNYMEAD RANCH PARKWAY
NORTH

SITE PLAN



STE	TENANT	SF
Parcel 3	**Suite 101-110**	
101	Apostolic Assembly of the Faith in Christ Jesus	7,080
102	Bank of America	1,100
103	Vacant	2,186
104	Vacant	2,143
105	Vacant	1,357
108	Hair Perfect	1,200
109	Vacant	1,273
110	Vacant	1,273
Parcel 4	**Big Box**	
Box	Vacant	45,750
Parcel 5	**Suite 111 - 124**	
111	Armando's Mexican Food	1,820
112/113	Beauty Supply	2,080
114	Vacant	1,055
115	Lovely Nails	1,040
116	Subway	1,040
117	S&R Smoke Shop	1,040
118	Lakeshore Village Cleaners	2,000
119/122	S Bar & Grill	3,300
123	Oishii Sushi and Teriyaki	1,600
124	Soft Touch Dental Care	1,650
Antenna	Cell Tower	0
Recycle	Recycle Center	0
Parcel 6	**Land Pad**	
Land	Land Pad (2.30 acres / 100,188 SF)	

PHOTOS - SUBJECT PROPERTY

ADJACENT TENANTS - NAP

LAKESHORE VILLAGE REPOSITION

TRADE AREA AND PROPERTY LEVEL HIGHLIGHTS

SUNNYMEAD RANCH/ MORENO VALLEY ATTRIBUTES

- Ranked as one of the fastest growing cities in the U.S.
- Affluent residential population- over $90,000 AHHI
- Stable Single Family Home Community
- Master Planned Community with Private Lake Amenity

LAKESHORE VILLAGE ATTRIBUTES

- Only Retail Center serving the immediate Trade Area
- Below Replacement Cost - Ideal Candidate for Reposition / Cosmetic Renovation
- Ability to Re-Lease Anchor Space with Strong Junior Anchors
- Current Shops are Below Market
- Ability to increase substantially shop rents upon lease up of anchor space

VALUE CREATION

- By repositioning Lakeshore Village, an investor can potentially realize an increase of the Net Operating Income by 6X+ – to nearly $900,00 NOI. This additional income will generate value north of $13,000,000 (with a $400,000 - $800,000 renovation budget) based on a stabilized cap rate of 7.0%.

AERIAL VIEW

SUNNYMEAD RANCH PARKWAY
Sunnymead Ranch
AHHI: $91,000
Sunnymead Ranch
Lake Club
LAKESHORE
VILLAGE
MARKETPLACE
NORTH

EXECUTED SHOP LEASE COMPARABLES

	Property Location	Building Size (SF)	Year Built / Renovated	Tenant	Lease Executed	Lease Type	Square Feet	Asking Rate / SF / Mo	Asking Rate / SF / Yr
1	**Lakeside Plaza** 25900-25920 Iris Avenue Moreno Valley, CA 92551	62,286	2004	**Her Fitness**	2015	NNN	1,080	$1.75	$21.00
		Comments:	Quality Construction. Solid Grocery Anchored Center.						
		Anchor:	Stater Bros						
2	**Moreno Beach Plaza** 12831 Moreno Beach Dr Moreno Valley, CA 92557	171,483	2006	**Angels Nails & Spa**	2015	NNN	1,950	$2.75	$33.00
				House of Beauty Salon	2015	NNN	1,200	$2.65	$31.80
		Comments:	Walmart Supercenter with Freeway Visibility.						
		Anchor:	Walmart Supercenter						
3	**Moreno Marketplace** 14475 Moreno Beach Dr Moreno Valley, CA	77,763	2009	**Armando's Restaurant**	2016	NNN	1,020	$1.65	$19.80
				Statefarm	2016	NNN	1,011	$1.75	$21.00
		Comments:	Highly Succesful Stater Bros Grocery Anchored Center.						
		Anchor:	Stater Bros						
		Average Rent:					**Shops**	**$2.11**	**$25.32**

EXECUTED JR. ANCHOR LEASE COMPARABLES

	Property Location	Building Size (SF)	Year Built / Renovated	Tenant	Lease Executed	Lease Type	Square Feet	Asking Rate / SF / Mo	Asking Rate / SF / Yr
1	**Towngate Center** 12625 Frederick Street Moreno Valley, CA 92553	285,775	1	**Planet Fitness**	2014	NNN	25,170	$1.21	$14.52
		Comments:	Located on the southwest corner of the 60 Freewy and Frederick Street, one block east of the Moreno Valley Mall.						
		Anchor:	TJ Maxx, Regency Theaters Planet Fitness, Dollar Tree						
2	**Bear Valley Shopping Center** 25050 Alessandro Blvd Moreno Valley, CA 92553	39,268	1984/2015	**Smart & Final Extra!**	2015	NNN	25,000	$0.83	$9.96
		Comments:	Neighborhood Shopping Center renovated in 2015 and located near 60 Freeway and Moreno Valley Mall.						
		Anchor:	Smart & Final Extra!, Dollar Tree						
3	**Towngate Promenade** 12660 Day Street Moreno Valley, CA 92553	40,000	2014	**24 Hour Fitness**	2014	NNN	40,000	$1.71	$20.50
		Comments:	New single story construction on out pad from Towngate Promenade anchored by Costco.						
		Anchor:	Costco						
4	**22985 Cottonwood Ave** Moreno Valley, CA 92553	13,969	2009	**99 Cent Only**	2014	NNN	13,969	$1.00	$12.00
		Comments:	Former Fresh & Easy building leased to 99 Cent Only in 2014. Located near Moreno Valley High School.						
		Anchor:	99 Cent Only						
		Average Rent:					**Jr. Anchor**	**$1.19**	**$14.25**

POTENTIAL FACADE ENHANCEMENT

CURRENT SHOP ELEVATION

PROPOSED SHOP ELEVATION

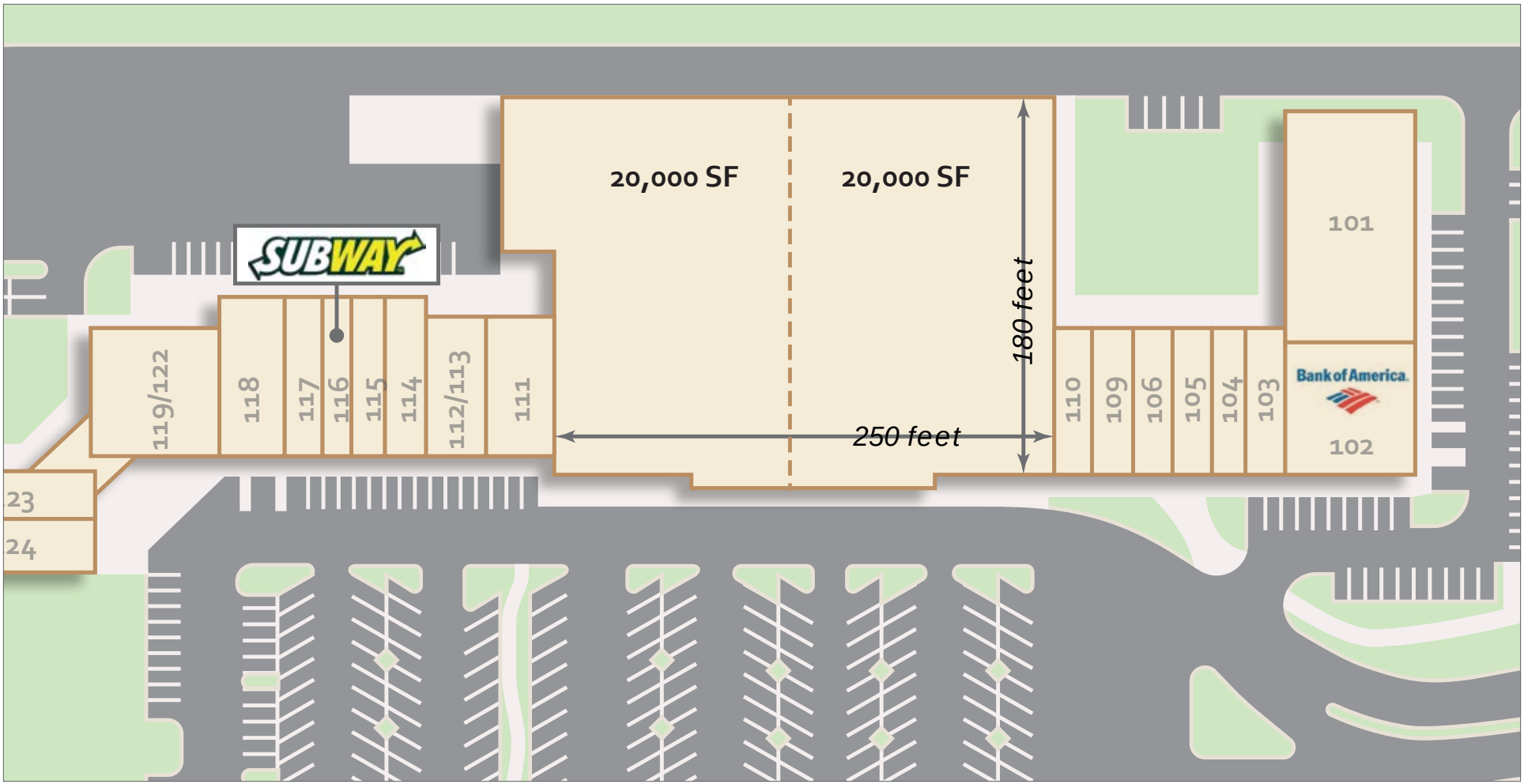
CURRENT ANCHOR ELEVATION

PROPOSED ANCHOR ELEVATION

POTENTIAL ANCHOR TENANTS

JUNIOR ANCHORS

Specialty Grocer	12,000 - 20,000 sf
Discount Retail	16,000 - 35,000 sf
Fabric/Crafts/Party Supply	15-000 - 35,000 sf
Fitness	15,000 - 45,000 sf
Home Improvement	13,000 - 40,000 sf
Pet Stores	12,000 - 35,000 sf
Soft Goods	14,000 - 40,000 sf
Sporting Goods	15,000 - 40,000 sf
Footwear	15,000 - 20,000 sf
Drug Store	13,000 - 20,000 sf
Office - Stationary	15,000 -20,000 sf
Child Care	20,000 - 40,000 sf
Furniture	15,400 - 35,000 sf



ADJACENT PRIVATE LAKE COMMUNITY

PRICING ANALYSIS

RENT ROLL

Suite #	Tenant	Size (SF)	% of Total (SF)	Current Monthly Rent	Monthly Rent $/SF	Current Annual Rent	Annual Rent $/SF	% of Total (Rent)	Rental Increases						CAM Recovery Type	Lease Start	Lease Expires	Annual Market Rent $/SF	Lease Options
									Increase Date	Increase	Monthly Rent	Monthly $/SF	Annual Rent	Annual $/SF					
Suites 101-110 (Parcel 260-460-020)																			
101	Apostolic Assembly of the Faith in Christ Jesus	7,080	9%	$7,000	$0.99	$84,000	$11.86	9%	-	-	-	-	-	-	NNN	9/1/2015	8/31/2017	$12.00	1 (1-Year) Option 1 : $84,000/yr
102	Bank of America [1]	1,100	1%	$1,832	$1.67	$21,980	$19.98	2%	Nov-16 Nov-17	3% 3%	$1,887 $1,943	$1.72 $1.77	$22,639 $23,319	$20.58 $21.20	NNN	11/1/2008	10/31/2018	$21.00	1 (5-year) Option 1: The greater of FMV or a 15% increase over the prior year's rent
103	Vacant	2,186	3%	$2,733	$1.25	$32,790	$15.00	3%	-	-	-	-	-	-	NNN	-	-	$15.00	-
104	Vacant	2,143	3%	$2,679	$1.25	$32,145	$15.00	3%	-	-	-	-	-	-	NNN	-	-	$15.00	-
105	Vacant	1,357	2%	$2,036	$1.50	$24,426	$18.00	3%	-	-	-	-	-	-	NNN	-	-	$18.00	-
108	Hair Perfect [2]	1,200	2%	$1,500	$1.25	$18,000	$15.00	2%	Apr-17 Apr-18 Apr-19 Apr-20	3% 3% 3% 3%	$1,545 $1,591 $1,639 $1,688	$1.29 $1.33 $1.37 $1.24	$18,540 $19,096 $19,669 $20,259	$15.45 $15.91 $16.39 $14.93	NNN	7/1/2016	3/1/2021	$18.00	None
109	Vacant	1,273	2%	$1,910	$1.50	$22,914	$18.00	2%	-	-	-	-	-	-	NNN	-	-	$18.00	-
110	Vacant	1,273	2%	$1,910	$1.50	$22,914	$18.00	2%	-	-	-	-	-	-	NNN	-	-	$18.00	-
Big Box (Parcel 260-460-021)																			
Box	Vacant	45,750	57%	$38,125	$0.83	$457,500	$10.00	48%	-	-	-	-	-	-	NNN	-	-	$10.00	-
Suites 111 - 124 (Parcel 260-460-022)																			
111	Armando's Mexican Food	1,820	2%	$2,343	$1.29	$28,119	$15.45	3%	Nov-16 Nov-17	3% 3%	$2,414 $2,486	$1.33 $1.37	$28,963 $29,831	$15.91 $16.39	NNN	11/5/2013	11/4/2018	$18.00	1 (5-year) Option 1: 95% of FMV for the First year then annual CPI adjustments thereafter
112/113	Beauty Supply	2,080	3%	$1,880	$0.90	$22,560	$10.85	2%	-	-	-	-	-	-	NNN	12/1/2000	MTM	$15.00	-
114	Vacant	1,055	1%	$1,583	$1.50	$18,990	$18.00	2%	-	-	-	-	-	-	NNN	-	-	$18.00	-
115	Lovely Nails	1,040	1%	$1,290	$1.24	$15,477	$14.88	2%	-	-	-	-	-	-	NNN	11/1/2000	MTM	$18.00	-
116	Subway	1,040	1%	$1,103	$1.06	$13,240	$12.73	1%	-	-	-	-	-	-	NNN	9/1/2011	MTM	$18.00	5 (3-year) Option 1 & 2: Annual CPI adjustments (min 3%, max 5%) Option 3: 95% of FMV for the First year then annual CPI adjustments (min 3%, max 5%) thereafter Option 4 & 5: Annual CPI adjustments (min 3%, max 5%)
117	S&R Smoke Shop	1,040	1%	$1,196	$1.15	$14,352	$13.80	2%	Nov-16 Nov-17	3% 3%	$1,231 $1,268	$1.18 $1.22	$14,772 $15,216	$14.20 $14.63	NNN	1/1/2012	10/31/2018	$18.00	1 (3-year) 95% of FMV for 1st year and 4% annual increases thereafter

RENT ROLL (cont.)

Suite #	Tenant	Size (SF)	% of Total (SF)	Current Monthly Rent	Monthly Rent $/SF	Current Annual Rent	Annual Rent $/SF	% of Total (Rent)	Rental Increases						CAM Recovery Type	Lease Start	Lease Expires	Annual Market Rent $/SF	Lease Options
									Increase Date	Increase	Monthly Rent	Monthly $/SF	Annual Rent	Annual $/SF					
118	Lakeshore Village Cleaners	2,000	3%	$2,575	$1.29	$30,900	$15.45	3%	Mar-17	3%	$2,652	$1.33	$31,827	$15.91	NNN	5/1/2003	2/28/2025	$18.00	2 (5-Year) FMV w/annual CPI increases
									Mar-18	3%	$2,732	$1.37	$32,782	$16.39					
									Mar-19	3%	$2,814	$1.41	$33,765	$16.88					
									Mar-20	3%	$2,898	$1.45	$34,778	$17.39					
									Mar-21	3%	$2,985	$1.49	$35,822	$17.91					
									Mar-22	3%	$3,075	$1.54	$36,896	$18.45					
									Mar-23	3%	$3,167	$1.58	$38,003	$19.00					
									Mar-24	3%	$3,262	$1.63	$39,143	$19.57					
119/122	S Bar & Grill	3,300	4%	$2,895	$0.88	$34,745	$10.53	4%	-	-	-	-	-	-	NNN	5/1/2012	4/30/2017	$12.00	1 (5-year) Option 1: 95% of FMV for the 1st year and annual CPI adjustments thereafter
123	Oishii Sushi and Teriyaki	1,600	2%	$1,737	$1.09	$20,846	$13.03	2%	-	-	-	-	-	-	NNN	3/1/2010	MTM	$18.00	-
124	Soft Touch Dental Care	1,650	2%	$2,475	$1.50	$29,700	$18.00	3%	-	-	-	-	-		NNN	5/1/2007	MTM	$18.00	-
Recycle	Recycle Center	0	0%	$500	-	$6,000	-	1%	-	-	-	-	-	-	-	8/1/2014	7/31/2017	-	Annual automatic renewals
Land Pad (Parcel 260-460-019)																			
Land	Land Pad (2.30 acres / 100,188 SF)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Occupied	24,950	31%	$28,327	$1.14	$339,920	$13.62	36%											
	Total Vacant	55,037	69%	$50,973	$0.93	$611,679	$11.11	64%											
	Total / Wtd. Avg:	79,987	100%	$79,300	$0.99	$951,599	$11.90	100%											

(1) Bank of America - Tenant may terminate the Lease by giving 60 days notice if it is prevented from charging at least $1.00 per transaction at the ATM, or in the event that Tenant's legal right to operate the ATM is withdrawn or materially altered by court decision.
(2) Hair Perfect not required to pay pro-rata share of taxes, CAM and insurance until at least 15,000 sf anchor tenant opens in the center.
(3) Lakeshore Village Cleaners has three months of free rent, March 2017-19 (excluded from analysis).

CASH FLOW

For the Years Ending	Year 1 Dec-17	Year 2 Dec-18	Year 3 Dec-19	Year 4 Dec-20
Potential Gross Revenue				
Base Rental Revenue	951,807	973,263	985,384	994,766
Absorption & Turnover Vacancy	(611,679)	(118,650)	-	-
Scheduled Base Rental Revenue	(611,679)	(118,650)		
Expense Reimbursement Revenue	95,873	295,223	331,867	340,688
Recycle Income	6,000	6,000	6,000	6,000
Total Potential Gross Revenue	442,001	1,155,772	1,323,249	1,341,453
General Vacancy [1]			(92,627)	(93,902)
Effective Gross Revenue	442,001	1,155,772	1,230,622	1,247,551
Operating Expenses				
Property Taxes	99,062	101,043	103,064	105,125
Insurance	34,663	35,703	36,774	37,877
Management Fee	13,260	34,673	36,919	37,427
CAM	152,568	157,145	161,860	166,716
Total Operating Expenses	299,553	328,564	338,617	347,145
Net Operating Income	142,448	827,208	892,005	900,406
Leasing & Capital Costs				
Tenant Improvements	-	495,374	24,390	
Leasing Commissions	-	313,809	25,754	
Demising Costs	-	457,000	-	
Total Leasing & Capital Costs	-	1,266,183	50,144	
Cash Flow Before Debt Service & Before Taxes	142,448	(438,975)	841,861	

Occupancy Trends

Average Physical Occupancy	24,950	24,950	73,045	79,987
Average Physical Occupancy - % [1]	31%	31%	91%	100%

Cap Rate	1.95%	11.33%	12.22%

Unleveraged Pricing Matrix

Price	Price PSF	Year 3 Cap	Unlevered IRR
$7,300,000	$91	12.22%	22.38%
$7,100,000	$89	12.56%	23.52%
$6,900,000	$86	12.93%	24.70%

Sale Price	Exit Cap
$12,863,000	7.00%
$12,863,000	7.00%
$12,863,000	7.00%

Down Payment	Yr 1	Yr 2	Yr 3
($7,300,000)	$142,448	($438,975)	$13,704,804
($7,100,000)	$142,448	($438,975)	$13,704,804
($6,900,000)	$142,448	($438,975)	$13,704,804

Argus Assumptions

Lakeshore Village – Moreno Valley, CA

The cash flow period begins January 2017 and presents a 3-year fiscal analysis ending December 2020. The cash flow has been prepared using ARGUS Enterprise software. A copy of the file is available for your review. Expense and revenue assumptions are based upon operating statements, rent rolls, and other schedules provided by the current owner.

INCOME

1. Base Rental Revenue: This is projected based on the terms of in-place tenant leases and the following assumptions:
   a. Speculative Lease Terms: Lease terms for new and renewal leases are projected to be 5 years for shop tenants and 10 years for the jr. anchors.
   b. Rental Abatements: None
   c. Renewal Probability: The renewal probability for all tenants is projected to be 70%.
   d. Renewal Options: All Options have been modeled.
   e. Vacant Space upon Turnover: 6 months shop tenants 12 months for the box.
   f. Inflation rate: All expenses are projected to increase at 3% annually, except taxes which increase at 2% annually.
   g. Market rent growth: All market rents are projected to increase at 3% annually.
   h. Rent Steps: New leases include 3% annual increases except for the box which increase at 10% every 5 years.
   i. Market Rent: See Rent Roll. (NOTE – Market Rental Rates based on the assumption of anchor tenants occupying the vacant box).
2. Expense Reimbursement Revenue: All current tenants & new tenants reimburse on a triple net (NNN) basis including Taxes, Insurance, CAM, and Administrative Fee (10%). Tenant's reimbursements were modeled based off of the 2016 budget and 2013 CAM Reconciliation.
3. General Vacancy: A loss provision for vacancy is currently modeled at 7% of Potential Gross Revenue.
4. Lease Up: Total vacancy is 55,037 SF (69%). Both jr. anchors (45,750 SF) leased in month 13, three shops (suites 104,109 & 110) leased in month 19, and three shops (103, 105, 114) leased in month 25.

EXPENSES

5. Property Taxes based on a 1.06472% Tax Rate plus $8,917 in fixed assessments (at estimated sale price of $7.3 million). Insurance based on 2015 operating statement. CAM based on 2016 budget and 2013 CAM Rec provided by owner. Management estimated at market rate of 3% of EGI.

LEASING COSTS

6. Leasing Commissions are projected at 6% for new deals and 3% for renewals. Tenant improvements for new deals are projected at $5/SF for shop tenants and $10/SF for the jr anchors and $0/SF for all renewals.

SPECIFIC ASSUMPTIONS

7. Option Terms – Tenants assumed to exercise all options.
8. Recycle Center – It is assumed Tenant exercises 10 (1-year) automatic renewal options and rent remains flat at $500/mo for the remainder of the analysis.
9. MTM Tenants – Tenants assumed to extend for 5-year option period at market rent (see rent roll).
10. Hair Perfect – Tenant is assumed to reimburse pro-rata share of taxes, CAM and insurance. Lease provides for no reimbursements until at least 15,000 SF anchor tenant opens for business.
11. Demising Costs – During the second year of the analysis, it is assumed the vacant anchor space, 45,750 SF, is demised into two spaces (each at 22,875 SF) with demising costs estimated at $10/SF (this includes splitting the spaces, the utilities and HVAC).
12. Vacant Parcel – it has been assumed the vacant lot remains vacant for the duration of the analysis.
13. 5-Year option assumed for Apostle Church at market rent.

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TENANT SYNOPSIS

BANK OF AMERICA

Bank of America Corporation, through its subsidiaries, provides banking and financial products and services for individual consumers, small and middle-market businesses, institutional investors, large corporations, and governments worldwide. It operates through five segments: Consumer Banking, Global Wealth & Investment Management, Global Banking, Global Markets, and Legacy Assets & Servicing. Bank of America Corporation was founded in 1874 and is based in Charlotte, North Carolina.

Company Type:	Public (NYSE: BAC)	2015 Revenue:	$93.06 Billion
2015 Employees:	213,000	2015 Assets:	$2.14 Trillion
2015 Net Income:	$15.89 Billion	S&P Ranking:	BBB+
2015 Equity:	$256.21 Billion	Website:	www.bankofamerica.com
Fiscal Year End:	December		

SUBWAY

SUBWAY brand is the world's largest submarine sandwich chain with more than 44,700 locations in 112 countries. The company is 100 percent franchised. Subway has become the leading choice for people seeking quick, nutritious meals that the whole family can enjoy. Subway is owned by privately held Doctor's Associates Inc., based in Milford, CT. It was founded in 1965.

Company Type:	Private
Locations:	44,787
Website:	www.subway.com

AREA OVERVIEW

AREA OVERVIEW

THE CITY OF MORENO VALLEY

Moreno Valley is a progressive city with a bright future. Moreno Valley's youthful population totals 200,670. While maintaining its friendly small town attitude, the 50-square-mile community boasts big city amenities including contemporary retail destinations and neighborhood shopping centers, plus a multitude of options for entertainment, dining, cultural, and recreational experiences and an array of housing options. The City is dedicated to fostering new business and well-managed growth to create a superb quality of life for residents and visitors to enjoy. Solid growth has propelled Moreno Valley to its position as the second largest city in Riverside County, fourth largest in the Inland Empire.

ECONOMIC DEVELOPMENT

Opportunity - Moreno Valley is one of the Inland Empire's best opportunities for a new business or a development project. Recently ranked as one of the fastest growing cities in the nation (cities with a population of 100,000 or more), Moreno Valley continues to be a leader in business development with an array of undeveloped land, development opportunities, entitled development projects, and available lease space at affordable prices.

Qualified Workforce - Offering a diverse and qualified workforce, businesses attracted to Moreno Valley find skilled employees eager to work close to home. Moreno Valley also provides access to the Inland Empire's 27 community colleges and universities that offer employers the educated and skilled labor required for the 21st century. Moreno Valley offers a big city market combined with a small-town atmosphere. These attributes have inspired a number of Fortune 500 companies to choose Moreno Valley including: Frazee Paint, Harbor Freight Tools, Lowe's Home Improvement, Masonite International, O'Reilly Automotive, Philips Electronics, ResMed, Ross Dress For Less, Serta Mattress, Minka Lighting, Walgreens, United Natural Foods, and the coming 1.8 million square foot Skechers facility.

Business Environment - The City of Moreno Valley created a team of professionals specifically to work closely with businesses considering relocation or expansion projects. The Economic Development Team's role is to serve as a resource for your development team and assist in a variety of non-regulatory ways. The Community Development and Public Works Departments also work hard to provide seamless service to the business and development communities to help keep projects on track.

INDUSTRIAL SITES

The City of Moreno Valley contains approximately 2,572 acres zoned for industrial development uses. Moreno Valley is home to Cardinal TG, Maestro Wood Products, Modular Metal Fabricators, Phillips Consumer Electronics, Porvene Doors, Serta Mattress, Supreme Truck Bodies, Thor California, and the Moreno Valley Walgreens Distribution Center, to date. In addition, more than 7.5 million square feet of industrial space is under development. These companies and projects set the tone for Moreno Valley's continuing industrial growth. The 600-acre Center pointe Business Park, just north of March Air Reserve Base/March Inland Port, features developing industrial and commercial sites. In addition, the city, in cooperation with landowners and the March Joint Powers Authority, is developing the Moreno Valley Industrial Area - 1,521 acres east of March Air Reserve Base/March Inland Port - for industrial and commercial uses. Citywide, industrial/commercial parcels range in size from one acre to 200 acres. Moreno Valley offers abundant industrial sites with excellent access to the Southern California market at very competitive prices.

MAJOR EMPLOYERS	# OF EMPLOYEES
» March Air Reserve Base	8,500
» Amazon.com, Inc	7,500
» Moreno Valley Unified School District	3,565
» Riverside County Regional Medical Center	3,000
» Ross Dress For Less / dd's Discounts	1,921
» Moreno Valley Mall (excludes major tenants)	1,390
» Proctor & Gamble Co.	987
» Harbor Freight Tools	800
» Kaiser Permanente Community Hospital	772
» iHerb, Inc.	750

CENTERPOINTE INDUSTRIAL AREA

Centerpointe Industrial Area is an industrially-zoned specific plan area with existing facilities for BAS Recycling, CIMC, Frazee Paint, Minka Lighting, National Tube Supply, Porvene Doors, ResMed, Serta Mattress, Supreme Truck Bodies, United Natural Foods Inc., and US Post Office.

MORENO VALLEY INDUSTRIAL AREA

Moreno Valley Industrial Area is an industrially-zoned specific plan area with existing facilities for Cardinal Glass, Harman Kardon, iHerb, Lowe's Home Improvement, Masonite International, Modular Metal Manufacturers, O'Reilly Auto Parts, Phillips Electronics, Ross Dress for Less, Walgreens, Amazon, and Procter & Gamble.

TRANSPORTATION

EStrategically located at the junction of I-215 and SR-60, Moreno Valley is well located for life and for business. The City's prime Southern California location is about an hour drive east of Los Angeles, west of Palm Springs, and north of San Diego, facilitating same day access to California, Nevada and Arizona consumers and the rest of the West in 1 - 2 days.

Ontario International Airport is about 30 minutes away and serves most major airlines. An inter-modal rail facility is 18 miles away and two major ports, the Port of Los Angeles and the Port of Long Beach, are easily accessed via the freeway system..

THE COUNTY OF RIVERSIDE

Riverside County is the fourth largest county in the state by population, stretching nearly 200 miles across and comprising over 7,200 square miles of fertile river valleys, low deserts, mountains, foothills and rolling plains. Riverside County shares borders with Imperial, Orange, San Diego, and San Bernardino Counties, extending from within 14 miles of the Pacific Ocean to the Colorado River. Taking its name from the City of Riverside, the county was formed in 1893 from a small portion of San Bernardino County and a larger part of San Diego County.

Riverside is expanding its economy, working to become as business-friendly as possible and using health and recreations strategies to make the county a healthier place for residents. Each year, millions visit the county to take advantage of the glorious desert winter, attend the Riverside County Fair and National Date Festival, the Balloon and Wine Festival, the Palm Springs International Film Festival, the Coachella and Stagecoach mega-concerts, the Paribas Open at the Indian Wells Tennis Center and the Humana Challenge, the golf tournament formerly known as the Bob Hope Classic. All those, combined with a rich cultural heritage and frontier history, make Riverside County a great place live, work or visit.

MAJOR EMPLOYERS	# OF EMPLOYEES
» County of Riverside	20,684
» March Air Reserve Base	8,500
» Stater Brothers Market	6,900
» Wal-Mart	6,550
» University of California Riverside	5,768
» Kaiser Permanente Riverside Medical Center	5,300
» Corona-Norco Unified School District	4,932
» Temecula Valley Unified School District	4,000
» Riverside Unified School District	3,871
» Hemet Unified School District	3,400

DEMOGRAPHICS

	DESCRIPTION (WWW.ROL3.SITESUSA.COM)	1 MILE	3 MILE	5 MILE	10 MILE
POPULATION	2016 Estimated Population	15,168	80,791	189,866	682,943
	2021 Projected Population	16,286	86,413	202,623	725,571
	2010 Census Population	14,721	76,723	179,701	647,566
	2000 Census Population	13,517	66,102	148,138	520,988
	Projected Annual Growth 2016 to 2021	1.5%	1.4%	1.3%	1.2%
	Historical Annual Growth 2000 to 2016	0.8%	1.4%	1.8%	1.9%
	2016 Median Age	34	31	30	32
HOUSEHOLDS	2016 Estimated Households	4,319	22,966	54,249	204,364
	2021 Projected Households	4,587	24,308	57,389	215,208
	2010 Census Households	4,175	21,682	50,892	192,110
	2000 Census Households	3,807	19,088	44,099	164,025
	Projected Annual Growth 2016 to 2021	1.2%	1.2%	1.2%	1.1%
	Historical Annual Growth 2000 to 2016	0.8%	1.3%	1.4%	1.5%
RACE AND ETHNICITY	2016 Estimated White	48.3%	42.7%	42.3%	49.1%
	2016 Estimated Black or African American	20.0%	18.9%	16.4%	11.9%
	2016 Estimated Asian or Pacific Islander	7.3%	6.6%	9.9%	8.9%
	2016 Estimated American Indian or Native Alaskan	0.9%	0.9%	0.9%	0.9%
	2016 Estimated Other Races	23.5%	30.8%	30.5%	29.3%
	2016 Estimated Hispanic	42.5%	52.3%	51.4%	51.2%
INCOME	2016 Estimated Average Household Income	$91,429	$68,448	$65,550	$74,561
	2016 Estimated Median Household Income	$78,308	$57,756	$55,052	$62,070
	2016 Estimated Per Capita Income	$26,041	$19,490	$18,909	$22,520
BUSINESS	2016 Estimated Total Businesses	138	1,724	4,135	23,904
	2016 Estimated Total Employees	1,117	13,215	41,100	272,285
	2016 Estimated Employee Population per Business	8.1	7.7	9.9	11.4
	2016 Estimated Residential Population per Business	109.8	46.9	45.9	28.6

Faris • Lee
INVESTMENTS

www.farislee.com