

# Moreno Valley Plaza

COUNTY OF RIVERSIDE  
DEPARTMENT OF PUBLIC  
SOCIAL SERVICES

Office  
DEPOT

FAMILY DOLLAR

SUPERIOR  
GROCCERS

ATLAS

Citi Trends

HARBOR FREIGHT  
TOOLS

9  
goodwill

BIG  
LOTS!

BIG 5  
SPORTING GOODS

WELLS  
FARGO

McDonald's

NAPA  
AUTO PARTS

SUNNYMEAD BOULEVARD

CALIFORNIA  
60

OFFERING MEMORANDUM  
MORENO VALLEY, CALIFORNIA



HANLEY INVESTMENT GROUP  
REAL ESTATE ADVISORS



# OFFERING MEMORANDUM

## MORENO VALLEY, CALIFORNIA

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### EXCLUSIVELY LISTED BY:

#### **Bill Asher**

Executive Vice President  
basher@hanleyinvestment.com  
949.585.7684 | BRE #01318078

#### **Kevin Fryman**

Senior Vice President  
kfryman@hanleyinvestment.com  
949.585.7674 | BRE #01321833

#### **Ed Hanley**

President  
ehanley@hanleyinvestment.com  
949.585.7677 | BRE #01118569



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### LOCATION

**Moreno Valley Plaza**  
**23583 -23963 Sunnymead Boulevard**  
**12591 - 12595 Heacock Street**  
**Moreno Valley, CA 92533**

### OFFERING SUMMARY

<b>Price:</b>	\$45,000,000
<b>Current NOI @ 92% Occupancy:</b>	\$3,020,587
<b>Current Capitalization Rate:</b>	6.71%
<b>Current Cash-on-Cash Return (Proposed CMBS Debt):</b>	11.54%
<b>Proforma NOI @ 95% Occupancy:</b>	\$3,677,248
<b>Proforma Capitalization Rate:</b>	8.17%
<b>Proforma Cash-on-Cash Return (Proposed CMBS Debt):</b>	15.91%
<b>Price per Square Foot:</b>	\$132
<b>Net Rentable Area:</b>	341,011
<b>Year Built:</b>	1987-1989
<b>Lot Size (Acres):</b>	32.38

### OFFERING SUMMARY

Loan to Value:	67%	\$30,000,000
Down Payment:	33%	\$15,000,000
Interest Rate:		4.30%
Amortization (Years):		30
Term:		10
Annual Debt Service (4-Year Interest Only):		(\$1,290,000)
Annual Debt Service (Amortizing):		(\$1,781,537)

**(Contact Hanley Investment Group for Further Details)**





- **Established Southern California Grocery Anchored Shopping Center:** Built between 1987-1989, Moreno Valley Plaza is a 92% occupied 341,011 square foot grocery anchored shopping center anchored by Superior Grocers.
- **Dominant Regional Draw Generated by Complimentary Mix of National/Regional Tenants:** Tenants including Superior Grocers, Big 5, Big Lots, CITI Trends, Fallas Paredes, Family Dollar, Goodwill, Harbor Freight Tools, McDonald's, Napa Auto Parts, Office Depot, Rent-A-Center, Sally Beauty, and Wells Fargo Bank.
- **Stable Historical Occupancy:** 78% of occupied square footage has leased space at the center for 5 years or more; 55% of occupied square footage has leased space at the center for 10 years or more.
- **Low Price Per Square Foot Offering:** At \$132 per square foot, the shopping center is priced below replacement cost.
- **Separately Parceled Allowing for Maximum Resale Value:** Moreno Valley Plaza consists of 4 separate parcels, including a standalone McDonald's ground lease on its own parcel, allowing for separate sales in the future to maximize value.



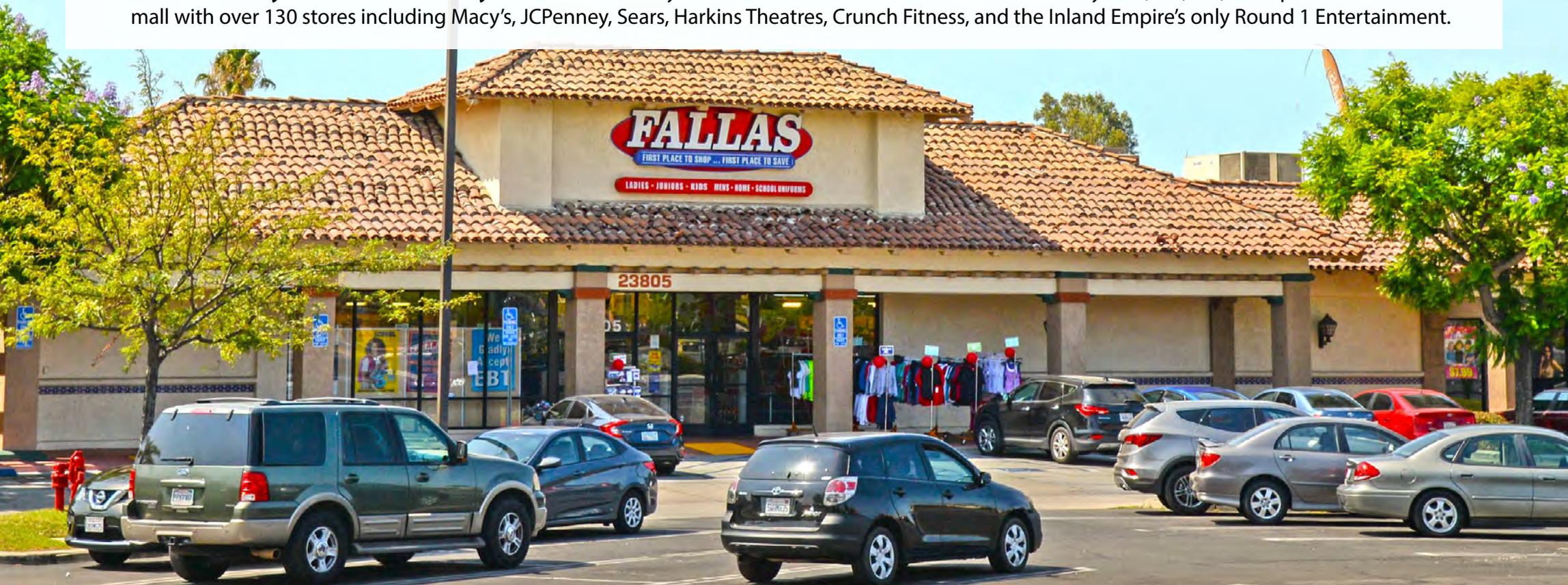
# LOCATION HIGHLIGHTS

## MORENO VALLEY PLAZA



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- **Excellent Exposure, Identity and Visibility:** The subject property is located at the signalized intersection of Sunnymead Boulevard and Heacock Street with 9 points of ingress/egress and benefitting from an average daily traffic count of nearly 40,000 cars per day.
- **Ease of Access to Neighboring Freeway:** Moreno Valley Plaza benefits from close proximity to the 60 Freeway on/off ramps with more than 106,000 cars per day.
- **Dense Infill Trade Area:** The subject property serves more than 232,000 people with an average household income of over \$70,000 within a 5-mile radius.
- **High Growth Area:** Moreno Valley is one of the fastest growing cities in the state of California with a 71% increase in population since 1990.
- **Established Daytime Population:** Moreno Valley is home to major corporate distribution centers including O'Reilly Auto Parts, Phillips Consumer Electronics, Ross Dress for Less, Sketchers, and Walgreens.
- **Close Proximity to the Moreno Valley Mall:** Moreno Valley Plaza is located 1 mile from the Moreno Valley Mall, a 1,090,000 square foot multi-level mall with over 130 stores including Macy's, JCPenney, Sears, Harkins Theatres, Crunch Fitness, and the Inland Empire's only Round 1 Entertainment.







TENANT	SUITE	SF	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	PROFORMA RENT/SF	PROFORMA RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
<b>MAJORS</b>												
Superior Grocers	23857	49,860	2016	04/05/85	05/31/21	\$0.74	\$36,953	\$0.74	\$36,953	None	NNN	Five 5-Year @ \$36,953
Fallas Paredes	23805	24,161	2011	12/17/11	01/31/22	\$0.61	\$14,658	\$0.61	\$14,658	None	NNN	Two 5-Year @ 12% Increases
<b>NOTE:</b> Tenant has proposition 13 protection if more than one transfer every 10-years (does not apply to current sale). Tenant has Termination Right any time after 7th Lease Year (December 2018) with 90 days notice if sales do not exceed \$3.7M over the prior year. Tenant pay 50% of their base rent until May 2017 for TI allowance reimbursement; seller will credit difference at close of escrow.												
Office Depot	23961	22,768	2014	11/03/99	11/30/19	\$0.52	\$11,858	\$0.52	\$11,858	None	NNN	Two 5-Year @ Option 1 - \$13,281 Option 2 - \$14,704
<b>NOTE:</b> Tenant has proposition 13 protection if more than one transfer every 5 years in their option terms (does not apply to current sale). Tenant has a Termination Right any time after December 2017 with 60 days notice if sales do not exceed \$2.9M over the prior year.												
Big Lots	23607	19,000	2014	07/01/89	06/30/19	\$0.81	\$15,299	\$0.81	\$15,299	None	NNN	Three 5-Year @ 10% Increases
Citi Trends	23727	17,500	2014	08/01/09	07/31/17	\$0.48	\$8,333	\$0.48	\$8,333	None	Gross	Two 5-year @ Fair Market
<b>NOTE:</b> Tenant has Termination Right any time after May 2016 with 90 days notice.												
Harbor Freight Tools	23689	15,280	2011	03/31/12	04/15/22	\$0.74	\$11,330	\$0.74	\$11,330	4/17 - \$12,689	Gross	Three 5-Year @ Option 1 - 10% Increase Options 2-3 - 12% Increases
<b>NOTE:</b> Tenant has One-Time Termination Right to notice between March 2017 and June 2017 if sales do not exceed \$3.75M over the prior year.												
Big 5	23901A	10,990	2016	05/08/91	01/31/22	\$1.27	\$14,000	\$1.27	\$14,000	None	NNN	One 5-Year @ 12% Increase
Goodwill	23615	10,125	2013	06/14/04	12/31/19	\$1.08	\$10,935	\$1.08	\$10,935	None	NNN	One 5-Year @ \$12,352
Napa Auto Parts	23583	10,000	2015	04/01/15	03/31/21	\$1.08	\$10,750	\$1.08	\$10,750	4/18 - \$11,750	Gross	Three 5-Year @ 1.5% Annually
Family Dollar	921AB	7,996	2011	11/11/11	06/30/21	\$0.92	\$7,333	\$0.92	\$7,333	None	NNN	Four 5-Year @ 10% Increases



TENANT	SUITE	SF	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	PROFORMA RENT/SF	PROFORMA RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
<b>SHOPS</b>												
Available	23591A	5,200	-	-	-	-	-	\$1.00	\$5,200	-	NNN	-
Available	23591B	3,388	-	-	-	-	-	\$1.00	\$3,388	-	NNN	-
Mother's Nutritional Center	23591C	2,852	2014	03/01/07	02/28/18	\$1.74	\$4,975	\$1.74	\$4,975	3% Annually (March 2017)	NNN	None
Interior Furniture	23599AB	7,500	2014	02/01/06	09/30/18	\$0.75	\$5,618	\$0.75	\$5,618	2% Annually (October 2017)	Gross	None
Sunnymead Laundry	23623A	2,400	2014	07/01/99	06/30/19	\$1.33	\$3,200	\$1.33	\$3,200	2% Annually (July 2017)	NNN	None
Hair Creations	23623B	1,200	2016	07/21/07	10/31/21	\$0.82	\$984	\$0.82	\$984	11/17 - \$1,008 11/18 - \$1,032 11/19 - \$1,056 11/20 - \$1,080	NNN	None
Available	23623C	900	-	-	-	-	-	\$1.50	\$1,350	-	NNN	-
D.M. Shoe Repair	23623D	900	2016	07/01/06	06/30/19	\$0.74	\$666	\$0.74	\$666	3% Annually (July 2017)	NNN	None
Catholic Charities	23623E	2,400	2016	01/15/10	01/31/19	\$0.84	\$2,023	\$0.84	\$2,023	3% Annually (February 2017)	Gross	None
Pioneer Real Estate, Inc.	23631	6,000	2009	10/01/09	12/31/19	\$0.79	\$4,740	\$0.79	\$4,740	2.5% Annually (January 2017)	NNN	None
Big Fish Market	23639AB	1,710	2014	04/01/14	03/31/17	\$0.91	\$1,556	\$0.91	\$1,556	None	NNN	None
Available	23639CD	1,995	-	-	-	-	-	\$1.25	\$2,494	-	NNN	-
Available	23639E	1,140	-	-	-	-	-	\$1.25	\$1,425	-	NNN	-



TENANT	SUITE	SF	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	PROFORMA RENT/SF	PROFORMA RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
Available	23639F	855	-	-	-	-	-	\$1.25	\$1,069	-	NNN	-
All About Grooming	23639G	855	2016	07/20/03	06/30/19	\$1.12	\$958	\$1.12	\$958	3% Annually (July 2017)	NNN	None
Herbalife (Be Happy)	23639H	855	2014	01/01/11	03/31/17	\$1.04	\$889	\$1.04	\$889	None	NNN	None
ResCare (Lease Negotiations)	23651	6,300	2016	TBD	5 Years	\$1.00	\$6,300	\$1.00	\$6,300	3% Annually	NNN	Two 3-year @ Fair Market
Available	23655A	1,407	-	-	-	-	-	\$1.25	\$1,759	-	NNN	-
Z&M Tailoring	23655B	1,462	2013	11/01/13	10/31/18	\$1.30	\$1,901	\$1.30	\$1,901	None	Gross	None
Tacos Arandas	23655C	956	2013	05/01/13	04/30/18	\$1.44	\$1,377	\$1.44	\$1,377	5/17 - \$1,405	NNN	None
Metro PCS	23663A	956	2014	03/01/11	02/28/17	\$1.23	\$1,176	\$1.23	\$1,176	None	NNN	None
La Bella Diva Hair Salon	23663B	1,463	2014	03/01/11	02/28/17	\$0.87	\$1,268	\$0.87	\$1,268	None	NNN	None
Korean BBQ	23663C	1,462	2016	04/07/04	04/30/24	\$1.63	\$2,383	\$1.63	\$2,383	5/17 - \$2,427 5/18 - \$2,471 then 3% Annually	NNN	One 5-year @ Fair Market
USA Furniture	23687	6,800	2008	03/15/08	MTM Since 2009	\$0.51	\$3,500	\$0.51	\$3,500	None	Gross	None
Sally Beauty	23701B	1,640	2014	03/27/00	03/31/20	\$1.11	\$1,819	\$1.11	\$1,819	None	NNN	One 5-year @ \$1,886
Available	23701B1	1,640	-	-	-	-	-	\$1.15	\$1,886	-	NNN	-



TENANT	SUITE	SF	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	PROFORMA RENT/SF	PROFORMA RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
Shannon's Health Foods	23701C	2,000	2013	11/15/98	11/30/16	\$1.15	\$2,300	\$1.15	\$2,300	None	NNN	One 3-year @ Fair Market, then 3% Annually
Nip & Cut	23715A	900	2016	09/01/04	06/30/17	\$1.38	\$1,242	\$1.38	\$1,242	None	NNN	None
Pho Vietnam Daily	23715BC	1,680	2013	03/01/04	02/28/19	\$1.55	\$2,604	\$1.55	\$2,604	3/17 - \$2,654 3/18 - \$2,705	NNN	None
Nancy's Water	23715D	780	2014	06/13/99	06/30/19	\$1.37	\$1,069	\$1.37	\$1,069	7/17 - \$1,092 7/18 - \$1,115	NNN	One 5-year @ Fair Market, then 3% Annually
Advance America	23715E	840	2013	03/01/99	02/28/17	\$1.31	\$1,100	\$1.31	\$1,100	None	NNN	One 3-year @ 3% Annually
Lawrence Therapeutic Massage	23715F	900	2013	06/01/13	05/31/18	\$1.34	\$1,206	\$1.34	\$1,206	3% Annually (June 2017)	NNN	One 5-year @ Fair Market, then 3% Annually
Farmers Insurance	23715G	900	2015	07/01/12	06/30/17	\$0.93	\$834	\$0.93	\$834	None	NNN	None
Culichtown Restaurant	23753	6,853	2016	07/09/16	03/31/22	\$1.07	\$7,333	\$1.07	\$7,333	4/18 - \$7,538 4/19 - \$7,744 4/20 - \$7,950 4/21 - \$8,224	NNN	One 5-year @ Fair Market, then 3% Annually
Valley Chiropractic	23767AB	1,800	2014	10/01/08	09/30/19	\$1.20	\$2,160	\$1.20	\$2,160	10/17 - \$2,196 10/18 - \$2,232	NNN	One 5-year @ Fair Market
Plaza Dental Group	23767CD	3,240	2013	07/01/98	11/30/18	\$1.46	\$4,730	\$1.46	\$4,730	2% Annually (December 2017)	NNN	None
Sunshine Cleaners	23779A	1,440	2016	07/01/06	12/31/21	\$1.61	\$2,318	\$1.61	\$2,318	1/17 - \$2,592 then 3% Annually	NNN	None

# RENT ROLL

## MORENO VALLEY PLAZA



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TENANT	SUITE	SF	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	PROFORMA RENT/SF	PROFORMA RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
Ruby's Bangles	23779B	1,560	2013	03/01/09	04/30/19	\$1.36	\$2,122	\$1.36	\$2,122	5/17 - \$2,168 5/18 - \$2,215	NNN	None
Available	23819A	1,200	-	-	-	-	-	\$1.25	\$1,500	-	NNN	-
Available	23819B	900	-	-	-	-	-	\$1.25	\$1,125	-	NNN	-
H&R Block Tax Services	23819CD	2,460	2015	05/01/07	04/30/18	\$1.25	\$3,075	\$1.25	\$3,075	None	NNN	One 3-Year @ \$3,167
Rent-A-Center	23819F	5,167	2014	03/01/04	02/28/19	\$1.04	\$5,376	\$1.04	\$5,376	2% Annually (March 2017)	NNN	None
McDonald's (Ground Lease)	23831	6,520	2012	10/31/12	10/30/32	\$1.02	\$6,667	\$1.02	\$6,667	10% Every 5 Years (November 2017)	NNN	Six 5-Year @ Option 1 - \$10,417 then, 10% Increases Each Option
Ace Cash Express	23845A	1,320	2014	07/10/04	07/31/19	\$1.89	\$2,494	\$1.89	\$2,494	None	NNN	Two 5-Year: \$2,619 \$2,750
Subway	23845B	1,080	2012	11/01/00	02/28/18	\$3.32	\$3,588	\$3.32	\$3,588	3% Annually (March 2017)	NNN	None
H&P Nails	23871A	1,140	2012	08/01/95	03/31/18	\$1.79	\$2,041	\$1.79	\$2,041	4/17 - \$2,098	NNN	None
Easy Money EMG	23871B	720	2015	03/15/03	05/31/17	\$1.79	\$1,290	\$1.79	\$1,290	None	NNN	None
Fruit Mania	23871C	840	2016	02/01/11	01/31/21	\$1.41	\$1,184	\$1.41	\$1,184	3% Annually (February 2017)	NNN	None
Ruby's Hair	23871D	1,070	2012	03/01/13	02/28/18	\$1.67	\$1,787	\$1.67	\$1,787	3% Annually (March 2017)	NNN	One 5-Year @ Fair Market, then 3% Annually

# RENT ROLL

## MORENO VALLEY PLAZA



TENANT	SUITE	SF	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	PROFORMA RENT/SF	PROFORMA RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
Wells Fargo Bank (Ground Lease)	23883	4,238	2015	10/01/86	06/30/18	\$1.56	\$6,611	\$1.56	\$6,611	3% Annually (July 2017)	NNN	Two 3-Year @ Fair Market
The Lucky Greek	23887A	2,000	2015	08/01/06	07/31/20	\$1.63	\$3,264	\$1.63	\$3,264	2% Annually (August 2017)	NNN	One 5-year @ Fair Market
Available	23887B	767	-	-	-	-	-	\$1.75	\$1,342	-	NNN	-
Alcocer Acupuncture Medical	23887C	767	2014	01/06/14	01/31/19	\$1.06	\$813	\$1.06	\$813	1/17 - \$838 1/18 - \$859	NNN	None
Available	23887D	1,467	-	-	-	-	-	\$1.75	\$2,567	-	NNN	-
RadioShack	23887	2,500	2014	12/02/98	04/30/18	\$1.19	\$2,975	\$1.19	\$2,975	None	NNN	Two 3-Year @ \$3,250 \$3,553
Fashion Avenue	23897	3,030	2013	02/01/06	MTM Since 2014	\$0.76	\$2,305	\$0.76	\$2,305	None	Gross	None
The Barrel Vapor Room	23901B	1,100	2016	01/27/16	10/31/20	\$1.03	\$1,133	\$1.03	\$1,133	3% Annually (November 2017)	NNN	One 5-Year @ Fair Market, then 3% Annually
Available (1) (former OneMain)	23901C	1,350	-	-	-	-	-	\$1.00	\$1,350	-	NNN	-
Available	23921E	5,000	-	-	-	-	-	\$1.10	\$5,500	-	NNN	-
The Barrel Lounge	23923	4,060	2015	06/04/15	10/31/20	\$1.03	\$4,182	\$1.03	\$4,182	3% Annually (November 2017)	NNN	One 5-Year @ Fair Market, then 3% Annually
Our Place Restaurant	23935	2,477	2014	07/01/02	08/31/19	\$0.90	\$2,229	\$0.90	\$2,229	None	NNN	None
BST Realty	23945	2,680	2016	07/01/15	07/31/19	\$1.00	\$2,680	\$1.00	\$2,680	3% Annually (August 2017)	NNN	None



TENANT	SUITE	SF	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	PROFORMA RENT/SF	PROFORMA RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
OneMain Financial (1)	23963AB	2,691	2016	06/15/06	10/31/21	\$1.72	\$4,629	\$1.72	\$4,629	3% Annually (October 2017)	NNN	One 5-year @ \$4,844, then 3% Annually
Storage	23963C	1018	-	-	-	-	-	-	-	-	-	-
Leslie's Poolmart	23965	5,580	2015	03/14/94	10/31/22	\$1.00	\$5,580	\$1.00	\$5,580	11/17 - \$6,696	NNN	One 5-Year @ \$8,370
Mail Etc. & Family Insurance	12593	860	2015	11/01/15	01/31/18	\$1.03	\$886	\$1.03	\$886	None	NNN	One 5-Year @ Fair Market, then 3% Annually
Pam's Donuts	12591	1,600	2012	03/01/02	08/31/17	\$1.23	\$1,968	\$1.23	\$1,968	None	NNN	One 5-Year @ Fair Market (3% Min), then 3% Annually
Kourouma Computer Repair	12595	600	2016	04/04/11	06/30/19	\$0.95	\$570	\$0.95	\$570	3% Annually (July 2017)	NNN	None
<b>TOTAL SQUARE FOOTAGE:</b>		<b>341,011</b>										
<b>TOTAL AVAILABLE:</b>		<b>28,808</b>	<b>8%</b>	<b>Vacancy</b>								
<b>TOTAL OCCUPIED:</b>		<b>312,203</b>	<b>92%</b>	<b>Occupancy</b>								

(1) Tenant currently located in 23901C (1,350SF; \$2,257 per month). Tenant in negotiations to relocate to 23963AB (2,691SF; \$4,629 per month). Projected move date July 2017. Analysis assumes tenant relocates.



## ANNUALIZED OPERATING DATA

	<u>Current</u>	<u>Year 2</u>		
Scheduled Gross Income (SGI):	\$3,424,974	\$4,088,920		
Signage Income:	\$1,200	\$1,200		
Expense Reimbursement:	\$1,012,472	\$1,330,200		
Total Operating Income:	\$4,438,646	\$5,420,320		
Vacancy: (1)	Actual - 8%	(\$270,956)		
Gross Operating Income:	\$4,438,646	\$5,149,364		
Total Operating Expenses:	(\$1,418,059)	(\$1,472,116)		
<b>Net Operating Income (NOI):</b>	<b>\$3,020,587</b>	<b>\$3,677,248</b>	<b>6.71%</b>	<b>8.17% Capitalization Rate</b>

(1) Current Vacancy = Actual Vacancy of 8%. Proforma Vacancy = 5%

## OPERATING EXPENSES

	<u>Amount</u>	<u>\$/SF</u>	
Taxes (1.12%)	\$505,341	\$1.48	
Special Assessments:	\$11,857	\$0.03	
Insurance:	\$79,565	\$0.23	
CAM:	\$701,421	\$2.06	
Management (3.5% of SGI):	\$119,874	\$0.35	
<b>Total Expenses:</b>	<b>\$1,418,059</b>	<b>\$4.16</b>	<b>Annually Per SF</b>
		<b>\$0.35</b>	<b>Monthly Per SF</b>



# 10-YEAR CASH FLOW ANALYSIS

MORENO VALLEY PLAZA



**HANLEY INVESTMENT GROUP**  
REAL ESTATE ADVISORS

For the Years Ending	Year 1 Nov-2017	Year 2 Nov-2018	Year 3 Nov-2019	Year 4 Nov-2020	Year 5 Nov-2021	Year 6 Nov-2022	Year 7 Nov-2023	Year 8 Nov-2024	Year 9 Nov-2025	Year 10 Nov-2026
Potential Gross Revenue										
Base Rental Revenue	\$3,424,974	\$4,088,920	\$4,199,865	\$4,316,988	\$4,357,283	\$4,438,925	\$4,600,744	\$4,698,169	\$4,823,957	\$4,863,623
Absorption & Turnover Vacancy		(\$84,414)	(\$37,631)	(\$17,304)	(\$7,189)	(\$21,032)	(\$103,889)	(\$48,119)	(\$31,947)	(\$18,862)
Scheduled Base Rental Revenue	\$3,424,974	\$4,004,506	\$4,162,234	\$4,299,684	\$4,350,094	\$4,417,893	\$4,496,855	\$4,650,050	\$4,792,010	\$4,844,761
CPI & Other Adjustment Revenue			\$12,589	\$40,966	\$79,477	\$123,889	\$109,516	\$94,711	\$116,774	\$166,881
Total Reimbursement Revenue	\$1,012,472	\$1,330,200	\$1,450,374	\$1,500,762	\$1,544,858	\$1,581,184	\$1,595,870	\$1,657,535	\$1,708,601	\$1,760,511
Signage	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Total Potential Gross Revenue	\$4,438,646	\$5,335,906	\$5,626,397	\$5,842,612	\$5,975,629	\$6,124,166	\$6,203,441	\$6,403,496	\$6,618,585	\$6,773,353
General Vacancy		(\$186,542)	(\$245,510)	(\$275,632)	(\$291,892)	(\$286,168)	(\$211,418)	(\$274,402)	(\$300,520)	(\$320,689)
Effective Gross Revenue	\$4,438,646	\$5,149,364	\$5,380,887	\$5,566,980	\$5,683,737	\$5,837,998	\$5,992,023	\$6,129,094	\$6,318,065	\$6,452,664
Operating Expenses										
Property Taxes										
General	\$505,341	\$515,448	\$525,757	\$536,272	\$546,997	\$557,937	\$569,096	\$580,478	\$592,088	\$603,929
Special Assessments	\$11,857	\$12,094	\$12,336	\$12,583	\$12,834	\$13,091	\$13,353	\$13,620	\$13,892	\$14,170
Total	\$517,198	\$527,542	\$538,093	\$548,855	\$559,831	\$571,028	\$582,449	\$594,098	\$605,980	\$618,099
Insurance - Property	\$47,739	\$49,171	\$50,646	\$52,166	\$53,731	\$55,343	\$57,003	\$58,713	\$60,474	\$62,289
Insurance - Liability	\$31,826	\$32,781	\$33,764	\$34,777	\$35,820	\$36,895	\$38,002	\$39,142	\$40,316	\$41,526
Managment	\$119,874	\$140,158	\$146,119	\$151,923	\$155,035	\$158,962	\$161,223	\$166,067	\$171,807	\$175,407
Shop - Roof Repair	\$19,249	\$19,826	\$20,421	\$21,034	\$21,665	\$22,315	\$22,984	\$23,674	\$24,384	\$25,116
Util - Water Sewer	\$46,479	\$47,873	\$49,310	\$50,789	\$52,313	\$53,882	\$55,498	\$57,163	\$58,878	\$60,645
Shop - Repair & Maint.	\$109,689	\$112,980	\$116,369	\$119,860	\$123,456	\$127,160	\$130,974	\$134,904	\$138,951	\$143,119
Trash	\$49,421	\$50,904	\$52,431	\$54,004	\$55,624	\$57,292	\$59,011	\$60,782	\$62,605	\$64,483
CAM - Repair & Maint.	\$9,612	\$9,900	\$10,197	\$10,503	\$10,818	\$11,143	\$11,477	\$11,822	\$12,176	\$12,541
CAM - Landscaping	\$59,699	\$61,490	\$63,335	\$65,235	\$67,192	\$69,208	\$71,284	\$73,422	\$75,625	\$77,894
CAM - Janitorial	\$65,697	\$67,668	\$69,698	\$71,789	\$73,943	\$76,161	\$78,446	\$80,799	\$83,223	\$85,720
CAM - Lighting	\$33,345	\$34,345	\$35,376	\$36,437	\$37,530	\$38,656	\$39,816	\$41,010	\$42,240	\$43,508
CAM - Steam Cleaning										
CAM - Pest Control	\$3,653	\$3,763	\$3,875	\$3,992	\$4,111	\$4,235	\$4,362	\$4,493	\$4,628	\$4,766
CAM - Security Guard	\$125,565	\$129,332	\$133,212	\$137,208	\$141,325	\$145,564	\$149,931	\$154,429	\$159,062	\$163,834
CAM - Seasonal Decor	\$5,683	\$5,853	\$6,029	\$6,210	\$6,396	\$6,588	\$6,786	\$6,989	\$7,199	\$7,415
Util - Electricity - Parking Lo	\$81,347	\$83,787	\$86,301	\$88,890	\$91,557	\$94,303	\$97,133	\$100,047	\$103,048	\$106,139
Util - Irrigation	\$20,325	\$20,935	\$21,563	\$22,210	\$22,876	\$23,562	\$24,269	\$24,997	\$25,747	\$26,520
Total Operating Expenses	\$1,418,059	\$1,472,116	\$1,512,761	\$1,554,185	\$1,593,875	\$1,635,368	\$1,676,211	\$1,720,681	\$1,767,117	\$1,812,518
<b>Net Operating Income</b>	<b>\$3,020,587</b>	<b>\$3,677,248</b>	<b>\$3,868,126</b>	<b>\$4,012,795</b>	<b>\$4,089,862</b>	<b>\$4,202,630</b>	<b>\$4,315,812</b>	<b>\$4,408,413</b>	<b>\$4,550,948</b>	<b>\$4,640,146</b>

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# 10-YEAR CASH FLOW ASSUMPTION

MORENO VALLEY PLAZA



**HANLEY INVESTMENT GROUP**  
REAL ESTATE ADVISORS

## ASSUMPTIONS TO CASH FLOW

<b>Analysis Period – Start Date:</b>	12/1/2016 (1)	<b>Market Rents:</b>	\$1.00 NNN - \$3.35 NNN
<b>General Vacancy:</b>	Year 1 - Actual (8%) Years 2-10 - 5%	<b>Down Time</b>	3 Months
<b>Occupancy Level (Year 1):</b>	92%	<b>Term:</b>	5 Years
<b>Operating Expense Source:</b>	2015 Actual	<b>Tenant Improvements New/Renewal:</b>	\$5 / \$0
<b>Effective Tax Rate:</b>	1.122980% + Special Assess.	<b>Leasing Commissions New/Renewal:</b>	5% / 0%
<b>CPI Growth Rate (Projected):</b>	3.00%	<b>Renewal Probability:</b>	80% (2)
<b>Management Fee:</b>	3.50%		

## NOTES

(1) Assumes that all tenants whose lease expires before the end of the first year of the analysis (November 30, 2017) will continue to pay rent at the same terms and conditions until that date.

(2) Assumes that all tenants with fixed options will exercise them per the language in their leases.

# SITE PLAN

## MORENO VALLEY PLAZA



**HANLEY INVESTMENT GROUP**  
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**SUBJECT PROPERTY**      **AVAILABLE**      **NOT A PART**

SUITE	TENANTS	SF
23583	Napa Auto Parts	10,000
23591 A	Available	5,200
23591 B	Available	3,388
23591C	Mother's Nutritional Center	2,852
23599AB	Interior Furniture	7,500
23607	Big Lots	19,000
23615	Goodwill	10,125
23623A	Sunnymead Laundry	2,400
23623B	Hair Creations	1,200
23623C	Available	900
23623D	D.M. Shoe Repair	900
23623E	Catholic Charities SB/RIV	2,400
23631	Pioneer Real Estate, Inc.	6,000
23639AB	Big Fish Market	1,710
23639CD	Available	1,995
23639E	Available	1,140
23639F	Available	855
23639G	All About Grooming	855
23639H	Herbalife	855
23651	ResCare	6,300

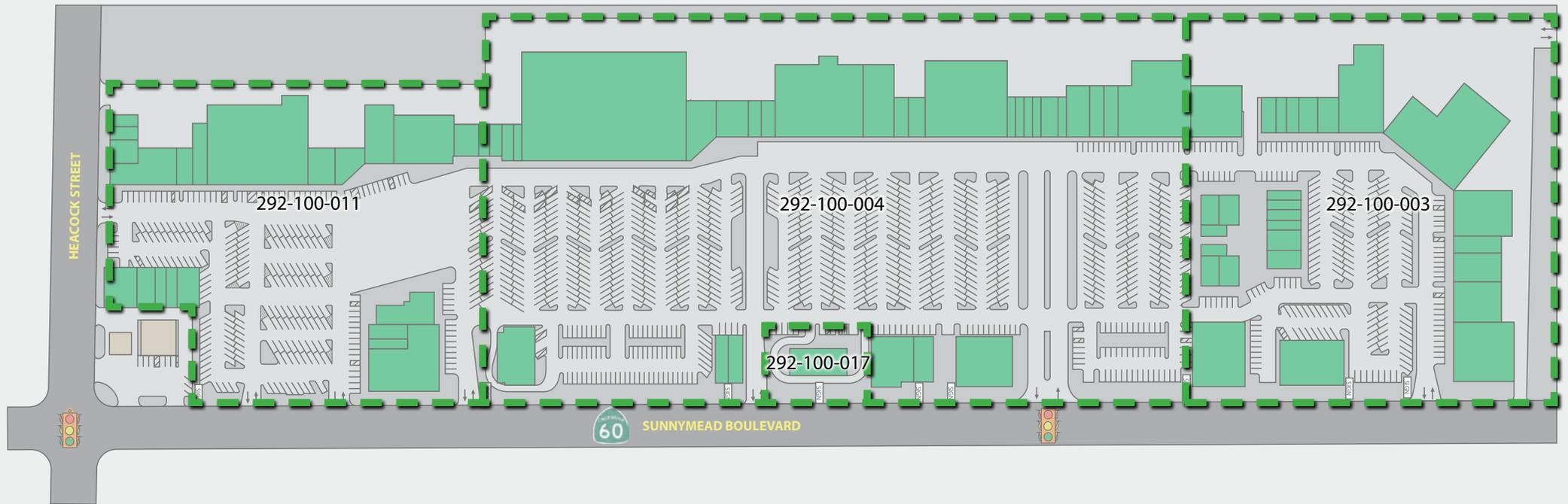
SUITE	TENANTS	SF
23655A	Available	1,407
23655B	Z&M Tailoring	1,462
23655C	Tacos Arandas	956
23663A	Metro PCS	956
23663B	La Bella Diva Hair Salon	1,463
23663C	Korean BBQ	1,462
23687	USA Furniture	6,800
23689	Harbor Freight Tools	15,280
23701B	Sally Beauty	1,640
23701B1	Available	1,640
23701C	Shannon's Health Foods	2,000
23715A	Nip & Cut	900
23715BC	Pho Vietnam Daily	1,680
23715D	Nancy's Water	780
23715E	Advance America	840
23715F	Lawrence Therapeutic Massage	900
23715G	Farmers Insurance	900
23727	CITI Trends	17,500
23753	Culichtown Restaurant	6,853
23767AB	Valley Chiropractic	1,800

SUITE	TENANTS	SF
23767CD	Plaza Dental Group	3,240
23779A	Sunshine Cleaners	1,440
23779B	Ruby's Bangles	1,560
23805	Fallas Paredes	24,161
23819A	Available	1,200
23819B	Available	900
23819CD	H&R Block Tax Services	2,460
23819F	Rent-A-Center	5,167
23831	McDonald's	6,520
23845A	Ace Cash Express	1,320
23845B	Subway	1,080
23857	Superior Grocers	49,860
23871A	H&P Nails	1,140
23871B	Easy Money EMG	720
23871C	Fruit Mania	840
23871D	Ruby's Hair	1,070
23883	Wells Fargo Bank	4,238
23887A	The Lucky Greek	2,000
23887B	Available	767
23887C	Alcocer Acupuncture Medical	767

SUITE	TENANTS	SF
23887D	Available	1,467
23887	RadioShack	2,500
23897	Fashion Avenue	3,030
23921AB	Family Dollar	7,996
23901A	Big 5 Sports	10,990
23901B	The Barrel Vapor Room	1,100
23901C	Available	1,350
23921E	Available	5,000
23923	The Barrel Lounge	4,060
23935	Our Place Restaurant	2,477
23945	BST Realty	2,680
23961	Office Depot	22,768
23963AB	OneMain Financial	2,691
23963C	Storage	1,018
23965	Leslie's Poolmart	5,580
12593	Mail Etc. & Family Insurance	860
12591	Pam's Donuts	1,600
12595	Kourouma Computer Repair	600

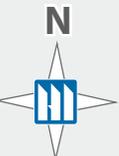


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**SUBJECT PROPERTY**

**APN: 292-100-003**  
**292-100-004**  
**292-100-011**  
**292-100-017**





# AERIAL OVERVIEW

MORENO VALLEY PLAZA



# AERIAL OVERVIEW

MORENO VALLEY PLAZA



# AERIAL OVERVIEW

## MORENO VALLEY PLAZA



DEMOGRAPHICS			
	1-Mile	3-Mile	5-Mile
Population:	31,073	156,871	246,389
Household Income:	\$50,978	\$62,576	\$70,314

# AERIAL OVERVIEW

## MORENO VALLEY PLAZA

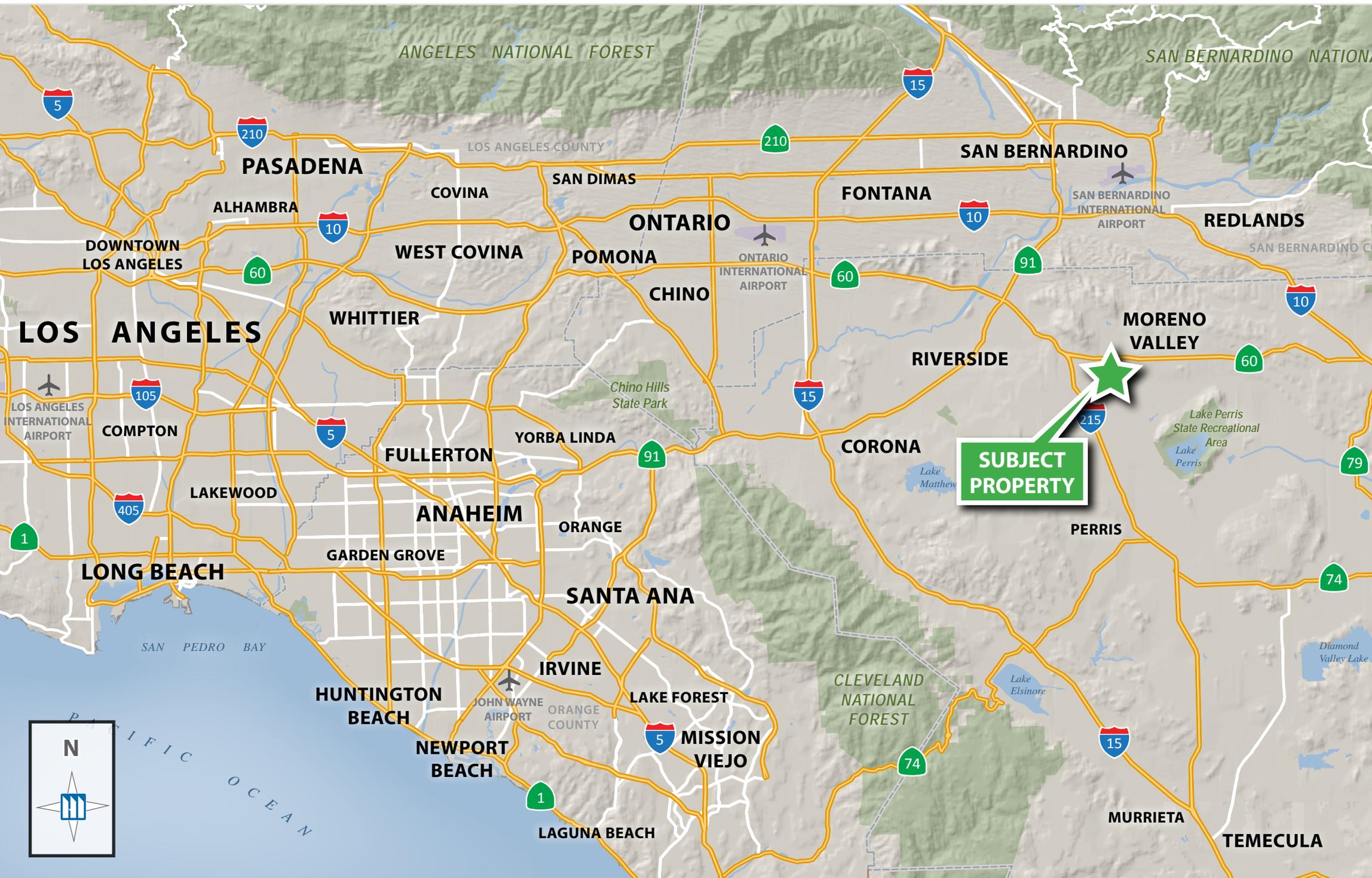


# REGIONAL MAP

MORENO VALLEY PLAZA



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Superior Grocers opened its first store in Covina, California in 1981, and since then has grown to over 45 stores throughout Southern California, making it one of the largest independently-owned chains of grocery stores in Southern California. In addition to beautiful, spacious stores filled with fresh foods, Superior also offers other services to support the community such as utility bill payment processing, water vending machines, and coin counting machines. The company is a member organization of the produce wholesaler Unified Grocers, the largest distributor in the western U.S., serving about 3,000 independent grocers.

[www.superiorgrocers.com](http://www.superiorgrocers.com) | **Company Type:** Private | **Locations:** 45



Office Depot is a global supplier of office products and services, generating net sales of \$14.5 billion in the most recent fiscal year from customers and businesses of all sizes. The company operates 1,745 office supply stores throughout the United States, with the highest concentration of stores located in California, Florida, Illinois, and Texas. Office Depot sells a broad assortment of merchandise, including brand name and private brand office supplies, business machines and computers, computer software, office furniture, and other business-related products. On May 10, 2016, following FTC resistance, the company's agreement for the sale of the company to Staples, Inc. for approximately \$7.25/share in cash was terminated. This triggered an obligation for Staples to pay Office Depot a \$250 million breakup fee.

[www.officedepot.com](http://www.officedepot.com) | **Company Type:** Public (NASDAQ: ODP) | **Locations:** 1,745



Family Dollar Stores, Inc. is a chain of self-service retail discount stores with approximately 7,900 stores in rural and urban settings across 46 states. Family Dollar offers a compelling mix of merchandise for the whole family ranging from an expanded assortment of refrigerated and frozen foods and health and beauty items to home décor and seasonal items. In July of 2014, Family Dollar was purchased by its rival, Dollar Tree, Inc. for about \$9.1 billion. For the Family Dollar stores that will remain after the deal, Dollar Tree has said that it will keep the chain's name, and even work to expand both banners. The combined company will have sales of over \$19 billion a year and will operate over 13,000 stores, making it the largest dollar-store chain in the U.S. by store count.

[www.familydollar.com](http://www.familydollar.com) | **Company Type:** Public (NASDAQ: DLTR) | **Locations:** 13,000



Goodwill is a nonprofit organization that sells donated goods and other household items in more than 2,600 stores across the country. Contracting with businesses and government allows Goodwill to build revenue through a wide range of commercial services, including packaging and assembly, document management and destruction, laundry services, food services, temporary services, custodial work and grounds keeping. Goodwill spends approximately 81% of its more than \$5.18 billion revenue on education, career services and other critical community programs. In 2014, Forbes ranked Goodwill #7 on its list of "The 50 Largest U.S. Charities" and #11 on "America's Most Inspiring Companies".

[www.goodwill.org](http://www.goodwill.org) | **Company Type:** Private | **Locations:** 2,900



Big Lots, Inc. is a retailer of consumer products, offering its products at discount prices across a host of categories. Approximately 97% of Big Lots sales are made in the United States, with its largest markets in California, Texas, Florida and Ohio. These markets are home to approximately one-third of its stores and represent roughly 35% of its total sales. The company's stores generally fall into the big-box classification and the retailer has opened more than 300 new stores since 2008. Big Lots currently operates 1,460 stores in the U.S. with plans to continue to expand its net store network in the near future. Big Lots generated most recent annual sales of \$5.1 billion and has 12,300 employees.

[www.biglots.com](http://www.biglots.com) | **Company Type:** Public (NYSE: BIG) | **Locations:** 1,460



Harbor Freight Tools is a privately-held discount tool and equipment retailer offering more than 7,000 tools and accessories at quality levels that match or exceed competing brands, but at prices that are up to 80% less, thanks to its direct buys from brand name tool suppliers. Harbor Freight has over 600 stores in 47 states and its store development department is currently considering hundreds of new locations throughout the country to fulfill its expanding needs. All of the retailer's stores are company-owned and operated. Since 2010, Harbor Freight has more than doubled the number of its company-owned locations, from less than 300 in 2010 to the 600 stores it owns and operates today. Annual revenue from the privately-held retailer has been reported to be in the neighborhood of \$2 billion.

[www.harborfreight.com](http://www.harborfreight.com) | **Company Type:** Private | **Locations:** 600



Big 5 Sporting Goods Corporation is a sporting goods retailer in the western United States operating 439 stores in 12 U.S. states. The company provides a full-line product offering in a traditional sporting goods store format. Big 5's product mix includes athletic shoes, apparel and accessories, as well as a range of outdoor and athletic equipment for team sports, fitness, camping, hunting, fishing, tennis, golf, winter and summer recreation and roller sports. The company generated most recent annual sales of \$977.8 million and has 9,000 employees.

[www.big5sportinggoods.com](http://www.big5sportinggoods.com) | **Company Type:** Public (NASDAQ: BGFV) | **Locations:** 438



Fallas is a discount retailer and a member of the National Stores, Inc. portfolio. In addition to Fallas, the parent company owns and operates the brands Factory 2-U and Anna's Linens. National Stores has a total of 350 stores spread across 22 states, offering brand name and private label clothing for all ages. The company was founded in 1962 in Los Angeles as Fallas Paredes.

[www.fallasstores.net](http://www.fallasstores.net) | **Company Type:** Private | **Locations:** 350



**Moreno Valley** is a city located in Riverside County, California with a population over 202,000 people. The city's rapid growth in the 1980's and the 2000's propelled it to its status as one of the fastest growing cities in the nation and the second-largest city in Riverside County by population.

Moreno Valley is located at a geographic crossroads. To the east lie the San Geronio Pass and Coachella Valley; to the south are Lake Perris, Perris, the San Jacinto Mountains and the route to San Diego; to the north are the San Bernardino Valley and San Bernardino Mountains. In the west are neighboring Riverside, Los Angeles and Orange Counties. The heavily-traveled routes of California State Highway 60 (locally called the Moreno Valley Freeway) and Interstate 215 both pass through the city. It lies under approach paths for both Los Angeles International Airport (70+ Million Annual Passengers) and Ontario International Airport (6+ Million Annual Passengers).

Moreno Valley is strategically located in the Southern California marketplace with a market reach of nearly two million consumers and is home to distribution centers for national retailers such as, O'Reilly Auto Parts, Philips Consumer Electronics, Ross Dress for Less, Sketchers and Walgreens. In the 2000's, Moreno Valley experienced the arrival of many newcomers to Riverside County. The soaring cost of living in Los Angeles and Orange County combined to make the less-developed southern half of the Inland Empire an attractive place for industry. Moreno Valley continues to be a leader in business development with an array of undeveloped land, development opportunities and entitled development projects.

Moreno Valley's coming of age can also be seen in the growth of the area around the Moreno Valley Mall (former Riverside Raceway property from 1957 to 1989) and nearby Day Street, which straddles the border between Moreno Valley and Riverside. Local shoppers enjoy the 1.2 million square foot Moreno Valley Mall, anchored by JCPenney, Macy's and Sears. The area has seen massive construction in recent years, attracting nationally recognized retailers such as Best Buy, Costco, Lowe's, Ross Dress for Less, Starbucks and other upscale stores. Two major shopping centers with a combined one million square feet have also been developed in the rapidly growing eastern area of the city. This is the site of the first Super Target in California, which opened in July 2007, a Walmart and a Sam's Club.



SUNNYMEAD BOULEVARD



MORENO VALLEY MALL



**Riverside County** has a population of approximately 2.2 million and is California's 4th largest county by population and the nation's 11th largest county by population. According to the California Department of Finance's new population projection report released in December 2014, Riverside County is projected to experience the largest amount of growth by population than any other county in California over the next forty-five years (approximately 1.5 million new residents). Riverside is projected to become the third most populated county in the state at 3.7 million, following behind San Diego County at 4.1 million and Los Angeles County at 11.5 million. The population's rapid growth has often been credited to the development of affordable housing in Riverside County compared to the more expensive Orange and San Diego counties.

Riverside County's boundaries stretch from Orange County to the Colorado River, which is the border between California and Arizona. The county is roughly the size of the state of New Jersey, spanning 180 miles. Riverside County is home to 28 cities, 48 unincorporated communities and 12 Indian reservations.

The county's location in the heart of Southern California makes it easily accessible. Interstate 10 runs through the entire county from east to west. Interstate 15 and 215 connect Riverside with San Diego and San Bernardino Counties. The 60 and 91 Freeways link Riverside to Los Angeles and Orange Counties. Metrolink, the rail service, provides a large number of commuters from Riverside to Los Angeles, Orange and San Bernardino Counties. The county is currently served by 17 airports, including the rapidly expanding Ontario International Airport (6+ million annual passengers), Palm Springs International Airport (2+ million annual passengers) and San Bernardino International Airport (10+ million annual passengers). The March Inland Port plans to address the rising need for economical air cargo services. Shipping into and out of the Ports of Los Angeles, Long Beach and San Diego are easily accessible from Riverside County.

Riverside County is home to year-round entertainment including numerous music festivals such as the Coachella Music and Arts Festival and Coachella Valley Stagecoach Country Festival, bringing in a combined annual attendance of over 800,000 people. Palm Springs, a major vacation destination within the county, generated six billion dollars in direct tourism sales in 2014. Several events such as the Palm Springs International Shortfest and the Palm Springs International Film Festival are held in the desert resort city. Another prominent City within Riverside County is Temecula, well known for its wine country, balloon festivals, championship golf courses and resorts.





	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
<b>Population</b>			
2021 Projection	31,073	156,871	246,389
2016 Estimate	29,207	147,787	232,407
2010 Census	26,617	136,514	216,224
Growth 2016-2021	6.39%	6.15%	6.02%
Growth 2010-2016	9.73%	8.26%	7.48%
<b>Households</b>			
2021 Projection	8,752	42,577	69,359
2016 Estimate	8,204	40,041	65,334
2010 Census	7,344	36,535	60,185
Growth 2016 - 2021	6.68%	6.33%	6.16%
Growth 2010 - 2016	11.71%	9.60%	8.56%
<b>2016 Est. Population by Single-Classification Race</b>			
White Alone	20,131	103,672	159,616
Black or African American Alone	5,887	25,828	40,189
American Indian and Alaska Native Alone	636	2,978	4,165
Asian Alone	1,232	8,602	17,625
Native Hawaiian and Other Pacific Islander Alone	217	1,103	1,595
Some Other Race Alone	1,104	5,604	9,216
<b>2016 Est. Population by Ethnicity (Hispanic or Latino)</b>			
Hispanic or Latino	18,240	88,399	125,279
Not Hispanic or Latino	10,967	59,388	121,110
<b>2016 Est. Average Household Income</b>			
	<b>\$50,978</b>	<b>\$62,576</b>	<b>\$70,314</b>