

TEMECULA HEIGHTS CORPORATE CENTER



HIGH IMAGE INDUSTRIAL BUILDING TOTALING 228,912 SF
100% LEASED TO HIGH QUALITY, LONGSTANDING TENANTS
ABBOTT LABORATORIES (NYSE: ABT; S&P A+) AND CREATIVE TOUCH INTERIORS
42301 ZEVO DRIVE, TEMECULA, CA



A **CBRE NATIONAL PARTNERS** INDUSTRIAL INVESTMENT OPPORTUNITY

CBRE

EXECUTIVE SUMMARY

The Offering

CBRE is pleased to present the opportunity to acquire Temecula Heights Corporate Center, a high-image, 228,912 square foot industrial building in Temecula, CA. The state-of-the-art facility is 100% leased to two long-standing tenants, Abbott Laboratories (NYSE: ABT, S&P: A+) and Creative Touch Interiors. Both tenants have occupied their spaces for over 10 years, and Abbott in particular has expanded within the Property and upgraded their space with over \$5 million in tenant improvements. Abbott Laboratories has its west coast headquarters and multiple locations throughout the Temecula area, further demonstrating their commitment to the Property and submarket. Creative Touch Interiors has invested nearly \$1M of their own capital in tenant improvements within their unit, which serves as a regional facility for the company.

Temecula Heights Corporate Center is strategically located within the southwest Riverside County submarket, serving as the gateway to San Diego and the Inland Empire region, one of the most desirable industrial markets in the US. The Property is a part of the premier, master-planned Westside Business Center, with high image corporate neighbors including Scott's Turf Supply, Professional Hospital Supply, Oreq, Milgard Windows, Penske, Kaiser Permanente and FedEx.

The Southwest Riverside County market, comprised of Murrieta and Temecula and nearby surrounding areas, has experienced record population growth, with 135% growth in Murrieta and 54% growth in Temecula since 2000. The area's industrial market has historically been strong, as its lower lease rates and large blocks of available land in comparison to the neighboring counties of San Diego, Los Angeles and Orange County make it highly desirable to many industrial users. The Temecula area continues to draw major corporations and users looking to capitalize on the area's strong labor pool, creative talent, and access to both the Inland Empire and San Diego markets via Interstate 15.

Property Summary

Address	42301 Zevo Drive, Temecula, CA
Square Footage	228,912 SF
Tenants	Abbott Laboratories (NYSE: ABT; S&P A+) – 192,002 SF (84% of Property) Creative Touch Interiors (CTI) – 36, 910 SF (16% of Property)
Occupancy	100%
Lease Expirations	Abbott Laboratories: June 2015 Creative Touch Interiors: October 2015
Land Size	11.06 Acres
DH / GL Doors	25 / 2
Truck Court Depth	140' with 60' Concrete Aprons
Clear Height	26'
Parking	431
Sprinklers	ESFR
Year Built	1998
Year 1 NOI	\$1,513,188



INVESTMENT HIGHLIGHTS

Property Highlights

- **Architectural Features:**
 - o High performance reflective glass
 - o Attractive entry plaza
 - o High image building exterior finish
 - o Well-lit parking lot
 - o Award-winning architecture
- **Functional Features:**
 - o Heavy Power – Up to 6,000 Amps / 277/480 Volt with a Backup Generator
 - o 4" Sewer Line accessible from any point in the building
 - o High pressure 2" gas available
 - o 25 DH Doors (including 4 oversize DH doors) and 2 GL Doors
 - o Divisibility: The building was designed to divide into 6 units with a min. divisibility of 36,910 SF
 - o 140' truck courts with 60' concrete aprons – loading dock areas designed for easy maneuvering to accommodate 75' trucks
 - o ESFR sprinklers
 - o 26' clear
 - o Skylights: One 4' x 8' skylight per 1,500 SF in manufacturing/warehouse areas
 - o Attractive landscaping



INVESTMENT HIGHLIGHTS

Property Highlights

- **Extensive Improvements:** Abbott Laboratories has invested over \$5 million in extensive improvements within the building, including recently replaced skylights and lighting, foil insulation, full HVAC in the warehouse, insulated roll-up and dock high doors, a green room used to film Abbott promotional commercials, chillers, a cooling tower, boilers, fully built-out metal deck and concrete floor mezzanine space, and amenities including a cafeteria, gym, recreation room and two attractive lobbies.
- **Varying Unit Sizes and Divisibility:** The current multi-tenant configuration offers a flexible design with units ranging from 36,910 square feet up to 40,357 square feet, a highly desirable size range in this market. Units can also be combined, allowing tenants to expand within the Property rather than relocating. For example, Abbott Laboratories has expanded within the Property from 117,633 square feet to a total of 192,002 square feet.

Condo Map Highlights

- **Value Add User Sale Opportunity:** The Property has a condo map in place, allowing investors to sell the units individually to garner a higher sales price. User sale activity is very strong and there is very limited product available currently.

Tenancy Highlights

- **Credit Tenants Provide Stable Cash Flow:** Abbott Laboratories (NYSE: ABT) occupies 84% of the property and has an investment grade rating of A+ according to Standard & Poor's, providing an investor with steady cash flow and a stable long-term outlook. The company has a market capitalization of \$54 billion and reported \$40 billion in revenue over the past 12 months. Creative Touch Interiors is a subsidiary of HD Supply (NASDAQ: HDS), providing further cash flow security. HD Supply has a market capitalization of \$4.55 B and reported \$8.27 B in revenue over the past 12 months.
- **100% Leased to Longstanding Tenants:** Temecula Heights Corporate Center is 100% leased to two longstanding tenants, Abbott Laboratories and Creative Touch Interiors. Abbott Laboratories has been a tenant since 2002 and Creative Touch Interiors has been a tenant since 1999. Both tenants have extended their leases, demonstrating their long-term commitment.
- **Tenant Commitment to the Property:**
 - o **Abbott Laboratories** expanded and upgraded within the property multiple times, and has relocated their customer service branch to the facility, which also serves as the company's main distribution site for its vascular products. The company has also invested significant capital in tenant improvements and its West Coast headquarters and two additional locations are located in the Temecula area (all of which are owned by Abbott), further demonstrating their commitment to the property and the market.
 - o **Creative Touch Interiors** has invested nearly \$1M of their own capital into their showroom facility, which is a regional facility for the company and was selected as a core location during the recession, demonstrating the resilience of both the company and the Property's strategic location. Approximately 2/3 of the unit is built-out as a high end showroom with a fully functional kitchen and display rooms showcasing CTT's high quality products including cabinetry, countertops and flooring. The unit also features attractive office-build out and mezzanine space.

Market Highlights

- **Stable Market with Long-Term Growth Potential:** The economic recovery is well underway in Southwest Riverside County with strong net absorption and strengthening sale prices. The industrial market has been historically strong, as the area's lower lease rates and large blocks of available land in comparison to the neighboring counties of San Diego, Los Angeles and Orange County make it highly desirable to many industrial users. In addition, industrial product in SW Riverside continues to outperform the San Diego market as a whole.
- **Strong Industrial Performance:** The market continues to experience steadily increasing levels of demand, with 62,244 square feet of positive net absorption and 217,988 square feet of gross activity during the second quarter of 2013. As a result of this activity, the Southwest Riverside industrial vacancy rate decreased to 7.3%, which is 90 basis points lower than the San Diego average. The asking lease rate increased by \$0.02 to \$0.56 and has stabilized around this rate for the last seven quarters.

Location Highlights

- **So Cal Location with Immediate Freeway Access:** Temecula Heights Corporate Center is strategically located within the southwest Riverside County submarket, serving as the gateway to San Diego and the Inland Empire region, one of the most desirable industrial markets in the US. The property is located in the master-planned Westside Business Center, with easy access to Interstate 15. High image corporate neighbors include Scott's Turf Supply, Professional Hospital Supply, Oreq, Milgard Windows, Penske, Kaiser Permanente and FedEx.
- **Desirable Temecula Market:** The Temecula area continues to draw major corporations and users looking to capitalize on the area's strong labor pool, creative talent, and access to both the Inland Empire and San Diego markets via Interstate 15. The Property benefits from its easy access to a large labor pool, as the majority of Abbott Laboratories' employees live in Temecula.

Temecula is also located within the San Diego Innovation Hub (iHub), which reflects the economic advantages of the area, including the highly educated workforce, highly rated schools and quality of life. The iHub initiative allows businesses to leverage the area's research parks, technology incubators, universities and federal laboratories in an effort to foster innovation as a local economic development tool.

- **Strategic Foreign Trade Zone Status:** Abbott Laboratories spearheaded the Temecula region's acceptance as a foreign trade zone, and the company continues to leverage the FTZ benefits including state and local tax incentives and on-site job training. Experienced Zone operators minimize the burden of compliance and documentation, which creates substantial savings to the tenant.

AERIAL: SURROUNDING TENANTS



EXECUTIVE SUMMARY

LOCAL MAP





CAPITAL MARKETS EXPERTS

Darla Longo
Vice Chairman/Managing Director
Lic. 00639911
+1 909 418 2105
darla.longo@cbre.com
CBRE
4141 Inland Empire Blvd., Suite 100
Ontario, CA 91764

Barbara Emmons
Vice Chairman
Lic. 00969169
+1 213 613 3033
barbara.emmons@cbre.com
CBRE
355 S. Grand Ave., 12th Floor
Los Angeles, CA 90071

Rebecca Perlmutter Finkel, CFA
Vice President
Lic. 01838624
+1 213 613 3053
rebecca.perlmutter@cbre.com
CBRE
355 S. Grand Ave., 12th Floor
Los Angeles, CA 90071

LOCAL MARKET EXPERT

Scott Stewart
Senior Associate
Lic. 01342575
+1 951 326 2936
scott.stewart@cbre.com
CBRE
38975 Sky Canon Drive, Suite 208
Temecula, CA 92563

PRIVATE CAPITAL EXPERT

Michael Kendall
Senior Vice President
Lic. 01895979
+1 909 418 2034
michael.kendall@cbre.com
CBRE
4141 Inland Empire Boulevard, Suite 100
Ontario, CA 91764

CAPITAL MARKETS | DEBT & EQUITY FINANCE

Val Achtemeier
Executive Vice President
Lic. 01868169
+1 213 613 3109
val.achtemeier@cbre.com
CBRE
355 S. Grand Ave., 12th Floor
Los Angeles, CA 90071

NATIONAL PARTNERS

www.cbre.com/np

NORTHEAST
Michael D. Hines
Robert Fahey
Lizann McGowan
Brian Fiumara
Jerome Kranzel
Brad Ruppel

SOUTHEAST
Chris Riley
Frank Fallon
Brian Budnick
Jennifer Klingler

SOUTH CENTRAL
Jack Fraker
Josh McArtor
Jonathan Bryan
Heather McClain

NORTH CENTRAL
Mike Caprile
Ted Staszak
Stephanie Park

DEBT & EQUITY FINANCE
Steve Roth
Steve Kundert

WEST
Darla Longo
Barbara Emmons
Rebecca Perlmutter
DEBT & EQUITY FINANCE
Val Achtemeier

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