

NESTLÉ USA DISTRIBUTION FACILITY



CLASS A INDUSTRIAL BUILDING TOTALING 814,186 SF
100% LEASED TO HIGH QUALITY TENANT NESTLÉ USA
DESIRABLE INLAND EMPIRE WEST LOCATION

3450 DULLES DRIVE, JURUPA VALLEY, CA



A CBRE NATIONAL PARTNERS INDUSTRIAL INVESTMENT OPPORTUNITY

MetLife **CBRE**

EXECUTIVE SUMMARY

The Offering

CBRE, Inc. is pleased to present an excellent opportunity to acquire the Nestlé West Coast Distribution Facility — a Class A, 814,186 square foot warehouse distribution building that was constructed in 1995 and features 32’ minimum warehouse clearance, an all concrete truck court, ample dock high and grade level loading and ESFR sprinklers. The building has been leased to Nestlé USA since 1995 and remains leased to Nestlé USA through 2018. Nestlé USA has one short term renewal option for up to 18 months at \$0.44 SF/mo as well as five (5), 5-year options to extend.

The property is encumbered by a significantly below market ground lease through 2018 with 11 options to extend (until 2073) at a fixed rental rate through 2048.

The property is strategically located in Jurupa Valley — formerly known as Mira Loma — in the highly desirable Inland Empire West. This location offers excellent freeway access to Interstates 15, 10 and 210 and State Routes 60, 71 and 91. The property is less than nine miles to the Ontario International Airport.



INVESTMENT THESIS

Nestlé Distribution Center offers investors an outstanding opportunity to acquire a large, Class A industrial building in the desirable Inland Empire West. The property is **100% leased to credit tenant Nestlé USA** at a **below market rent** offering future upside. The high-image property is located in one of the most desirable submarkets in the country at a price **below replacement cost**.

PROPERTY HIGHLIGHTS

- Class A, 814,186 SF industrial building on over 44 acres
- 100% Leased to investment grade (S&P: AA / Moody’s: Aa2) credit tenant Nestlé USA providing stable cash flow through 2018
- This location has served as the Nestlé USA West Coast Distribution Center since 1995
- Attractive features including 32’ clearance, 76 dock doors and ample parking
- Features 250,000 SF of HVAC warehouse space
- Below market rent offering future upside
- Priced below replacement cost
- Strategically located in the Inland Empire West with excellent freeway access
- Located in one of the most dynamic markets in the country with an extremely low vacancy rate of 3.0% in the IE West

Address	3450 Dulles Drive, Jurupa Valley, CA 91752
Square Footage	814,186
Land Size	44.37
Office SF/%	±25,000 SF/3.1%
Tenant	Nestlé USA, Inc
Occupancy	100%
Dock High/Grade Level	76/2
Clear Height	32’
Year Built	1995
Year 1 NOI	\$2,887,879

Property Highlights

Class A Industrial Building Totaling 814,186 SF

- Attractive features including 32' minimum clearance, 76 dock doors with mechanical levelers and 2 grade level doors. The property is rail served and has 10 rail doors.
- The building is equipped with an ESFR sprinkler system and also features a 250,000 gallon water tank as a redundant fire system.
- Ample power with 4,000 amps, a 750 KVA backup generator and a 125 KVA backup generator.
- The building consists of approximately 250,000 SF of temperature controlled storage area that Nestlé uses to store products that require cooler temperatures.

Below Replacement Cost

- Increasing construction costs and land values coupled with a lack of available land have created barriers to new development. In addition, the significant amount of temperature controlled space and other building features are also expensive to reproduce. This provides an opportunity to purchase this property at a price below replacement cost.

Advantageous Ground Lease with Below Market Rent and Purchase Options

- The property is encumbered by a ground lease through 2018 with 11 options to extend (until 2073) at a significantly below market fixed rental rate of \$434,000 annually through 2048. The option has provisions to buy out the fee simple estate at specified periods throughout the term at Fair Market Value.

Tenancy Highlights

100% Leased to Quality Tenant Nestlé USA, Inc.

- The property is 100% leased to Nestlé USA and serves as the Company's West Coast distribution center.
- Nestlé USA, with 2014 sales of \$9.7 billion, is part of Nestlé S.A. in Vevey, Switzerland — the world's largest food company with a commitment to Nutrition, Health & Wellness — with 2014 sales of \$100 billion, operations in 197 countries and approximately 339,000 employees worldwide. Nestlé S.A. is an investment grade credit tenant with a AA rating on Standard and Poor's and Aa2 according to Moody's.

Below Market Rent

- In-place rent is approximately 13% below market. As a result, the property is poised for future net operating income increases upon lease rollover.

Location Highlights

Strategic Distribution Location

- Located in the highly desirable Inland Empire West industrial market — one of the top investment markets in the country.
- Excellent freeway access: The property has direct access to SR-60, I-15 and I-10, allowing service to Southern California and the Western United States.
- The property is located less than nine miles from the Ontario International Airport and approximately one hour east of the Ports of Los Angeles and Long Beach.



Market Highlights

Strong Market Dynamics

- The property is located in a first tier industrial market with low vacancy, limited available land, sustained economic and population growth and steady tenant demand.
- The Inland Empire West industrial submarket, with a base of 259.6 MSF, ended the first quarter of 2015 with a 3.0% vacancy rate. The Jurupa Valley/Mira Loma submarket has outperformed the rest of the market with a vacancy rate of 1.1%, which is the lowest in the Inland Empire West.
- In 2014, the Inland Empire West submarket recorded over 17.7 MSF of gross activity and over 6.8 MSF of net absorption. In the first quarter of 2015, the Inland Empire West reported 1.7 MSF of net absorption and 6.2 MSF of gross activity.
- The Inland Empire West continues to be an attractive market due to its proximity to Orange and Los Angeles counties, freeway infrastructure, and port access.
- The overall Inland Empire industrial market generated approximately 16.1 MSF of net absorption and 33.4 MSF of gross activity in 2014. In the first quarter of 2015, the overall market recorded 4.1 MSF of net absorption and 9.9 MSF of gross activity.

Limited Supply of Larger, Class A Buildings

- The vacancy rate for buildings 750,000 SF and larger is 2.3% in the Inland Empire. New development is taking place but the few buildings that remain are being targeted by active prospects, which could reduce the vacancy rate further.
- The current vacancy rate for buildings over 750,000 square feet in the West is 0%. We expect vacancy rates to remain low over the next few years due to the continued big box demand.
- There are currently 2 buildings over 750,000 SF under construction in the West.
- Increasing user demand, combined with managed new construction forecasted for the next few years should result in upward pressure on rents.

Increased User Activity for Big Box

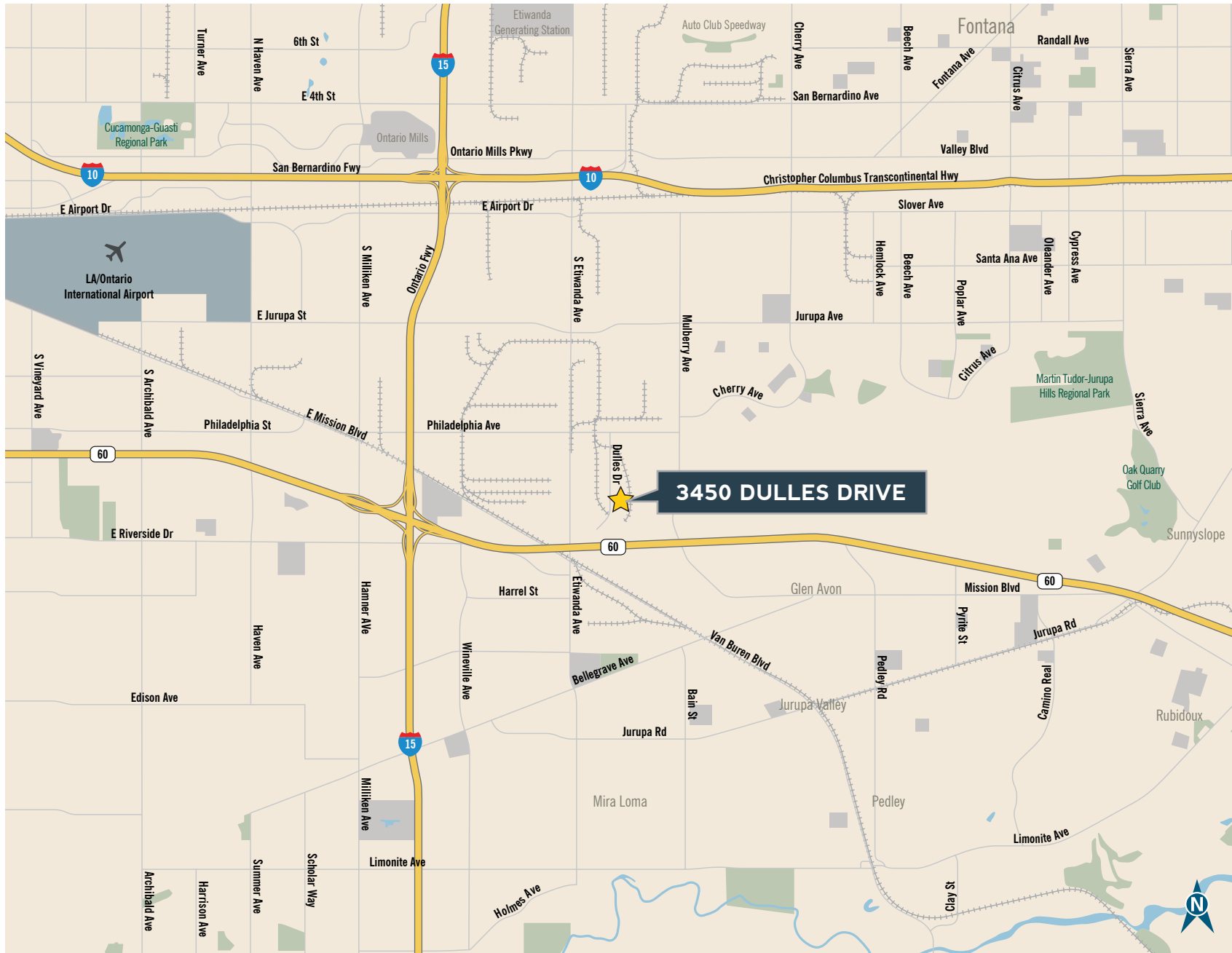
- Since the beginning of 2010, 18 buildings over 750,000 square feet have leased or sold to users in the Inland Empire.
- There has been consistent demand by users for new, high quality buildings, which is demonstrated by the 8 lease renewals over 750,000 square feet since the beginning of 2010, which has also contributed to the decline in availability.

Strong Market Rent Growth Forecast

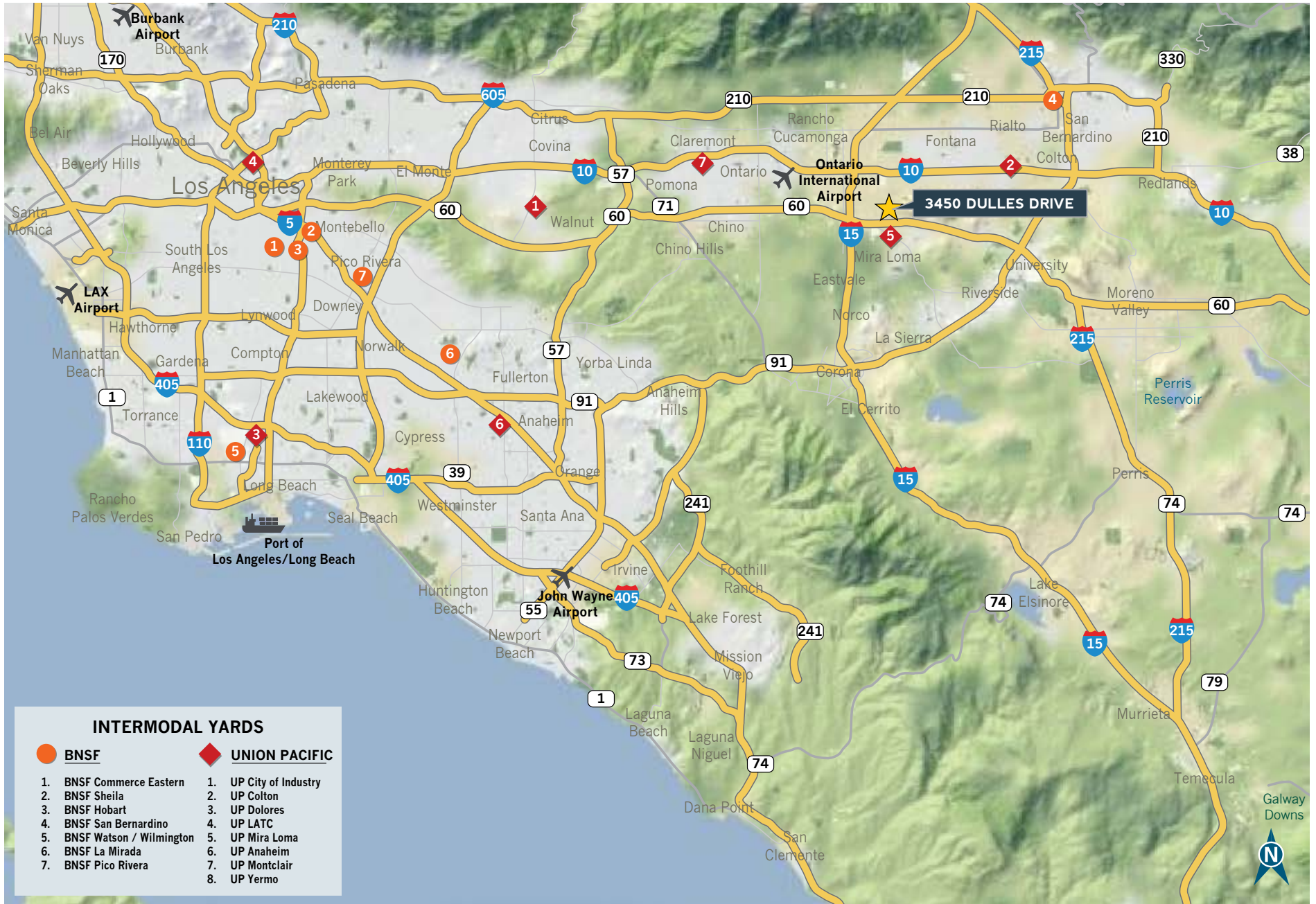
- The Inland Empire industrial market continues to grow with market rent growth forecasts of 11.8% in 2016 and 5.7% in 2017 in the Jurupa Valley/Mira Loma submarket according to CBRE Econometric Advisors.



LOCAL MAP



REGIONAL MAP



EXECUTIVE SUMMARY

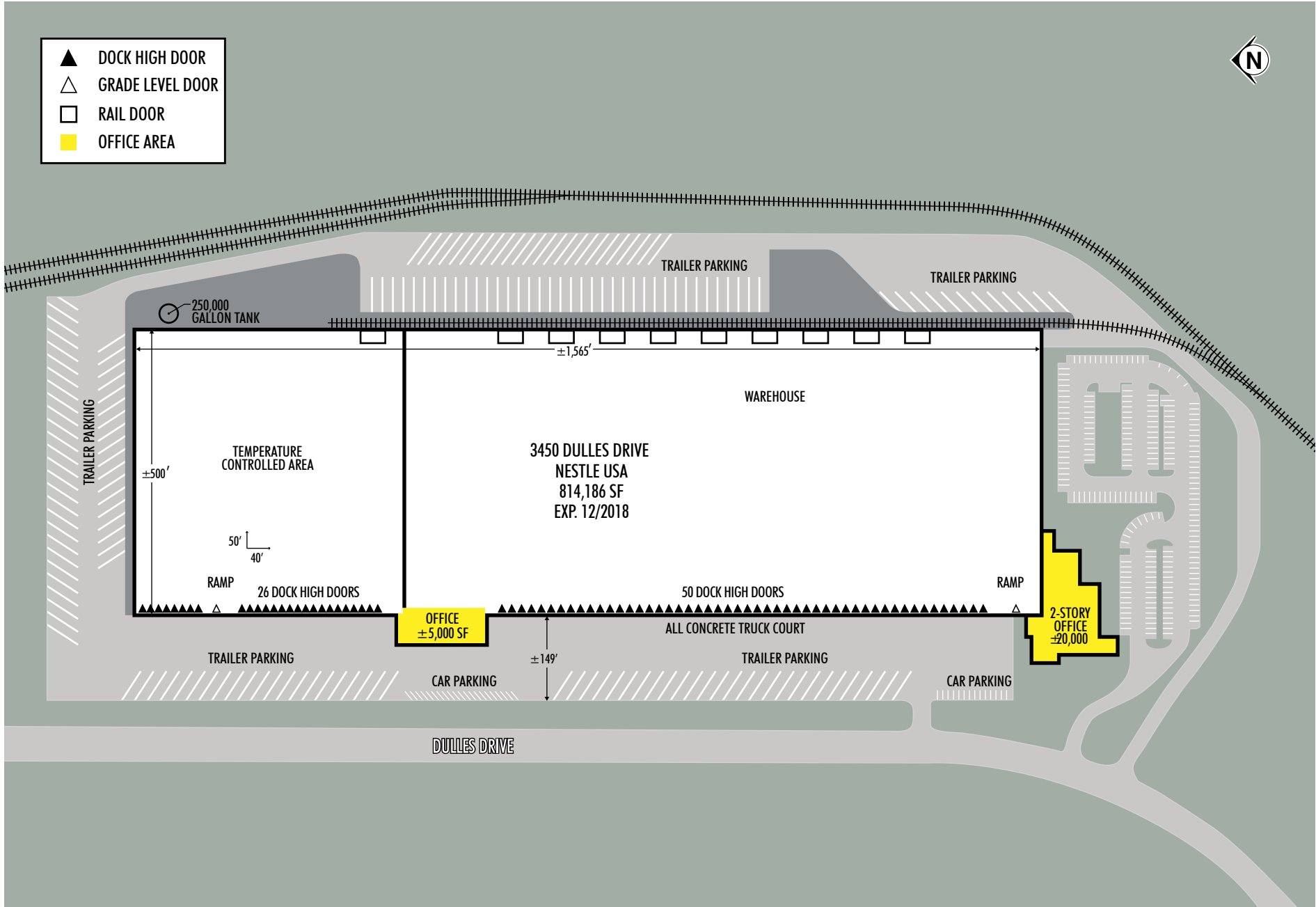
AERIAL



SITE PLAN



- ▲ DOCK HIGH DOOR
- △ GRADE LEVEL DOOR
- RAIL DOOR
- OFFICE AREA



PROPERTY DESCRIPTION



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

Rebecca Perlmutter Finkel, CFA
Vice President
Lic. 01838624
+1 310 922 5237
rebecca.perlmutter@cbre.com
CBRE
101 California Street, 44th Floor
San Francisco, CA 94111

Andrew Briner, CCIM
First Vice President
Lic. 01821872
+1 909 418 2281
andrew.briner@cbre.com
CBRE
4141 Inland Empire Boulevard, Suite 100
Ontario, CA 91764

Barbara Emmons
Vice Chairman
Lic. 00969169
+1 213 613 3033
barbara.emmons@cbre.com
CBRE
400 South Hope St. 25th Floor
Los Angeles, CA 90071

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

DEBT & STRUCTURED FINANCE

Val Achtemeier
Executive Vice President
Lic. 01868169
+1 213 613 3109
val.achtemeier@cbre.com
CBRE
400 South Hope St. 25th 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

WEST

Darla Longo
Barbara Emmons
Rebecca Perlmutter
Michael Kendall
Andrew Briner
Gina Christen

NORTH CENTRAL

Mike Caprile
Ted Staszak
Stephanie Park

DEBT & STRUCTURED FINANCE

Val Achtemeier
Brett Green

DEBT & STRUCTURED FINANCE

Steve Roth
Steve Kundert

Offering integrated real estate capital markets solutions from strategy to execution—delivered by a seamless national partnership

© 2015 CBRE, Inc. The information contained in this document has been obtained from sources believed reliable. While CBRE, Inc. does not doubt its accuracy and completeness, CBRE, Inc. has not verified it and makes no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs. This offering is subject to prior placement and withdrawal, cancellation or modification without notice.