



DIAMOND VALLEY PLAZA

HEMET, CALIFORNIA

OFFERING MEMORANDUM



Hanley Investment Group

Real Estate Advisors

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OFFERING MEMORANDUM

EXCLUSIVELY LISTED BY:

Eric P. Wohl | Senior Vice President

ewohl@hanleyinvestment.com

949.585.7673

DRE License #01348614



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www.hanleyinvestment.com



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SECTION I

OFFERING SUMMARY

Offering Summary 5
Investment Highlights 6
Rent Roll 7
Income & Expense 9
Site Plan 10
Aerial Overviews 11

SECTION II

INVESTMENT OVERVIEW

Location Highlights 15
Local Map 17
Regional Map 18
Parcel Map 19
Tenant Profiles 20
Area Overview 23



SECTION I - OFFERING SUMMARY

LOCATION

Diamond Valley Plaza
1109-1287 South State Street
Hemet, CA 92543

OFFERING SUMMARY

Price:		\$6,600,000
Down Payment:	35%	2,310,000
Capitalization Rate:		8.00%
Cash-on-Cash Return:		11.09%
Net Rentable Area (NRA):		58,034
Price per Square Foot (NRA):		\$114
Year Built:		1974; R-2009
Lot Size (Acres):		5.14

FINANCING SUMMARY

All Cash or Cash to New Financing

Proposed Financing:

Loan to Value:	65%	\$4,290,000
Down Payment:	35%	\$2,310,000
Interest Rate:		4.85%
Amortization (Years):		30
Annual Loan Payment:		(\$271,656)

(Contact Listing Broker for Further Details)





- Multi-Tenant Neighborhood Shopping Center Anchored by Sprouts Farmers Market (NAP), Big Cheese Pizza and Crunch Fitness.
- Below Market Rents, Upside Potential; Average Rent at the Subject Property is \$0.88 Per Square Foot Per Month, NNN Compared to Asking Rent at Neighboring Centers of \$1.75-\$2.50 Per Square Foot Per Month, NNN.
- Priced Below Replacement Cost at \$114 Per Square Foot.
- Entire Shopping Center Renovated in 2009.
- New 10-Year Lease with Crunch Fitness Recently Executed.
- Sprouts Farmers Market (NAP) Recently Extended Their Lease Showing Their Commitment to the Location.
- Well Established, Signalized Intersection Location with Approximately 35,000 Cars per Day at Stetson Avenue and State Street.



RENT ROLL

TENANT	SUITE	SQUARE FOOTAGE	LEASE START	LEASE EXPIRATION	RENT/ SQ. FT.	MONTHLY RENT	INCREASES	LEASE TYPE	OPTIONS
Watermill Express	1109	225	09/18/01	09/17/16	\$2.67	\$600	None	Gross	None
Available	1129	3,600	TBD	TBD	-	-	TBD	NNN	TBD
Big Cheese Pizza (1)	1153	15,400	01/01/08	09/30/18	\$0.71	\$11,000	2/13 - \$13,000 2/14 - \$15,000 2/15 - \$16,000 2/16 - \$16,480 2/17 - \$16,974 2/18 - \$17,484	Gross	None
Charlotte's Salon & Day Spa	1165-1177	3,000	12/01/04	11/30/15	\$1.11	\$3,331	12/12 - \$3,431 12/13 - \$3,534 12/14 - \$3,640	NNN	None
Available	1189	1,200	TBD	TBD	-	-	TBD	NNN	TBD
Stetson BBQ	1259-63	3,000	06/01/11	05/31/16	\$0.88	\$2,627	6/13 - \$2,706 6/14 - \$2,787 6/15 - \$2,870	NNN	None
Fraternal Order of Eagles	1265-69	3,360	04/01/06	MTM	\$0.74	\$2,500	None	Gross	None
J & M Family Restaurant	1271-75	3,600	11/01/97	10/31/12	\$0.90	\$3,225	None	NNN	None



TENANT	SUITE	SQUARE FOOTAGE	LEASE START	LEASE EXPIRATION	RENT/ SQ. FT.	MONTHLY RENT	INCREASES	LEASE TYPE	OPTIONS
Labor Ready	1279	3,082	06/13/10	01/31/15	\$0.81	\$2,500	None	Gross	Two 3-year @ FMV
Hart to Hart	1281	2,160	07/01/11	06/30/14	\$0.88	\$1,891	7/12 - \$1,891 7/13 - \$1,948	NNN	One 3-year @ FMV
Pediatric Partners	1285	4,407	12/20/10	12/31/20	\$0.80	\$3,526	1/13 - \$3,631 1/14 - \$3,740 1/15 - \$3,852 1/16 - \$3,968 1/17 - \$4,087 1/18 - \$4,210 1/19 - \$4,336 1/20 - \$4,466	NNN	One 5-year @ FMV
Crunch Fitness	1287	15,000	12/01/12	11/30/22	\$1.25	\$18,750	12/17 - \$20,625	NNN	Two 5-year @ 95% FMV
Nexcycle (Recycling)	N/A	N/A	04/01/11	03/31/14	N/A	\$900	None	N/A	None
TOTAL SQUARE FOOTAGE:		58,034				\$50,850		Total Monthly Rent	
TOTAL AVAILABLE:		4,800	8%	Vacancy		\$610,195		Total Annual Rent	
TOTAL OCCUPIED:		53,234	92%	Occupancy					

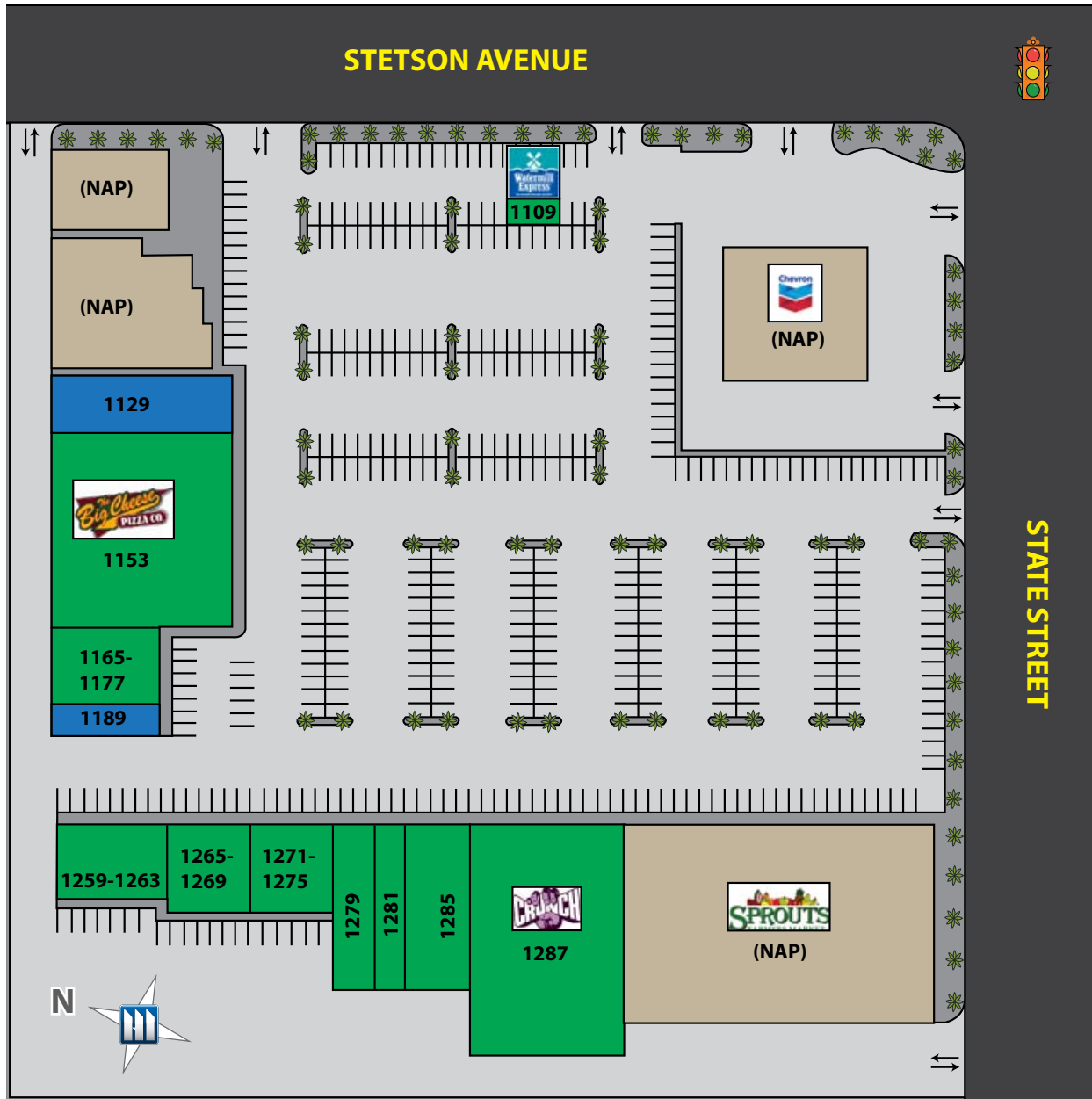
(1) Tenant's lease converts to NNN in February 2016. Currently paying rent on a gross basis.

ANNUALIZED OPERATING DATA

	<u>Current</u>		
Scheduled Gross Income (SGI):	\$610,195		
Expense Reimbursement:	\$95,550		
Total Operating Income:	\$705,745		
Vacancy:	Actual - 8%		
Gross Operating Income:	\$705,745		
Total Operating Expenses:	(\$177,918)		
Net Operating Income (NOI):	\$527,828	8.00%	Capitalization Rate
Annual Debt Service:	(\$271,656)		
Cash Flow after Debt Service:	\$256,172	11.09%	Cash on Cash Return

OPERATING EXPENSES

	<u>Amount</u>	<u>\$/Square Foot</u>	
Taxes (1.1%):	\$72,600	\$1.25	
Insurance:	\$9,400	\$0.16	
CAM:	\$71,510	\$1.23	
Management (4% of SGI):	\$24,408	\$0.42	
Total Expenses:	\$177,918	\$3.07	Annually Per SF
		\$0.26	Monthly Per SF



SUITE	TENANT	SQUARE FOOTAGE
1109	Watermill Express	225
1129	Available	3,600
1153	Big Cheese Pizza	15,400
1165-1177	Charlotte's Salon & Day Spa	3,000
1189	Available	1,200
1259-63	Stetson BBQ	3,000
1265-69	Fraternal Order of Eagles	3,360
1271-75	J & M Family Restaurant	3,600
1279	Labor Ready	3,082
1281	Hart to Hart	2,160
1285	Pediatric Partners	4,407
1287	Crunch Fitness	15,000





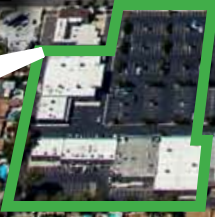
FLORIDA AVENUE



STATE STREET

STETSON AVENUE

SUBJECT PROPERTY









SECTION II - INVESTMENT OVERVIEW

- Located in One of the Fastest Growing Cities in Riverside County.
- Excellent Demographics with Over 146,000 People within a 5-Mile Radius.
- Excellent Accessibility, Identity and Visibility from both State Street and Stetson Avenue with 8 Points of Ingress/Egress.
- Signalized Intersection Location; Credit Tenants in the Immediate Trade Area Include: Big Kmart, Carl's Jr, CVS Pharmacy, Pizza Hut, Starbucks, Stater Bros., Subway and Wells Fargo.
- Well Established, Signalized Intersection Location with Approximately 35,000 Cars per Day at Stetson Avenue and State Street.

2012 DEMOGRAPHICS

Population:

One Mile Radius	13,490
Three Mile Radius	82,014
Five Mile Radius	146,487

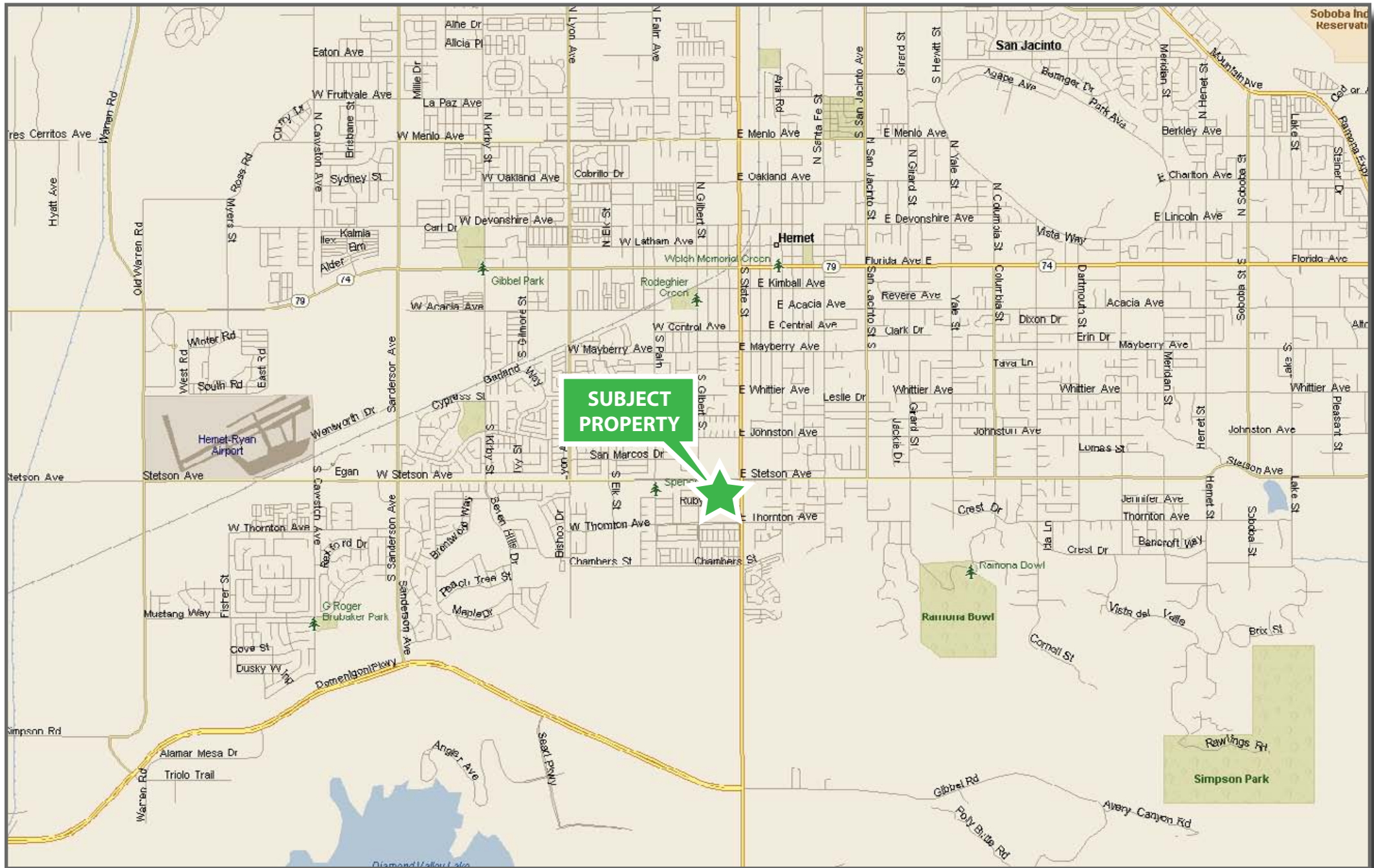
Household Income:

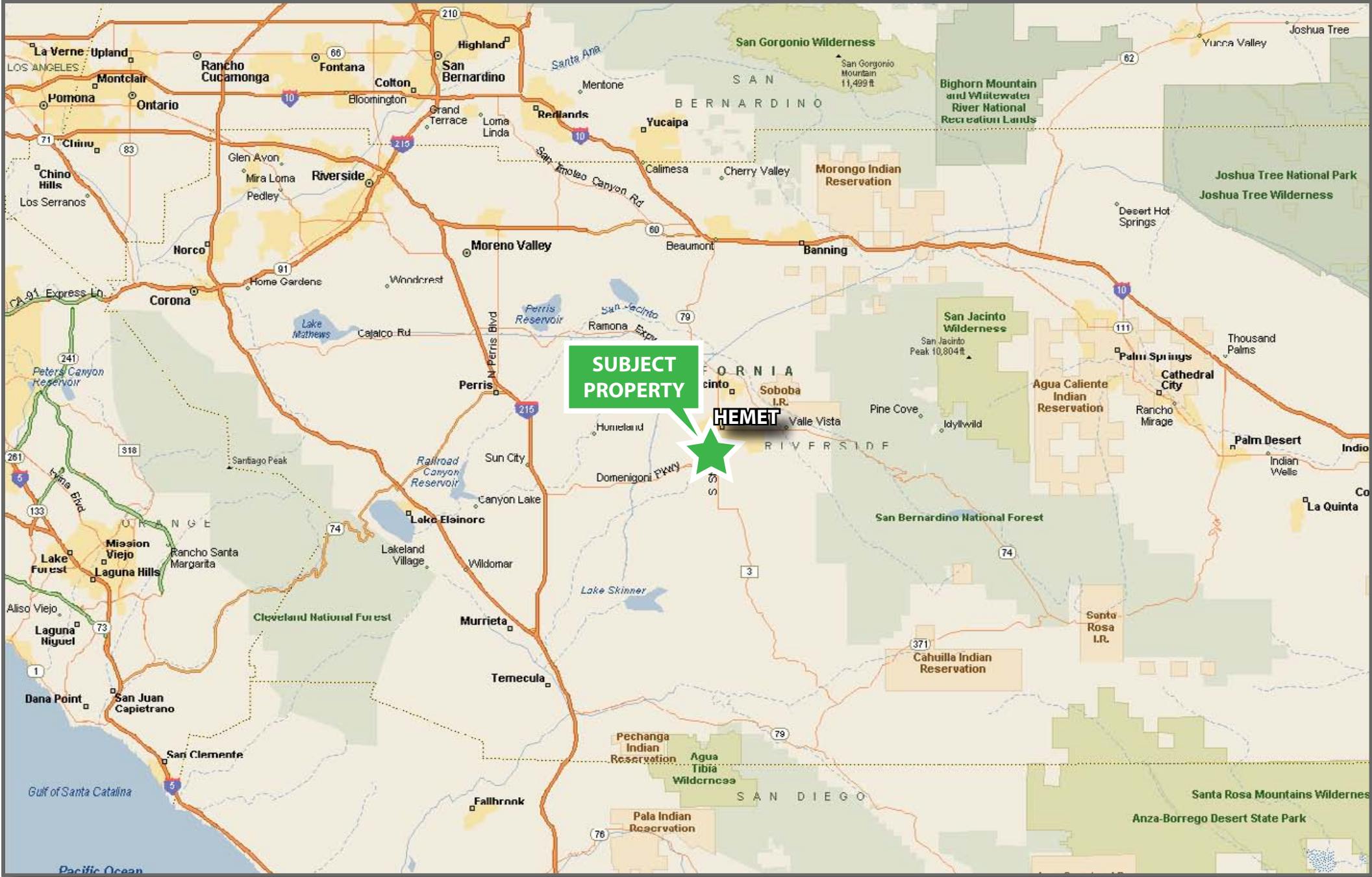
One Mile Radius	\$40,141
Three Mile Radius	\$44,294
Five Mile Radius	\$47,316

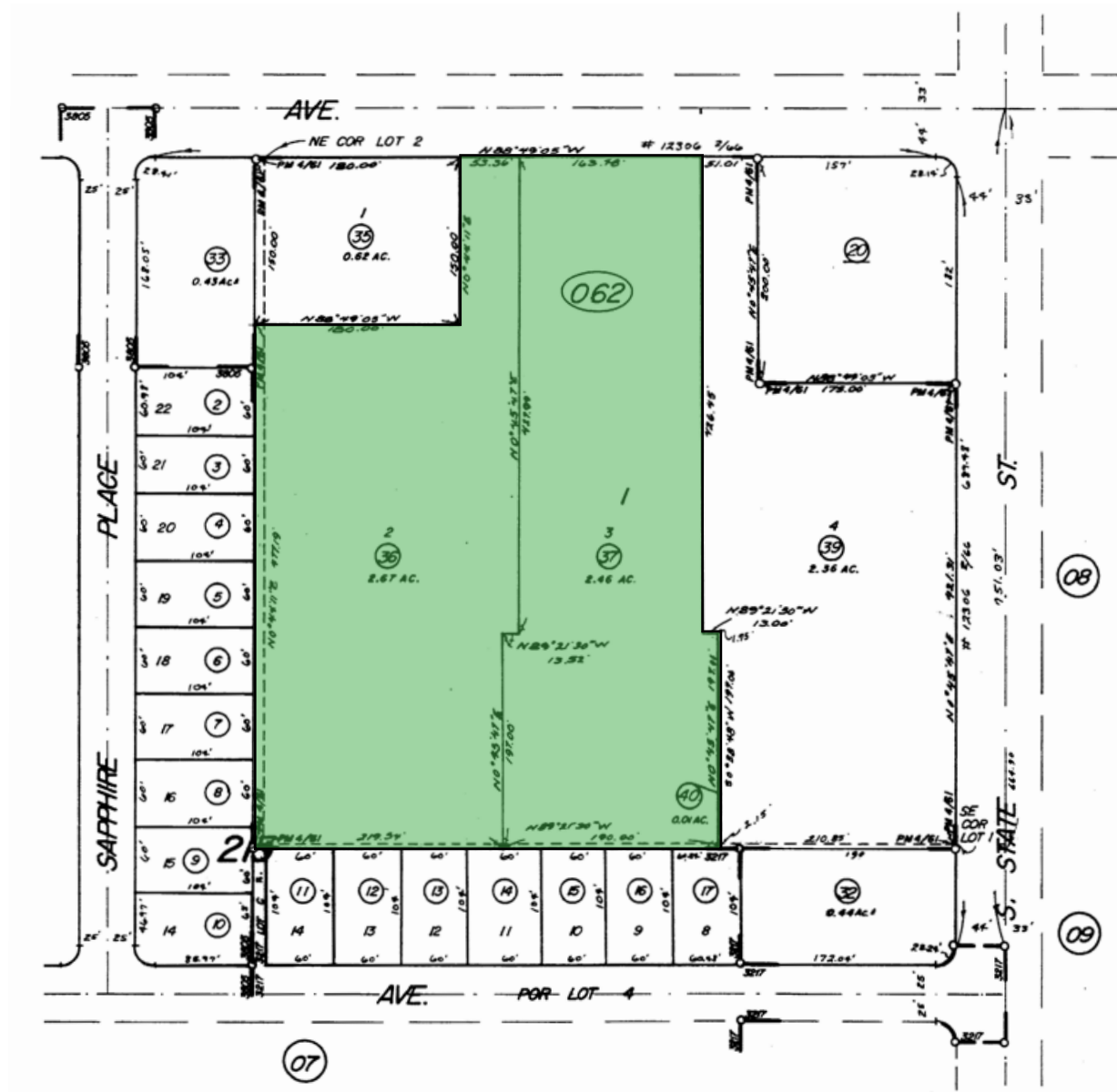


AREA RETAILERS (NAP)

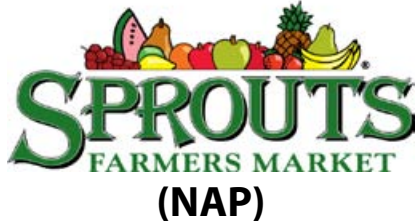








SUBJECT PROPERTY
APN: 451-062-036; 37



Sprouts Farmers Market operates over 144 stores across California, Texas, Arizona and Colorado and is quickly becoming one of the largest natural food chains in the country. In 2011, Sprouts purchased Henry's Farmers Markets and in May 2012 Sprouts merged with Sunflower Farmers creating one of the larger grocers in the Western United States. Sprouts is a farmers market-style grocery store offering a unique mix of natural, organic and great tasting mainstream foods, farm-fresh produce, all-natural meats and bulk foods at low prices. Sprouts has more than 11,000 employees and has become one of the fastest growing retailers in the United States. The founding family opened their first produce stand back in 1943 and Sprouts has grown tremendously since the opening of their first store in 2002. Sprouts is headquartered in Phoenix, Arizona.

www.sprouts.com



Chevron Corporation has operations in petroleum, chemicals, mining, power generation, and energy worldwide. It operates in two segments, Upstream and Downstream. The Upstream segment is involved in the exploration, development, and production of crude oil and natural gas; liquefaction, transportation, and regasification associated with liquefied natural gas; transportation of crude oil through pipelines; and processing, transportation, storage, and marketing of natural gas, as well as holds an interest in a gas-to-liquids project. The Downstream segment engages in refining crude oil into petroleum products; marketing crude oil and refined products primarily under the Chevron, Texaco, and Caltex names; transporting crude oil and refined products by pipeline, marine vessel, motor equipment, and rail car; and manufacturing and marketing commodity petrochemicals, plastics for industrial uses, and additives for fuel and lubricant additives. In 2011 the company earned \$253 billion with a highly skilled and diverse workforce of 57,000 employees.

www.chevron.com



In 1989, Crunch Fitness began as a simple basement level aerobics studio located in New York City's East Village. Although this setup was not equipped with the basic amenities, Crunch Fitness held to their mission to make exercising fun. Crunch Fitness has done away with the traditional notions of what a serious workout should be by inviting a highly creative group of fitness instructors with a wide range of expertise to collaborate with. The gym now offers interesting new classes, such as Hip-Hop Aerobics (featuring a live rapper), Co-Ed Action Wrestling, and Cyked Yoga Cycling. Crunch Fitness has seen an overwhelming positive response as members embrace these new kinds of classes and refer their friends. Crunch Fitness currently has 31 state-of-the-art gyms across the country in areas like Connecticut, Los Angeles, Miami, New Jersey, New York, Orange County, Portland, Sacramento, San Diego, San Francisco Bay Area, and Washington D.C. Crunch Fitness stands as a rapidly growing brand that fuses fitness and entertainment to make working out fun, bringing a host of unique services and products to an active and expanding clientele.

www.crunch.com



The Big Cheese Pizza Company is a chain of family entertainment pizza restaurants with locations in Hemet, Murrieta, Riverside, and Yucaipa. Each restaurant is equipped with an arcade for the kids, a sports pub, and giant televisions. The Big Cheese Pizza Company is a perfect location for birthday parties, team parties, and fundraisers. They offer specialty pizzas, a salad bar, a lunch buffet, pasta and salads, famous oven baked subs, wings, and micro-brewed beer and wine.

www.thebigcheesepizza.com



The Fraternal Order of Eagles is an international non-profit organization uniting fraternally in the spirit of liberty, truth, justice, and equality, to make human life more desirable by lessening its ills and promoting peace, prosperity, gladness and hope. The group was founded in February of 1898 by six theatre owners gathered in a Seattle shipyard to discuss a musician's strike, eventually forming "The Order of Good Things." As the numbers grew, member selected the Bald Eagle as the official emblem and the name was changed. The Fraternal Order of Eagles currently has over 1,400 local stations in the United States and Canada and memberships that exceed 850,000. The women's auxiliary began in 1927 and totals more than 1,300 with over 250,000 members. Two of the Fraternal Order of Eagles major accomplishments are the founding of Mother's Day and serving as a driving force in the founding of the Social Security Program. The Fraternal Order of Eagles continues to raise funds for eight major charities, including kidney, heart, diabetes, cancer and spinal cord injury funds, a children's fund, memorial foundation, and the Golden Eagle Fund. The Fraternal Order of Eagles donates more than \$100 million a year to local communities, fundraisers, and charities.

www.foe.com



Labor Ready (NYSE:TBI) is an employment services company founded in Kent, Washington in 1989. Labor Ready started as a small operation with a vision to provide companies of all sizes with dependable temporary labor. They have grown to become a publicly traded, financially strong, multinational organization with headquarters in Tacoma, Washington. Labor ready is the United States largest provider of temporary workers for manual day labor to the construction industry, manufacturing, hospitality, events, restoration, auto services, logistics and warehousing, retail support, and waste and recycling. Each year, Labor Ready dispatches approximately 400,000 Temporary Associates to more than 225,000 businesses of all sizes throughout the United States and Canada. They take pride in quickly matching the right worker with the right job.

www.laborready.com



Pediatric Partners is a team of pediatricians who provide quality healthcare to the children in various communities. They have 10 kid friendly and convenient offices throughout southwest Riverside, Northern San Diego, and Inyo-Kern counties and is headquartered in Temecula, California. Each Pediatric Partners office is decorated with jungle-safari theme décor to create a fun environment for the children. Pediatric Partners was founded by Thomas Mohr, M.D., Jennifer Keith, M.D., and Annalisa Abjelina, M.D., in 2000. These physicians combined their talents to form the fastest growing and most innovative healthcare team in the area. Pediatric Partners now include over 20 healthcare providers that are Board Certified in Pediatrics.

www.pediatricpartners.net



Watermill Express was founded in 1984 in Colorado and is now the nation's largest drive-up, self-serve, pure drinking water company serving over 100,000 customers a day at **over 1,200 locations across the country**. Customers supply their own clean containers and drive up to the Watermill 24 hours a day, 7 days a week to purchase great-tasting water at a fraction of the price they would pay for bottled water. Since inception they estimate saving over 500 million 1-gallon disposable water bottles from being discarded into the country's landfills. Watermill Express were the original creators of the drive-up concept over 20 years ago and offer 100% satisfaction with their Freshness Guarantee. Watermill Express is the first water purification company in the nation to service every location, every day.

www.watermillexpress.com



HEMET

The California city of Hemet is located in Riverside County's San Jacinto Valley, about 45 miles west of Palm Springs, 19 miles from Moreno Valley and 28 miles from Riverside. Situated at the junction of California State Highways 74 and 79, Hemet is easily accessible to Interstates I-10 and I-215. Nearby communities include San Jacinto (to the north), Winchester (to the west), and Mountain Center (to the east). The city has 28 square miles and is a mean elevation of approximately 1,600 feet. Hemet has a population of approximately 78,600.

The median age for Hemet is 39 years and has been dropping since 1980 when it was 64.2 years. The drop in median age is due in large part to the construction of new, entry-level homes as Hemet becomes home to a growing number of younger working-class families owing to its rural character and proximity to major employment centers. The largest employers in the Hemet/San Jacinto Valley are the public sector. The Hemet Unified School District is the largest employer followed by the Hemet Valley Hospital District. The largest private employer is Deutsch Industrial.





RIVERSIDE COUNTY

Riverside County is the fourth largest county in the state of California, 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 densely populated Los Angeles, Imperial, Orange, San Diego, and San Bernardino Counties.

Recent years have brought dramatic population growth to Riverside County. Between 1980 and 1990, the number of residents grew by over 76% making Riverside the fastest-growing County in California. By 1992, the County was "home" to over 1.3 million residents, more than the entire population of 13 states. The current population of Riverside County is approximately 2,189,000.





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