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The Materials have been prepared to provide unverified summary financial, property, and market information to a prospective purchaser to enable it to establish a preliminary level of interest in potential purchase of the Property. The Materials are not to be considered fact. The information contained in the Materials is not a substitute for thorough investigation of the financial, physical, and market conditions relating to the Property.

Photographs: The aerials in this offering memorandum show the actual property that is being offered for sale.

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By receiving the Materials you are agreeing to the Confidentiality and Disclaimer set forth herein.
The Offering / Investment Highlights

The Offering

- Completed in September 2013, a brand new 9,075± square foot medical office building in San Jose, California leased to TOTAL RENAL CARE, INC., and guaranteed by DAVITA HEALTHCARE PARTNERS, INC. for 15 years.
- Price: $6,784,000 – 5.40% Cap Rate

Tenant / Lease

- DaVita is a Fortune 500 company with a total stockholder’s equity of $4.4 billion.
- DaVita’s total revenues for the fiscal year ended December 31, 2013 were $11.8 billion (43.7% increase compared to fiscal year 2012), and net income was $744 million (16% increase).
- DaVita Healthcare Partners, Inc. (NYSE: DVA) is one of the Top 10 2014 holdings of Warren Buffett’s Berkshire Hathaway.
- DaVita stock price is up 49% in the last two years
- DaVita controls 33% of the U.S. dialysis market.
- New 15 year net lease with 10% rent increases every 5 years.

Real Estate / Area Strengths

- The property fronts Stevens Creek Boulevard, a major east-west arterial in San Jose with traffic counts of 61,000.
- The property is located adjacent to the I-880 off/on ramp, one block from O’Connor Hospital and less than ½ mile from Westfield Valley Fair Mall and Santana Row.
- The surrounding area is heavily populated with medical and doctors’ offices.
- San Jose is an affluent San Francisco Bay Area community – $95K Average Household Income within five miles of the subject property.
- The San Jose area is home to the largest concentration of technology expertise in the world – more than 6,000 technology companies, employing more than 254,000 people.
- San Jose produces more U.S. patents than any other city. 35% of all venture capital funds in the U.S. are invested in San Jose and Silicon Valley companies.
# DaVita Dialysis

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Location
275 Di Salvo Avenue, San Jose, California

Lot Size
Approximately 0.57 acre – 24,700± square feet

Improvements
Completed in September 2013, a freestanding one-story 9,075± square foot DAVITA dialysis facility.

Lease
Leased to TOTAL RENAL CARE, INC., and guaranteed by DAVITA HEALTHCARE PARTNERS, INC., for 15 years from September 4, 2013 until September 2028. The estimated annual net rent of $366,339 increases by 10% every five years throughout the primary term. The lease is net with the tenant responsible for taxes, insurance and maintenance. The landlord is responsible for maintaining and replacing the roof, structure, exterior plumbing and electrical systems, and parking areas and driveways, and replacement of HVAC (not maintenance). Tenant will reimburse landlord on an amortized basis the cost for replacement of the roof, parking areas and HVAC. Tenant will also reimburse up to $1,000/year in roof maintenance expenses. There are three 5-year renewal options at 95% of appraised FMV rent. If the tenant exercises its options, the guaranty by DaVita, Inc., terminates at that point.

### Annual Rent

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<tr>
<th>Investment Years</th>
<th>Annual Rent</th>
<th>Return</th>
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<tr>
<td>1 – 5</td>
<td>$366,339</td>
<td>5.40%</td>
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<tr>
<td>6 – 10</td>
<td>$402,973</td>
<td>5.94%</td>
</tr>
<tr>
<td>11 – 15</td>
<td>$443,270</td>
<td>6.53%</td>
</tr>
<tr>
<td>16 – 20 (Option 1)</td>
<td>FMV</td>
<td>TBD</td>
</tr>
<tr>
<td>21 – 25 (Option 2)</td>
<td>FMV</td>
<td>TBD</td>
</tr>
<tr>
<td>26 – 30 (Option 3)</td>
<td>FMV</td>
<td>TBD</td>
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**Price: $6,784,000 – 5.40% Cap Rate**

**Financing**
The property will be delivered free and clear of debt.
About the Tenant
The tenant is a 100%-owned DaVita subsidiary, “Total Renal Care, Inc.” Financial statements are not available.

About the Guarantor – DaVita Healthcare Partners, Inc.
DAVITA HEALTHCARE PARTNERS, INC. (“DAVITA”), a FORTUNE 500® company, is a leading provider of kidney care in the United States, delivering dialysis services and education to patients with chronic kidney disease and end stage renal disease. It is listed on the NYSE: “DVA.” As of March 31, 2014, DaVita operated or provided administrative services at 2,098 outpatient dialysis centers in the United States. The company also operated 75 outpatient dialysis centers located in 10 countries outside the United States. It was founded in 1992 and is headquartered in Denver.

For the fiscal year ended December 31, 2013, total revenues were $11.8 billion (an 43.7% increase compared to fiscal year 2012) and a net income was $744 million (16% increase). Total stockholder’s equity was $4.4 billion.

DaVita controls 33% of the U.S. dialysis market and Fresenius Medical Center controls 37%. The rest of the market is fragmented, served by hospitals and much smaller chains.

DaVita is rated “BB–” by Standard and Poor’s.

More information can be obtained at www.davita.com
Tenant Improvements

The facility was built to suit DaVita’s requirements. Because of the vital nature of this service, a dialysis center is an extremely costly facility to construct. It is not uncommon for the start up cost and tenant improvements with furnishings to cost close to $200 per square foot. Those costs alone exemplify why it is very important for a dialysis center to be located near large concentrations of dialysis patients and close to hospitals, and medical offices that issue referrals.

Once established in a location, it is rare for a dialysis center to relocate due to high start up costs that cannot be recouped as most of the tenant improvements are built into the buildings. For example, a typical dialysis center would require the following improvements:

- Two-inch dedicated water line
- Four-inch sewer line to a municipal system
- Minimum 600 amp 120/208 three-phase, four-wire electrical service into tenant space
- Gas service will be rated to have six inches of water column pressure
- Water treatment system requiring extensive floor coring and repair
- Completely different ceiling system not found in traditional buildings
- Three separate HVAC systems to regulate the temperatures

About this DaVita Location

This DaVita location is ½ mile from the DaVita Cornerhouse facility located at 2005 Naglee Avenue. The Cornerhouse facility has reached its full capacity, therefore requiring DaVita to open a new location to accommodate its patients’ needs. The subject property will offer the same modalities offered as Cornerhouse: In-Center Hemo Self Care, In-Center Hemo and Nocturnal Hemo.

This is not a relocation site.
The subject property is located on the northwest corner of DiSalvo Avenue and O'Connor Drive, fronting Stevens Creek Boulevard, and just east of Interstate 880. The property is surrounded by medical and professional offices.

O'Connor Hospital, a 358 bed hospital, is located one block from the site. Founded in 1889, it was the first hospital in Santa Clara County. As the only Catholic hospital in San Jose, O'Connor provides a full range of services to a population of more than 1 million residents. However, dialysis is not a listed service of this hospital.

Westfield Valley Fair Mall, an upscale 1,477,606± sf regional mall anchored by two Macy's stores and Nordstrom, is located ½ mile west of the property. The center's more than 250 boutiques encompass such top designer brands as Louis Vuitton, Cartier, Tiffany & Co., Michael Kors, Tory Burch, Microsoft, and Apple. Westfield Valley Fair is one of the largest malls in Northern California, and is directly across the street from another large retail development, Santana Row.

Santana Row, also a ½ mile west of the DaVita site, offers a mix of high-end and mid-tier retail tenants, ranging from luxury brands like Gucci, Kate Spade, Salvatore Ferragamo, and Tourneau, to casual brands like Diesel, H&M, Ann Taylor LOFT, Anthropologie, Free People, and Urban Outfitters. Also on the row are restaurants ranging from local concepts like Left Bank Brasserie and sister restaurant LB Steak, Pizza Antica, and Blowfish, to chains like The Counter, Chili’s, Maggiano’s Little Italy, Wahoo’s Fish Taco, and Pinkberry. The district is anchored by Crate & Barrel, Best Buy, and The Container Store.
San Jose / Silicon Valley

San Jose is located in Santa Clara County at the southern edge of the San Francisco Bay, about 50 miles south of San Francisco, 390 miles north of Los Angeles. It's an easy day trip to some of the best destinations in northern California, including Santa Cruz and the Monterey Bay (45 minutes), Oakland / Berkeley (50 minutes), the renowned Lake Tahoe, and Napa and Sonoma Valley wine regions (two hours), and Yosemite National Park (four hours).

The current population is 1,000,536 people. San Jose is the third largest city in California, following Los Angeles and San Diego. It is the tenth largest city in the U.S.

San Jose is regularly hailed as one of the safest big cities in the nation. According to the FBI’s annual uniform crime reports, San Jose consistently has the lowest rates for most categories of crimes among large U.S. cities. The city is also ranked at or near the top of the many annual rankings of America’s safest cities.

The large concentration of high-technology, engineering, computer, software and microprocessor companies around San Jose has led the area to be known as Silicon Valley. Area schools such as Stanford University, UC Berkeley, UC Santa Cruz, US San Francisco, San Jose State University, San Francisco State University, and Santa Clara University bring in thousands of engineering and computer science graduates into the local economy every year.
San Jose / Silicon Valley (continued)

Capital of Silicon Valley
San Jose is home to over one million residents, making it the third largest city in California and the tenth largest city in the entire United States. In addition to being the Capital of Silicon Valley and the Innovation Center of the World, San Jose is a major center for commerce and economic growth. San Jose produces more U.S. Patents than any other city. Additionally, 35% of all venture capital funds in the U.S. are invested in San Jose and Silicon Valley companies.

Over the years, San Jose has been recognized as:

• America’s Most Innovative City (Forbes)
• One of the Best Spots to Start a Clean Tech Company (BusinessWeek)
• America’s Happiest Big City (Gallup-Healthways)
• One of America’s Safest Cities (Forbes)
• The Nation’s Best City for Women (Women’s Health)
• One of the Next Youth Magnet Cities (Wall Street Journal)
• One of the Nation’s Best Places to Grow Up (U.S. News and World Report)

Median Household Income
San Jose is one of the most affluent cities in the entire country, with the highest median household income ($76,593) of any major metro areas in the U.S. San Jose residents also enjoy an ideal climate, with more than 300 days of sunshine annually. Temperatures average in the 70s during the summer and the 50s during the winter.

There are hundreds of distinct neighborhoods in San Jose, from the historic port community of Alviso in the north to the bucolic Coyote Valley in the south, and Diablo range foothills (crowned by the Lick Observatory atop Mount Hamilton) along the city’s eastern border. In between, Downtown San Jose serves as the region’s entertainment and cultural center, providing seemingly endless dining options, a robust arts and nightlife scene, and numerous festivals, parades, and celebrations each year. San Jose also is home to one of America’s last intact Japantowns.

Recreational Activities
There are a wide array of recreational activities throughout San Jose, with more than 200 neighborhood parks, 50 miles of interconnected trails, and numerous pools, golf courses, skateboarding parks, recreational facilities, and community gardens (including America’s Best Rose Garden). There is also an abundance of recreational leagues, events, and activities throughout the city for people of all ages to enjoy.

San Jose also features a variety of housing options, offering residents everything from urban living to traditional suburban neighborhoods. This includes downtown high-rise condominiums, Victorian homes in the city’s historic neighborhoods, California bungalows, ranch-style properties, and new homes incorporating the latest in energy efficiency and green construction.

Major corporations with headquarters in Silicon Valley within close proximity to the subject property include:

• Adobe Systems
• Advanced Micro Devices
• Agilent Technologies
• Apple, Inc.
• Applied Materials
• Brocade Communications Systems
• Cisco Systems
• eBay
• Electronic Arts
• Facebook
• Google
• Hewlett-Packard
• Intel
• Intuit
• Juniper Networks
• KLA Tencor
• LSI Logic
• Marvell Semiconductors
• Maxim Integrated Products
• National Semiconductor
• NetApp
• Netflix
• Nvidia
• Oracle Corporation
• SanDisk
• Sanmina-SCI
• Symantec
• Xilinx
• Yahoo!

DaVita Dialysis / 9
The San Jose area is home to the largest concentration of technology expertise in the world with more than 6,600 technology companies employing more than 254,000 people. Fueled by innovation, entrepreneurship and a highly talented workforce, San Jose is home to some of the most cutting-edge companies in the world, with a diverse mix of technology corporations, light/heavy industrial companies and small businesses.

Led by titans like Cisco and eBay, San Jose companies are the driving force behind the economic success enjoyed throughout Silicon Valley. In 2011, the region’s top 150 public companies had a combined net worth of $1.79 trillion, while producing $619 billion in sales and $101 billion in profits.

San Jose lists many companies with 1,000 employees or more, including the headquarters of Adobe, Altera, Brocade Communications Systems, Cadence Design Systems, Cisco Systems, eBay, Sanmina-SCI, and Xilinx, as well as major facilities for Becton Dickinson, Ericsson, Hewlett Packard, Hitachi, IBM, Kaiser Permanente and KLA-Tencor. Other large companies based in San Jose include Atmel, CEVA, Cypress Semiconductor, Echelon, Integrated Device Technology, Micrel, Netgear, Novellus Systems, Oclaro, Online Trading Academy, Quantum, SunPower, Supermicro, Tessera Technologies, TiVo, Ultratech, and VeriFone. Sizable government employers include the city government, Santa Clara County, and San Jose State University. Acer’s United States division has its offices in San Jose.
Colleges and Universities

San Jose is home to several colleges and universities. The largest is San Jose State University, with approximately 30,000 students in over 130 different bachelor’s and master’s degree programs. The school enjoys a good academic reputation, especially in the fields of engineering, business, art and design, and journalism, and consistently ranks among the top public universities in the western region of the United States.

Additionally, San Jose residents attend several other area universities, including Santa Clara University, Stanford University in Palo Alto, Carnegie Mellon Silicon Valley in Mountain View and the University of California, Berkeley. San Jose and South Bay residents also comprise large proportions of the student bodies at major California public universities, including UC Santa Cruz, UC Davis and UC San Francisco.
Transportation

Airport
San Jose Mineta International Airport (SJC) serves the greater San Francisco Bay area. The airport is conveniently located just minutes from two of Silicon Valley’s largest business areas: Downtown San Jose and the North San Jose Innovation Triangle.

With an estimated 8.5 million passengers annually, Mineta San Jose Airport is served by 12 major airlines, with direct flights to 30 cities and service to more than 180 destinations.

Public Transportation
San Jose serves as a major regional hub for a wide variety of public transit options. Three major rail lines offer fast and convenient service from Diridon Station in Downtown San Jose to destinations across the Bay Area (serving approximately 40,000 riders every weekday).

- CalTrain: Serving 33 stations between San Francisco and Gilroy
- Capitol Corridor (Amtrak): Serving 16 stations between San Jose and Sacramento
- Altamont Commuter Express: Serving 10 stations between San Jose and Stockton

Within Santa Clara County, commuters can take advantage of the Valley Transportation Authority’s (VTA) two light rail lines (serving 62 stations over 42 miles) and 73 bus routes that collectively serve 144,000 average weekday riders.

There are also plans to connect San Jose with the Bay Area Rapid Transit (BART) system, which carries passengers up the East Bay, as well as California’s proposed High-Speed Rail system.

Roadways
Close to a dozen regional freeways and highways also converge in San Jose, making almost every corner of the Bay Area accessible within an hour’s drive. With an abundant network of expressways and thoroughfares, it is also possible to travel across San Jose (and most neighboring Santa Clara County cities) in a matter of minutes. And with easy connections to major federal highways, there are direct routes to the state’s other major hubs, including Sacramento, Los Angeles and San Diego.
# Demographics

## Census 2010 Summary

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<td>229,294</td>
<td>556,819</td>
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<tr>
<td>Households</td>
<td>89,494</td>
<td>203,802</td>
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<td>Families</td>
<td>52,174</td>
<td>131,508</td>
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<td>Average Household Size</td>
<td>2.49</td>
<td>2.67</td>
<td>2.87</td>
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<td>Owner Occupied Housing Units</td>
<td>37,856</td>
<td>100,993</td>
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<td>Renter Occupied Housing Units</td>
<td>51,638</td>
<td>102,809</td>
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<td>Median Age</td>
<td>34.9</td>
<td>35.5</td>
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## 2014 Summary

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<td>Population</td>
<td>236,988</td>
<td>574,812</td>
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<td>210,231</td>
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<td>35.6</td>
<td>36.2</td>
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<td>$70,500</td>
<td>$78,531</td>
<td>$83,520</td>
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<td>Average Household Income</td>
<td>$93,215</td>
<td>$101,898</td>
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## 2019 Summary

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<td>Average Household Size</td>
<td>2.48</td>
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<td>Owner Occupied Housing Units</td>
<td>39,041</td>
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<td>36.2</td>
<td>36.7</td>
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<td>Median Household Income</td>
<td>$83,065</td>
<td>$91,325</td>
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<td>$107,659</td>
<td>$118,285</td>
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## Trends: 2013-2018 Annual Rate

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<td>1.08%</td>
<td>1.07%</td>
<td>1.15%</td>
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<td>Households</td>
<td>1.19%</td>
<td>1.14%</td>
<td>1.21%</td>
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<tr>
<td>Families</td>
<td>1.13%</td>
<td>1.11%</td>
<td>1.19%</td>
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<tr>
<td>Owner Households</td>
<td>0.88%</td>
<td>0.86%</td>
<td>1.02%</td>
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<tr>
<td>Median Household Income</td>
<td>3.33%</td>
<td>3.06%</td>
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