



the reserve





the reserve

3390, 3394 and 3398 Carmel Mountain Road
San Diego, CA 92121

At 64% availability, The Reserve provides an opportunity to create a mixed-use life sciences and creative office campus that will attract a strong roster of science, medical and tech based companies that are driving the local economy.

the opportunity

JLL has been retained as the Exclusive Agent for the Seller to extend qualified principals the opportunity to acquire a fee simple interest in The Reserve (the "Property"), a 3-building office complex totaling 120,592 square feet located on the border of the Del Mar Heights and Sorrento submarkets in San Diego, CA.

The Reserve offers investors the opportunity to reposition the project from office to life sciences in the heart of San Diego's prime technology submarket. At 64% availability, The Reserve has clear untapped potential and a life science conversion would ensure future strong occupancy at elevated rental rates. San Diego ranks in the nation's top three life sciences markets with over \$1.9 billion in venture capital funding raised in Q4 2020 alone.

The Property rests on 7.10 acres bordering one of California's most prestigious natural reserves, Torrey Pines. San Diego's main thoroughfares I-5 and I-805 freeways converge less than one mile away from The Reserve, offering a convenient commute from anywhere in the County. Preferred STEM employee neighborhoods of Carmel Valley and UTC are within close proximity.

120,592
SQUARE FEET

3
BUILDINGS

64%
AVAILABILITY

7.1
ACRES

3.3/1000
PARKING RATIO



highlights at a glance

*Exceptional Reposition
Opportunity*

1

*Excellent Demographic
Profile*

2

*Efficient & Modern
Building Design*

3

*Strong Market
Fundamentals*

4

*A High Growth
Innovation Hub*

5

Superior Location

6

investment highlights

exceptional repositioning opportunity

- Highly-coveted opportunity to acquire a well-designed and ideally-situated Southern California office campus with life sciences conversion optionality offering excellent income enhancement potential.
- Multi-building project offers leasing flexibility for a life sciences and/or creative office campus, capitalizing on tenant demand in the north coastal innovation and tech sub-markets. Life sciences tenant demand remains resilient in the face of the COVID-19 pandemic at 2.6 million square feet as of February 2021.
- Given robust tenant demand, re-positioning offers investors speed to market and an attractive all in basis relative to new construction.

excellent demographic profile

- Excellent demographics within a 30-minute drive radius: proximity to UCSD's and Carmel Valley's STEM workforce, over 12,400 residential units and 4.4 million square feet of retail.
- The Reserve is adjacent to the executive housing communities of Del Mar, Rancho Santa Fe and La Jolla, some of the nation's most expensive zip codes with a median home price of \$1.1 million and an average household income of over \$200,000 within a 3-mile radius.

efficient & modern building design

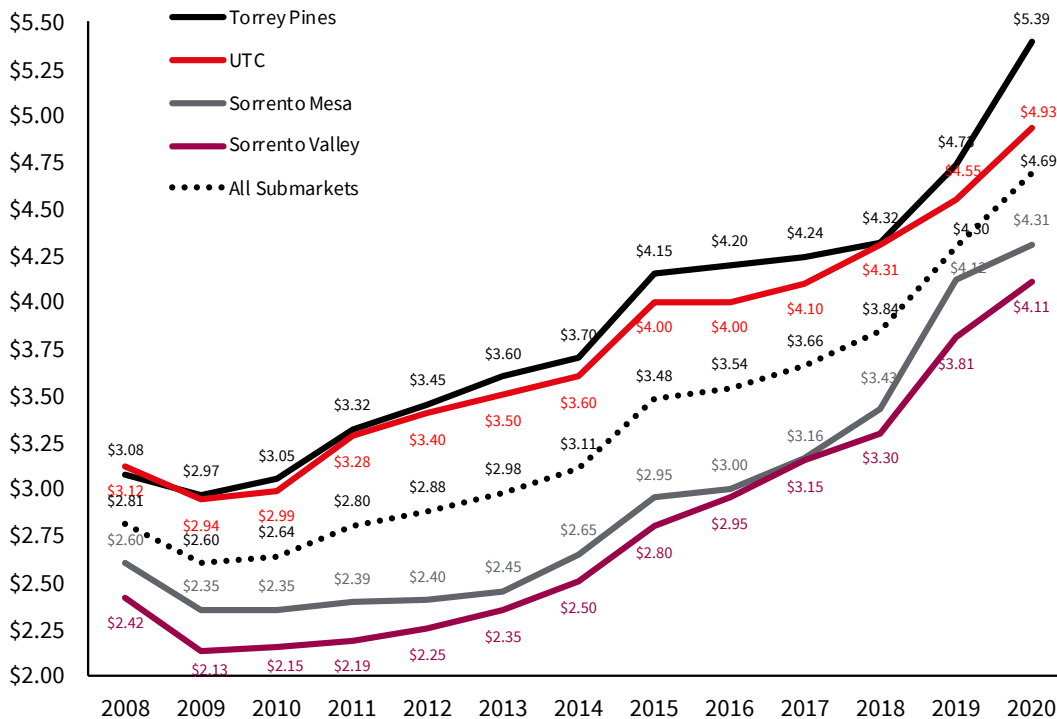
- The Reserve's large floor plates and efficient configuration will appeal to life science and office occupiers looking for conveniently located space at a discount to Torrey Pines and UTC offerings.
- New balconies, a campus atmosphere, roll-up doors, renovated restrooms, high ceilings and proximity to numerous recreational amenities are highly desirable to both tech and life science tenants.

strong life sciences market fundamentals

- San Diego's life sciences lab market currently represents 19.2% of the overall office inventory and is projected to climb to approximately 22% by 2022. Since 2017, there have been over 1.5 million square feet of buildings acquired for conversion to life sciences in Sorrento Mesa / Valley alone, removing what was historically Corporate HQ / office space from the market.
- Life sciences tenant demand, as of year-end 2020, was approximately 2.6 million square feet of space requirements, among 99 leases; with 44 percent of the active requirements in the 7,000 to 35,000 square foot size range.
- Rent growth in the life sciences sector was over 9% in 2020. With only 1.7 million square feet of life sciences projects under construction and over 2.6 million square feet of current life science tenant demand, expect rent growth to continue.
- In 2020, life sciences leasing increased 55% from 2019 totaling 2.2 million square feet.

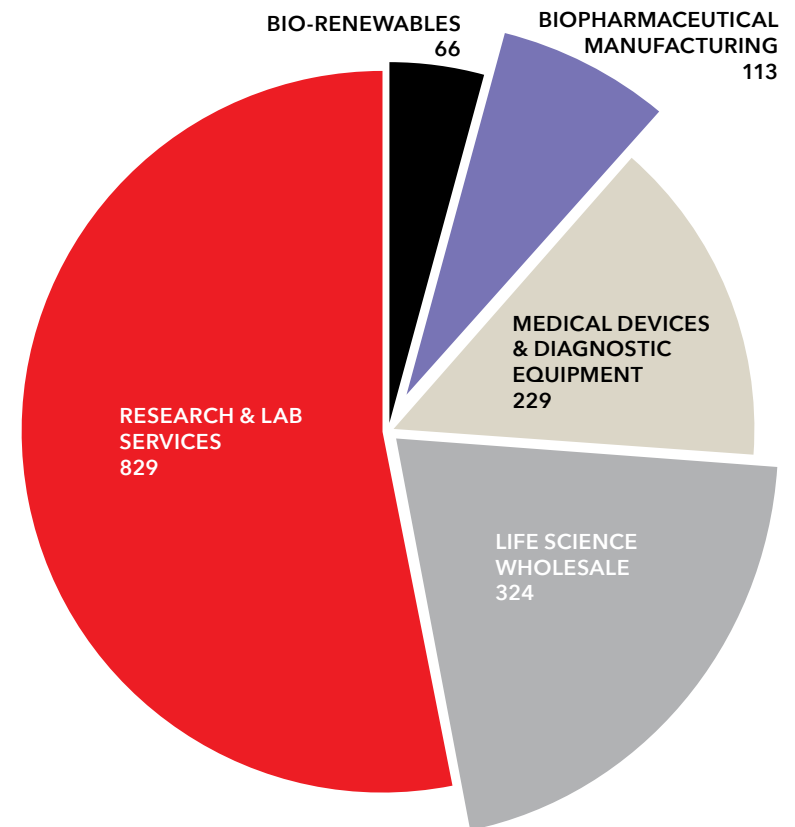
Historic Average Asking Rental Rates (NNN)

SAN DIEGO LIFE SCIENCES



San Diego Life Sciences Industry by Sector

(NUMBER OF ESTABLISHMENTS)



Source: JLL Research

Source: Biocom

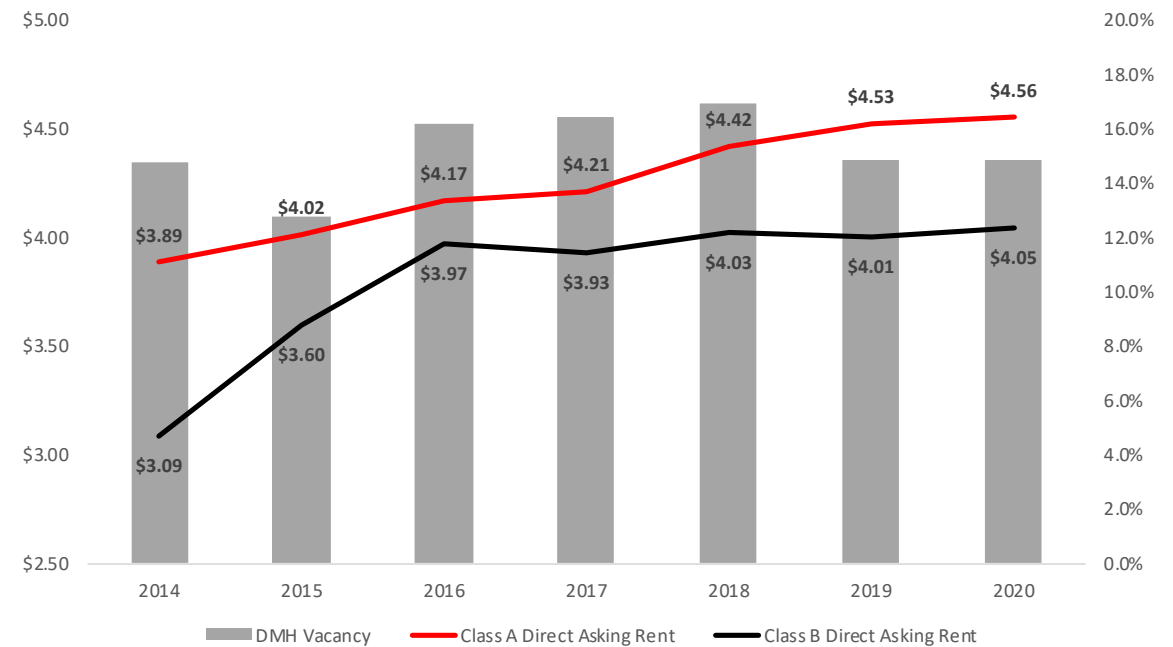


strong office market fundamentals

- The Reserve sits on the border of the Del Mar Heights and Sorrento office submarkets, both of which continue to see rent growth in 2021 despite the impacts of the coronavirus.
- Ending 2020, the Del Mar Heights Class A market experienced occupancy gains of 281k square feet, while the Class B segment posted negative absorption of 25k square feet. Monthly asking rents surpassed the previous peak of 2007 and have risen by 62% since the market low in 2010.
- In Sorrento Mesa, monthly average asking for Class A and B rents have surpassed the The submarket was ranked the highest for year-to-date positive net absorption at 314k square feet. In 2020, all class segments saw positive demand, with the Class A market experiencing occupancy gains of 97k square feet and Class B with positive absorption of 199k square feet.

Historic Average Asking Rental Rates (FSG) and Vacancy

DEL MAR HEIGHTS OFFICE



Source: JLL Research

superior location

The Reserve is a high visibility location with immediate access to I-5, I-805 and CA-56 freeways, is walking distance to nearby restaurants / cafes and has access to bicycle, hiking and beach trails.



ONE PASEO
95K SF of Retail
600 Apartments

PACIFIC OCEAN

TORREY PINES STATE BEACH

DEL MAR & DEL MAR HEIGHTS
Median Home Value: \$1.9M
Average HH Income: \$219,110
Population: 13,638

DEL MAR HEIGHTS
5.0M SF of Office
Asking Rent: \$4.05 - \$4.56 FSG
Direct Vacancy: 14.4%

Ruth's Chris
Ken Sushi



COASTER

TORREY RESERVE

the reserve

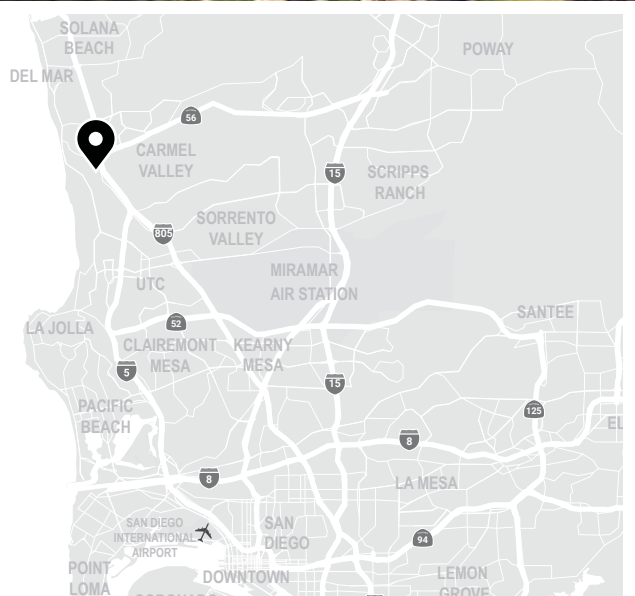


TORREY PINES GOLF COURSE

Caliente Mexican Food
Corner House Cafe & Pizzeria

Java Shack

TORREY PINES
5.9M SF of Life Sciences
Asking Rent: \$5.25- \$5.60 NNN
Direct Vacancy: 4.8%





RANCHO SANTA FE
 Median Home Value: \$2.0M
 Average HH Income: \$211,878
 Population: 6,883

Adjacent to numerous incubator life sciences conversion projects

Close proximity to UCSD and the numerous world-class research institutes in Torrey Pines

Surrounded by San Diego's most desirable executive and high-talent workforce housing

Easiest access of all central San Diego submarkets

CARMEL VALLEY
 Median Home Value: \$1.1M
 Average HH Income: \$213,449
 Population: 60,917

Direct access to a population of over 1,400,000 within a 30 minute drive

Sorrento Valley Coffee Roasters

Bistro 39

New English Brewing Taproom



Annie's Deli

COASTER

SORRENTO MESA
 5.2M SF of Life Sciences
 Asking Rent \$4.20 - \$4.60 NNN
 Direct Vacancy: 7.3%
 6.3M SF of Office
 Asking Rent \$2.80 - \$3.83 FSG
 Direct Vacancy: 11.2%

SORRENTO VALLEY
 1.2M SF of Life Sciences
 Asking Rent \$3.80 - \$4.20 NNN
 Direct Vacancy: 12.2%

UTC
 3.9M SF of Life Sciences
 Asking Rent \$4.90 - \$5.30 NNN
 Direct Vacancy: 1.7%
 5.2M SF of Office
 Asking Rent \$3.34 - \$4.11 FSG
 Direct Vacancy: 7.5%

SORRENTO VALLEY STATION



ample liquidity supporting life sciences companies

- The healthcare sector claimed 49% of IPO activity in 2020, with life sciences as the main beneficiary.
- Between January and August 2020, 45 life sciences companies went public generating \$8.2 billion in proceeds, with an average return 57% above their opening day price.
- 2020 saw record venture capital funding in San Diego at \$6.1 billion, with \$3.7 billion going to life sciences companies.
- Three of the largest capital events in 2020 were received by San Diego life sciences companies; National Resilience \$750M Series B, Zentalis Pharmaceuticals completing a \$165M IPO and Erasca's \$200M Series B.
- As of December 2020, Government NIH grants have awarded \$71M for Quidel Corp., \$33M for Helix, and \$15.4M for Mesa Biotech. Furthermore, Hologic was granted \$119M from the U.S. government to produce SARS-CoV-2 molecular tests. Arcturus Therapeutics received \$220 million from Singapore's Economic Development Board (EDB) to begin clinical trials on humans for its COVID-19 vaccine.



proven business plan

Owners of office and flex buildings in San Diego continue to actively pursue life sciences conversions as established biotechnology companies post record profits and VC funding continues to fuel company formation leading to growth and additional demand in the sector. Surging demand coupled with limited ground-up construction opportunities has led to 2.0 million square feet of office-to-lab conversions in Sorrento Mesa / Valley for the period from 2017 through 2022. The Reserve is perfectly positioned to capitalize on tenants' eagerness to participate in the San Diego region's insatiable demand for lab space.

REPOSITION CASE STUDIES



Property Name	Wateridge Pointe	TEN770	The Foundry	Genesis Science Center	Creekside
Property Address	10421 / 10431 Wateridge Circle	10770 Wateridge Circle	9276 / 9330 Scranton Road	5510, 5530, 5550, 5580, 5590 Morehouse Drive	10220, 10240, 10260 Sorrento Valley Road
Square Feet	123,352 SF	180,961 SF	98,987 SF	250,000 SF	131,000 SF
Year Built / Renovated	1998 / 2018	1990 / 2019	2001	1984 / 2021	1998 / 2000
Est. Pre Renovation Rent	\$2.85 + E	\$1.75 NNN	\$3.45 + E	\$2.40 + E	\$2.85 + E
Pre Renovation Build-Out	Office	Office	Office	Office	Office
Est. Repositioned Lab Rent	\$4.25 NNN	\$4.25 NNN	\$4.65 NNN	\$4.25 NNN	\$4.25 NNN
Post Reno. Rent Increase	98%	143%	69%	136%	89%
Landlord	BioMed Realty	Harrison Street / Bioscience Properties	Longfellow	Phase 3	Longfellow
Comments	Renovation included restacking office tenants into one building and converting the second building to life science. The property underwent significant common area improvements under previous ownership, leaving life science conversion of one building.	Major retrofit/renovation including: new main entry to building, exterior facade improvements, reinforcement of roof for mechanical systems, reinforcement of second floor for laboratory improvements, complete installation of significant building systems for life science, creation of outdoor amenities and cafe.	87% leased office building at sale. Longfellow will undertake a \$20 million base building upgrade then roll vacancy and tenants to Life Sciences uses.	Major renovation is currently underway at the campus with best-in-class modern finishes. Newly redesigned campus will incorporate a centralized amenity courtyard and have a fitness center, conference center and shared glasswash & auto clave facilities.	3-building, Class B office campus, multi-story and single story product. Longfellow will complete a full project renovation transitioning from office to Life Sciences.

investment advisors

Nick Psyllos
Managing Director
+1 858 812 2352
nick.psylos@am.jll.com
CA RE License #00788060

Lynn LaChapelle
Managing Director
+1 858 410 1216
lynn.lachapelle@am.jll.com
CA RE License #00898286

Sach Kirpalani
Senior Director
+1 858 410 6392
sach.kirpalani@am.jll.com
CA RE License #01799500

debt & structured finance advisors

Patrick Burger
Managing Director
+1 858 812 2347
patrick.burger@am.jll.com
CA RE License #01820848

Aldon Cole
Senior Managing Director
+1 858 812 2344
aldon.cole@am.jll.com
CA RE License #01457351

market leasing advisors

Grant Schoneman
Managing Director
+1 858 410 1252
grant.schoneman@am.jll.com
CA RE License #01516695

Chad Urie
Managing Director
+1 858 410 1187
chad.urie@am.jll.com
CA RE License #01261962

Tim Olson
Managing Director
+1 858 410 1253
tim.olson@am.jll.com
CA RE License #01364117

Tony Russell
Managing Director
+1 858 410 1213
tony.russell@am.jll.com
CA RE License #01275372

