

# SORRENTO CORPORATE CENTER

9940 & 9950 Barnes Canyon Road,  
San Diego, CA

**100% LEASED TO**  
**Qualcomm**  
**FOR 10 YEARS**



EXECUTIVE SUMMARY

# SORRENTO CORPORATE CENTER

9940 & 9950 Barnes Canyon Road  
San Diego, California

## The Offering

Jones Lang LaSalle has been retained as the Exclusive Agent for Seller to extend qualified principals the opportunity to acquire a fee simple interest (subject to existing debt) in Sorrento Corporate Center (the "Property"). Located at 9940 & 9950 Barnes Canyon Road in San Diego, California, the two-building, 143,999 square foot project is 100% leased to Qualcomm with over 10 years of remaining lease term with 3% annual escalations, thereby providing solid investment returns over the lease term. Qualcomm owns and leases over four million square feet in Sorrento Mesa, where the Property is located.

Completed in 1984, the Property is situated on a 7.34-acre site and offers Qualcomm outstanding accessibility to Interstates 805 and 5 which boasts excellent access to all the area's major thoroughfares. Sorrento Mesa is also easily accessible to UCSD, the UTC submarket and north coastal San Diego.

Qualcomm has occupied these buildings since the 1980s and recently renewed its' lease through October 31, 2031. Qualcomm currently utilizes a portion the facility for data center infrastructure as the Property has a direct connection to the underground fiber optic infrastructure that connects various Qualcomm facilities in the immediate area.

**The combination of strong in-place cash flow from an investment grade tenant, a clear "path to dirt" with no renewal options, and an irreplaceable location within one of the West Coast's core technology and life science markets provides an exceptional investment opportunity.**





◀ DOWNTOWN

◀ CORONADO

LA JOLLA

PACIFIC OCEAN

*Westfield*

UTC

SALK INSTITUTE

TORREY PINES GOLF COURSE

UC San Diego

SCRIPPS RESEARCH

AMTRAK / COASTER STATION

5

EXIT

COASTER LINE

805

EXIT

EXIT

VISTA SORRENTO PKWY

SORRENTO VALLEY BLVD

CARROLL CANYON RD

SCRANTON RD

MIRA MESA BLVD

LUSK BLVD

MOREHOUSE DR

BARNES CANYON RD

**SORRENTO**  
CORPORATE CENTER

# 100% leased for more than 10 years to Qualcomm, an investment grade company with \$150+ billion market cap

Founded in 1985 and headquartered in San Diego, California, Qualcomm is a globally recognized brand and a leading company in the 5G revolution and wireless telecom semiconductor market. Qualcomm, which has occupied the Property since the 1980s, has an impressive market cap of over \$150 billion, 41,000 employees and nearly 13,000 customers across multiple industry verticals and 40+ countries. The company's technologies and products are used in mobile phones, smartwatches, laptops, network equipment, automotive telematics, infotainment systems, and other IoT devices.

Qualcomm is one of the companies that stands the most to gain from 5Gs' proliferation and has made tremendous progress in offering end-to-end solutions to enable 5G technology in devices including modems, antennas, and much more. The company also develops, produces, and licenses the equipment and technology required for utilizing 5G infrastructure.

Qualcomm boasts a high investment grade credit rating of A- / Stable (S&P) and generated positive operating cash flow of \$5.8 billion as of FY2020 despite the challenging economic environment. Qualcomm's balance sheet is robust with ample liquidity of \$11.2 billion in cash and equivalents, with the ability to tap an undrawn revolving credit facility of \$4.5 billion.



QUALCOMM KEY COMPANY FACTS	
Type	Public (NASDAQ: QCOM)
Industry	Telecommunications equipment and semiconductors
Credit Rating	S&P: A- / Stable   Moody's: A2 / Stable
Market Cap (as of 3-23-21)	\$151.7 billion
Founded	1985
Number of Employees	41,000
Headquarters	San Diego, California
Flagship Product	Snapdragon chipset
Revenue (FY2020)	\$23.5 billion
EBITDA (FY2020)	\$7.6 billion
EBITDA Margin (FY2020)	32.4%
Net Leverage (FY 2020)	0.7x

QUALCOMM FINANCIAL HIGHLIGHTS (\$IN MILLIONS)			
FYE SEPTEMBER	2018	2019	2020
<b>PROFITABILITY</b>			
Revenue	\$22,611	\$24,723	\$25,531
EBITDA	\$5,335	\$9,482	\$7,620
% EBITDA Margin	23.6%	39.1%	32.4%
<b>BALANCE SHEET</b>			
Long-Term Debt	\$15,365	\$15,434	\$15,226
Total Liabilities	\$31,911	\$28,048	\$29,517
Total Cash & ST Investments	\$12,088	\$12,260	\$11,214
<b>LEVERAGE &amp; COVERAGE</b>			
Net Leverage	0.8x	0.4x	0.7x
Interest Expense	(\$662)	(\$563)	(\$507)
EBITDA / Interest Expenses	8.1x	16.8x	15.0x



A-

High Investment  
Grade Credit

\$151.7B

Market Cap

#1

Global 5g Chipset Vendor

\$23.5B

FY 2020 Revenue

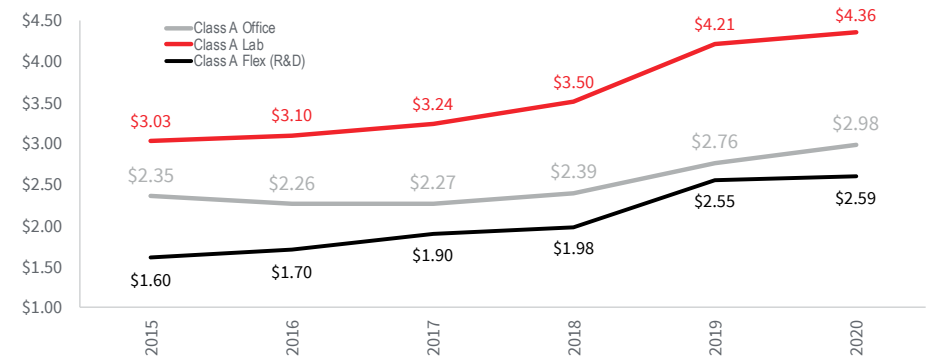
## Covered land / life sciences development opportunity in A+ location

- The combination of strong in-place cash flow from an investment grade tenant, a clear “path to dirt” with no renewal options, and an irreplaceable location within one of the West Coast’s core technology and life science markets provides an exceptional investment opportunity.
- The 7.34-acre site can accommodate up to approximately 640,000 square feet in either mid- or high-rise buildings for either life sciences or class A office improvements, allowing an owner to seamlessly pivot its strategy based on tenant demand.
- This one-of-a-kind site is situated in the heart of Sorrento Mesa and offers exceptional access to the Interstates 805 and 5, providing an easy commute from the region’s best executive and skilled workforce housing communities.
- Sorrento Mesa is a high barrier to entry market for both developers from an entitlement prospective and users because the convergence of well capitalized Telecom, Tech and Life Science users has resulted in a highly competitive landscape.

## Strong rent across Sorrento Mesa’s top three product types

- Rents across Sorrento Mesa’s Class A office, lab, and Flex/R&D product types have grown exponentially since 2015 from 27% - 62%.

### SORRENTO MESA CLASS A RENT GROWTH (2015-2020)



## Qualcomm continues to make a significant commitment to San Diego and Sorrento Mesa

- Qualcomm has the largest real estate footprint of any San Diego company by more than 2 million square feet.
- Although Qualcomm operates globally, over one third of the company's workforce is located in the Sorrento Mesa submarket.
- Qualcomm has been headquartered in San Diego since its inception in 1985 and is the largest private employer in the area.
- Now clear of legal roadblocks, Qualcomm is approved to move forward with the 5G licensing process. Wall Street analysts expect Qualcomm to experience explosive growth in revenue and employee headcount.

## Located in San Diego's fastest growing life sciences submarket, Sorrento Mesa

- Sorrento Mesa's emergence as a life science & tech powerhouse has been instrumental to San Diego's positioning as a life science & tech hub.
- 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.
- Between 2015-2023, Sorrento Mesa will experience a staggering 52.1% growth in lab space to over six million square feet, making it the largest submarket by supply in the county.
- Sorrento Mesa consistently leads San Diego in leasing activity and has proven its resilience in light of COVID-19's headwinds.

## Qualcomm FOOTPRINT

- Leased: 340,803 SF
- Owned: 3,914,964 SF

4,255,767 SF





## Strong tech fundamentals are gaining momentum

San Diego's innovation sector became even more diverse in 2020 with several Big Tech (Fortune 100 & 500) companies expanding or signing new leases over 100,000 square feet.

Since 2014, high tech establishments have grown the total number employees by 20%, being a crucial impact to the growth of the innovation sector.

UC San Diego generates the second greatest number of STEM degrees in the country totaling 6,482 a year.

San Diego also has the highest percentage of patent growth, recording 84.4% growth in the last 5 years, making it an innovative city and a breeding ground for spin off and emerging unicorn tech companies.



**15 minute**  
Drive to Downtown



## Access to underground fiber optic providers

- The Property has excellent fiber connectivity to underground fiber optic providers through a main fiber entrance directly off of Barnes Canyon Road, a second conduit that runs to the back of the adjacent building, and a third conduit connects the two buildings.
- The strategic location and ownership of the fiber pathway and connection to neighboring buildings provides value to future tenants at the Property.



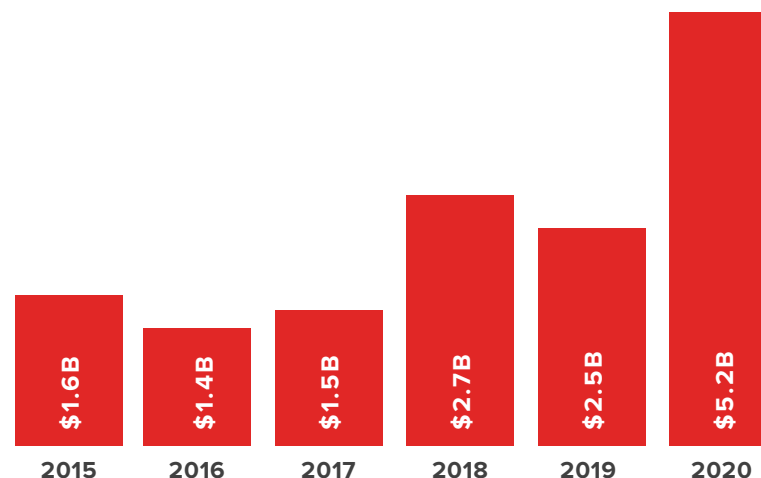




## Ample liquidity for San Diego tech & life sciences companies

- San Diego saw over \$5 billion in total venture capital funding during 2020, shattering the previous record set in 2019 of \$2.5 billion. Over \$3.6 billion went to life sciences companies with the balance going to technology companies.
- \$1.2B has already been raised in the first two months of 2021.

### SAN DIEGO VENTURE CAPITAL SINCE 2015



## Amenity-oriented location with strong demographic profile

- Situated within a five-minute walk to Alexandria Tech Center (formerly called The Park), a recently renovated 36-acre lifestyle campus with several new casual and sit-down dining establishments and Sorrento Food Hall, a 60,000 square foot neighborhood retail center with 17 restaurants and additional retail amenities with a planned renovation in the works.
- The overall demographics profile within a 30-minute drive radius is arguably the best in San Diego: proximity to UCSD, Carmel Valley's STEM workforce, over 12,400 residential units and 4.4 million square feet of retail.
- Sorrento Corporate Center is also adjacent to the executive housing communities of Del Mar, Rancho Santa Fe and La Jolla, some of the nation's most desirable zip codes with a median home price of \$1.1 million and an average household income of over \$200,000.



# SORRENTO CORPORATE CENTER

## INVESTMENT SALE ADVISORS

**NICK PSYLLOS**  
Managing Director  
858.812.2352  
nick.psylos@am.jll.com  
CA License #00788060

**ADAM LASOFF**  
Managing Director  
415.395.7283  
adam.lasoff@am.jll.com  
CA License #01891096

## DEBT + STRUCTURED FINANCE ADVISORS

**CHRIS COLLINS**  
Director  
858.812.2353  
christopher.collins@am.jll.com  
CA License #01927590

**ALDON COLE**  
Senior Managing Director  
858.812.2344  
aldon.cole@am.jll.com  
CA License #01457351

## MARKET LEASING EXPERTS

**CHAD URIE**  
Senior Managing Director  
858.410.1187  
chad.urie@am.jll.com  
CA License #001261962

**TIM OLSON**  
Senior Managing Director  
858.410.1253  
tim.olson@am.jll.com  
CA License #01364117

**GRANT SCHONEMAN**  
Senior Managing Director  
858.410.1252  
grant.schoneman@am.jll.com  
CA License #01516695