

3021 REYNOLDS RANCH PARKWAY



Blue Shield of California is an independent member of the Blue Shield Association

10-YEAR PARTIAL SALE LEASEBACK TO BLUE SHIELD OF CALIFORNIA CLASS A OFFICE PROPERTY | LODI, CA



Jones Lang LaSalle Americas, Inc.,
California Real Estate License #01223413



THE OFFERING

Jones Lang LaSalle Americas, Inc. (“JLL”), as exclusive advisor, is pleased to present the opportunity to acquire the fee simple interest in 3021 Reynolds Ranch Parkway (the “Property”), an institutional quality 2-building office project located just north of Stockton and south of Sacramento in Lodi, California. Strategically positioned with Highway 99 frontage, the 146,845 square foot Class A office property spans across 20.5 acres, and is just steps away from Reynold Ranch, providing direct access to every-day amenities, restaurants and retail options.

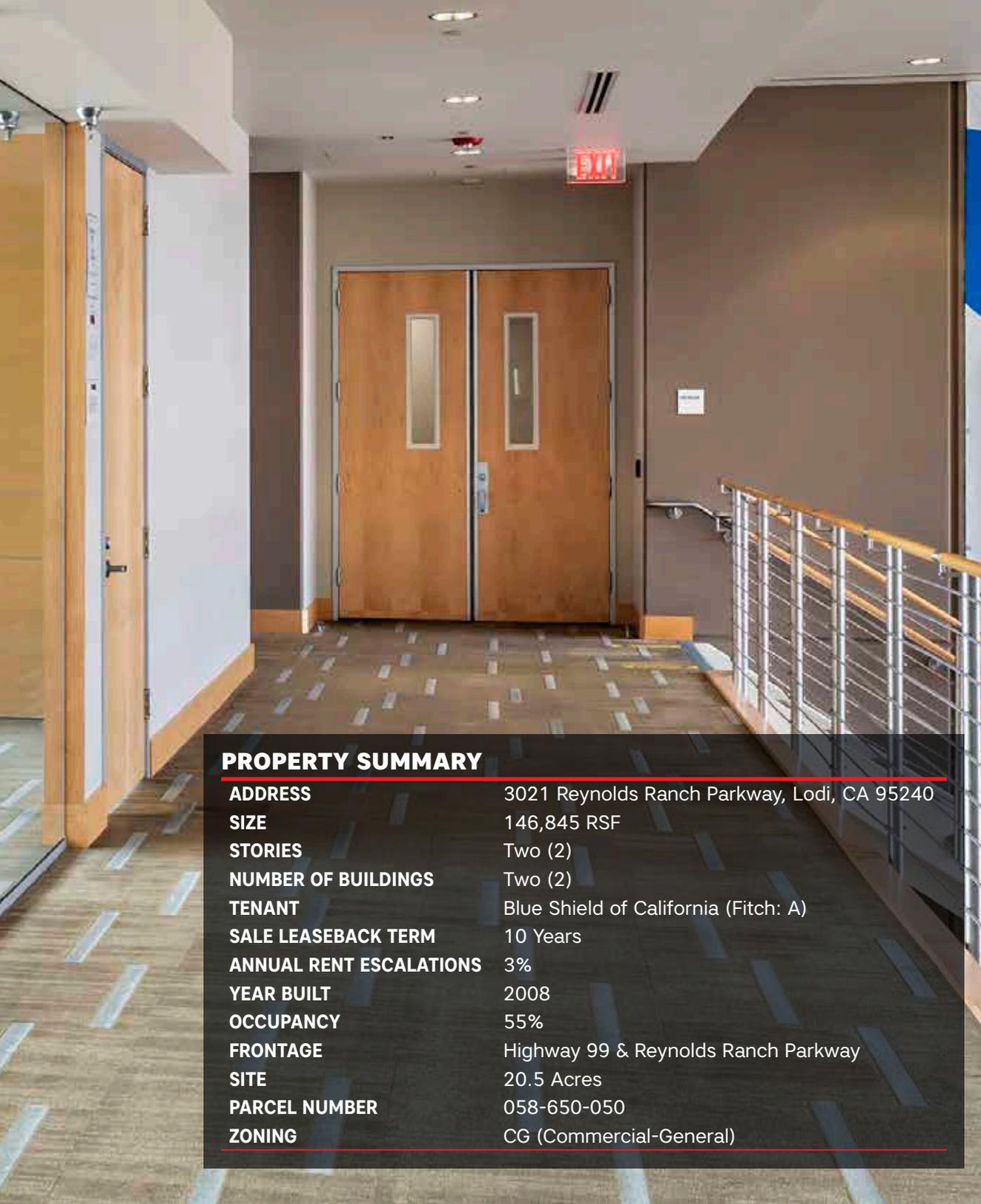
The Property is currently 100% owned and occupied by Blue Shield of California (Fitch: A) who will execute a 10-year leaseback on the “North” building of the project which encompasses 81,001 square feet, or 55% of the net rentable area. Throughout their ownership of the Property, Blue Shield has consistently invested in the space in order to hold its place as some of the highest quality product along Highway 99, as evidenced by their \$1.4 million of capital spent since 2019. **3021 Reynolds Ranch is widely recognized as the highest quality office project in Lodi and competes with some of the best product in Stockton.**

Over the last few years, Lodi and the greater Stockton area have experienced a dramatic influx of tenants from neighboring Silicon Valley and Sacramento, who have been displaced by the continuous expansion of tech giants, and the tangible supply and demand imbalance of affordable office space in those markets. With direct proximity to both of these primary markets, secondary markets like Lodi are strategically positioned to capture the newfound tenant demand that is accelerating out of these MSA’s.

3021 Reynold Ranch Parkway offers investors an exceptional investment opportunity featuring a freshly signed 10-year lease to a credit tenant, 146,845 square feet across 20.5 acres, and a compelling transit-oriented location.



This opportunity provides 10 years of income from a best-in-class, credit tenant with proximity to two major MSA’s. Additional value creation should be realized over an investor’s hold period as Sacramento and the Silicon Valley drive more tenants into the Lodi marketplace.



PROPERTY SUMMARY

ADDRESS	3021 Reynolds Ranch Parkway, Lodi, CA 95240
SIZE	146,845 RSF
STORIES	Two (2)
NUMBER OF BUILDINGS	Two (2)
TENANT	Blue Shield of California (Fitch: A)
SALE LEASEBACK TERM	10 Years
ANNUAL RENT ESCALATIONS	3%
YEAR BUILT	2008
OCCUPANCY	55%
FRONTAGE	Highway 99 & Reynolds Ranch Parkway
SITE	20.5 Acres
PARCEL NUMBER	058-650-050
ZONING	CG (Commercial-General)



BLUE SHIELD OF CA (FITCH: A) LEASEBACK OF 55% OF THE PROPERTY



BEST IN CLASS OFFICE PROJECT ADJACENT TO MAJOR TRANSPORTATION ARTERIALS



RARE COMBINATION OF SCALE & OPTIONALITY



\$1.4M OF CAPITAL RECENTLY INVESTED WITH AN ADDITIONAL \$1.5M DEPLOYING IN 2021



IDEAL "POST-COVID" BUILDING FEATURES



WALKING DISTANCE TO HIGH QUALITY AMENITY BASE



PROXIMITY TO SACRAMENTO AND THE SILICON VALLEY



PROVEN ABILITY TO RETAIN LARGE CORPORATE TENANTS

10-YEAR LEASEBACK FROM BLUE SHIELD ON 55% OF THE PROPERTY

With lease commencement coinciding with closing, 3021 Reynolds Ranch provides investors with the immediate opportunity to collect 10 years of income from a credit tenant. The in-place tenancy provides investors with a secure cash flow stream and 3% contractual rental increases from Blue Shield of California (Fitch: A), who will occupy 55% of the Property. The Project has experienced continued success in retaining long term and committed tenancy, as evidenced by Blue Shield's 12+ year stay at the Property.

**10-YEAR
LEASEBACK TERM**

**3% ANNUAL
ESCALATIONS**

**IMMEDIATE
VALUE CREATION
OPPORTUNITY**

**COMMITTED
CREDIT TENANCY**

**HIGHLY IMPROVED
POST 2000'S
CONSTRUCTION**

BLUE SHIELD OF CALIFORNIA



\$21.8B
REVENUE
(2020)



19%
YOY NET INCOME
INCREASE



4.4M
HEALTH PLAN
MEMBERS



A
FITCH CREDIT
RATING



1939
YEAR
FOUNDED



\$1.4M
OF CAPITAL RECENTLY
INVESTED

CONSOLIDATED FINANCIALS

(\$ IN MILLIONS)

	2020	2019	2018
Premiums, net and other revenue	\$21,806	\$21,086	\$20,632
less: medical expenses	\$17,985	\$18,006	\$17,250
Gross profit	\$3,821	\$3,080	\$3,382
<i>Medical expenses as a % of premiums</i>	82.5%	85.4%	83.6%
Marketing and selling	\$651	\$649	\$723
ACA taxes, premium taxes, and other fees	\$499	\$273	\$547
General and administrative expense	\$1,948	\$1,883	\$1,615
Total administrative expenses	\$3,099	\$2,804	\$2,885
Pre-tax operating income	\$722	\$276	\$497
Investment income	\$366	\$426	\$119
Income before taxes	\$1,088	\$702	\$616
Income taxes	\$408	\$129	\$203
Net income	\$680	\$573	\$413
<i>Profit margin (net income as a % of premiums)</i>	3.1%	2.7%	2.0%

* BSC voluntarily caps income at two percent of revenue, which is calculated using a three year average.

**ABOVE MARKET PARKING RATIO
(6.4 SPACES/1,000 RSF (934 TOTAL SPACES))**



HIGH QUALITY FITNESS AREA



BEST-IN-CLASS OFFICE PROJECT ADJACENT TO MAJOR TRANSPORTATION ARTERIALS

Widely recognized as the highest quality office property in Lodi, 3021 Reynolds Ranch offers prospective investors the ability to acquire a highly amenitized, modern Class A office project with access to major freeways and amenities. The Property is strategically located with Highway 99 frontage, providing tenants with a straight shot to Downtown Sacramento, and the Silicon Valley. Additionally, the Property is a short distance from the Lodi Transit Station, offering a convenient and affordable public transportation option for commuters looking to access neighboring cities like Stockton.

RECENTLY RENOVATED OFFICE PROJECT WITH ACCESS TO WALKABLE AMENITIES



PRISTINE OFFICE PARK SETTING WITH NATURAL FEATURES





IDEAL "POST-COVID" BUILDING FEATURES

- ✓ HIGHLY IMPROVED CLASS A PRODUCT WITH OPEN FLOOR PLATES
- ✓ WITHIN WALKING DISTANCE OF EVERY-DAY AMENITIES
- ✓ INDIVIDUAL ACCESS POINTS FOR INDIVIDUAL BUILDING USERS
- ✓ EXPANSIVE WINDOW LINES WITH NATURAL LIGHT ON ALL SIDES
- ✓ INCREASINGLY VALUABLE ON-SITE PARKING
- ✓ DIRECT PROXIMITY TO MAJOR FREEWAYS
- ✓ UPGRADED HVAC SYSTEMS



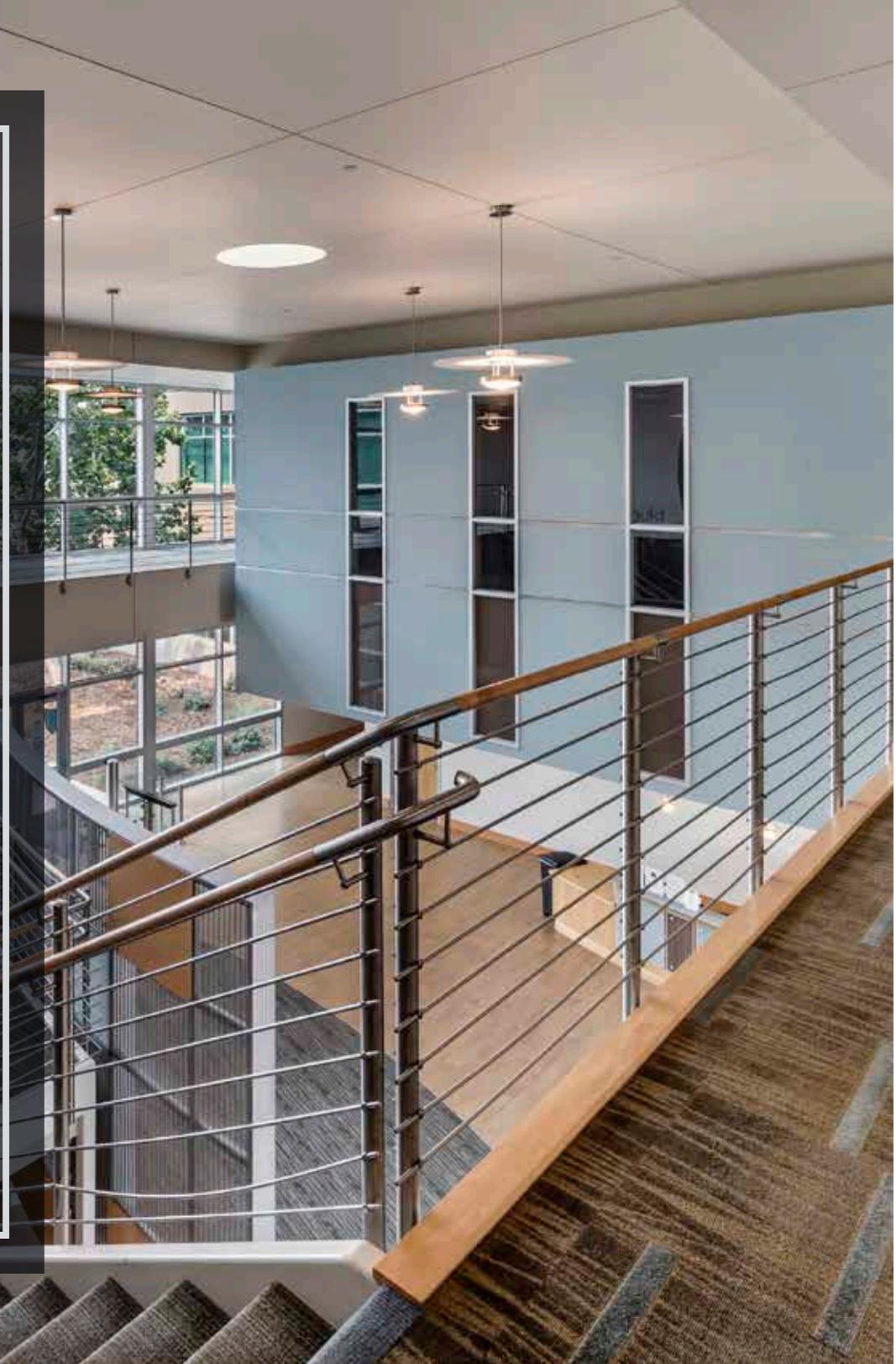
CONSISTENTLY IMPROVED WITH HIGH QUALITY FINISHES THROUGHOUT

Current ownership has spent \$1.4 million upgrading the Property since 2019. Prior to closing, Blue Shield will spend an additional \$1.5 million on a full revitalization of the Projects HVAC and control systems.

DESCRIPTION	AMOUNT
Water Conservation (Landscape)	\$268,000
HVAC Ionization	\$185,000
Security Card Reader/Camera Upgrades	\$108,000
Turnstile Installation	\$748,000
Indoor Air Quality Sensors	\$7,000
BMS system installation	\$49,000
Parking Lot Resurfacing	\$80,000
TOTAL	\$1,445,000

STRATEGICALLY POSITIONED TO CAPTURE WORKPLACE SUBURBANIZATION

Suburban markets across the Bay Area, and Lodi in particular, have benefitted from an emerging trend of workplace suburbanization, where employees desire suburban office qualities like increased space per worker, free parking lots, stairwell accessible space and proximity to major freeways. Additionally with above inflationary growth in residential rental rates in core markets like Sacramento and San Francisco, more and more employers have been forced to lease space in “satellite” locations like Lodi in an effort to accommodate outward migrating employees. With highway 99 providing a straight shot to Sacramento, and a quick outlet to the Silicon Valley, 3021 Reynold Ranch is ideally positioned to enjoy an influx of tenant demand stemming from workplace suburbanization.



RARE COMBINATION OF SCALE & OPTIONALITY

The Property offers investors a rare blend of both scale and optionality. As currently configured, the Project features two buildings with a single tenant build-out across 20.5 acres. Looking forward, the Property carries flexible PD (Planned Development) zoning, which allows for a variety of uses including any combination of residential, commercial and industrial. This flexibility in allowable uses creates opportunity to for investors to choose their own path, as well as execute an office lease-up strategy.

PROJECT SUMMARY

	NORTH BUILDING	SOUTH BUILDING
SIZE	81,001 SF	65,844 SF
TENANT	Blue Shield of California	Vacant
STORIES	Two (2)	Two (2)
TOTAL PROJECT SIZE: 146,845 RSF		
OCCUPANCY: 55%		



PROVEN ABILITY TO ATTRACT AND RETAIN LARGE CORPORATE TENANTS

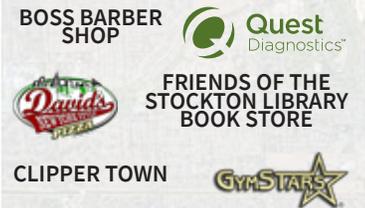
The Property, which has been 100% occupied since inception in 2008, provides Blue Shield of California prominent building identity while being a short distance from Sacramento, the Silicon Valley and Stockton. The individual buildings' large, flexible floor plates are ideal for both large corporate users seeking full-floor availabilities, or smaller tenants looking for multi-tenanted build-outs. These qualities prove critical in today's "flight to quality" marketplace, where large block users demand newer vintage construction, open floor plans and buildings with a sense of identity.



SUNWEST PLAZA



PARKWOODS SHOPPING CENTER



LINCOLN SHOPPING CENTER



LODI



3021 REYNOLDS RANCH PARKWAY

THE VINEYARD SHOPPING CENTER

LAKWOOD PLAZA

REYNOLDS RANCH



STOCKTON

PROXIMITY TO HIGH QUALITY AMENITY BASE

Ideally positioned across the street from the Reynolds Ranch master plan (a retail and multi-family complex), the Property offers a rare amenity in Lodi, where there are nearly zero high quality retail offerings within walking distance of office projects. Situated on more than 200 acres of land, the plaza boasts millions of square feet of national retail chains, luxury residential options and hotels. The center includes a variety of household names like Costco, Home Depot, Dicks Sporting Goods, Subway, Chipotle and more. Reynolds Ranch also touts a diverse array of high quality residential offerings, including three distinct communities designed around single family residences, multi-family apartment units and senior housing communities.

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