SOUTHWOOD PRESCHOOL

Business + Real Estate Acquisition Opportunity

22422 Palos Verdes Blvd | Torrance, California 90505

OFFERING PRICE

$6,495,000

Business Allocation: $1,500,000 | Real Estate Allocation: $4,995,000

156	185+	$4.6M	0.53 AC
LICENSED CAPACITY	ENROLLED STUDENTS	APPRAISED REAL ESTATE	SITE AREA

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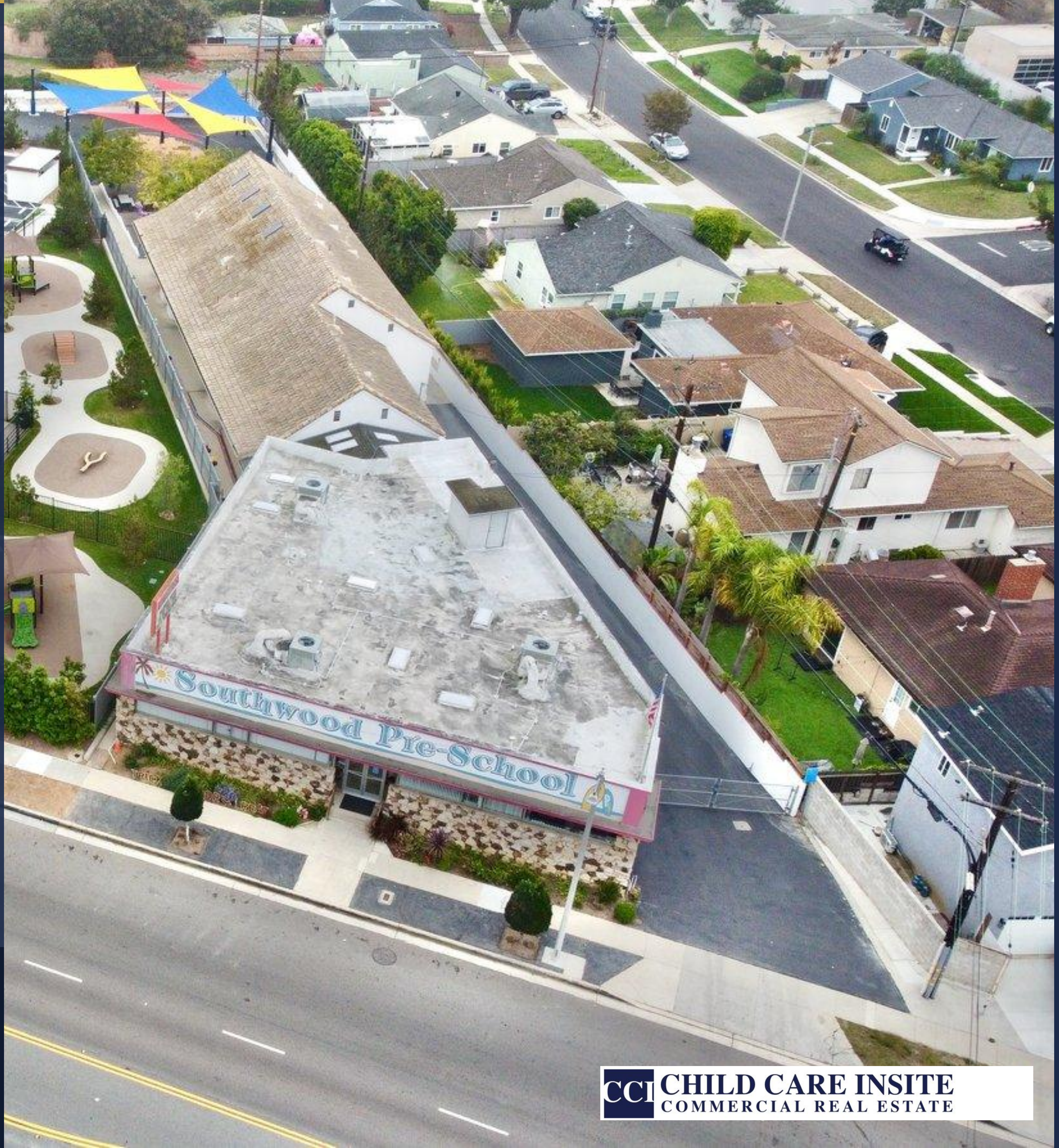

CCI CHILD CARE INSITE
COMMERCIAL REAL ESTATE

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EXECUTIVE SUMMARY

Section 1 — Investment Overview & Property Snapshot

EXECUTIVE SUMMARY

INVESTMENT OVERVIEW

Child Care Insite is pleased to present the exclusive offering of Southwood Preschool — a rare, fee-simple acquisition opportunity encompassing both the operating business and the underlying real estate in coastal Torrance, California.

This is not a lease transaction. The buyer acquires full ownership of the land, buildings, and operating preschool business in a single transaction — eliminating landlord risk, capturing long-term real estate appreciation, and securing an irreplaceable permit and license position.

Southwood Preschool operates under a CDSS license for 156 children (Ages 2–5) with current enrollment exceeding 185 students. The facility is purpose-built, spans 7,669 SF across two buildings on a 0.53-acre parcel, and benefits from grandfathered legal non-conforming status — a significant barrier to entry that cannot be replicated under present-day zoning and licensing standards.

An independent third-party appraisal (October 2025) confirms a Fee Simple real estate value of $4,600,000 — providing institutional-grade value validation supporting the $4,995,000 real estate allocation.

OFFERING PRICE	**$6,495,000**
Business Allocation	$1,500,000
Real Estate Allocation	$4,995,000
Appraised RE Value (Oct 2025)	$4,600,000
Address	22422 Palos Verdes Blvd
City / State	Torrance, CA 90505
APN	7527-002-037
Site Area	23,090 SF / 0.53 Acres
Building Area	7,669 SF
Year Built	1956 / 2000 Addition
Zoning	C-3 General Commercial
Licensed Capacity	156 Children
Current Enrollment	185+ Students
Ages Served	2 to 5 Years
License	CDSS Active
2025 Actual SDE	$474,378
2026 Pro Forma NOI	$845,164
Business Multiple (2025)	3.16x SDE
Business Multiple (2026 PF)	1.78x SDE

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INVESTMENT HIGHLIGHTS

Section 2 — Why This Asset Wins

INVESTMENT HIGHLIGHTS

RARE COASTAL LOS ANGELES ASSET

156-licensed capacity in supply-constrained Torrance. Not replicable under today's standards

FEE SIMPLE ACQUISITION

Buyer owns land, buildings, and business outright. No landlord. No lease renewal risk.

THIRD-PARTY APPRAISED

Independent Oct. 2025 appraisal: $4,600,000 fee simple RE value (excl. business & FF&E)

ENROLLMENT EXCEEDS LICENSE

185+ enrolled against a 156 license confirms overflow demand with waitlist management in place

LEGAL NON-CONFORMING STATUS

Preschool use predates current regulations. Grandfathered status creates an irreplaceable barrier to entry

PURPOSE-BUILT FACILITY

7,669 SF across two buildings with multiple playgrounds, commercial kitchen, and drive-through drop-off

STRONG PRO FORMA UPSIDE

2026 pro forma NOI of $845,164 at 1.78x business purchase price. Compelling entry multiple

SOUTH BAY DEMOGRAPHICS

Dual-income households, $100K+ median income, and structural under-supply of licensed child care

03

THIRD-PARTY VALUE VALIDATION

Section 3 — Independent Appraisal Analysis

APPRAISAL SUMMARY

$4,600,000

FEE SIMPLE MARKET VALUE

APPRAISER
Aaron Gardner, CA# AG005074

DESIGNATION
Certified General Appraiser

DATE OF VALUE
September 6, 2025

REPORT DATE
October 9, 2025

STANDARD
USPAP 2024 Edition

INTEREST
Fee Simple Estate

EXCLUDES
FF&E, Business Value, Goodwill, Intangibles

APN
7527-002-037

INSTITUTIONAL BUYER VALUE BRIDGE

Total Acquisition Price	**$6,495,000**
Less: Appraised RE Value (Oct 2025)	($4,600,000)
Implied Business Value (per Appraisal)	$1,895,000

Actual Business Allocation	**$1,500,000**
Discount vs. Implied Value	$395,000

WHY THIS MATTERS TO INSTITUTIONAL BUYERS

- The appraisal was prepared by a Certified General Appraiser under USPAP 2024 standards. The gold standard for institutional lending and acquisition underwriting.
- At $6.495M total, you are acquiring $4.6M in independently appraised real estate plus a business generating $474K in 2025 SDE (actual) for only $1.5M. A 3.16x multiple.
- The appraisal explicitly notes the property's legal non-conforming status, confirming the preschool use is protected and cannot be replicated by new entrants.
- With 2026 pro forma NOI of $845,164, the stabilized business multiple drops to 1.78x, a compelling institutional entry point in a supply-constrained coastal market.

LEGAL NON-CONFORMING STATUS | A STRUCTURAL BARRIER TO ENTRY

Quoted directly from the October 2025 appraisal prepared by Aaron Gardner, Certified General Appraiser (CA# AG005074):

> *"The preschool use predates current regulations and enjoys legal non-conforming status with respect to both use and parking. The current parking configuration is recognized as lawful and permitted to continue despite not meeting present-day code ratios. As a result, only preschool-related uses are considered legally permissible for the subject site."*

— Aaron Gardner, Certified General Appraiser | October 9, 2025

1

ZONING BARRIER

C-3 zoning + non-conforming use status means no new preschool can be permitted on this or similar parcels under current codes.

2

LICENSING BARRIER

CDSS licensing timelines, capacity ratios, and spatial requirements make replication of a 156-licensed facility virtually impossible in this submarket.

3

PARKING BARRIER

The grandfathered parking configuration cannot be replicated. Any new development would require compliant parking that would materially reduce the licensable capacity.

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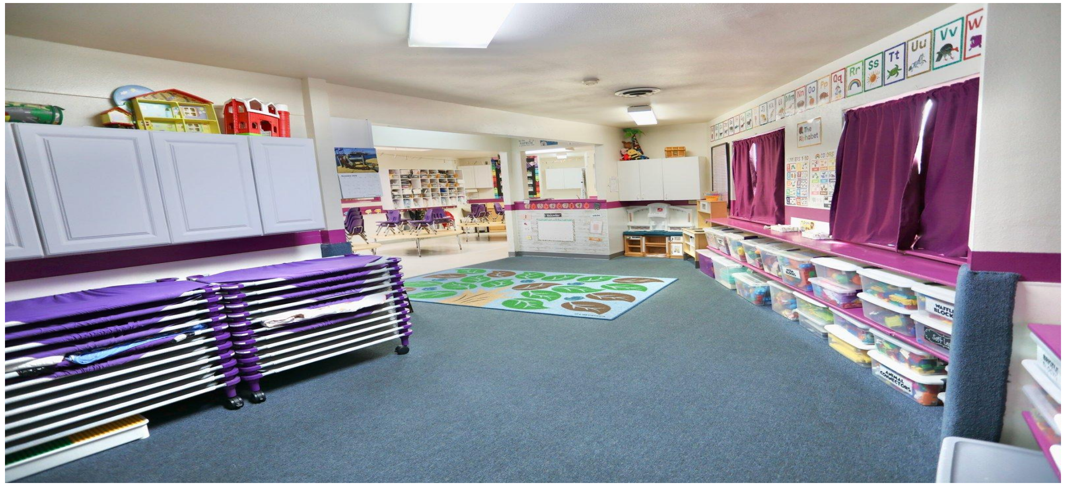
BUSINESS OVERVIEW

Section 4 — Operations, Programs & Staff



HISTORY & TENURE

Southwood Preschool has operated at this location for decades, building an entrenched community reputation in the South Bay. The school is known for consistent quality, long-tenured staff, and a strong referral network.

PROGRAMS OFFERED

Full Day (7:00 AM – 5:30 PM) and Half Day (7:00 AM – 12:30 PM) programs. Structured curriculum across 7 age-appropriate classrooms serving children ages 2–5.

ENROLLMENT & CAPACITY

Licensed for 156 children. Current enrollment exceeds 185 — confirming overflow demand and advanced scheduling control. Waitlist and rotation scheduling already in place.

CURRICULUM

Age-appropriate, structured educational programming across all classrooms. Two snacks per day provided. Full commercial kitchen on site.

STAFF & MANAGEMENT

Experienced on-site management team. Long-tenured staff with strong institutional knowledge. Owner currently operates in a limited day-to-day role — business is not owner-dependent.

DROP-OFF PROCEDURES

Organized drive-through drop-off and pick-up circulation reduces congestion and supports high parent satisfaction. A meaningful operational differentiator.

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CLASSROOM CONFIGURATION | ENROLLMENT & PROGRAM DETAILS

7 Licensed Classrooms | Ages 2–5 | 156 Total Licensed Capacity | 185+ Enrolled

CLASSROOM	AGES SERVED	PROGRAM TYPE	LICENSED CAPACITY	HOURS
Classroom 1	2 – 3 Years	Toddler / Pre-K	22	Full Day &
Classroom 2	2 – 3 Years	Toddler / Pre-K	22	Full Day &
Classroom 3	3 – 4 Years	Pre-K	24	Full Day & Half Day
Classroom 4	3 – 4 Years	Pre-K	24	Full Day & Half Day
Classroom 5	4 – 5 Years	Pre-K / Kinder Prep	22	Full Day & Half Day
Classroom 6	4 – 5 Years	Pre-K / Kinder Prep	22	Full Day & Half Day
Classroom 7	2 – 5 Years	Mixed Age / Extended	20	Full Day

HOURS OF OPERATION

Full Day	7:00 AM – 5:30 PM
Half Day	7:00 AM – 12:30 PM
Monday – Friday	Year-Round
Curriculum	Structured / Age-Appropriate
Snacks	2 Per Day (No Meal Pgm)

COMPETITIVE POSITION & MARKET DYNAMICS

- South Bay / Torrance child care supply is severely constrained — comparable licensed facilities are not being built due to zoning, parking, and cost barriers.
- Dual-income households with $100K+ median incomes drive consistent, price-inelastic demand. Families are loyalty-driven and referral-based, reducing customer acquisition cost.
- 188 children enrolled against a 156 license confirms excess demand with scheduling optimization already deployed. This is not a lease-up story — it is a stabilized, over-subscribed operation.
- New 2024 playground and ongoing facility improvements demonstrate operator commitment and provide a move-in-ready experience for a new owner.

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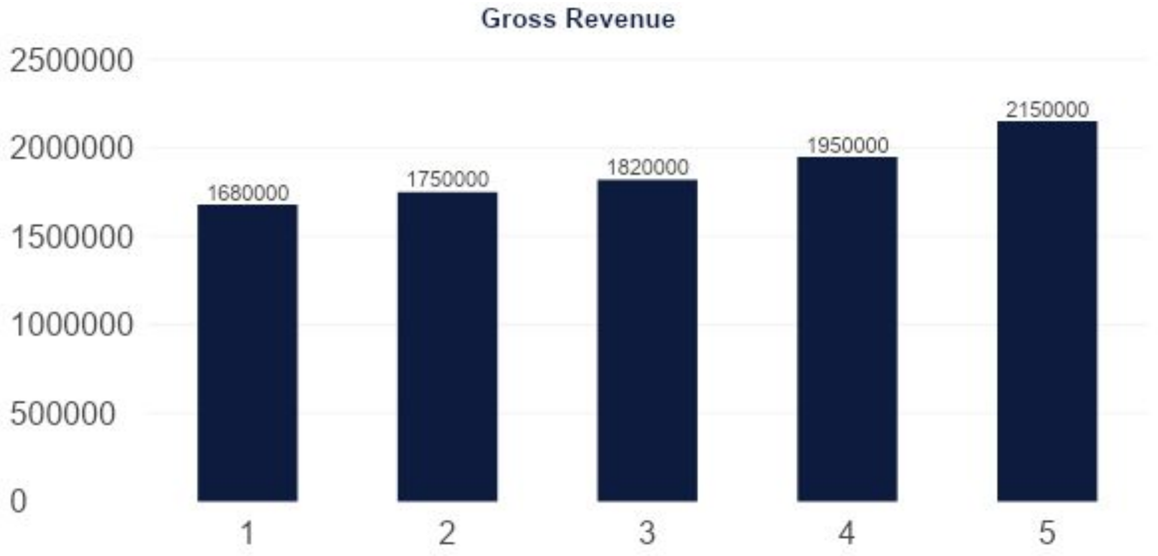
FINANCIAL ANALYSIS

Section 5 — Revenue, SDE & Pro Forma Bridge

FINANCIAL SUMMARY | HISTORICAL & PRO FORMA ANALYSIS

All figures shown are Seller's Discretionary Earnings (SDE) unless otherwise noted. 2026 Pro Forma reflects rent normalization, owner add-backs, and operational optimization.



$474,378

2025 Actual SDE

Seller's Discretionary Earnings (Actual)

$845,164

2026 Pro Forma NOI

Post-Optimization Pro Forma

$1,950,000

Gross Revenue (2025A)

Total Top-Line Revenue

$2,150,000

2026 PF Revenue

Pro Forma Gross Income

2026 PRO FORMA BRIDGE | $474,378 ACTUAL → $845,164 PRO FORMA

The pro forma reflects rent normalization (proposed owner leaseback at $302K/yr for tax purposes), owner add-backs, and operational tightening. This is not a blue-sky projection.

2025 Actual SDE	+$474,378	$474,378
Add: Real Estate Rent Normalization *Owner leaseback: $302K/yr ($25,167/mo)*	+$302,000	$776,378
Add: Owner Expense Add-Backs *Non-recurring personal expenses*	+$45,000	$821,378
Add: Operational Optimization *Staffing efficiency / scheduling*	+$23,786	$845,164
2026 PRO FORMA NOI	**+$845,164**	**$845,164**

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BUSINESS VALUATION

Section 6 — SDE Multiples & Acquisition Analysis

Rather than simply stating a business price, we show how the $1,500,000 business allocation translates to SDE multiples — the metric institutional buyers and SBA lenders underwrite to.

2025 ACTUAL

3.16x

SDE MULTIPLE

2025 SDE (Actual)	$474,378
Business Price	$1,500,000
Multiple	3.16x
Context	Industry range for stabilized child care: 3.0x – 5.0x SDE
Assessment	At the LOW END of market range — compelling entry point on actuals

2026 PRO FORMA

1.78x

SDE MULTIPLE

2026 Pro Forma NOI	$845,164
Business Price	$1,500,000
Multiple	1.78x
Implication	Under stabilized ops, you are buying a business at sub-2x earnings
Assessment	DEEPLY DISCOUNTED to real estate value — business is a bonus

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REAL ESTATE OVERVIEW

Section 7 — Site, Buildings & Zoning

REAL ESTATE OVERVIEW | 22422 PALOS VERDES BLVD, TORRANCE, CA

APN	7527-002-037
Site Area	23,090 SF / 0.53 Acres
Building Area	7,669 SF (Two Buildings)
Year Built	1956 / 2000 (Rear Building)
Zoning	C-3 General Commercial — City of Torrance
FAR	33% (Well Below C-3 Max of 0.7)
Parking	10 On-Site Spaces (Grandfathered)
Street Frontage	Palos Verdes Blvd (100-ft) & Lomita Blvd (50-ft)
Topography	Level, Slightly Above Street Grade
Construction	Class D Wood Frame & Stucco
H&B Use (Improved)	Continued Use as Preschool Facility
H&B Use (Vacant)	Hold for Future Development
Appraised Value	$4,600,000 (October 2025)
RE Allocation	$4,995,000

Front Elevation — 22422 Palos Verdes Blvd

Outdoor Play Areas — New 2024 Playground Equipment

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REPLACEMENT COST ANALYSIS

Section 8 — Why You Cannot Replicate This Asset

REPLACEMENT COST ANALYSIS | WHY YOU CANNOT REPLICATE THIS ASSET

The appraisal repeatedly references the limited availability of comparable sites and facilities. The following analysis confirms why this acquisition cannot be replicated through ground-up development.

01 CURRENT ZONING RESTRICTIONS

C-3 zoning with non-conforming grandfathered status means no new preschool permit would be granted on this parcel or comparable sites under present-day conditional use requirements. The permit is protected, not transferable to a new location.

02 LICENSING CONSTRAINTS

CDSS licensing for 156 children requires significant square footage ratios, outdoor space per child, parking, kitchen facilities, and compliance with current Title 22 regulations. Meeting these standards in an infill coastal market is cost-prohibitive.

03 LAND SCARCITY

A 0.53-acre parcel on a signalized corner in Torrance with C-3 zoning, dual street frontage, and sufficient outdoor space for licensed preschool operations is an irreplaceable configuration. The appraisal notes comparable land availability is severely limited.

04 PARKING REQUIREMENTS

Present-day code would require parking ratios that cannot be met on the subject site. The grandfathered 10-space configuration is protected only because operations predate current standards — any new development loses this protection.

05 ENTITLEMENT RISK & TIME

Ground-up permitting, licensing, and construction in coastal Los Angeles typically requires 3–5 years with no certainty of approval. Carrying costs during development and lease-up create substantial capital risk that this acquisition eliminates entirely.

06 CONSTRUCTION COSTS

The appraisal's cost approach confirms that replacement cost for a purpose-built facility of this quality, size, and configuration would far exceed the acquisition price — even before accounting for land, entitlement costs, and time to market.

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TORRANCE MARKET OVERVIEW

Section 9 — Demographics, Demand Drivers & Supply

TORRANCE MARKET OVERVIEW | SOUTH BAY CHILD CARE DEMAND DRIVERS

$98,500
MEDIAN HOUSEHOLD INCOME
Torrance MSA

147,000+
POPULATION
City of Torrance

62%
DUAL-INCOME HOUSEHOLDS
Los Angeles County

92 Walk Score
WALKABILITY INDEX
Subject Location

DEMAND DRIVERS

- South Bay housing density creates structural undersupply of licensed child care facilities
- Dual-income households require full-day programming — half-day or part-time options don't serve this market
- High-income demographics ($100K+) are price-inelastic for trusted, established providers
- Torrance Unified School District demand supports strong Pre-K enrollment pipeline
- Limited new supply due to entitlement barriers, cost, and licensing complexity
- Southwood's community reputation provides durable competitive moat vs. national chains

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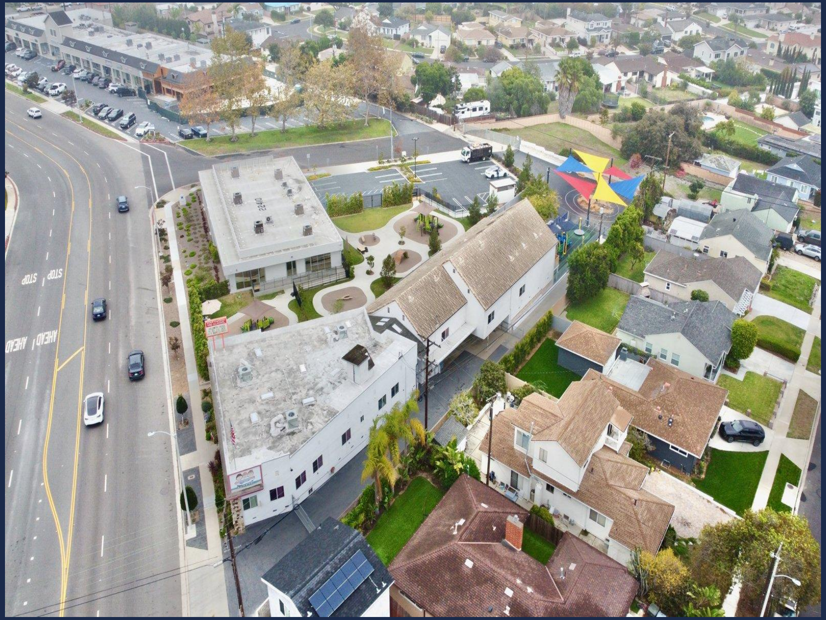
PROPERTY GALLERY

Section 10 — Exterior, Playgrounds, Classrooms & Aerials

AERIAL VIEWS



PLAYGROUNDS & EXTERIOR

CLASSROOMS & INTERIOR

Classroom


Classroom

Administrative Office


Storage Area


Exterior near playground


Storage Area

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LICENSING & REGULATORY

Section 11 — CDSS License, Compliance & History

LICENSING & REGULATORY COMPLIANCE

CDSS LICENSE PROFILE

License Type	California Child Day Care License
Issuing Agency	CA Dept. of Social Services (CDSS)
License Status	ACTIVE
Licensed Capacity	156 Children
Ages Served	2 to 5 Years
License Category	Day Care Center (Preschool)
Compliance History	Long-standing — No Material Violations
DSS Inspections	Documented — Available in DD Package
Title 22 Compliance	Confirmed — Grandfathered Status
Transfer	License Transfers with Business Sale

LICENSE CONTINUITY

The existing CDSS license for 156 children transfers with the business sale. A new operator assumes the license in good standing, avoiding the 12–18 month licensing process for new applicants.

NON-CONFORMING PROTECTION

Per the October 2025 appraisal, the facility predates current regulations and maintains legal non-conforming status for both use and parking — a status that cannot be replicated by new entrants.

DSS INSPECTION RECORD

The school has maintained a consistent compliance record. Complete DSS inspection reports are available to qualified buyers upon execution of the NDA.

TITLE 22 STANDARDS

Operations are conducted in conformance with California Title 22 regulations. Staff credentialing, child-to-teacher ratios, and health/safety standards are maintained and documented.

BUYER GUIDANCE

Child Care Insite recommends buyers consult with a licensed child care consultant to confirm license transfer procedures, CDSS timeline, and any operational representations prior to closing.

CONFIDENTIALITY DISCLAIMER

This Offering Memorandum ("Memorandum") has been prepared by Child Care Insite Commercial Real Estate ("CCI") on behalf of the Seller and is confidential and furnished exclusively to prospective purchasers of the Property and business described herein, subject to the terms of the Confidentiality and Non-Disclosure Agreement previously provided to and executed by such prospective purchasers.

This Memorandum is intended solely to assist prospective purchasers in their evaluation of the Property and their consideration of whether to purchase the Property. It is not to be used for any other purpose or made available to any other person without the prior written consent of CCI.

The information contained herein has been obtained from sources deemed reliable; however, CCI makes no representation or warranty, express or implied, as to the accuracy or completeness of the information. Prospective purchasers are encouraged to conduct their own independent investigation and analysis, including with respect to all financial projections and pro forma information. All projections and pro forma figures are estimates based on assumptions and are subject to change.

This Memorandum includes projections, pro forma analyses, and forward-looking statements that involve risk and uncertainty. Actual results may differ materially from projections. Neither CCI nor the Seller shall be liable for any variance between projected and actual results.

The Offering is made subject to errors, omissions, prior sale, change or withdrawal of the Property from the market without notice, and the approval of the Seller. CCI reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase and to terminate discussions with any party at any time with or without notice.

The independent appraisal referenced herein was prepared by Aaron Gardner, Certified General Appraiser (CA# AG005074), as of September 6, 2025. The appraised value represents the appraiser's estimate of Fee Simple market value of the real property only, and explicitly excludes business value, goodwill, and furniture, fixtures, and equipment (FF&E). CCI makes no representation as to the accuracy of the appraisal or its methodology.

Prospective buyers are strongly encouraged to seek independent legal, tax, financial, and child care regulatory counsel prior to executing any purchase agreement. California child care license transfer is subject to California Department of Social Services approval and timeline.

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