

Walgreens

227 Shoreline Highway | Mill Valley CA 94941

OFFERING MEMORANDUM



Colliers
INTERNATIONAL

Walgreens

Purchase Price:

\$8,250,000

NOI:

\$392,000

Cap Rate:

4.75%

Rentable Sq. Ft.:

13,905

Rent/Sq. Ft.:

\$28.19

Total Term Remaining:

51+ years

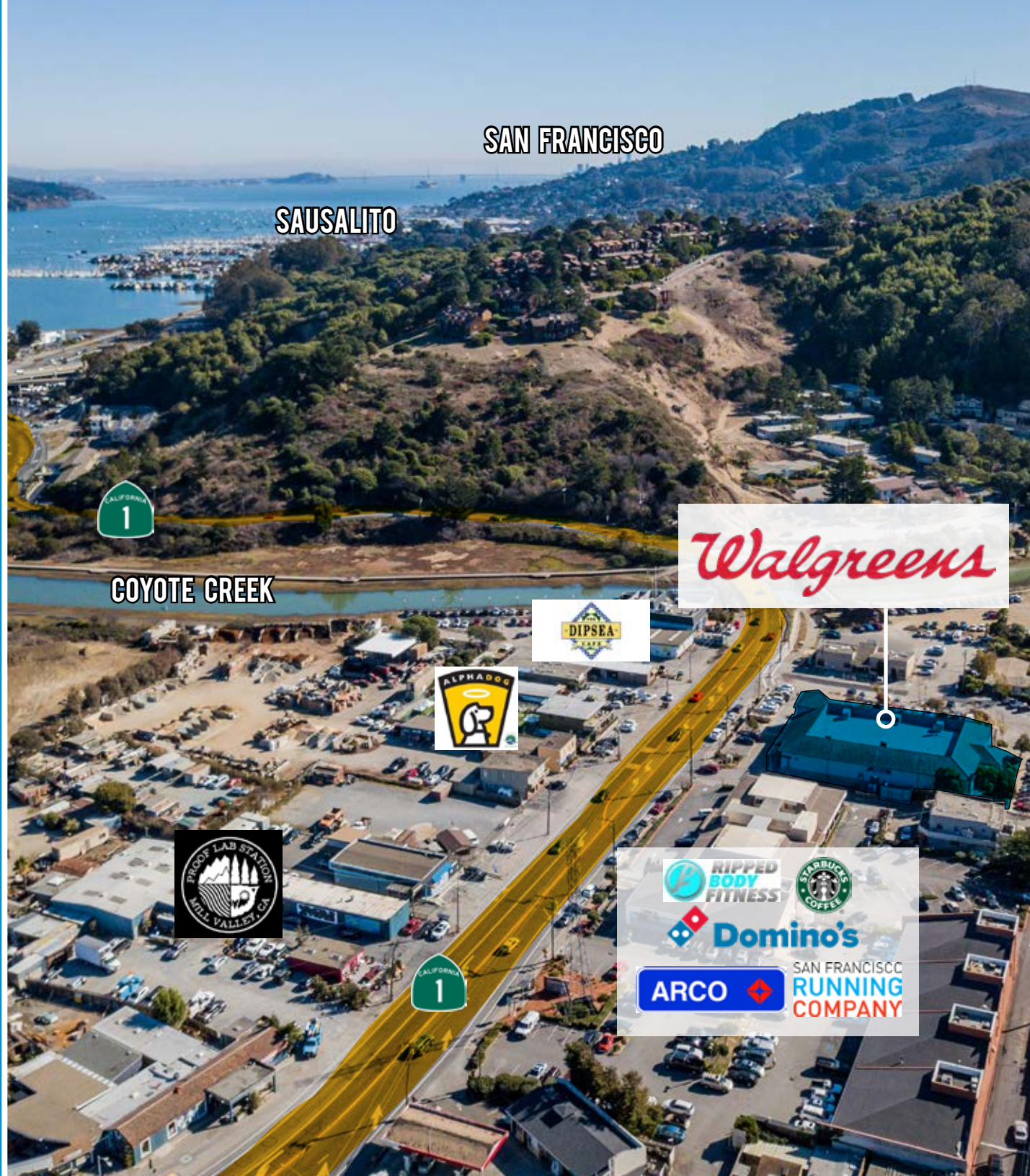


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EXCLUSIVELY OFFERED BY:

MEHDI STAR
+ 1 415 288 7805
mehdi.star@colliers.com
Lic: 01972933

BRAD LAGOMARSINO
+ 1 415 288 7847
brad.lago@colliers.com
Lic: 01058500

JAMES DEVINCENTI
+ 1 415 288 7848
j.d@colliers.com
Lic: 00951916

KOUROSH BAKHTVAR
+ 1 415 510 4718
kourosh.bakhtvar@colliers.com
Lic: 02062547



EXECUTIVE SUMMARY

A scenic coastal landscape featuring a large, rugged cliff with a small structure on top, overlooking the ocean. The sky is hazy, and the water is calm.

EXECUTIVE SUMMARY

Colliers International, as Exclusive Advisor to the Seller, is pleased to present the opportunity to acquire a 100% fee simple interest in the **Walgreens located at 227 Shoreline Highway, Mill Valley, CA 94941** (the “Property”), a 13,905 square foot single tenant retail building.

The Property was a build-to-suit for Walgreens, who has been a tenant at this location since 2000. Walgreens entered into a seventy (70) year lease expiring on December 31, 2070 and retains options to terminate the lease beginning in year 20 and every five (5) years thereafter. Currently, Walgreens’ first option to terminate the lease must be exercised on or before December 31, 2019. Walgreens is currently paying a below market rent, as a new lease could command upwards of \$36 per square foot. Reported sales at this location exceed twice the national average. The combination of below market rents and exceptional store sales suggests Walgreens will not leave this location anytime soon. For the investor, the Property provides a great vehicle for capital preservation, with the opportunity for significant upside potential once the tenant’s lease expires and a new lease is executed at market rents.

INVESTMENT HIGHLIGHTS

PROPERTY NAME	WALGREENS
STREET ADDRESS	227 Shoreline Highway
CITY, STATE, ZIP	Mill Valley, CA 94941
ASKING PRICE	\$8,250,000
CAP RATE	4.75%
RENT/SF	\$28.19
NOI	\$392,000
OWNERSHIP	Fee Simple
YEAR BUILT	2000
RENTABLE SF	13,905
LOT SIZE	1.44 AC
PARKING	61 Stalls

LEASE OVERVIEW

RENT COMMENCEMENT DATE	December 16, 2000
TERM	70 years
EXPIRATION	December 31, 2070
TERM REMAINING	51+ years
OPTIONS TO TERMINATE	Every five (5) years beginning December 31, 2020
STRUCTURE	NNN
RIGHT OF FIRST REFUSAL	Yes
INCREASES	Percentage Rent
GUARANTOR	Corporate
S&P RATING	Investment Grade (BBB)

BELVEDERE

SAN FRANCISCO
FINANCIAL DISTRICT
21 - MINUTE DRIVE

SAN FRANCISCO
13 - MINUTE DRIVE

SAUSALITO



**GOLDEN GATE NATIONAL
RECREATION AREA**
80,000 FEDERALLY PROTECTED ACRES



TAMALPAIS VALLEY
SCHOOL, K-5th GRADE



← To Downtown Mill Valley

AERIAL LOOKING SOUTHEAST

LEASE ABSTRACT

WALGREENS

Lease Type	Triple Net (NNN)
Lease Term	70 Years
Rent Commencement	December 16, 2000
Expiration Date	December 31, 2070
Increases	Percentage Rent
Termination Options	Every five (5) years beginning December 31, 2020
Termination Notice Requirement	Twelve (12) months

Roof & Structure	Tenant Responsible
Utilities	Tenant Responsible
Taxes	Tenant Responsible
Insurance	Tenant Responsible
Percentage Rent	Paragraph 2(b): Tenant pays additional rent in the amount of 2% of gross sales excluding food and drug plus 0.5% of gross sales of food and drug in excess of the annual rent paid; not to exceed \$800,000 in any lease year. Gross sales are subject to certain deductions and exclusions
Right of First Refusal	Paragraph 25(a): 30 days

REGIONAL DEMOGRAPHICS

Population	1-MILE	3-MILE	5-MILE
2017	9,928	49,658	83,608
2022	9,897	49,786	83,249
2017 Income			
Average	\$149,193	\$172,559	\$175,804

TRAFFIC COUNTS

STREET	CROSS STREET	DISTANCE	VOLUME
Redwood Hwy	Waldo Pt	0.69 mi	131,000
Shoreline Hwy	Tennessee Valley Rd	0.03 mi	31,000
Shoreline Hwy	Redwood Hwy	0.08 mi	32,000

PARCEL MAP



TENANT PROFILE

Walgreens

Founded in 1901 as a single drugstore, Walgreens today is a provider of trusted care in communities around the U.S. Through constant innovation, Walgreens has a history of breaking new ground to meet its customers' needs and improve their health, from offering self-service stores beginning in the 1950s to developing a 5-star rated mobile app today. In its pharmacies, Walgreens was the first major drugstore chain to put prescriptions into child-resistant containers in the 1960s (long before it was required by law) and in 2016 was the first to offer safe medication disposal kiosks in its stores.

This drive to innovate led Walgreens to merge with European-based Alliance Boots in 2014 to form Walgreens Boots Alliance, Inc., the first global pharmacy-led, health and well-being enterprise. Combining Walgreens with the Boots pharmacy chain and pharmaceutical distributor Alliance Healthcare has created opportunities to bring global beauty brands to Walgreens U.S. customers and offer more value to pharmacy patients through global pharmaceutical supply chains and group purchasing.

During the first phase of this transformation, significant progress was made to bring pharmacy services to more patients, improve the shopping experience in stores and manage costs across the company. Most recently, Walgreens completed the acquisition of more than 1,900 Rite Aid drugstores in the U.S., making Walgreens quality health care accessible to more customers and patients.

With its brand as a foundation, Walgreens is building its business in four areas: pharmacy, front end, health care services and consumer services. These areas are being enabled through partnerships, new store layouts and product assortments, new approaches to pricing and promotion to unlock value and by helping team members better serve customers by eliminating unproductive work and putting more decisions in their hands.

Source: walgreens.com

Company Overview - Walgreens

TYPE	Subsidiary
INDUSTRY	Retail
S&P	BBB
NASDAQ	WBA
FOUNDED	1901, Chicago, IL
FOUNDER	Charles Rudolph Walgreen
HEADQUARTERS	Deerfield, IL
LOCATIONS	9,560
AREA SERVED	United States
PRODUCTS	Drug Store, Pharmacy
PARENT	Walgreens Boots Alliance
WEBSITE	walgreens.com





LOCATION OVERVIEW

BAY AREA OVERVIEW

The San Francisco Bay Area consists of nine counties with a total population of approximately 7.34 million people, representing almost 20% of California's total population. The Bay Area has the unique distinction of being the most innovative place in America, and is one of the most inventive, competitive economies in the world based on a productive and educated workforce, deep venture capital pool, concentration of research organizations, culture of innovation and receptivity to new ideas.

- Over 7.2 million residents and the highest percentage of graduate and professional degrees in the nation
- Home to 29 Fortune 500 companies and 32 of Inc. 500's fastest growing private companies
- Superb quality of life with a Mediterranean climate, world-famous wine country, world-class cultural resources, and the stunning natural beauty of the Pacific Ocean and the Sierra Nevada Mountains
- Highest concentration of venture capital firms in the world which have invested an average of \$10 billion annually in 1,100 local area firms
- Proximity to outstanding education and research institutions at Stanford University, University of California at Berkeley, University of California at San Francisco, University of California at Davis, Santa Clara University and San Jose State University

KNOWLEDGE-BASED ECONOMY

With its longstanding reputation for cutting-edge innovation, the Bay Area has always required one of the most specialized and educated workforces in the country. The Bay Area has the highest share of population with a bachelor's degree and the largest number of top 10 graduate programs. For the more specialized industries, academic excellence ensures an ongoing supply of highly-educated researchers. In fact, one in four of California's biotech firms were founded by University of California scientists.

Acclaimed author, Dr. Richard Florida, credits the knowledge workers of the Bay Area as the main catalyst for economic growth in his publication, "Who's Your City?" He cites the Bay Area as the premier location for this "creative class," with its established demographic talent, diverse and tolerant community, and the advanced technology infrastructure necessary to fuel an entrepreneurial culture. Those, he claims, who can "create outcomes in new ideas" will bring any region to great economic power and growth.

MARIN COUNTY

Marin County is the most affluent of the San Francisco Bay Area's nine counties. Beginning at the northern terminus of the Golden Gate Bridge, Marin County is bordered on the north by Sonoma County, on the east by the San Francisco Bay, and the west by the Pacific Ocean. Renowned for its abundant natural attractions and dramatic scenery, Marin County offers residents world-class level amenities through its proximity to outdoor recreation venues and ease of access to major employment centers, including one of the primary financial centers on the West Coast, San Francisco.

TRANSPORTATION

Airport Access – Highway 101 provides immediate access to San Francisco International Airport just 34 miles south, Sonoma County Airport located 43 miles north, Marin County Airport located in Novato just 12 miles north and San Rafael Private Airport located just 2.5 miles north. Across the Bay, Oakland International Airport is accessible via Interstate 580, 35 miles south.

Ferry Service – The Larkspur Ferry Terminal, located just 6 miles south of the Property, provides immediate access to the Embarcadero Ferry Terminal in San Francisco as well as access to AT&T Park operated by Golden Gate Ferry Service.

Sonoma-Marin Area Rail Transit (SMART) – Sonoma-Marin Area Rail Transit (SMART) is the San Francisco Bay Area’s newest transportation option for travel, offering passenger rail service in Sonoma and Marin counties. SMART’s initial 43 miles of rail corridor includes 10 stations, from the Sonoma County Airport to Downtown San Rafael. Future extensions include: Larkspur, which is scheduled to be completed in 2019; Windsor; Healdsburg; and Cloverdale. The full project will provide 70 miles of passenger rail service, connecting SMART passengers with jobs, education centers, retail hubs and housing along the Sonoma-Marin corridor, and a bicycle-pedestrian pathway.





MILL VALLEY

LOCAL OVERVIEW



CITY OF MILL VALLEY

The Walgreens is located in the community of Mill Valley, located just 14 miles north of San Francisco and situated on the western and northern shores of Richardson Bay, in the shadow of Mount Tamalpais.

Mill Valley is somewhat of an artisan community characterized by a mixture of high end boutiques and restaurants, farmer's markets, art festivals and plays and natural beauty. Mill Valley also is famous for mountain biking and is home to the world renowned Dipsea Race, the oldest trail race in the country. Highlights and attractions include:

Mount Tamalpais is an imposing presence that presides over, and can be seen from anywhere in Mill Valley. The East Peak of Mount Tamalpais (called Mt. Tam by residents) rises 2,571 feet above sea level. It is the highest point in Marin County and offers a stunning 360-degree view of the surrounding hills and up to Farallon Islands on a clear day.

The **Mill Valley Film Festival** is held each year in October, and is a showcase for independent and world cinema. The 11-day festival welcomes more than 200 filmmakers and 60,000 attendees from around the world. Over the years Mill Valley Film Festival has enjoyed critical success and earned a reputation as a "filmmakers' festival." It has been named a Top 10 US film festival by *Screen International*.

Muir Woods National Monument is part of California's Golden Gate National Recreation Area, north of San Francisco. Dedicated to the father of the national parks, John Muir, in 1908, this redwood forest along the Pacific coast is the first National Monument that was created solely because of a land donation from an individual. Congressman William Kent donated the land to protect redwoods, some of which are over 150 years old, from the logging industry boom. He also insisted it be named for John Muir.

Trails wind among the trees to Cathedral Grove and Bohemian Grove, and along Redwood Creek. The Ben Johnson and Dipsea trails climb a hillside for views of the treetops, the Pacific Ocean and Mount Tamalpais in adjacent Mount Tamalpais State Park.

First run in 1905, the **Dipsea** is the oldest trail race in America. It is run every year on the second Sunday in June. The scenic 7.4 mile course from Mill Valley to Stinson Beach is considered to be one of the most beautiful courses in the world. The stairs and steep trails make it a grueling and treacherous race. And its unique handicapping system has made winners of men and women of all ages. Because of its beauty and challenge, it is a very popular event, and because of safety and environmental concerns the number of runners is limited to about 1,500.



The subject property is a free-standing building adjacent to the Tam Junction Center, a 20-acre commercial strip wedged between Tamalpais Valley and Almonte. Driving north from San Francisco, the first gateway to Mill Valley, Muir Woods and the coastal beaches of Tamalpais Valley, the Tam Junction retail shops offer a diverse mix of restaurants, resident-serving business and retail.





Tam Junction is made up of an array of independently owned and operated local businesses that have served the Mill Valley community for over 10 years.

- ▶ **MT. TAMALPIAS:** Walgreens is the only drugstore before leaving Mill Valley and heading towards Stinson Beach, Muir Woods, and Mt. Tamalpais via Shoreline Highway
- ▶ **ALPHA DOG LODGING:** A Marin canine daycare and boarding facility providing outdoor group play, grooming services. A certified Green Business.
- ▶ **DIPSEA CAFE:** Opened in July 1986, the locally owned and operated cafe was named for the 7-mile Dipsea trail which begins in downtown Mill Valley, and offers homestyle breakfast, lunch and dinner.



DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
Population:			
2000 Total Population	9,645	47,532	82,195
2010 Total Population	9,745	48,402	82,121
2017 Total Population	9,928	49,658	83,608
2022 Total Population	9,897	49,786	83,249
Population Change 2000 to 2017	2.9%	4.5%	1.7%
Population Change 2010 to 2022	1.6%	2.9%	1.4%
Population Change 2017 to 2022	-.3%	.3%	-.4%
Households:			
2000 Households	4,573	21,572	35,067
2010 Households	4,594	21,568	34,945
2017 Households	4,614	21,840	35,457
2022 Households	4,635	22,020	35,812
Household Change 2000 to 2017	.9%	1.2%	1.1%
Household Change 2010 to 2022	.9%	2.1%	2.5%
Household Change 2017 to 2022	.5%	.8%	1.0%
Income:			
2017 Average Household Income	\$149,193	\$172,559	\$175,804
\$60,000 to \$74,999	5.9%	5.6%	6.0%
\$75,000 to \$99,999	8.8%	9.1%	10.2%
\$100,000 to \$124,999	9.4%	9.5%	9.7%
\$125,000 to \$149,999	4.5%	7.3%	7.2%
\$150,000 to \$199,999	13.1%	11.7%	10.8%
\$200,000 or more	24.9%	29.0%	29.4%





DISCLAIMER

This Confidential Offering Memorandum (the “Memorandum”) has been prepared and presented to the recipient (the “Recipient”) by Colliers International (“Colliers”) as part of Colliers’ efforts to market for sale the real property located at 227 Shoreline Highway, Mill Valley, CA (the “Property”). Colliers is the exclusive agent and broker for the owner(s) of the Property (the “Owner”). Colliers is providing this Memorandum and the material contained in it to the Recipient solely to assist the Recipient in determining whether the Recipient is interested in potentially purchasing all or part of the Property. Colliers also is providing this Memorandum and the material in it to the Recipient with the understanding that the Recipient will independently investigate those matters that it deems necessary and appropriate to evaluate the Property and that the Recipient will rely only on its own investigation, and not on Colliers, the Owner or this Memorandum, in determining whether to purchase the Property.

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This Memorandum includes statements and estimates provided by or to Colliers and/or the Owner regarding the Property. Those statements and estimates may or may not be accurate, correct or complete. Nothing contained in this Memorandum should be construed as a representation or warranty about the accuracy, correctness or completeness of such statements and estimates. Further, nothing contained in this Memorandum should be construed as representation or warranty about any aspect of the Property, including, without limitation, the Property’s (1) past, current or future performance, income, uses or occupancy, (2) past, current or prospective tenants, (3) physical condition, (4) compliance or non-compliance with any permit, license, law, regulation, rule, guideline or ordinance, or (5) appropriateness for any particular purpose, investment, use or occupancy. Again, the Recipient is urged not to rely on this Memorandum and the statements and estimates in it and to make an independent investigation regarding the Property and the statements and estimates contained herein.

This Memorandum may include statements regarding, references to, or summaries of, the nature, scope or content of contracts and/or other documents relating to the Property. Those statements, references or summaries may or may not be accurate, correct or complete. Additionally, Colliers may not have referenced or included summaries of each and every contract and/or other document that the Recipient might determine is relevant to its evaluation of the Property. Nothing contained in this Memorandum should be construed as a representation or warranty about the accuracy, correctness or completeness of such statements, representations or summaries. On request and as available, and subject to the Owner’s consent, Colliers will provide the Recipient with copies of all referenced contracts and other documents. Colliers assumes no obligation to supplement or modify the information contained in this Memorandum to reflect events or conditions occurring on or after the date of its preparation of this Memorandum. More detailed information regarding the anticipated terms, conditions and timing of any offering by the Owner relating to the Property will be provided in due course by separate communication. Colliers and/or the Owner reserve the right to engage at any time in discussions or negotiations with one or more recipients of this Memorandum and/or other prospective purchasers of the Property without notice or other obligation to the Recipient.



Accelerating success.

MEHDI STAR

+ 1 415 288 7805

mehdi.star@colliers.com

Lic: 01972933

BRAD LAGOMARSINO

+ 1 415 288 7847

brad.lago@colliers.com

Lic: 01058500

JAMES DEVINCENTI

+ 1 415 288 7848

j.d@colliers.com

Lic: 00951916

KOUROSH BAKHTVAR

+ 1 415 510 4718

kourosh.bakhtvar@colliers.com

Lic: 02062547

COLLIERS INTERNATIONAL

101 SECOND STREET, 11TH FLOOR

SAN FRANCISCO, CA 94105

www.colliers.com