



Walgreens (SUBLEASED TO  **DOLLAR TREE**®)

& SHOPS at EVERGREEN VILLAGE SQUARE

4095 EVERGREEN VILLAGE SQUARE | SAN JOSE, CALIFORNIA 95135

 **VISINTAINER
GROUP**

INVESTMENT REAL ESTATE

 **RETAIL
CALIFORNIA**
Commercial Real Estate Brokerage
A Division of Pearson Realty

4095 EVERGREEN VILLAGE SQUARE | SAN JOSE, CALIFORNIA



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SAN JOSE, CALIFORNIA 95135

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INVESTMENT SUMMARY

PRICE

\$11,075,000

5.50% Cap Rate | NOI \$609,188



HIGH IDENTITY LOCATION

Located in a retail hub in East San Jose, Evergreen Village Square, with close proximity to the major freeway systems, including Highway 101 and Interstates 680 and 280, allowing access to the entire metropolitan area.



LOCATED IN EVERGREEN VILLAGE SQUARE, ONE OF SAN JOSE'S MOST UNIQUE SHOPPING VENUES

The subject property is located in Evergreen Village Square, a high-profile shopping center surrounded by neighborhoods and nestled in the beautiful hills, and features a diverse lineup of national credit, regional and local tenants. The square attracts both local shoppers and visitors alike through its bustling farmers' market and frequent community events.



LONG TERM NNN WALGREENS

Walgreens lease expires January 2031. Walgreens is subleasing to Dollar Tree and will occupy the space in late 2019/early 2020.





PROPERTY OVERVIEW



ADDRESS

4095 Evergreen Village Square
San Jose, CA 95135



TENANTS

Walgreens (subleased
to Dollar Tree)
Dr. Duc Bui
Malanso Dental
Russian School of Mathematics



RENTABLE AREA

20,428 SF



LAND AREA

1.10 Acres



YEAR BUILT

2007



OCCUPANCY

100%



APN

659-63-054





HEADQUARTERS
Deerfield, IL

LOCATIONS
13,200

COUNTRIES
11

FOUNDED
1901

WEBSITE
walgreens.com

Founded in 1901, Walgreen Co. is the second largest pharmacy chain in the United States. It currently has over 9,560 US locations in all 50 states, District of Columbia, Virgin Islands, and Puerto Rico. It filled over 1.1 billion prescriptions (including immunizations on a 30-day adjusted basis in fiscal 2018). They have more than 85,000 healthcare service providers, including pharmacists, pharmacy technicians, nurse practitioners and other health-related professionals.

In 2014 Walgreen Co. merged with Alliance Boots, becoming the face of Walgreens Boots Alliance with a worldwide reach. Walgreens Boots Alliance (Nasdaq WBA) is the largest retail pharmacy, health and well-being enterprise across the world. It employs over 345,000 people in 13,200 stores across the world. Its primary focus being "trust, care and accessibility" for all of their customers.

In 2018 they boasted more than \$133 billion in sales volume - retail pharmacy USA (\$98.4 billion); retail pharmacy international (\$12.3 billion); and pharmaceutical wholesale (\$23 billion.) Ranked 43rd in Fortune Global 500 and 19th on the Fortune 500 (2018), Walgreens has appeared on Fortune's prominent list an impressive 24 times.



\$133 Billion+

SALES VOLUME
IN 2018



#19

FORTUNE 500 RANKING
2018 LIST



345,000 +

TEAM MEMBERS





HEADQUARTERS
Newton, MA

LOCATIONS
48

STATES
11

FOUNDED
1997

WEBSITE
russianschool.com

The Russian School of Mathematics is an award winning after-school math program developed by two Russian immigrant women that emphasizes an early understanding and development of reasoning skills over memorization of mathematics and a systematic curriculum with enthusiastic teachers.

RSM is one of the oldest and most successful after-school programs in the United States. The program has been featured on NPR and the Atlantic magazine, and the Director of Outreach has appeared on TED. For almost two decades RSM students have posted top scores in national and international math competitions and tests. RSM encourages students to think logically and critically, emphasizes derivation over memorization, and prioritizes curriculum continuity and student mastery of concepts over pace.

AWARDS & RECOGNITION

2013-2018

BOSTON PARENT

FAMILY FAVORITE FOR 6 CONSECUTIVE YEARS IN MASSACHUSETTS

2014-2018

BAY AREA PARENT

FAMILY FAVORITE FOR 5 CONSECUTIVE YEARS IN BAY AREA (CALIFORNIA)

2016-2018

PARENTMAP

GOLDEN TEDDY AWARD FOR 3 CONSECUTIVE YEARS IN SEATTLE
& SURROUNDING AREA



MALONSO DENTAL

malonsodental.com



Husband and wife, Robert and Jessica Malonso, have been helping patients at this location since early 2006. They both come from a multi-generational dentistry background. Dr Jessica is a San Jose native and Dr Robert is a New York native. Both attended dentistry school at Boston University. Malonso Family Dental provides family dental care through preventative, restorative and cosmetic dentistry.

DR. DUC BUI

<https://secure.yourlens.com/ducbuiod/>

Dr. Duc Bui has an optometry practice based on providing quality comprehensive vision care. The practice provides eye examinations, contact lenses, optical services, and treatment of eye diseases. Additionally, they offer a large selection of the most fashionable frames and sunglass styles. Dr Bui has been practicing for over 21 years.

RENT ROLL

Tenant	Square Feet	% of Center	Lease Commenced	Lease Expiration	June 2019 Rent	PSF Mo	Lease Type	Rent Increase Date	Monthly Rent	Rent PSF Month
Walgreens [1]	15,040	73.6%	3/3/2006	3/31/2031	\$34,000	\$2.26	NNN			
 										
Malonso Dental	1,100	5.4%	9/21/2006	9/30/2023	\$5,500	\$5.00	NNN	10/1/2019	\$5,665	\$5.15
MALONSO DENTAL								10/1/2020	\$5,830	\$5.30
								10/1/2021	\$6,006	\$5.46
								10/1/2022	\$6,182	\$5.62
Duc Bui & Nicole Pham Optometrist	1,488	7.3%	9/9/2006	9/30/2023	\$6,577	\$4.42	NNN	10/1/2020	\$6,979	\$4.69
DR. DUC BUI								10/1/2022	\$7,395	\$4.97
								Option 1		
								10/1/2023	\$7,395	\$4.97
								10/1/2024	\$7,842	\$5.27
								10/1/2025	\$8,318	\$5.59
Russian School of Mathematics	2,800	13.7%	4/15/2016	5/31/2022	\$5,202	\$1.86	NNN	6/1/2020	\$5,358	\$1.91
								6/1/2021	\$5,519	\$1.97
TOTAL SF	20,428									
OCCUPIED SF	20,428									
OCCUPANCY	100%									
VACANCY	0%									

[1] Walgreens is subleasing to Dollar Tree and they will occupy in late 2019/early 2020.

ASSUMPTIONS

ANALYSIS PERIOD	
1st Fiscal Year ("FYI") of Ownership	Dec. 1, 2019 - Nov 30, 2020
Term	10 Years

ANNUAL GROWTH RATES	
Operating Expenses	2.00%
Rental Growth After Initial Term	Per Rent Roll

OPERATING EXPENSES [1]	
Total Operating Expenses	\$9.66 PSF Annual \$0.81 PSF Monthly
Management Fee	3% of Base Rent
Property Tax Reassessed Due to Sale	Yes
Property Tax Rate	1.3157%

ANNUAL RESERVES	
Annual Reserves	\$0.15

LOAN TERMS	
LTV	70%
Loan Amount	\$7,752,500
Down Payment	\$3,322,500
Loan Origination Fee (1.25%)	\$96,906
Initial Investment	\$3,419,406
Annual Debt Service I/O	\$316,302
Annual Debt Service After I/O	\$448,440
Interest Rate	4.08%
Amortization	30 Years
Due	10 Years
DCR During I/O	1.92
DCR After I/O	1.35
Loan Constant	5.78%
Interest Only	5 Years

DISPOSITION - END OF YEAR 10	
Price	\$12,397,223
Cap Rate	5.50%
Cost of Sale	3.00%

[1] Expenses reflect 2% increase from 2018 except management and insurance is quote from Farmers Insurance.

[2] Proposed loan terms provided by Matt Renney - Broker | California Realty Capital, Inc. | 559-222-5070 | mattrenney@carealtycap.com. Loan quote is subject to typical due diligence, underwriting, financial strength, experience of borrower and third party reports. Rates change daily.

CASH FLOW SUMMARY

FISCAL YEAR (FY) OF OWNERSHIP YEAR ENDING	FY1 PSF/MO	FY1 PSF/ANNUAL	FY1 Nov 2020	FY2 Nov 2021	FY3 Nov 2022	FY4 Nov 2023	FY5 Nov 2024	FY6 Nov 2025	FY7 Nov 2026	FY8 Nov 2027	FY9 Nov 2028	FY10 Nov 2029	FY11 Nov 2030
POTENTIAL RENTAL INCOME	\$2.53	\$30.36	\$620,114	\$627,648	\$632,973	\$641,550	\$648,556	\$655,773	\$663,206	\$670,862	\$678,748	\$686,871	\$695,237
Vacancy & Credit Loss	\$0.00	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EFFECTIVE RENTAL INCOME	\$2.53	\$30.36	\$620,114	\$627,648	\$632,973	\$641,550	\$648,556	\$655,773	\$663,206	\$670,862	\$678,748	\$686,871	\$695,237
Expense Reimbursements	\$0.76	\$9.13	\$186,488	\$190,218	\$194,022	\$197,902	\$201,860	\$205,898	\$210,016	\$214,216	\$218,500	\$222,870	\$227,328
GROSS OPERATING INCOME	\$3.29	\$39.49	\$806,602	\$817,866	\$826,995	\$839,452	\$850,417	\$861,671	\$873,222	\$885,078	\$897,248	\$909,741	\$922,564
OPERATION EXPENSES													
Real Estate Taxes	(\$0.59)	(\$7.13)	(\$145,718)	(\$148,633)	(\$151,605)	(\$154,637)	(\$157,730)	(\$160,885)	(\$164,102)	(\$167,384)	(\$170,732)	(\$174,147)	(\$177,630)
Landscaping	(\$0.04)	(\$0.43)	(\$8,852)	(\$9,029)	(\$9,209)	(\$9,393)	(\$9,581)	(\$9,773)	(\$9,968)	(\$10,168)	(\$10,371)	(\$10,578)	(\$10,790)
Fire Alarm	(\$0.00)	(\$0.04)	(\$796)	(\$812)	(\$828)	(\$844)	(\$861)	(\$878)	(\$896)	(\$914)	(\$932)	(\$951)	(\$970)
Tax & License	(\$0.00)	(\$0.03)	(\$531)	(\$542)	(\$552)	(\$563)	(\$575)	(\$586)	(\$598)	(\$610)	(\$622)	(\$635)	(\$647)
Parking Lot Sweeping	(\$0.00)	(\$0.04)	(\$918)	(\$936)	(\$955)	(\$974)	(\$994)	(\$1,014)	(\$1,034)	(\$1,054)	(\$1,076)	(\$1,097)	(\$1,119)
Pest Control	(\$0.00)	(\$0.05)	(\$1,040)	(\$1,061)	(\$1,082)	(\$1,104)	(\$1,126)	(\$1,149)	(\$1,172)	(\$1,195)	(\$1,219)	(\$1,243)	(\$1,268)
Water	(\$0.00)	(\$0.05)	(\$1,104)	(\$1,126)	(\$1,149)	(\$1,172)	(\$1,195)	(\$1,219)	(\$1,243)	(\$1,268)	(\$1,293)	(\$1,319)	(\$1,346)
Garbage	(\$0.01)	(\$0.14)	(\$2,787)	(\$2,843)	(\$2,900)	(\$2,958)	(\$3,017)	(\$3,077)	(\$3,139)	(\$3,201)	(\$3,265)	(\$3,331)	(\$3,397)
Alarm Phone	(\$0.01)	(\$0.08)	(\$1,701)	(\$1,736)	(\$1,770)	(\$1,806)	(\$1,842)	(\$1,879)	(\$1,916)	(\$1,954)	(\$1,994)	(\$2,033)	(\$2,074)
Electricity	(\$0.02)	(\$0.22)	(\$4,488)	(\$4,577)	(\$4,669)	(\$4,762)	(\$4,858)	(\$4,955)	(\$5,054)	(\$5,155)	(\$5,258)	(\$5,363)	(\$5,470)
Elevator Maintenance	(\$0.01)	(\$0.13)	(\$2,696)	(\$2,750)	(\$2,805)	(\$2,861)	(\$2,918)	(\$2,977)	(\$3,036)	(\$3,097)	(\$3,159)	(\$3,222)	(\$3,287)
Elevator Inspection	(\$0.00)	(\$0.03)	(\$689)	(\$702)	(\$716)	(\$731)	(\$745)	(\$760)	(\$775)	(\$791)	(\$807)	(\$823)	(\$839)
Insurance	(\$0.03)	(\$0.37)	(\$7,491)	(\$7,641)	(\$7,794)	(\$7,950)	(\$8,108)	(\$8,271)	(\$8,436)	(\$8,605)	(\$8,777)	(\$8,952)	(\$9,131)
Management	(\$0.08)	(\$0.91)	(\$18,603)	(\$18,975)	(\$19,355)	(\$19,742)	(\$20,137)	(\$20,540)	(\$20,950)	(\$21,369)	(\$21,797)	(\$22,233)	(\$22,677)
TOTAL OPERATING EXPENSES	(\$0.81)	(\$9.66)	(\$197,414)	(\$201,362)	(\$205,389)	(\$209,497)	(\$213,687)	(\$217,961)	(\$222,320)	(\$226,767)	(\$231,302)	(\$235,928)	(\$240,646)
NET OPERATING INCOME	\$2.49	\$29.82	\$609,188	\$616,504	\$621,605	\$629,955	\$636,730	\$643,710	\$650,902	\$658,312	\$665,947	\$673,813	\$681,918
CAP RATE			5.50%	5.57%	5.61%	5.69%	5.75%	5.81%	5.88%	5.94%	6.01%	6.08%	
Reserves	\$0.01	\$0.15	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)	(\$3,064)
Acquisition Price		(\$11,075,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposition Price			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,397,223	
CASH FLOW BEFORE DEBT SERVICE		(\$11,075,000)	\$606,124	\$613,440	\$618,541	\$626,891	\$633,665	\$640,645	\$647,837	\$655,247	\$662,882	\$669,055	\$675,228
UNLEVERAGED CASH ON CASH			5.47%	5.54%	5.59%	5.66%	5.72%	5.78%	5.85%	5.92%	5.99%		
Interest Payment			\$316,302	\$316,302	\$316,302	\$316,302	\$316,302	\$313,803	\$308,206	\$302,376	\$296,304	\$289,979	
Principal Payment			\$0	\$0	\$0	\$0	\$0	\$134,638	\$140,235	\$146,065	\$152,137	\$158,462	
Annual Debt Service			(\$316,302)	(\$316,302)	(\$316,302)	(\$316,302)	(\$316,302)	(\$448,441)	(\$448,441)	(\$448,441)	(\$448,441)	(\$448,441)	
CASH FLOW AFTER DEBT SERVICE		(\$3,419,406)	\$289,822	\$297,138	\$302,239	\$310,589	\$317,363	\$192,205	\$199,397	\$206,807	\$214,442	\$5,226,651	
LEVERAGED CASH ON CASH			8.48%	8.69%	8.84%	9.08%	9.28%	5.62%	5.83%	6.05%	6.27%		

UNLEVERAGED
IRR
6.36%LEVERAGED
IRR
10.60%

[1] Taxes are 1.31574% of list price

[2] Management is 3.00% of Base Rent

[3] FY1 Expenses reflect 2.0% increase from 2018 expenses, except insurance and management

[4] Insurance quote provided by Farmers Insurance and management quote provided by K4 Management

[5] Loan Terms: 1.25% Fee, 70% LTV, 30 Year Amortization, Due in 10 Years, 4.08% Interest Rate, 5 Year Interest Only





SUBJECT PROPERTY









SAN JOSE | TRADE AREA DEMOGRAPHICS

POPULATION	1 MILE	3 MILES	5 MILES
2018	24,972	119,474	350,037
2023 Projection	26,039	123,227	361,957

HOUSEHOLDS (HH)	1 MILE	3 MILES	5 MILES
2018	6,560	31,683	89,810
2023 Projection	6,784	32,455	92,340

AVERAGE HH INCOME	1 MILE	3 MILES	5 MILES
2018	\$194,303	\$149,079	\$112,860
2023 Projection	\$219,380	\$171,136	\$131,446

MEDIAN AGE	1 MILE	3 MILES	5 MILES
2018	38.2	38.8	34.7
2023 Projection	39.4	40.3	36.3

SAN JOSE | CALIFORNIA

Located in Santa Clara County at the southern edge of the San Francisco Bay, about 50 miles south of San Francisco and 390 miles north of Los Angeles

Population of 1,035,317+ (2017) - 3rd largest city in California, following Los Angeles and San Diego and 10th largest city in the U.S.

Largest concentration of technology expertise in the world with more than 6,600 technology companies employing more than 254,000 people. As of 2018, 39 Fortune 1000 companies are headquartered in the Silicon Valley.

Home to Santana Row, the premiere Silicon Valley destination for shopping, dining, living, working and playing, offering 2.1 million square feet of retail, office, hotel and residential space.

Cultural, economic, and commercial center of Silicon Valley

Popular tourist attractions include the Winchester Mystery House, the Tech Museum, San Jose Museum of Art, and Santana Row

San Jose averages 300 days of sunshine per year

Home of the NHL's San Jose Sharks, MLS San Jose Earthquakes, Arena Football League's San Jose Sabercats, and Minor League Baseball Team San Jose Giants



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