



Net-Leased Investment on California's Highway 1

San Francisco
Capital Advisors



Prime Corner Location



Pacifica, California



Tourist destination



**High-income work opportunities
in Silicon Valley and San Francisco**



**Rising incomes and
continued gentrification**



Surrounded by open space



**Protected market
with supply constraints**



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Executive Summary

Pacifica Walgreens



Net-leased asset in rising-income, hard-to-replace location

HIGHLIGHTS

Occupying a premium site adjacent to the world's technology capital, this Pacifica Walgreens net-leased investment is one of the best-possible acquisition opportunities.



This results from the property's combination of increasing income from a successful tenant, high barriers-to-entry for potentially competing properties, plus multiple pathways-to-profit.

Rising household incomes accompany Pacifica's beach-front proximity to the country's most innovative and dynamic companies. Tourism further enhances and diversifies the local economy. These factors are expected to provide a new owner with significant cash flow and capital gains over time.

Price	Unpriced
Capitalization Rate	To be determined
Net Operating Income	\$445,500
Lease Expiration*	9/30/2049
Building Size	13,870 SF



INVESTMENT OPPORTUNITY

Walgreens, a dominant essential-retailer, leases the entire 13,870 square foot building until late 2049, with an increasing rental rate on an absolute net basis. *The tenant does not have lease renewal options for this essential and hard-to-replace property. Starting in 2029, the tenant does have limited termination rights every five years. However, this is not expected to occur because of the store's success and a lack of re-location alternatives.

Additionally, this is only Walgreens store on the coast (between San Francisco/Daly City and Santa Cruz) with no known site alternatives. Moreover, this build-to-suit property has a valuable drive-in window in a difficult-to-develop and expensive local environment. With a captive customer base in an increasingly affluent region, the tenant is expected to remain in-place for the foreseeable future.



Furthermore, this Pacifica Walgreens offering includes an additional 16.3 percent interest in a nearby 1.64-acre land parcel. Currently used as parking (for Safeway, amongst other neighboring tenants), this valuable interest—in one of Pacifica's most strategic land parcels—should someday provide extra capital gains.

LOCATION SUMMARY

Pacifica perfectly fits into the modern and preferred hybrid-workplace model. Surrounded by high-paying business opportunities (in Silicon Valley and San Francisco), residents appreciate living alongside one of the most attractive coastlines anywhere. This beachfront-living, high-earning combination is matched in few places, and increasingly sought after. When combined with Pacifica's small-town atmosphere and good schools, perpetually increasing residential demand from residents should persist. Retail has always followed.



In addition to being San Francisco and the Peninsula's closest beach town, Pacifica's scenic destination role is also enhanced by Pacific Coast Highway 1 tourists. These multiple-economic drivers (of high-income residents and destination travelers) are only expected to improve over time. This brings about a forecast for never-ending affluence.

The Walgreens property's superior location (in the path of growth) is conveniently near the Highway 1 offramp (Palmetto Avenue exit), and also at the corner of one of Pacifica's few highway overpasses (West Manor Drive). Therefore, the site is accessible, highly visible, and one of the finest commercial parcels in the city. This is why Safeway chose a neighboring property for its store.

Pacifica's scenic coastal placement has a scarcity of available land, plus high regulatory barriers for new commercial developments. This causes potentially-competing supply to be forever limited, in the face of perpetual demand. For the owners of existing properties, this creates an ideal investment situation going forward.

The San Francisco Bay Area is also America's financial and trade center for the dynamic Asian market. With a location both convenient and culturally connected to Pacific Rim decision makers, Pacifica reaps the economic benefits of expanding trade opportunities and accompanying local demand.

MARKETING PROCESS

For everyone's benefit: Our marketing commitment is to a unique property sale approach—unlike any other. Designed to find the ideal buyer and ensure best practices, San Francisco Capital Advisors eliminates common brokerage conflicts-of-interest. Our open and fair process allows and encourages all qualified parties to equally participate.



Amongst other advantages; we are revenue neutral (and agnostic) regarding who is the successful purchaser. This is accomplished by our not representing buyers (including for mortgage financing), and/or later re-selling the property on the buyer's behalf.

Furthermore, buyers and cooperating agents are assisted by our maintaining purchase offers in the strictest-of-confidence, and protecting their agency relationships. This fiduciary sale process (combined with our other exceptional services and seller agreements) guarantees optimal transaction execution for the clients of San Francisco Capital Advisors.

CONTACT AND PROCEDURE

San Francisco Capital Advisors (SFCA) has been retained as the owner's exclusive advisor for the disposition of its fee simple interest in the net-leased Walgreens property located at 520 Palmetto Avenue in Pacifica, California.

All inquiries should be directed to SFCA, and this offering memorandum is provided subject to the terms of the enclosed Confidentiality and Disclaimer Statement and Agreement.

Prospective investors, and agents, desiring to receive additional information should contact:

Charlie

Charles K. McCabe

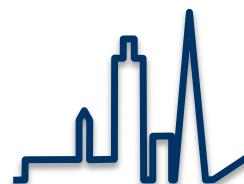
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Unique Residential Suburb Nearby Silicon Valley and San Francisco's High-Paying Job Opportunities

Rockaway Beach, Pacifica





Financials and Lease Abstract

Pacifica Walgreens



Walgreens is a Class-Dominant Essential Retailer

FINANCIAL OVERVIEW

Well-located, income-producing real estate is the only investment serving the test-of-time. This results from ceaseless occupant demand, and a forever limited supply. Unlike other investments, it also provides protection against the ravages of inflation while diversifying and enhancing portfolios.



Net-leased investments, in particular, provide long-term cash flow without effort. This is achieved by shifting building maintenance issues to the tenant. Therefore, the unique combination of stable cash flow and inflation protection enables these net lease properties to combine the best aspects of both a credit bond and a real asset.

The most valuable subset (of these net-leased real estate investments) have irreplaceable and long-lasting attributes. These include locations enjoying dynamism and economic vitality, with the future expected to continually improve. This Pacifica Walgreens offering exactly fulfills those desirable and uncommon qualities.

This property also features multiple pathways-to-profit. These include the additional 16.3 percent interest in a separate 1.64-acre land parcel (now used for parking by Safeway, amongst other tenants).

WALGREENS' LEASE INCOME



This Walgreens (store #11261) lease has a 40-year net-lease term, which commenced on September 18, 2009 and ends September 30, 2049. The lease requires the tenant to pay all expenses. Furthermore, Walgreens does not have lease-renewal options for this essential, but difficult-to-replicate property.

Rental Amount (Annually)	Date	Comments
\$405,000.00	9/18/2009 to 9/17/2019	1-120 months.
\$445,500.00	9/18/2019 to 9/17/2029	>=121-240 months.
\$490,050.00	9/18/2029 to 9/17/2039	>=241-360 months.
\$539,055.00	9/18/2039 to 9/30/2049	>=361 months.



The tenant has limited lease-termination rights, on the last day of the 240th month and every five years thereafter (with twelve-month's notice). However, this is the only Walgreens location not only in Pacifica, but also on the California coast—between San Francisco and Santa Cruz (65 miles away). Given the scarcity of available land, a problematic development approval process, and expensive construction costs, Walgreens is expected to stay in this prime location for the foreseeable future.

PROPERTY TAXES

Walgreens pays property taxes.



“Walgreens shall pay, when due and before delinquency, the ad valorem real estate taxes (including all special benefit taxes and special assessments) levied and assessed against the Leased Premises, commencing with the first day of the term and continuing for the remainder of the term.”

MAINTENANCE AND REPAIRS

Walgreens maintains and repairs premises.



“Walgreens, at its sole cost and expense, shall maintain the leased premises and make all necessary repairs and replacements, whether interior or exterior, to all parts of the same.”

UTILITIES

Walgreens pays utilities.



“Walgreens shall pay when due all bills for water, sewer rents, sewer charges, heat, gas and electricity used in the building or on the leased premises from and after the possession date until the expiration of the term.”

INSURANCE

Walgreens pays insurance.



“Commencing with the Possession Date and continuing until the last day of the two hundred fortieth (240th) full calendar month of the term, Walgreens shall carry special form coverage insurance covering the building and the other improvements on the leased premises to the extent of not less than 100 percent of replacement value, with companies which are authorized to do business in the State in which the leased premises is located and are governed by the regulatory authority which establishes maximum rates in the vicinity. Commencing with the first day of the two hundred forty-first (241st) full calendar month of the term, such coverage shall be on an actual cash

value basis. Walgreens shall also procure and continue in effect public liability and property damage insurance with respect to the operation of the leased premises. Such public liability insurance shall cover liability and property damage for death or bodily injury in any one accident, mishap or casualty in a combined single limit sum of not less than \$2 million.”

RENEWAL OPTIONS

Walgreens has no renewal options.



Many Walgreens’ leases give the tenant control of the property at a fixed rental amount for an extended period of time. As the value of fixed cash flow is reduced over the long run, this can burden the landlord with an inflation problem (instead of a benefit). However, this Pacifica property is relatively unique, not only with its substantial rental increases during the lease term, but also by the tenant not having a multitude of fixed-rent renewal options.

MISCELLANEOUS

“Walgreens may, at its option and within fifteen (15) days after receipt of landlord's notice of a bona fide purchase offer and receipt of a copy thereof, offer to purchase the leased premises at the price and upon the terms and conditions as are contained in said offer, in which event, landlord shall sell the leased premises to tenant upon said terms and conditions and said price.”

WALGREENS CORPORATE



Walgreens is the premier name in drug stores, and an essential-retailer. This is the company’s only Pacifica location, as well as on the entire coastal region between San Francisco/Daly City and Santa Cruz.

Ranked #16 in the Fortune 500 with a market value of approximately \$47.4 billion, Standard & Poor’s recently provided an investment-grade global rating of “BBB”. The publicly-traded stock of the parent company is listed on the Nasdaq exchange, under the symbol “WBA”.

Walgreens is a specialist in the retail selling of prescription drugs, and a range of other profitable merchandise. This includes over-the-counter medications, health and beauty aids, personal care products, cosmetics, food and beverages, and other convenience products.

Few companies match Walgreens' global reach. With more than 18,750 stores in 11 countries (including equity method investments), it also has a pharmaceutical wholesale and distribution network in more than 20 countries.

FINANCING

The property is offered free and clear of indebtedness. This allows investors to take advantage of robust capital markets, with historically low interest rates, to achieve a financing structure suiting their particular requirements in an optimum manner.

Location

Pacifica Walgreens



Pacifica is a scenic beach town near high-paying employers

PACIFICA OVERVIEW

Bounded by water and open space, Pacifica has a scarcity of developable land reinforced by natural space constraints.

These limiting factors, combined with high construction costs and legislated development controls, serve to further restrict potentially-competitive new construction. This results in a favorable situation for existing property owners.

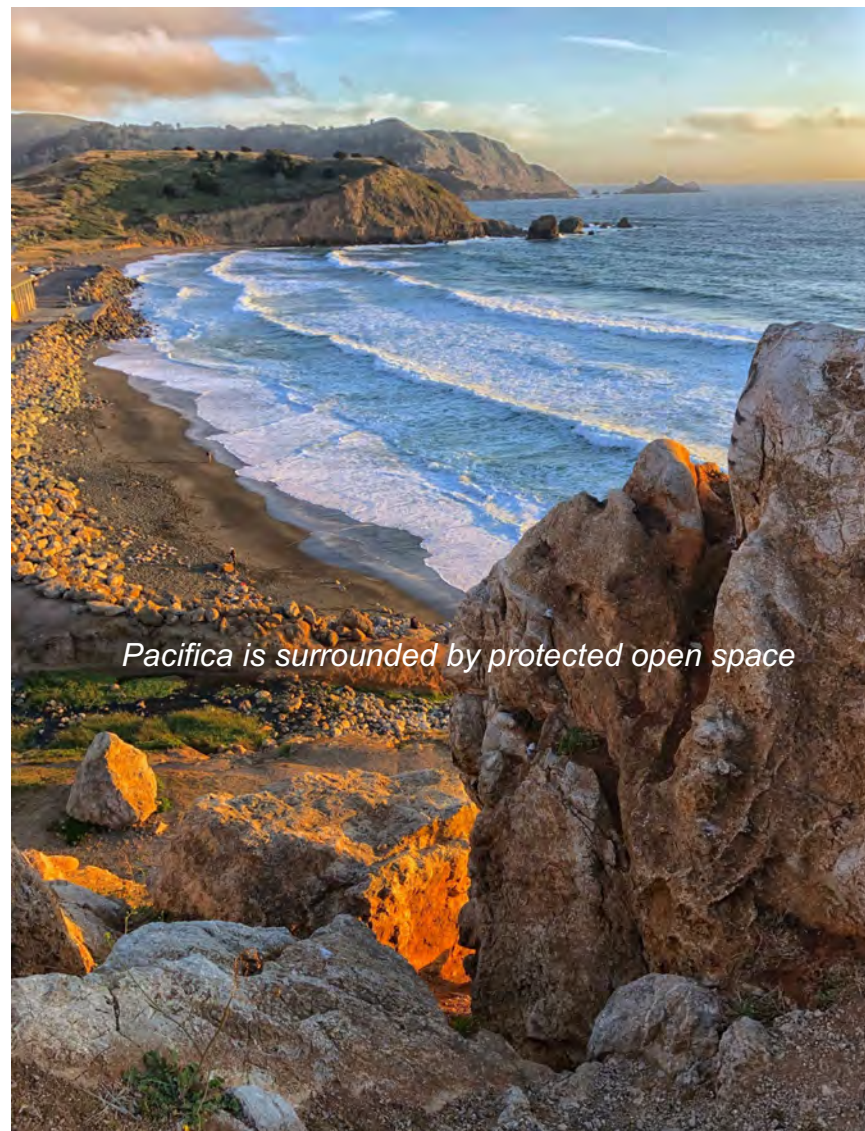
This is unlike many other net-leased properties that are enveloped by vacant land, with needy neighbors eager for any-and-all growth.

UNMATCHED LIFESTYLE AMENITIES

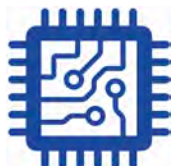


Just a few miles south of San Francisco, the Santa Cruz Mountains' northern terminus enters the waters of the Pacific. This is where Pacifica's beautiful beaches and ocean vistas begin.

The six-mile stretch resulted from several coastal communities eventually combined into one municipality, on the San Mateo peninsula. Rolling hills surround the town.



Pacifica is surrounded by protected open space



Pacifica is further complemented by the many lucrative business opportunities in nearby Silicon Valley and San Francisco (financial and software). South San Francisco's biotechnology is also only seven miles away. All technological centers are the economic engines driving today's world. Pacifica is six miles from San Francisco International Airport (SFO), a premier gateway for international travel.

Pacifica's beachfront-location is unique to the local area. This rare amenity perfectly coincides with today's hybrid office work schedule for high-income personnel. Consequently, the median household incomes have grown—with further increases expected. Pacific Coast Highway 1 tourism further diversifies and enhances the local economy. As a consequence of a lack of developable land and development restrictions, the quantity of Pacifica's residents has stayed about the same over the years.

This stable population, coupled with the increasing household incomes, signals higher real estate values in Pacifica's future. Therefore, it is a residential suburb with the most future potential.

Miscellaneous

A portion of Palmetto Avenue (Pacifica's "Main Street") has been identified for a doubling of allowed residential density and in 2020 was designated a "Priority Development Area" by the Metropolitan Transportation Commission and the Association of Bay Area Governments due to its potential for supporting new housing and employment near transit. This designation qualifies the City to receive potential future additional grants for specific projects and public improvements consistent with the Specific Plan. The General Plan Update aims to facilitate the enhancement of Palmetto as a pedestrian-oriented retail area.

Sharp Park Golf Course was established in 1932 and is the work of esteemed architect Alister MacKenzie who also designed Cypress Point, Augusta National, and many other famed courses. The historic seaside green in Pacifica has been recognized as one of "America's 50 Greatest Municipal Courses".

SAN FRANCISCO BAY AREA

As the technology capital of the world, San Francisco and the Peninsula (together with the adjacent Silicon Valley region), have led all others by being constantly reinvigorated by new businesses with huge growth and profit prospects.

Capturing a large percentage of all venture capital in America, there is no other area that can match this region for profitable innovation. The San Francisco Bay Area's underlying strength is being a knowledge-based economy. Resourceful people transform that intellect into great companies and products with tremendous growth potential.

The San Francisco Bay region functions as a single integrated economy, making up one of the most diverse regions in the United States. Biotechnology, information software, finance, venture capital, manufacturing, high-end agriculture, and logistics all share space and complement one another.

While the Bay Area has been home to more Fortune 500 companies than anywhere in the country (except New York), it also houses a larger proportion of small businesses than other metropolitan regions. This reflects its entrepreneurial culture. Young companies can access the world's most educated labor pool, the world's largest amount of venture capital, and are supported by a highly-developed financial and service infrastructure.

Today, the adaptive region is still a Mecca for people with start-up fever and acts as an incubator that just keeps hatching new things. The high technology cluster of revolutionary firms in the San Francisco Bay Area has been the result of its proximity to higher education, quality of life, Silicon Valley, venture capital, intellectual property law firms, innovation, critical mass, unequalled high-technology infrastructure, and supporting industries. These factors have combined to create a business environment that cannot be duplicated and of irreplaceable value.

INTERNATIONAL GATEWAY TO ASIA

Asia is the scene of the most extraordinary economic, social, and political transformations in our time. China's 1.4 billion people striving for a better life, using epic entrepreneurial zeal and rising aspirations, now fire this metamorphosis and expansion.



With a location both convenient and culturally connected to Pacific Rim decision makers, the San Francisco Bay Area reaps the economic benefits of expanding trade opportunities. It also functions as America's financial and trade center for this dynamic Asian market. Consequently, as Asia's economic ascendance heightens, so too has the San Francisco Bay Area's global relevance and business opportunity.

Our unique relationship with China was first due to an accident of geography—having to do with its proximity to Asia—but also because of its reputation as a place of opportunity amongst Chinese. In particular and dating back to the 1849 Gold Rush era, Northern California was known as “Gam Saan”, or Gold Mountain in Guangdong Province.

The Bay Area's high-value services, intellectual property, and technologies now find a ready market in China's fast-growing consumer and business environments. Therefore, the San Francisco Bay Area is positioned as the country's premier portal for U.S.-China exchange and Pacifica is ideally situated to benefit.



Property Description

Pacifica Walgreens



Newer construction with abundant land, on an infill site

PROPERTY OVERVIEW

The Walgreens store measures approximately 13,870 square feet and was built in 2009. The main floor measures 10,818 square feet, with an additional mezzanine area of 3,000 square feet. The total building envelope measures 112 feet by 100 feet, not including the full-width, fourteen-foot wide receiving dock on the southern end of the building. The Walgreens drug store has one primary entrance, and windows are along both the Palmetto Avenue and West Manor Drive façades.

As the measurement standards of the Building and Owner's Management Association (BOMA) have changed in landlord's favor (since the building was constructed), there may be a future opportunity to add value to this investment by increasing its rentable square footage size.



The building includes a difficult-to-replace drive-through window, that is especially valuable in such events as recurring pandemics. The shopping convenience of this rare amenity further increases Walgreens' store sales, making this Pacifica location even more tenant beneficial.

The drive-through window has two lanes and a roof over the window. Drive-through window patrons enter this area from West Manor Drive, then turn left after using the window and exit the drive-through area by driving north, past the Walgreens store and exit using Palmetto Avenue.

Prior to the build-to-suit construction for Walgreens during 2009, an environmentally-friendly on-site property use was previously the Seavue movie theater. Surrounding land uses are urban, with a mix of retail to the immediate west and north, and residential to the south. The Pacific Manor Shopping Center (with a Safeway) is just across West Manor Drive to the north, and Highway 1 is just across Palmetto Avenue to the east.

There are a total of fourteen on-street parking spaces along the frontage of the drug store. Four spaces are diagonal on the West Manor Drive frontage, with another ten (also diagonal) spaces on the Palmetto Avenue frontage.

Located in Pacifica's West Edgemar Pacific Manor Land Use Plan Area, the Walgreens property is also within the Coastal Zone as identified in the City's Local Coastal Plan. Portions of Palmetto Avenue (in the Sharp Park area) have been identified in a planning for a possible height-limit increase. As the Walgreens site (as well as the included additional parking area) are also located on Palmetto Avenue's commercial areas, this height limit increase is expected to someday also occur there—for the benefit of a future owner.

The Walgreens site itself comprises fee-simple title to almost a half-acre of land, on a prime Pacifica intersection. Additionally, this offering also includes an additional interest in another parking property (as described below):

ADDITIONAL LAND AREA



Included in this offering is a 16.3 percent fee title membership interest of Pacifica Parking Plaza, Inc. (the "Association"). This Association owns a 1.64-acre (approximately) parking area in front of the Safeway-tenanted Pacific Manor Shopping Center. There are fifteen-listed Association members and the transferred rights (16.3 percent) with this Walgreens property represent the second largest share. **In addition to non-exclusive parking right to use this large land area, also included are rights-of-dissolution.**

This strategic Additional Land Area parcel has been considered one of Pacifica's best future development sites. Referenced by the San Mateo county Assessor as being 71,438 square feet in area, it is parcel number 009-134-150. The parking property has extensive frontage on Palmetto Avenue, West Manor Drive, and Aura Vista.

Per the Walgreens' lease, the tenant pays landlord's share of any and all amounts necessary for the maintenance, repair and management of the Additional Land Area parcel, as well as the conduct of the business of the parking association which are assessed by the association on landlord pursuant to the provisions of the CC&Rs.

SITE SUMMARY

Address: 520 Palmetto Avenue, Pacifica, California 94044

Zoning: C-1 (Neighborhood Commercial)

Land Area: 20,473 square feet (plus interest in Additional Land Area).

Assessor's

Parcel Numbers:

Property	APN#
Walgreens Site	009-162-550
Additional Land Area	009-134-150

SITE CONDITIONS AND ENVIRONMENTAL

The Seller and San Francisco Capital Advisors make no warranties or representations regarding the presence of hazardous substances and advise all prospective buyers to have an independent building and soils condition report prepared at their own direction and expense.

Confidentiality and Disclaimer

Pacifica Walgreens



CONFIDENTIALITY AND DISCLAIMER STATEMENT AND AGREEMENT

San Francisco Capital Advisors ("SFCA") is providing a limited and revocable, non-exclusive viewing license for this offering memorandum ("Memorandum") to recipient ("Recipient") solely to assist in your determining whether to express further interest in acquiring the Pacifica Walgreens property ("Property"). In consideration, you agree this Memorandum and its contents will be held in the strictest of confidence and will not be copied or otherwise reproduced, modified, or disclosed to any other entity without the prior written authorization of the Property's owner ("Owner") or SFCA. You also agree this Memorandum and its contents will not be used in any manner detrimental to the interest of the Owner and/or SFCA, and accept without limitation or qualification the following additional terms and conditions:

The Owner, SFCA, and their respective affiliates make no expressed or implied warranty, representation, or guaranty as to the accuracy, correctness, or completeness of the information contained herein, or any other written or oral communication transmitted to Recipient about any aspect of the Property. No legal liability is assumed or to be applied in connection with the information, or other such communications. Document summaries are not intended to be comprehensive or all-inclusive, but rather only to outline some provisions contained therein and are entirely qualified by the actual document to which they relate. Such summaries do not constitute a legal analysis and interested parties are expected to independently review all documents without reliance on this Memorandum in any manner. This Memorandum shall not be deemed a representation of the Property's state of affairs, is subject to change without notice, and SFCA assumes no obligation to supplement or modify this Memorandum's information.

A Recipient should conduct independent due diligence inspections at its own direction and expense and make its own projections and conclusions without reliance upon the information contained herein. This would include, but not be limited to, the Property's physical condition and engineering matters, the existence of any potentially hazardous material(s), the Property's actual size, title exceptions, as well as its compliance or non-compliance now or in the future with any regulation, rule, guideline, ordinance, or planned use. Any cash flow projection and assumptions represent estimates based in conjunction with possible future market scenarios and may also be subject to changes, errors, and/or omissions. Recipients should develop and solely rely on its own independent estimates of actual and pro forma income and expenses before making any value conclusion. This transaction's worth to you depends on many factors, which should be evaluated by your tax, financial, and legal advisors.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum, or making an offer to purchase the Property, unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered, and approved by the Owner, and any conditions to the Owner's obligations therein have been satisfied or waived.

This Memorandum and its copyright remains the property of SFCA. Consequently, we reserve the right to revoke this limited viewing license at any time and require the return of any physical and electronic copies in part or entirety, as well as any other documents provided to Recipient by SFCA. Notwithstanding the additional terms in any previously-signed nondisclosure agreement, by using this license and Memorandum to directly or indirectly submit an offer to purchase the Property, Recipient agrees to defend, indemnify, and hold harmless Owner, SFCA and their respective affiliates from and against any and all claims, proceedings, damages, injuries, liabilities, losses, costs, and expenses (including reasonable attorneys' fees and litigation expenses, with Recipient posting a bond for the same) relating to or arising from any breach, violation or challenge by Recipient of the foregoing.

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Marketing and Offer Processes

MARKETING

The Pacifica Walgreens sale process is different than all others. This results from our elimination of brokerage conflicts-of-interest that plague many commercial property sales.

In particular, all potential buyers have an equal and fair opportunity to participate and purchase. SFCa will not be representing property buyers. We also do not offer financing, leasing, or management services, nor accept Property commissions from the buyer after the sale. This guarantees that we are revenue-neutral with regard to the buyer's origin and identity.

This, combined with full cooperation with other brokers, assures buyers and other agents that their offers and client relationships will be protected. Sellers therefore know we find the absolute best buyer for our listings. Transactions are also completed under ideal terms because we function—as a fiduciary—working only toward achieving and protecting our client's best interests.

We anticipate notifying registered parties of a call for offers approximately 30-45 days from the initial availability of this offering memorandum. However, the owner reserves the right to negotiate exclusively at any time with a prospective buyer. The Property is being offered on an “as-is” basis.

OFFERS

Please include the following information in a purchase offer, if applicable:

1. Purchase price and buyer-paid closing expenses.
2. Property due diligence already completed, period length (if any), planned inspections summary, and requisite approval process.
3. Amount and timing of initial and subsequent deposits, and when would become nonrefundable.
4. Closing timeframe.
5. Source(s) of capital, both equity and debt, including debt leverage (if any) and required approvals.
6. Experience purchasing similar real estate, financial capability, and any other information believed material for your offer's evaluation.

Inquiries should be directed towards:

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San Francisco Capital Advisors

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San Francisco Capital Advisors

We provide transactional and advisory services with an unrivaled combination of experience, market knowledge, tenacity, and enthusiasm.

Your best interests are achieved without dual representation, or other conflicts of interest, in the most economic and effective manner.

Our unique disposition process also features the broadest reach to the most motivated buyers, which includes offshore capital originating in Asia, Europe, and the Middle East.

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