

OFFERING MEMORANDUM

Sherwin-Williams San Jose, CA | Silicon Valley Location

TheMaffiaTeam

\$4,347,000

4.50% CAP Rate

- New 10-Year Corporate Net Lease to Sherwin Williams (NYSE: "SHW")
- Sherwin Williams Rated "A" by Standard & Poor's
 - \$28 Billion Market Capitalization
- 10% Fixed Rental Increases Every Five Years
- Brand New 2016 Redevelopment
- Situated Across from High Performing Home Depot & Target
- Highly Trafficked Location in Bay Area
 - Convenient Access to Highway 85 (117,000 AADT)
- Strong Area Demographics in Five Mile Radius
 - Population of 473,241
 - Average Household Income of \$123,420



ACTUAL SITE

www.maffiateam.com

Disclaimer

The Maffia Team has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

Table of Contents

PROPERTY INFORMATION	1
TENANT INFORMATION	2
SITE PLAN	3
AERIALS	4
ABOUT THE AREA	10
DEMOGRAPHICS	12

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Property Information

Location

The property is located at 1856 Camden Avenue in San Jose, California.

Lot Size

Approximately 0.42 acres, or 18,295 square feet.

Improvements

Construction was completed in August 2016 of an approximately 4,866 square foot retail building for **Sherwin Williams**.

Significant Capital Improvement

- Approximately \$1 million invested into the project
- All 4 HVAC units have been replaced
- New roof with transferable warranty installed
- Extensive structural upgrades completed to building
- Fully renovated interior

Parking

There are a total of 23 parking spaces available on site.

Financing

The property will be delivered free and clear of permanent financing.

Lease

Leased to **The Sherwin-Williams Company** for 10 years from September 5, 2016 at an initial annual rent of \$195,600. There are two five-year options to renew the lease. The annual rent increases by 10% throughout the initial term and option periods. The lease is net with the tenant responsible for taxes, insurance, and maintenance, except for the roof (brand new 2016), structure, foundation (structural upgrades in 2016), and parking area.

The roof and HVAC are brand new (2016) and include transferable warranties, which will be transferred to the purchaser of the subject property.

Tenant is responsible for maintaining the HVAC and during the lease term shall pay for repairs to the HVAC system of up to \$1,000 in any lease year (all units brand new and installed in August 2016).

Net Operating Income

Year	Annual Rent	Return
1-5	\$195,600	4.50%
6-10	\$215,160	4.95%
11-15 (Option 1)	\$236,676	5.44%
16-20 (Option 2)	\$260,344	6.00%

Price: \$4,347,000 (4.50% Return)

Tenant Information



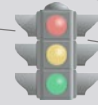
The Sherwin-Williams Company (NYSE: “SHW”) is an American based company in the general buildings material industry. Headquartered in Cleveland, Ohio, the company engages primarily in the manufacture, distribution, and sale of paints, coatings, and related products to professional, industrial, commercial, and retail customers primarily in North and South America and Europe. Sherwin-Williams has been in business since 1886 and, as a testament of its strength, it has annually increased its dividends since 1979.

The company has recently been undergoing plans for expansion through growth of new store openings and acquisitions, as is the case with its recent acquisition of Valspar for approximately \$11.3 billion on March 20, 2016. Both companies have highly complementary paints and coatings offerings, and this combination enhances Sherwin-Williams’ global paints and coatings business, the companies explained in a news release. This acquisition accelerates Sherwin-Williams’ growth in the Asia-Pacific region, Europe, the Middle East and Africa, and also adds new capabilities in the packaging and coil segments. The synergies provided by the acquisition is expected to save the company around \$280 million within two years. The acquisition is expected to close by the end of the first quarter of 2017.

For the recent quarter ended September 30, 2016, the Sherwin-Williams Company reported revenue of \$3.28 billion, with net income of \$386.73 million and total stockholder equity of \$1.6 billion. Sherwin-Williams Company is ranked 253 in the Fortune 500 and rated “A” by Standard & Poor’s.



Site Plan



CAMDEN AVENUE

HILLSDALE AVENUE

LEIGH AVENUE

CHASE

CHASE
ATM

↑
DRIVE
THRU



SHERWIN
WILLIAMS®

4,866 SF





Aerial | Close-Up View



Leigh Ave

Camden Ave (51,310 AADT)

Hillsdale Ave (27,728 AADT)



SHERWIN WILLIAMS



Aerial | West View

SARATOGA

CUPERTINO

CAMPBELL



/ (117,000 AADT)



/ (127,000 AADT)

CAMDEN PARK



Camden
Community Center

Camden Ave (51,310 AADT)



Hillsdale Ave (27,728 AADT)

Camden Ave

Butcher
Park



Aerial | Northeast View



Mineta San Jose
International Airport

MILPITAS



DOWNTOWN
SAN JOSE

San Jose State
University



CAMPBELL



Santa Clara Valley
Medical Center

Del Mar
High School



Willow Glen
High School



Ida Price
Middle School



CAMDEN PARK



California
Sports Center
Cambrianna



Leigh Ave

Hillsdale Ave (27,728 AADT)



Union Ave



Camden Ave (51,310 AADT)



Aerial | Southeast View



Gunderson High School

Broadway High School

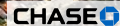


Branham High School

Stratford - San Jose Middle School



Leigh Ave



Boulder Ridge Golf Club

Pioneer High School



Almaden Golf & Country Club



(117,000 AADT)

Leigh High School



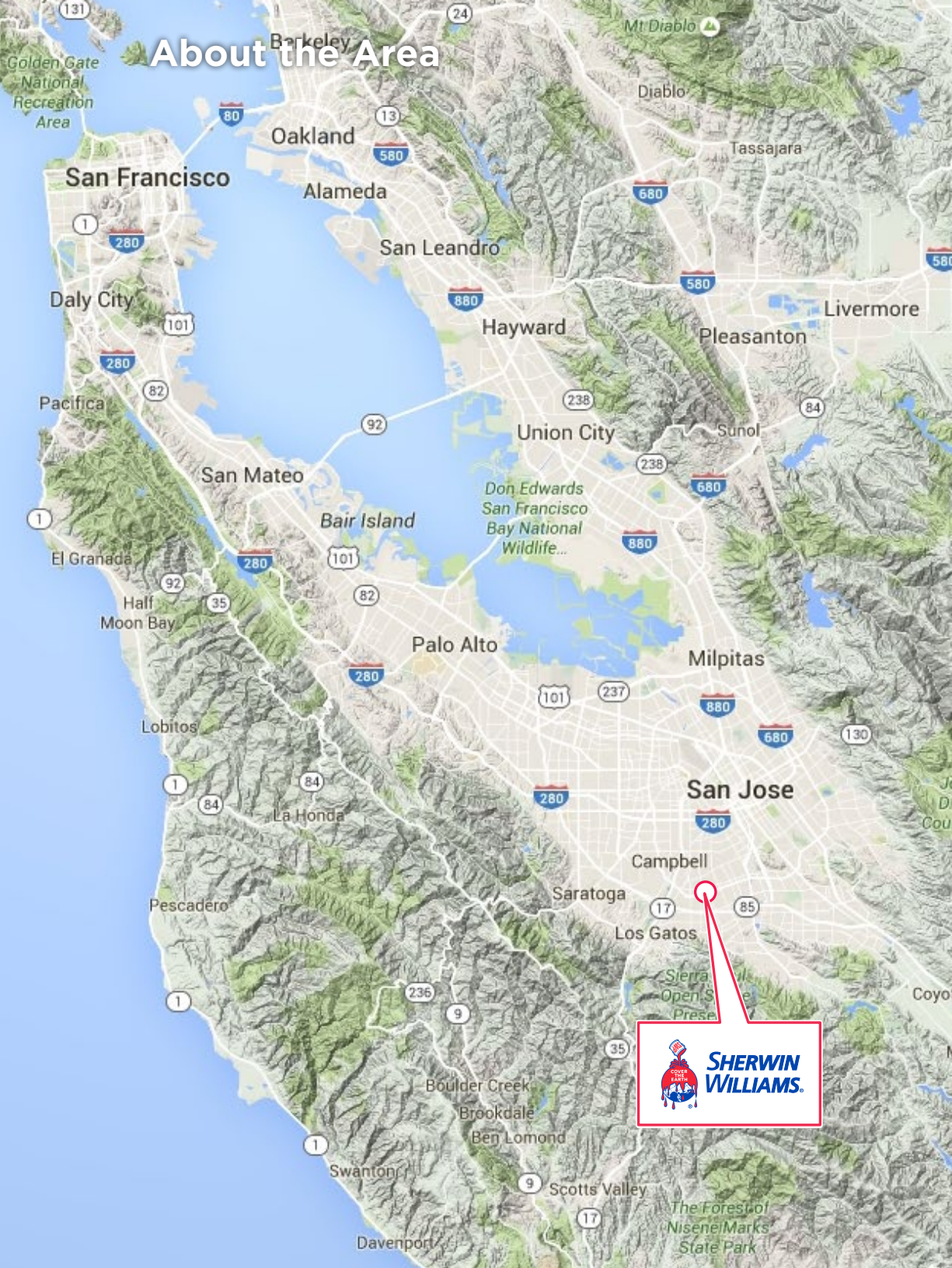
Camden Ave (51,310 AADT)



Aerial | West View



About the Area



General Overview

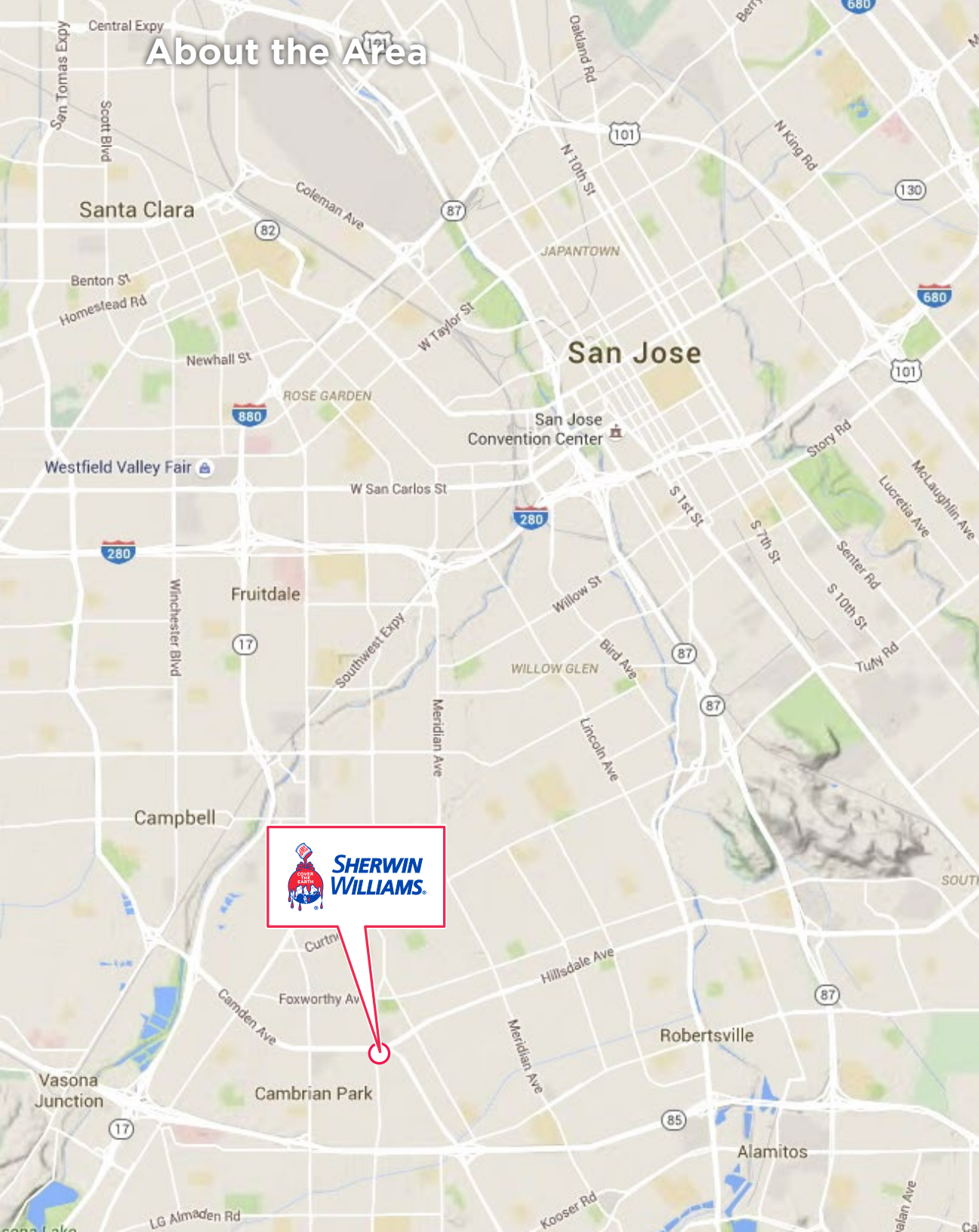
San Jose, the seat of Santa Clara County, is the third-largest city in California and the tenth-largest in the country with 1.02 million residents. San Jose is the largest city in the San Francisco Bay Area Combined Metropolitan Statistical Area (SFBA CSA), a 12-county region with 8.61 million inhabitants. The SFBA CSA has the second highest educational attainment in both bachelor's and master's degree, and the second highest median household income. The Bay Area contains the two U.S. Metropolitan Statistical Areas (MSA) that have the highest per capita number of Forbes 400 millionaires. The city has the highest credit rating of any large city in California (Standard & Poor's rating of "AAA"), and its residents have the highest median household income of any city in the U.S.

Fortune magazine has called San Jose "the epicenter of information technology." The Milken Institute continues to rank San Jose metropolitan statistical area as the #1 high-tech area in North America. The San Jose Metropolitan Area is home to the largest concentration of technology expertise in the world, with more than 6,600 technology companies employing more than 254,000 people. High-tech companies make up nearly 12% of private-sector businesses in San Jose, the greatest concentration in the U.S. and almost three times the national average. One out of every five workers in Santa Clara County is employed in manufacturing, and San Jose ranked first among large metropolitan areas as a world-class manufacturing community based on manufacturing strength and the high productivity of area workers. In 2010, the region's top 150 public companies had a combined net worth of \$1.55 trillion, while producing \$548 billion in sales and \$85 billion in profits. The MSA continues to have the highest productivity level of any region in the U.S. Employee productivity, calculated at \$130,000 per worker, is more than double the national average.

A major factor contributing to the success of technology companies in the region is an educated workforce. The education level of the city's workforce is one of the highest in the country, with 67% of the workforce having some college education and 43% having earned a college degree or higher (compared with the national average of 28%). San Jose companies have a natural pipeline to the region's many top-rate institutions, including the University of California at Berkeley, Stanford University, and San Jose State University. The Bay Area has more than 100 universities and colleges which collectively award thousands of degrees every year.



About the Area



Site Information

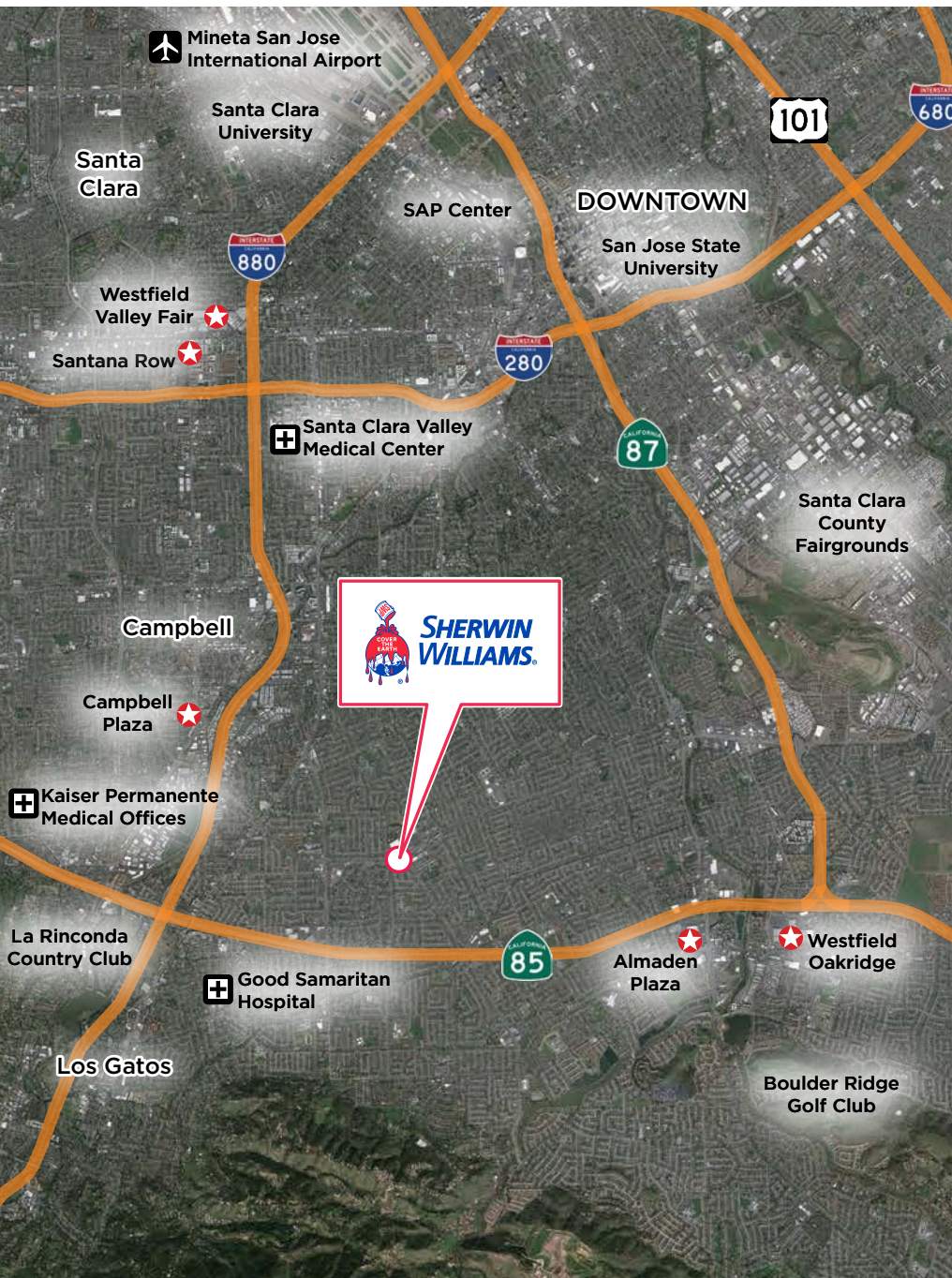
The subject property is strategically located near the southeast corner of Camden Avenue (51,310 AADT) and Leigh Avenue (11,162 AADT), where Hillsdale Avenue (27,728 AADT) converges into Camden Avenue. With excellent visibility and frontage, Sherwin Williams benefits from its ease of accessibility along Camden Avenue, as well as its close proximity to State Route 85 less than a mile south of the property. Less than two miles southwest of the property is the State Routes 85 (117,000 AADT) and 17 (127,000 AADT) interchange, further contributing to the consumer draw to the immediate area.

Furthermore, the property is ideally situated directly across from a shopping center anchored by The Home Depot, Target, 24 Hour Fitness, and T.J. Maxx. The close proximity to a high performing Home Depot store provides for a synergistic tenant mix that lines up well with Sherwin Williams' business. Additionally, one block west of the property is Cambrian Park Plaza, a 170,603 square foot retail center that features national tenants such as BevMo!, Dollar Tree, Bank of America, Bank of the West, and Round Table Pizza, amongst others.

In addition to the strong presence of retail in the area, there are also a considerable amount of medical and educational institutions. Slightly less than two miles from Sherwin Williams is good Samaritan Hospital, one of the first of five hospitals in the county and the first in Santa Clara County to become a Stroke Certified Hospital. This acute care hospital is the main campus of the two good Samaritan Hospital locations in Northern California. Approximately one mile south of the property is Branham High School (1,600+ students enrolled) and Leigh High School (1,600+ students enrolled).

The area is supported by robust demographics, as there is a population of 473,241 people with an average household income of \$123,420 within a five mile radius.

Demographics



1856 Camden Ave, San Jose, CA 95124

	1 mile	3 miles	5 miles
Population Summary			
2010 Total Population	21,319	178,330	446,902
2016 Total Population	22,738	187,217	473,241
2021 Total Population	24,256	197,901	502,518
2016-2021 Annual Rate	1.30%	1.12%	1.21%
Average Household Income			
2016	\$129,726	\$130,068	\$123,420
2021	\$141,571	\$141,339	\$134,148
Median Home Value			
2016	\$692,954	\$748,837	\$733,169
2021	\$718,321	\$778,201	\$760,086

Top Employers in San Jose	# of Employees
County of Santa Clara	14,950
Cisco Systems	13,600
City of San Jose	5,651
eBay	4,700
IBM	4,200
U.S. Postal Service	3,920
San Jose State University	3,119
San Jose Unified School District	2,330
Hitachi	2,070
Adobe Systems	2,000



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