

NNN Rite Aid (Walgreens)



- Corporate Lease Guarantee
- 7+ Years Remaining
- Hard Signalized Corner Location



Confidential Offering Summary

3798 Guess Road
Durham, NC

The Offering

JLL is pleased to offer for sale an absolute NNN-leased Rite Aid (the "Property"), located in Durham, NC. The Property possesses highly favorable lease fundamentals, featuring Rite Aid tenancy whose lease has been assigned to Walgreens corporate on an absolute NNN lease structure. There are currently 7.8 years of lease term remaining, and five, 5-year option periods with rental increases. The Property is strategically positioned on the hard signalized intersection of Guess Road and Horton Road which see a combined traffic count of over 28,000 vehicles per day.

While the exterior is still branded as a Rite Aid, the store contains a Walgreens operated pharmacy. This store is currently managed by Walgreens and over time will undergo positive changes as Walgreens systematically absorbs Rite Aid. This offering represents an exceptional opportunity to acquire a valuable property with strong lease fundamentals leased to an investment-grade tenant.



Property Summary

Address	3798 Guess Road
City, State	Durham, North Carolina
Year Built	2000
Building Size (SF)	11,200
Parking	~58 spaces
Site Size	1.25 acre
County	Durham
Parcel ID No.	127267
Zoning	Commercial
Traffic Counts	28,000 VPD
3-Mile Population	53,975 Residents

Lease Summary

Tenant	Rite Aid (Walgreens)
Lease Type	Absolute NNN
Lease Start	1/25/2001
Lease Expiration	1/24/2026
Term Remaining	7.8 Years
Current NOI	\$304,204
NOI / SF	\$27.16
Renewal Options	5 x 5-Year
Rental Increases	Escalations in Option Periods

Investment Highlights

High-Visibility Location with Drive-Thru

The Property is located at the hard signalized intersection of Guess Road and Horton Road which sees a combined volume of 28,000 vehicles per day. The Property also has ingress and egress to both roads and contains a drive-thru pharmacy.

Absolute NNN Lease with 7.8 Years of Initial Term

The offering constitutes a passive long-term investment with zero landlord responsibilities. The lease runs through January 24th 2026 and has 5 x 5 year options to renew. Each renewal option has fixed rate rental increases

Strong Tenant with Intense Brand Loyalty

With Walgreens acquisition of Rite Aid, they now have a larger domestic store count than CVS Pharmacy. With the intense brand loyalty, the Walgreens customer base will grow and emerge as the leading retail pharmacy.

Highly Educated, Technology Driven City

Durham is the fourth largest city in the state of North Carolina. The city is home to Duke University and North Carolina Central University, and is also one of the vertices of the Research Triangle. As one of the fastest growing areas in the country, the Research Triangle is being fueled by the school system, jobs, and retirement. The area is home to over 250 companies employing 46,000 workers in biotech, information technology, and related sectors.

Asking Price



\$4,500,000



6.76% cap rate

Rent Roll

Term	Start Date	End Date	Base Rent	Rent PSF	Monthly Rent
Base Rent	1/25/2001	1/24/2026	\$304,204	\$27.16	\$25,350
Option 1	1/25/2026	1/24/2031	\$309,658	\$27.65	\$25,805
Option 2	1/25/2031	1/24/2036	\$315,112	\$28.14	\$26,259
Option 3	1/25/2036	1/24/2041	\$320,556	\$28.62	\$26,713
Option 4	1/25/2041	1/24/2046	\$326,020	\$29.11	\$27,168
Option 5	1/25/2046	1/24/2051	\$331,474	\$29.60	\$27,623





Durham

Durham is the fourth largest city in the state of North Carolina with a population of approximately 264,000 residents. The city is the core of the four county Durham-Chapel Hill Metropolitan Area and is well known for being home to Duke University. Durham is served by the Raleigh-Durham international airport. Its public transportation system is provided by Capital Area Transit, which operates 33 fixed bus routes.

Durham is part of the Research Triangle area, together with Raleigh and Chapel Hill. The area is home to numerous high-tech companies and enterprises. The area is also home to a number of institutions of higher education. Leading employers in the Research Triangle include American Airlines, Bayer, Cisco Systems, DuPont, IBM, Lenovo, Pfizer among others. Leading universities include Duke University, University of North Carolina Chapel Hill, North Carolina State University, Campbell University, among others.



264,000 residents in Durham



Gateway Location

- The city is one of the vertices of the Research Area Triangle area
- Major employers include Duke University, IBM, and Blue Cross & Blue Shield of NC



World-Class Education

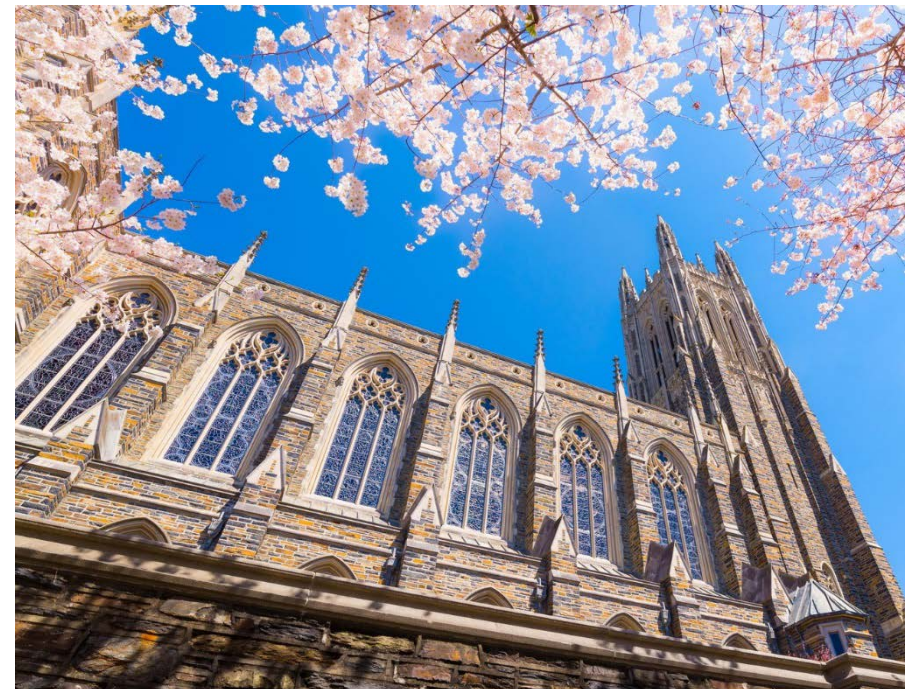
- Ranked 4th most educated city, along with Chapel Hill, in the country (WalletHub)
- Duke University ranked 9th in the 2018 edition of Best National Universities (US News & World)
- Ranked 2nd Best Small Metro for College Students (Yahoo Finance)



#1 Best Mid-Sized Cities for Jobs (Forbes)

Demographics (2017 Estimates)

	1-mile	3-mile	5-mile
Population	9,314	53,975	115,569
Households	3,873	22,041	46,255
Average HHI	\$58,151	\$72,279	\$65,776
Median HHI	\$37,821	\$49,538	\$42,651
Average Home Value	\$212,519	\$225,770	\$228,686
Median Home Value	\$150,792	\$187,292	\$187,958
Median Age	33.7	38.3	34.3



Company Background

- Founded in 1901, Walgreens Boots Alliance (the “Company” or “Walgreens”) is the global leader in pharmacy-led health and wellbeing retail. Walgreens operates more than 8,175 stores in the 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands.
- With a typical store carrying over 18,000 items, Walgreens’ stores offer a wide range of consumer goods in addition to its pharmacy, health and wellness services. Bolstering Walgreens’ impressive six million daily customers, an average of 68 million people visit Walgreens’ websites (walgreens.com and drugstore.com) monthly. As of August 2017, approximately 76 percent of the United States population lived within five miles of a Walgreens store.
- In September 2017, Walgreens purchased 1,932 Rite Aid stores across the country. This is the end result of a two-year bid by Walgreens to purchase Rite Aid outright, which was ultimately thwarted by federal regulators. Thus far, 625 Rite Aid stores have been converted to Walgreens stores, and under the agreement, Rite Aid will have the option to purchase generic drugs that are sourced through an affiliate of Walgreens Boots Alliance at a cost that is substantially equivalent to Walgreens for a period of 10 years.



Company Overview

Company:	Walgreens Boots Alliance
Year Founded:	1901
Headquarters:	Deerfield, IL
Ownership Type:	Public (NASDAQ: WBA)
Stock Index Membership:	S&P 500 Component
Sector:	Drug Stores
Locations:	8,175+
Number of Employees:	235,000+
Credit Rating (S&P):	‘BBB’ / Stable
Annual Revenue (YE 8/31/2017):	\$118.21 Billion
Market Capitalization (March 2018):	\$65.65 Billion
Total Assets (YE 8/31/2017):	\$66.01 Billion
Total Debt (YE 8/31/2017):	\$12.68 Billion
Website:	www.walgreensbootsalliance.com

This offering is being distributed to qualified investors exclusively by JLL. JLL asks that prospective investors submit their bids to the contacts listed below. All offers must be presented in writing, net of all seller closing costs and include the following:

- The capitalization rate and purchase price
- The source of purchaser's capital (including equity and debt)
- The amount of earnest money deposit
- An outline of the proposed schedule for due diligence and closing in a timely fashion
- A description of any physical or environmental assumptions which affect the price being offered
- A list of any contingencies, including committee approvals, required to close the transaction

Other factors include the prospective purchaser's:

- Financial strength
- Level of discretion to invest funds
- Experience in closing similar transactions
- Absence of contingencies
- Level of due diligence completed
- Thoroughness of underwriting

The Property will be conveyed free and clear of any existing financing. The Owner and JLL reserve the right to alter the Transaction Guidelines at their sole discretion.

Exclusive Contacts

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