

Walgreens

10000 Bustleton Avenue | Philadelphia, Pennsylvania 19116

- Extremely Below Market Rent at Only \$5.95 PSF
- National Retail Location for Over 40 Years (McDonald's, Boston Market)
- Traffic Counts in Excess of 64,000 Vehicles Per Day
- Structured Increases Throughout Term and Option Periods – Huge Upside



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

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Table of Contents

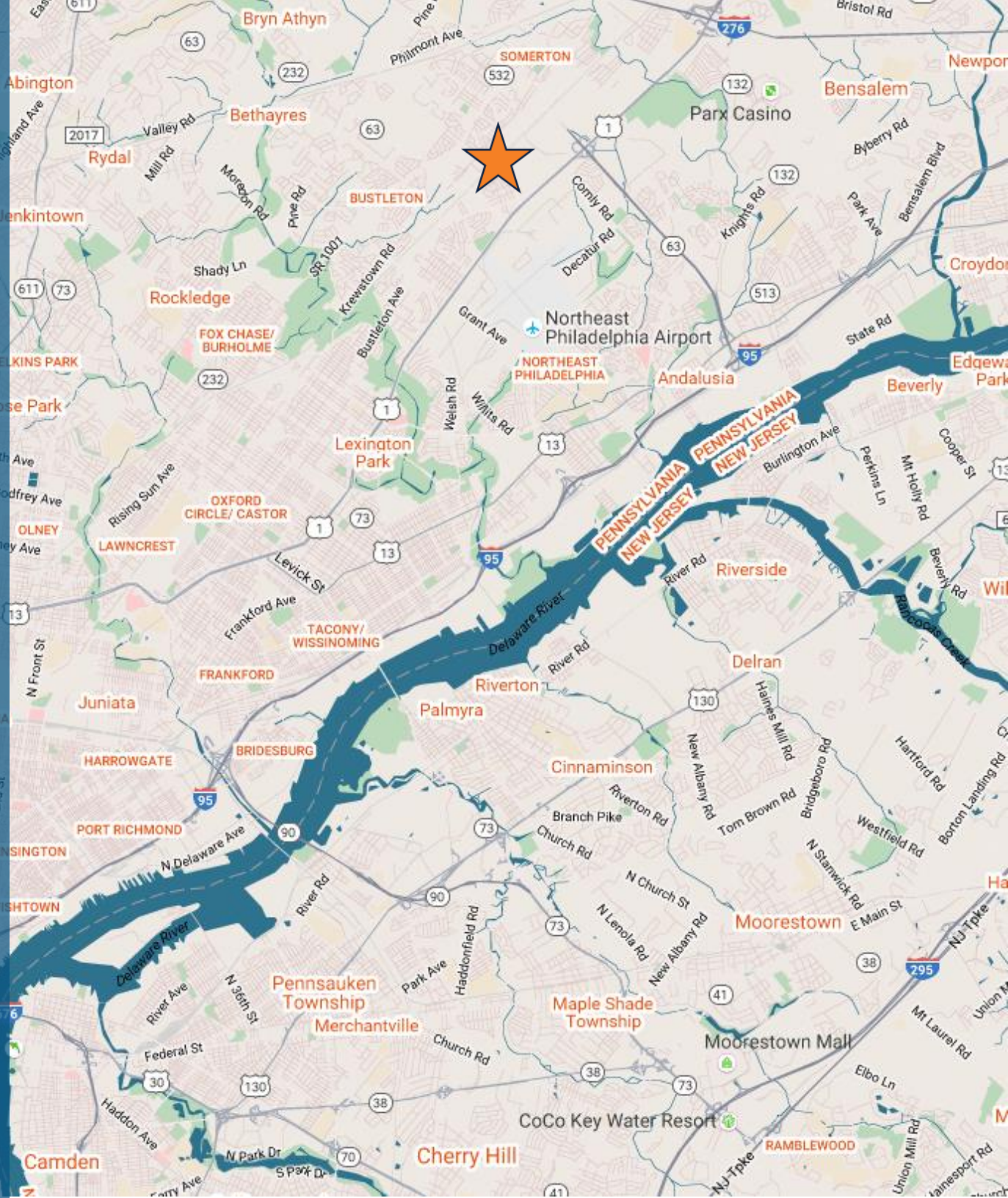
Financial Overview

- Offering Terms
- Investment Highlights & Overview
- Lease Summary
- Tenant Overview
- Lease Comparables

Location Overview

- Location Highlights & Overview
- Surrounding Aerial Map
- Property Photos
- Surrounding Area Photos
- Regional Map
- State Map

Demographics





FINANCIAL OVERVIEW

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Pharmacies, Inc.
Walgreens, Inc.
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Offering Terms

Price	NOI	CAP Rate
\$2,000,000	\$80,000	4.00%

Financial Summary

Property Name	Walgreens
Property Address	10000 Bustleton Avenue Philadelphia, PA 19116
Initial Annual Rent	\$80,000
Price per SF	\$148
Rent per SF	\$5.95
Building Size	13,445 SF
Lot Size	1.09 Acres



Investment Highlights

- Long-Term Absolute Triple-Net (NNN) Ground Lease
- Extremely Below Market Ground Rent at only \$5.95 PSF
- A National Retail Location for 40 Years (Previously a McDonald's, Boston Market, Gino's)
- Incredibly Densely Populated Philadelphia Market
 - 138,581 People Within 3 Miles
 - 393,512 People Within 5 Miles
- Ideal Retail Location
 - Signalized Intersection of Bustleton Avenue and Red Lion Road
 - Combined Traffic Counts of over 64,000 Vehicles
- Investment Grade Credit Guarantee (S&P "BBB" Rating)
- Structured Rental Increases Throughout the Term | Ground Rent Paid Directly to Ground Owner by Walgreens
- Inherent Philadelphia Real Estate Value

Investment Overview

Marcus & Millichap is pleased to present the exclusive listing for a Walgreens Ground Lease located at 10000 Bustleton Avenue in Philadelphia, Pennsylvania. The property consists of 13,445 square feet of building space and sits on 1.09 acres of land.

The owner of the ground lease position collects ground rent directly from Walgreens. The rent from Walgreens is subject to increase 10% in 2028, and every 10 years thereafter. In 2053 the leasehold position will begin to pay the ground owner as well, causing there to be a 163% increase in income to the ground owner. Even at the height of the annual rent paid to the ground owner, the rent will still be below market. This is a phenomenal long term investment that will allow a new owner the capability to have a completely passive income stream with scheduled increases, and the ability to take back control of an outstanding piece of Philadelphia real estate.

Property Summary

Property Name	Walgreens
Property Type	Net Leased Drug Store
Ownership	Ground Lease
Tenant	RB Investment Associates
Sub Tenant	Walgreen Co. Inc
Lease Term	25 Years
Lease Commencement	09/14/2003
Lease Expiration	08/31/2028
Lease Term Remaining	11+ Years
Lease Type	Absolute Triple-Net (NNN) Ground Lease
Roof & Structure	Tenant Responsible
Landlord Responsibilities	None
Rental Increases	See Rental Schedule
Options to Renew	Ten, 5-Year Options
Building Size	13,445 SF
Lot Size	1.09 Acres
Year Built	2003



Annualized Operating Data

Total Rent Paid to Ground Lessor		
Rent Increases	Annual Rent	Monthly Rent
2003 - 2028	\$ 80,000	\$ 6,667
2028 - 2038	\$ 88,000	\$ 7,333
2038 - 2048	\$ 96,800	\$ 8,067
2048 - 2053	\$ 106,480	\$ 8,873
2053 - 2058	\$ 279,888	\$ 23,324
2058 - 2068	\$ 286,277	\$ 23,856
2068 - 2078	\$ 293,304	\$ 24,442
Net Operating Income		\$ 80,000

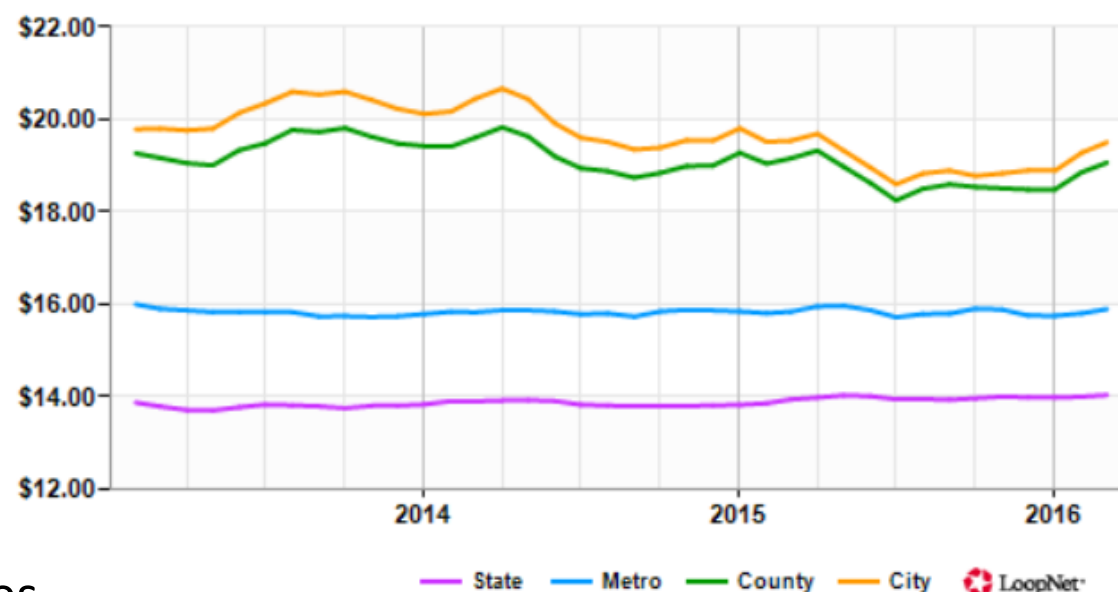
Walgreens Portion of Total Rent to Ground Lessor		
Rent Increases	Annual Rent	Monthly Rent
2003 - 2028	\$ 80,000	\$ 6,667
2028 - 2038	\$ 88,000	\$ 7,333
2038 - 2048	\$ 96,800	\$ 8,067
2048 - 2058	\$ 106,480	\$ 8,873
2058 - 2068	\$ 117,128	\$ 9,761
2068 - 2078	\$ 128,841	\$ 10,737

***Walgreens is currently paying a combined \$440,000 to both the Ground Lessee and the Ground Lessor.** Walgreens is responsible for paying the ground rent directly to the ground owner throughout their lease and option periods. In 2053 the ground rent owed to the owner is higher than what Walgreens is mandated to pay, the difference in rent will then be supplemented by the leasehold position.

Local Rent Comparables

The ground lease owner is receiving rent far below the market for this area of Philadelphia. Real estate in this extremely densely populated area of North East Philadelphia is earning rental rates above the \$20 average for the Greater Philadelphia. Inline Strip Center space within 3 miles of the property (detailed below) have asking rents north of \$20 PSF. The subject property is a free standing, single tenant building located on the hard corner, signalized intersection of Bustleton Avenue and Red Lion Road. The site experiences huge traffic counts of 64,329 vehicles per day. There are no free standing retail properties currently for lease which demonstrates the strength of this retail market. For more than 40 years the subject site has been a retail property, housing tenants including McDonald's, Gino's and Boston Market.

Asking Rent Retail for Lease Philadelphia, PA (\$/SF/Year)



Philadelphia Current Lease Comparables

Rental Rate	\$38 PSF	Lease Type	NNN
Space Available	14,800 SF	Lease Term	25 Years
Space Type	Walgreens	1.6 Miles from Subject	

Rental Rate	\$32.75 PSF	Lease Type	NNN
Space Available	14,445 SF	Lease Term	25 Years
Space Type	Walgreens	Subject Property	

Rental Rate	\$21.25 PSF	Lease Type	NN
Space Available	9,400 SF	(2.5% Annual Increases)	
Space Type	Kiddie Academy	2.2 Miles from Subject	

Rental Rate	\$28.65 PSF	Lease Type	NN
Space Available	10,125 SF	Lease Term	25 Years
Space Type	CVS	4.5 Miles from Subject	

Strip Center Space Currently For Lease

Rental Rate	\$30 PSF	Lease Type	NNN
Space Available	4,400 SF	Lease Term	5 Years
Space Type	Strip Center		

Rental Rate	\$21 PSF	Lease Type	NNN
Space Available	6,500 SF	Lease Term	10 Years
Space Type	Strip Center		

Rental Rate	\$22 PSF	Lease Type	NNN
Space Available	8,700 SF	Lease Term	5 Years
Space Type	Strip Center		

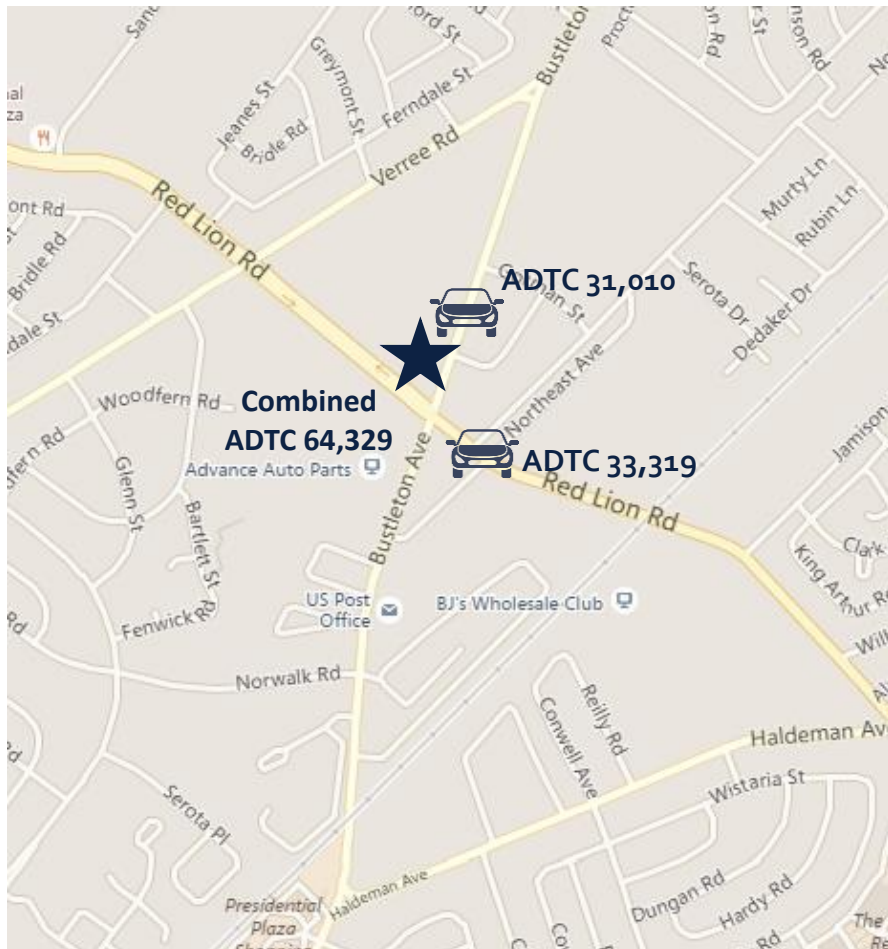
Rental Rate	\$22 PSF	Lease Type	NNN
Space Available	2,400 SF	Lease Term	5 Years
Space Type	Strip Center		



LOCATION OVERVIEW

Location Highlights

- ❖ Dense Population | 393,512 People Within Five Miles
- ❖ Two Modes of Ingress and Egress
- ❖ Strong Traffic Counts | Bustleton Avenue and Red Lion Road | 31,010 and 33,319 Vehicle Daily, Respectively
- ❖ Surrounding Retailers Include Walmart, Target, Home Depot, Lowe's, CVS Pharmacy, Rite Aid, Michaels
- ❖ Philadelphia is the Center of Economic Activity in Pennsylvania



Location Overview

This Walgreens is located at 1000 Bustleton Avenue in Philadelphia, Pennsylvania. Philadelphia is the largest city in the Commonwealth of Pennsylvania and the fifth-most populous in the United States. Philadelphia is the economic and cultural anchor of the Delaware Valley, a metropolitan area home to 7.2 million people and the eighth-largest combined statistical area in the United States.

Surrounding Retail and Points of Interest

This Walgreens is located near several nationally recognized brands. Directly surrounding the property, retailers include McDonald's, Dunkin Donuts and Advance Auto Parts. Within a two mile radius, retailers include Walmart, Lowe's, Target, CVS Pharmacy, Best Buy, The Home Depot, Rite Aid, Michaels and ShopRite, amongst others. The Northeast Philadelphia Airport is located two miles south of the property.

Traffic Counts and Demographics

The subject property is located in a densely populated area. There are approximately 138,581 people within a three mile radius and 393,512 people within a five mile radius of the property. Walgreens benefits from being located in the cross-section of Bustleton Avenue and Red Lion Road, which experiences an average daily traffic count of 31,010 vehicles and 33,319 vehicles, respectively.

Philadelphia, Pennsylvania

Philadelphia is the center of economic activity in Pennsylvania with the headquarters of seven Fortune 1000 companies located within city limits. Philadelphia's economic sectors include information technology, manufacturing, oil refining, food processing, health care, biotechnology, tourism, and financial services. Financial activities account for the largest sector of the metropolitan area's economy, and it is one of the largest health education and research centers in the United States.

SURROUNDING AREA MAP

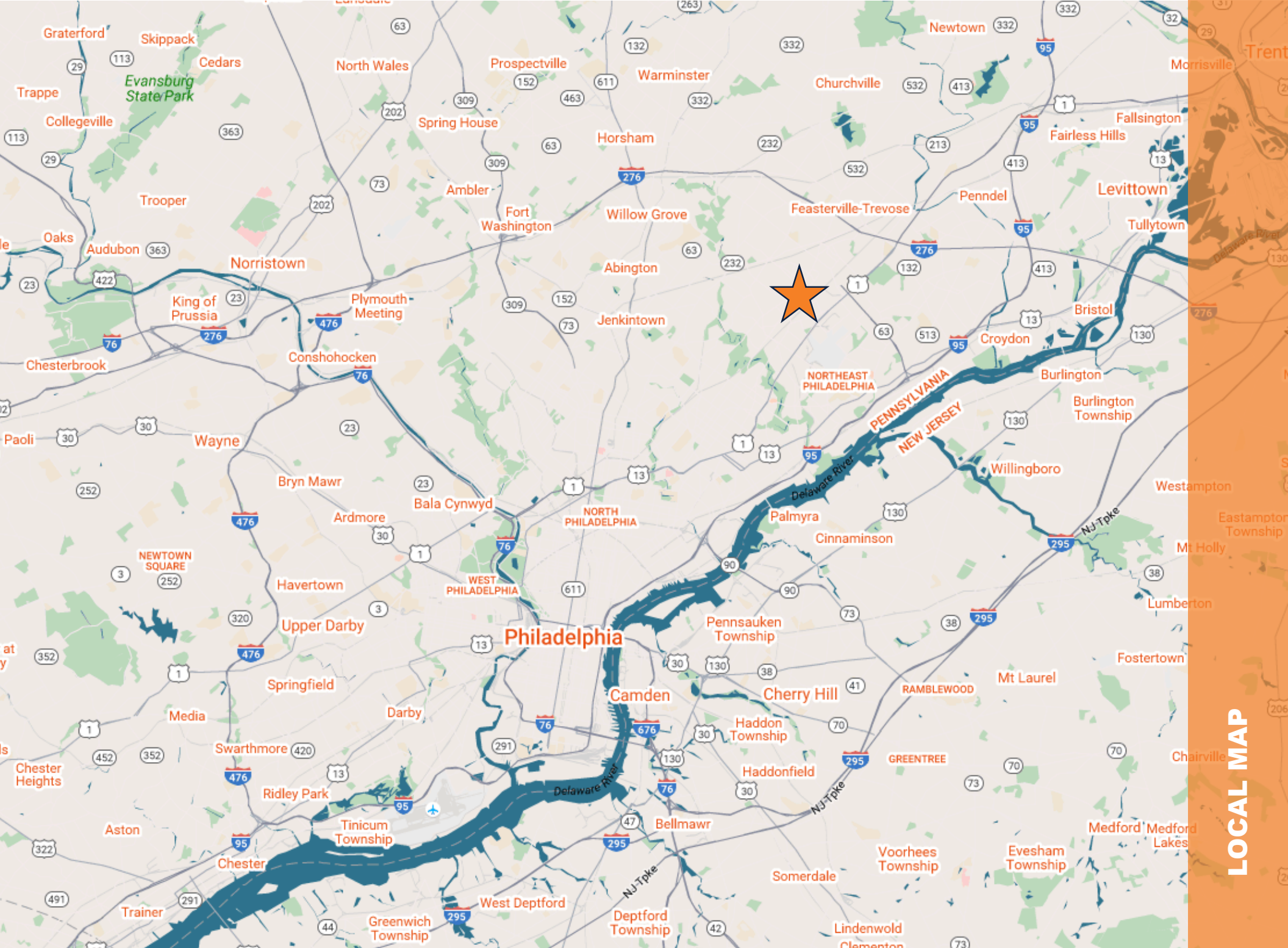


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PROPERTY PHOTO







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DEMOGRAPHICS





Population

In 2014, the population in your selected geography is 393,512. The population has changed by 5.23% since 2000. It is estimated that the population in your area will be 396,399 five years from now, which represents a change of 0.73% from the current year. The current population is 48.64% male and 51.35% female. The median age of the population in your area is 40.3, compare this to the Entire US average which is 37.3. The population density in your area is 5,002.78 people per square mile.

Income

In 2014, the median household income for your selected geography is \$50,531, compare this to the Entire US average which is currently \$51,972. The median household income for your area has changed by 14.57% since 2000. It is estimated that the median household income in your area will be \$57,601 five years from now, which represents a change of 13.99% from the current year.

The current year per capita income in your area is \$27,079, compare this to the Entire US average, which is \$28,599. The current year average household income in your area is \$69,077, compare this to the Entire US average which is \$74,533.

Employment

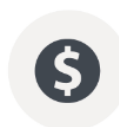
In 2014, there are 152,115 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 64.71% of employees are employed in white-collar occupations in this geography, and 35.40% are employed in blue-collar occupations. In 2014, unemployment in this area is 9.11%. In 2000, the average time traveled to work was 32.1 minutes.

POPULATION



		1-Mile	3-Mile	5-Mile
2010		26,823	135,654	386,400
2014		27,376	138,581	393,512
2019		27,770	140,003	396,399

2014 HOUSEHOLD INCOMES



		1-Mile	3-Mile	5-Mile
Average		\$62,694	\$68,020	\$69,077
Median		\$46,371	\$49,815	\$50,531

TOP EMPLOYERS IN PHILADELPHIA



Employer	#Of Employees
Jefferson Health Systems	18,740
University of Pennsylvania	16,160
U Penn Health System	14,491

