

FRED'S PHARMACY INVESTMENT OFFERING



6064 STAGE ROAD, BARTLETT, TENNESSEE 38134



 **Faris-Lee**
INVESTMENTS
NATIONAL SINGLE-TENANT
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TABLE OF CONTENTS

Property Overview 4

Area Overview 12

Pricing Analysis 15





PROPERTY OVERVIEW

\$2,082,000

PRICE

\$156,128

NOI

\$83

PRICE / SF

7.50%

CAP RATE

THE OFFERING

Faris Lee Investments is pleased to offer the rare opportunity to acquire the fee simple interest (land & building) in a freestanding, 25,200 square foot, strong performing, absolute NNN Fred's Pharmacy ("the Property") located in Bartlett, Tennessee.

Fred's Pharmacy: Publicly traded (NASDAQ: FRED), 2018 revenue in excess of 1.80 billion, 2018 assets of 596.56 million and 584 locations throughout 15 states. On September 10, 2018, Fred's Pharmacy stock surged 80% after the announcing a \$165 million deal to sell some pharmacy files and related inventory of 185 stores to Walgreens.

Fred's Pharmacy has occupied at this proven location for 10 years, generating strong sales (over \$4.2 million in 2017) and high profit with a low rent-to-sales ratio of only 2.17%. Fred's has 19 years of lease term remaining (4 years of initial term plus 15 years of option renewals) providing the buyer long term security and stability.

The absolute NNN lease structure is ideal for the passive investor as there are zero landlord responsibilities (roof and structure is tenant obligation) and providing ease of management and priced well below replacement cost at \$83 PSF.

The Investor has the potential to benefit from percentage rent of gross sales, whereby the current ownership received over \$61,000 of additional income in 2017 from this highly profitable store.

The Subject Property is strategically located at the northeast corner of Stage Road (Highway 15) and Bartlett Road, which experiences over 31,000 vehicles per day. This dominant retail corridor consists of strong national tenant's including: McDonald's, Krispy Kreme, KFC, Wendy's, and Valero, providing strong co-tenant synergy and cross-over traffic. Furthermore, the Property benefits from over 74,000 residents with an average household income in excess of \$86,000 within a 3-mile radius of the subject property.





Corporate Executed Lease / Strong National Tenant

- 584 store locations in 15 states
- Public company (NASDAQ: FRED)
- \$1.80 Billion - 2018 Revenue



Absolute NNN Lease

- Tenant responsible for all parts of the premises including roof & structure
- Zero landlord responsibilities



Strong Store Sales & Percentage Rent

- Over \$4.3 million sales (2017)
- Owner received over 61,000 in percentage rent (2017)
- High profit store with 2.17% rent-to-sales ratio



Strong Demographics / Memphis MSA

- Over 74,000 people within 3-mile radius
- Over \$86,000 AHHI within 3-mile radius
- Over 68,000 daytime business employees within 3-miles
- Memphis Suburb / 14 miles to downtown Memphis
- One of the largest suburbs for the city



Drive-Thru Location

- Increases store sales with convenience
- Intrinsic real estate value



Dominant Retail Location within the Trade Area

- Strong co-tenant synergy consists of McDonalds, Krispy Kreme, KFC, Wendy's and Valero Gas
- Kroger supermarket anchored center directly across
- Located at the NEC of Stage Road (Highway 15) and Bartlett Boulevard / over 31,000 VPD



Proven Location with Long Term Occupancy

- 10 years of historical occupancy with 19 years of term remaining (including initial term of 4 years plus 15 years of options)
- Strong store sales / high profit
- Long term security and stability for the investor



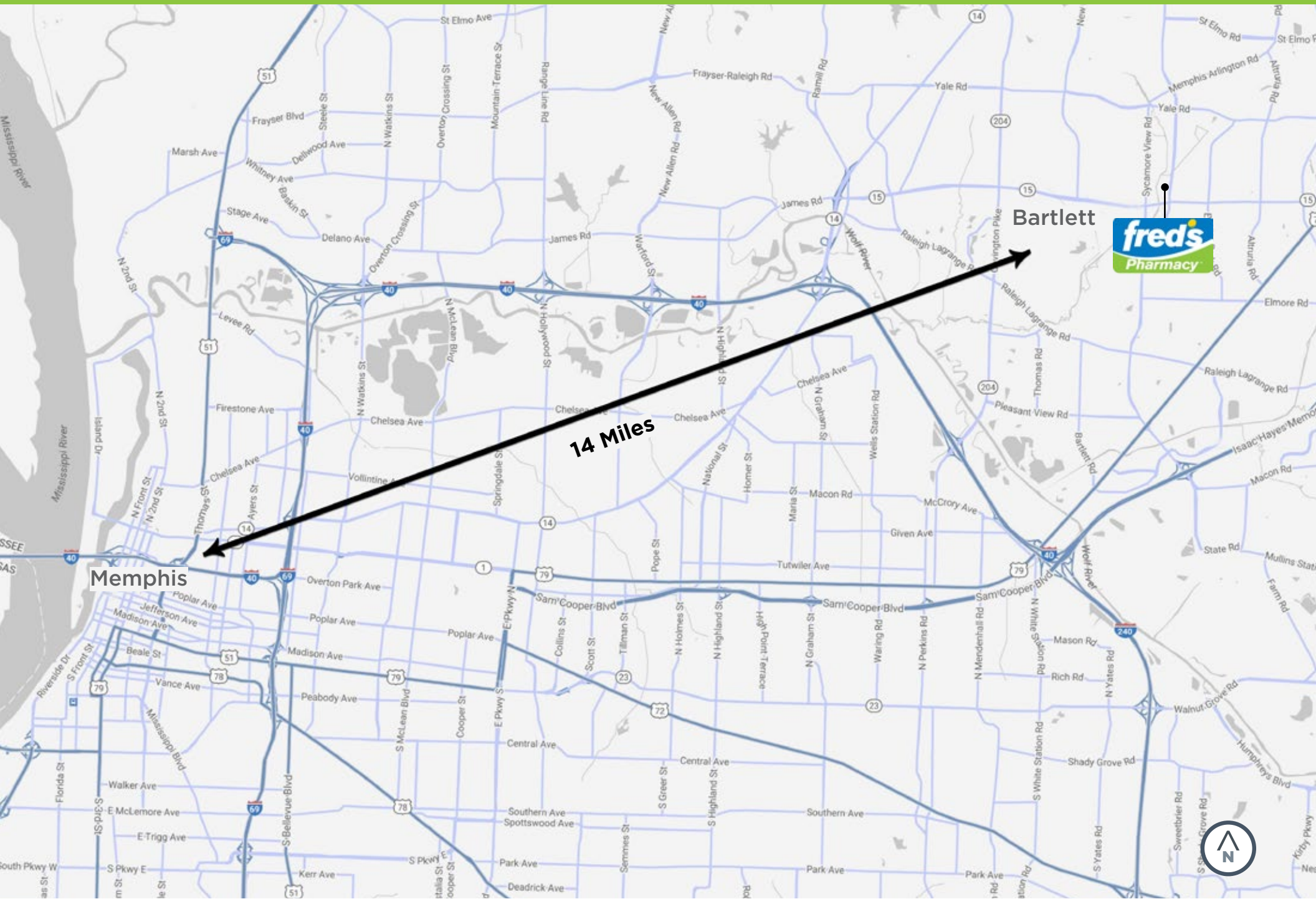
Low Rent / \$83 PSF

- Below replacement cost





LOCATION MAP

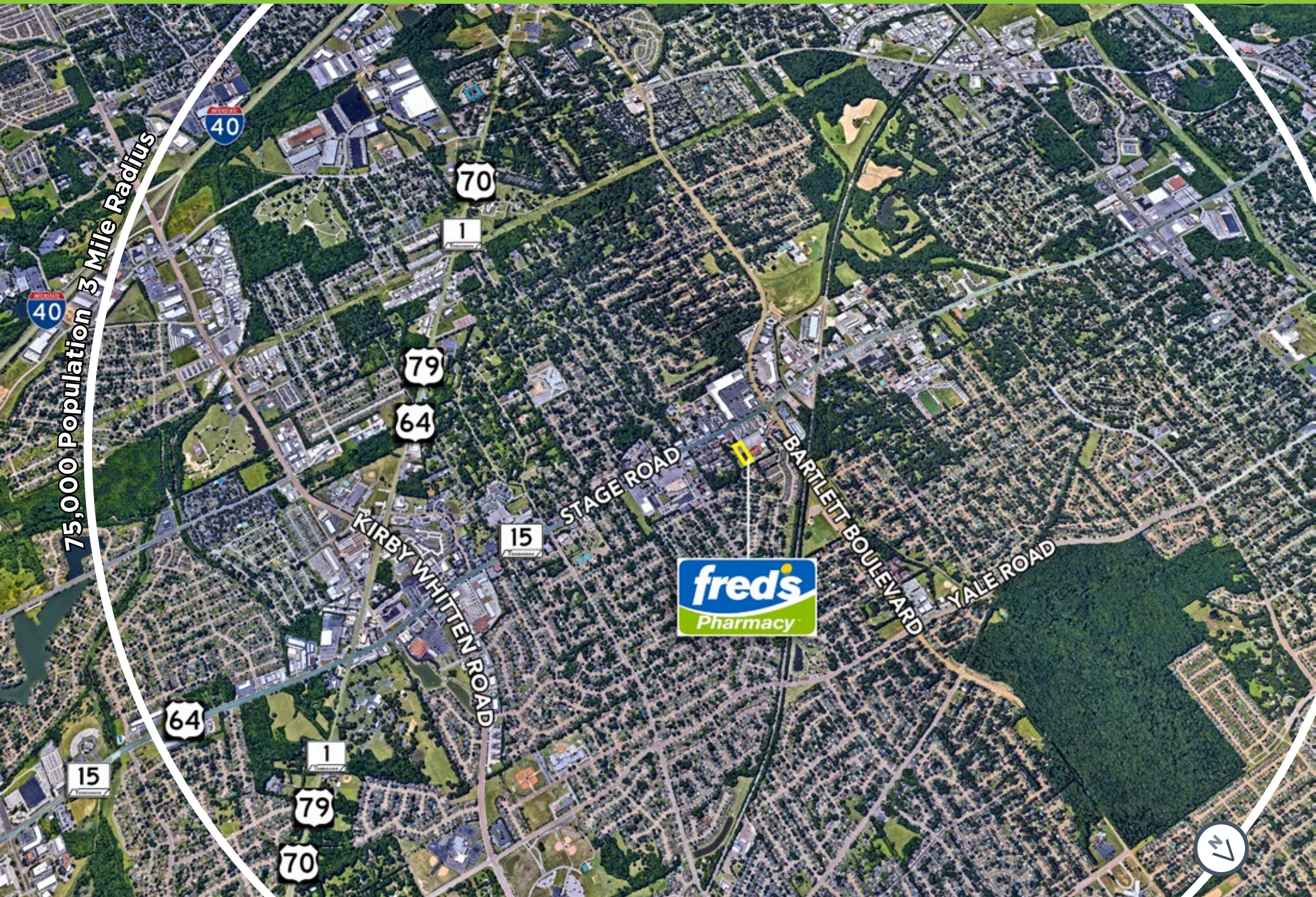


MEMPHIS

BARTLETT BOULEVARD

STAGE ROAD
31,660 VPD





PROPERTY OVERVIEW

PROPERTY SPECIFICATIONS

Rentable Area:	25,200 SF	Ownership:	Fee Simple (Land & Building)
Land Area:	2.46 Acres (107,200 SF)	Guaranty:	Corporate
Year Built:	1978 (Rehab: 2008)	Tenant:	Fred's Pharmacy
Zoning:	PC (General Commercial)		
Address:	6064 Stage Road, Bartlett, TN 38134		
Access:	There is one (1) access points, along Stage Road		
Parking:	There are approximately 110 dedicated parking stalls on the owned parcel. The parking ratio is approximately 5.1 parking stalls per 1,000 SF of leasable area.		

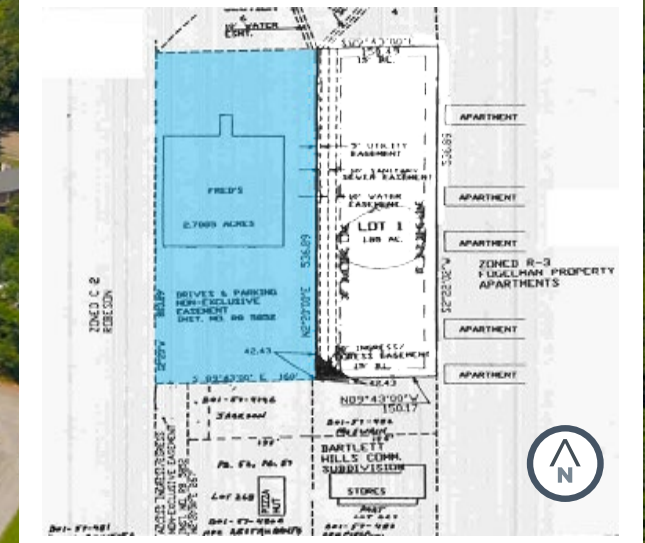
TRAFFIC COUNTS (COSTAR 2018)

	Vehicles Per Day
Stage Road:	31,660
Bartlett Boulevard:	28,850
I-40:	117,000

PARCEL NUMBERS

PARCEL	ACRES	SQ FT
B0-157-00479C	2.46	107,200

PARCEL MAP





AREA OVERVIEW



Fast Facts

The City of Bartlett

Bartlett is a city in Shelby County, Tennessee, located just northeast of Memphis and the Mississippi River. Bartlett is one of largest suburbs for the City, and is filled with families that commute into the City for work, school, and errands.

Memphis MSA

The area enjoys a mild southern climate with over 250 days of sunshine per year. With its central location, residents of Bartlett and the Great Memphis area are just a short drive from the states of Arkansas, Mississippi, and Alabama, and all of the attractions they hold.

The Memphis suburbs, beyond being a safe place to raise a family, are known for their extensive medical and education facilities. The Memphis Medical Center, one of the largest and most respected in the nation, is just a short drive away, as is the University of Tennessee Center for Health Sciences. The University of Memphis is the largest college in the area with 20,500 undergraduates and the University of Tennessee also has a branch campus in the Memphis metro.



Economic Highlights (Memphis MSA)

Bartlett and the greater Memphis area is one of the most prolific commercial and industrial cities in the South. Its central location has made it the main commerce hub for the surrounding six states.

Manufacturing & Agriculture

The Memphis Metropolitan area is one the world's leading markets for spot cotton and hardwood lumber. Since World War 2, the City's economy has relied heavily on the production, distribution, and sale of foodstuff, chemicals, and paper products. It is also the South's primary distribution center for livestock, grains, and other agricultural products.

Tourism

Memphis is a well-known music and food destination. Some of the first Jazz and Blues recordings took place in the city, and stars such as Elvis Presley and E.C. Handy got their start in the city's many clubs and bars. The City has also become famous for its barbeque, which is considered by many to be some of the best in the world.

MAJOR EMPLOYERS

Company	Employment
FedEx	30,000
Shelby County Schools	16,000
Government Services	7,000
Methodist Le Bonheur Hospital	10,000
Baptist Memorial Healthcare	6,500
Walmart Stores	6,500
Naval Support Activity	4,000
Park Place Entertainment	4,000
University of Memphis	4,000
St. Jude's Children's Hospital	3,500



BARLETT FAST FACTS



17%

POPULATION GROWTH SINCE 2000 (MEMPHIS)



3.4%

PREDICTED JOB GROWTH OVER THE NEXT 3 YEARS (MEMPHIS)



Top 10

IN THE NATION FOR JOB GROWTH (MEMPHIS)



2.8%

HOME APPRECIATION IN THE LAST YEAR



177,000+

ESTIMATED POPULATION IN BARTLETT WITHIN 5 MILES



\$87,200

AVERAGE HOUSEHOLD INCOME IN 5 MILE RADIUS



25 Minutes

AVERAGE COMMUTE TIME



Demographics	1 Mile	3 Mile	5 Mile
2018 Est. Population	9,255	74,992	177,488
2023 Proj. Population	9,028	73,239	173,188
2018 Median Age	38.4	38.1	37.2
2018 Est. Households	7,415	79,404	212,826
2023 Proj. Households	7,580	81,208	217,654
2018 Est. AHHI	\$84,138	\$86,069	\$87,282
2018 Est. Employees	6,297	68,403	241,817

DISTANCE FROM BARTLETT:



14 Miles

MEMPHIS, TN



18 Miles

MEMPHIS
INTERNATIONAL
AIRPORT



23 Miles

SOUTHAVEN, MS



200 Miles

NASHVILLE, TN



PRICING ANALYSIS

SITE PLAN



SITE PLAN NOT TO SCALE

RENT ROLL & TENANT SYNOPSIS

Tenant	Size (SF)	Current Monthly Rent	Monthly Rent \$/SF	Current Annual Rent	Annual Rent \$/SF	Rental Increases						CAM Recovery Type	Lease Start	Lease Expires	Lease Options
						Increase Date	Increase	Monthly Rent	Monthly \$/SF	Annual Rent	Annual \$/SF				
Fred's Pharmacy	25,200	\$7,875	\$0.31	\$94,500	\$3.75	-	-	-	-	-	-	Absolute NNN	2/1/2008	1/31/2023	3 (5-Year)

Percentage Rent: 3.5% of Gross Sales in excess of \$2,700,000

Sales Reported Monthly



Fred's Pharmacy

Fred's, Inc., together with its subsidiaries, sells general merchandise through its retail discount stores and full service pharmacies. The company, through its stores, offers health, beauty, and personal care products; household cleaning supplies, disposable diapers, pet foods, and paper products; and various general merchandise, and food and beverage products to low, middle, and fixed income families located in small- to medium-sized towns. It also sells general merchandise to franchised Fred's stores. As of February 3, 2018, the company operated approximately 584 retail stores, 348 pharmacies, and 12 franchised stores located in 15 states primarily in the Southeastern United States. In more recent news, Fred's Pharmacy agreed to enter into an agreement with Walgreens on September 9, 2018, which would allow Walgreens to pay Fred's \$165 million in exchange for its files and related pharmacy inventory of 185 Fred's Stores throughout 10 Southeast states. As a result, Fred's stock soared 80%.

Company Type: Public (NASDAQ: FRED)
2018 Locations: 584
2018 Revenue: \$1.80 Billion
2018 Assets: \$596.56 Million

2018 Equity: \$181.04 Million
2018 Employees: 4,130+
Website: www.fredsinc.com



TRANSACTION SUMMARY

Financial Information

Price: \$2,082,000

Price/SF: \$83

Lease Type: Absolute NNN

Tenant is responsible for taxes, insurance, CAM, roof and structure. Landlord has Zero responsibilities.

Property Specifications

Rentable Area: 25,200 SF

Land Area: 2.46 Acres

Year Built / Rehab: 1978 / 2008

Address: 6064 Stage Road
Bartlett, TN 38134

APN: B0-157-0-0478

Ownership: Fee Simple (Land & Building)

Tenant: Fred's Pharmacy

Guaranty: Corporate

Estimated Operating Information

	<u>In-Place</u>
Gross Potential Rent	\$94,500
Plus Percentage Rent Income (2017)	\$61,628
Plus Recapture	NNN
Effective Gross Income	\$156,128
Less Expenses	(NNN)
Net Operating Income	\$156,128
Cap Rate:	7.50%

Fred's Pharmacy Lease Summary

Tenant Name:	Fred's Stores of Tennessee, Inc.
Rentable Square Feet:	25,200
Lease Execution Date:	2/25/2008
Lease Start Date:	2/1/2008
Lease Extension Date:	2/1/2018
Lease Expiration Date:	1/31/2023
Lease Type:	Absolute NNN
Lease Term:	5 Years
Rent:	Current: \$7,875.00/mo.
Percentage Rent:	3.5% of gross sales over \$2.7M
Lease Options:	3 (5-Year)
Property Taxes, Insurance, CAM:	Tenant Responsible
Utilities:	Tenant Responsible
Roof & Structure:	Tenant Responsible



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