

FRED'S PHARMACY INVESTMENT OFFERING



8912 NORTHWEST DRIVE #1,
SOUTHAVEN, MISSISSIPPI 38671



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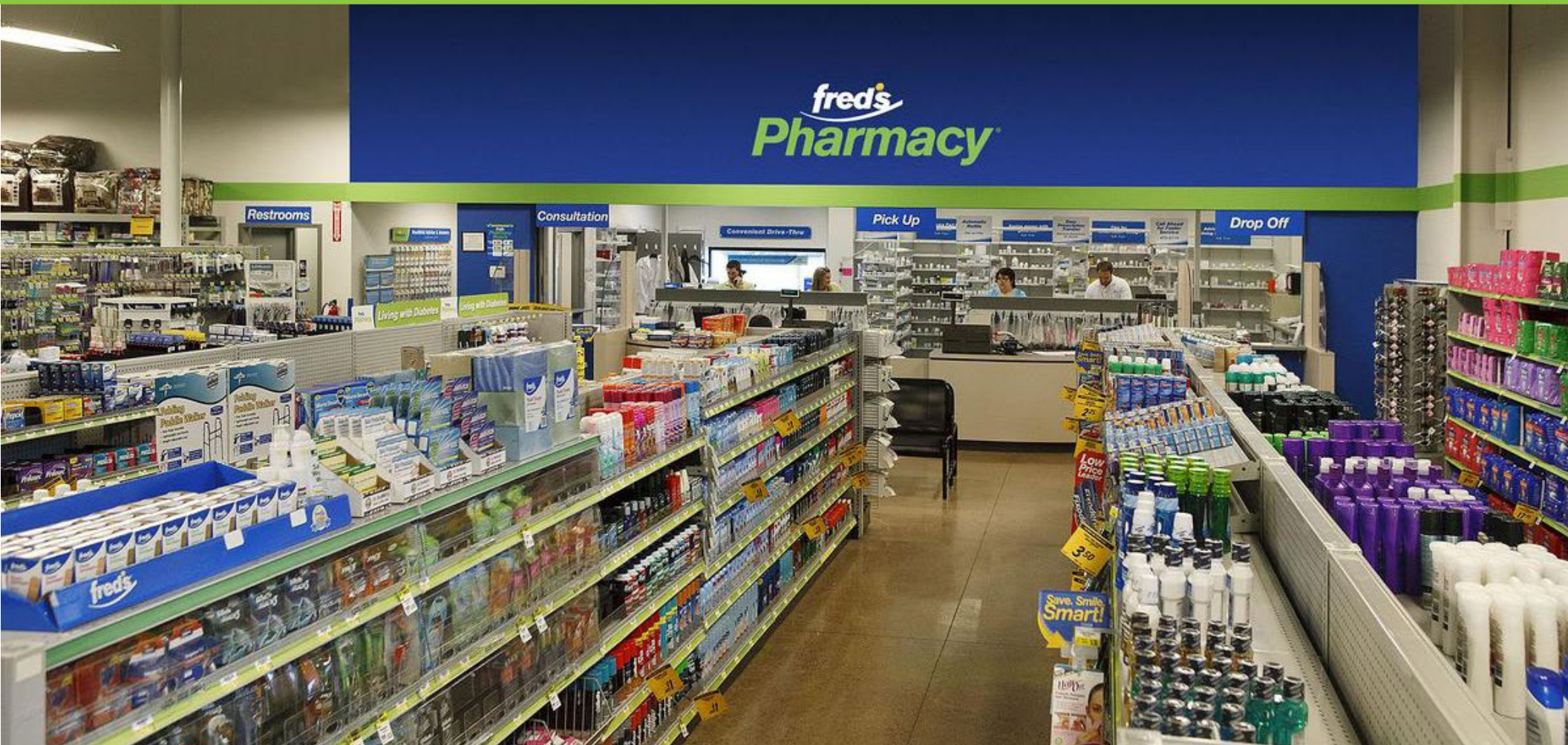


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8912 Northwest Dr. #1, Southaven, MS 38671





PROPERTY OVERVIEW

\$2,293,000

PRICE

\$172,012

NOI

\$94

PRICE / SF

7.50%

CAP RATE

INVESTMENT SUMMARY

Faris Lee Investments is pleased to offer the rare opportunity to acquire the fee simple interest (land & building) in a freestanding, 24,314 square foot, corporate, absolute NNN Fred's Pharmacy ("the Property") located along the Mississippi and Tennessee border in the city of Southaven, Mississippi.

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 \$3.3 million in 2017) and high profit with a low rent-to-sales ratio of only 5.12%. Fred's has 19 years of lease term remaining (4 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 responsibility) and providing ease of management and priced well below replacement cost at \$94 PSF.

The Subject Property is strategically located at Interstate 55 (72,000 VPD) and Main Street (22,000 VPD), providing convenient access and strong visibility with pylon signage. Fred's Pharmacy is within close proximity to many retailers including: Big Lots, Cricket Wireless, Bancor South, Regions, Goodwill, Wendy's, Checkers and Sonic, providing increased consumer demand and cross-over traffic. Furthermore, the Property benefits from over 55,000 residents with an average household income in excess of \$56,000 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



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



Strong Demographics / Memphis MSA

- Over 55,000 people within 3-mile radius
- Over \$56,000 AHHI within 3-mile radius
- Over 26,000 daytime business employees within 3-miles
- Memphis Suburb on the Mississippi / Tennessee border



Low Rent / \$94 PSF

- Below replacement cost



Absolute NNN Lease

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



I-55 On/Off Ramp Freeway Location / Pylon Signage

- I-55 Freeway 72,000 VPD and Main Street 22,000 VPD / high traffic
- Convenient access with strong visibility
- Major (I-55) freeway signage with visibility to 72,000 VPD



Located on Main Street Retail Corridor

- Close proximity to other major retailers including: Big Lots, Cricket Wireless, Bancor South, Regions, Goodwill, Wendy's, Checkers and Sonic



Strong Store Sales & High Profit Location

- Over \$3.3 million sales (2017)
- High profit store with 5.12% rent-to-sales ratio



Close Proximity to Memphis International Airport & Downtown Memphis

- 5 miles to Memphis International Airport
- 13 miles to downtown Memphis



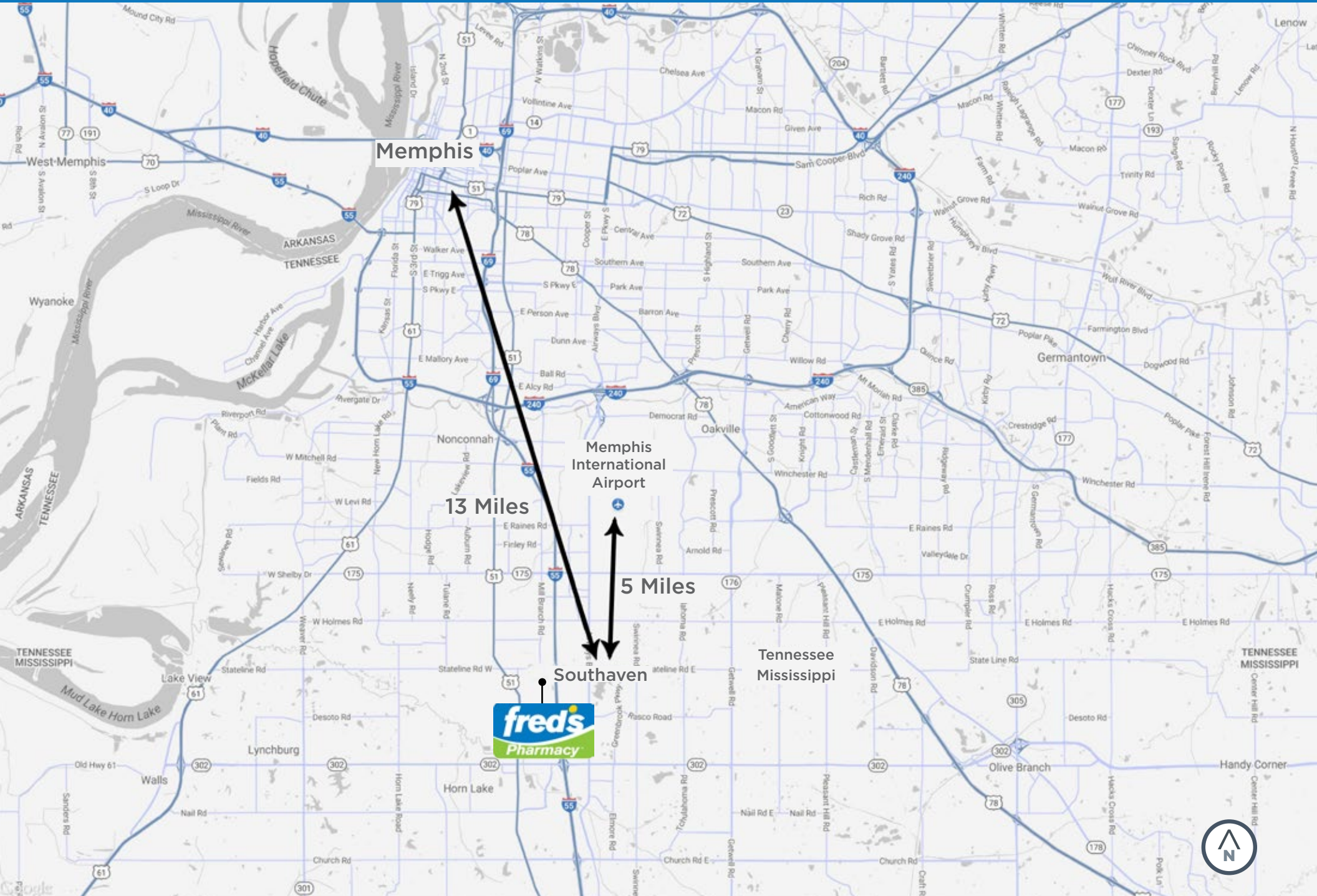
Drive-Thru Location

- Increases store sales with convenience
- Intrinsic real estate value





LOCATION MAP





PROPERTY OVERVIEW

PROPERTY SPECIFICATIONS

Rentable Area:	24,314 SF	Ownership:	Fee Simple (Land & Building)
Land Area:	3.0 Acres (130,750 SF)	Guaranty:	Corporate
Year Built:	1977 (Rehab: 2008)	Tenant:	Fred's Pharmacy
Zoning:	C-3 - Commercial District		
Address:	8912 Northwest Drive, Southaven, MS 38671		
Access:	There are two (2) access points, along Northwest Drive		
Parking:	There are approximately 150 dedicated parking stalls on the owned parcel. The parking ratio is approximately 6.17 parking stalls per 1,000 SF of leasable area.		

TRAFFIC COUNTS (COSTAR 2018)

	Vehicles Per Day
Northwest Drive:	3,500
Main Street:	22,000
I-55:	72,000

PARCEL NUMBERS

PARCEL	ACRES	SQ FT
1086241200000400	3.0	130,750



PARCEL MAP





AREA OVERVIEW



The City of Southaven

Southaven is a suburb of Memphis that sits just over the MS/TN border around 13 miles south of downtown. Home to around 48,900 people, Southaven is the third largest city in Mississippi and the second largest suburb of Memphis. Its proximity to the airport and to downtown offices make it extremely popular for business commuters

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



SOUTHAVEN FAST FACTS



17%

POPULATION GROWTH SINCE 2000 (MEMPHIS)



3.5%

RECENT JOB GROWTH IN SOUTHAVEN



Top 10

IN THE NATION FOR JOB GROWTH (MEMPHIS)



4.3%

HOME APPRECIATION IN THE LAST YEAR



135,800

ESTIMATED POPULATION WITHIN 5 MILES RADIUS



\$57,000

AVERAGE HOUSEHOLD INCOME IN 5 MILE RADIUS



18 Minutes

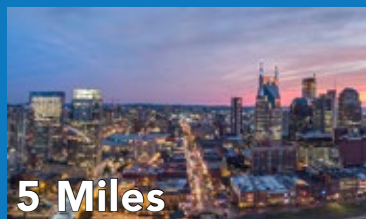
AVERAGE COMMUTE TIME



SOUTHAVEN, MS

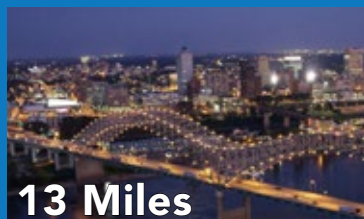
Demographics	1 Mile	3 Mile	5 Mile
2018 Est. Population	8,148	55,351	135,892
2023 Proj. Population	8,355	56,475	194,676
2018 Median Age	33.2	34.4	34.4
2018 Est. Households	2,983	20,680	50,613
2023 Proj. Households	3,111	21,498	53,604
2018 Est. AHHI	\$54,178	\$56,197	\$57,039
2018 Est. Employees	3,887	26,497	53,019

DISTANCE FROM SOUTHAVEN:



5 Miles

MEMPHIS
INTERNATIONAL
AIRPORT



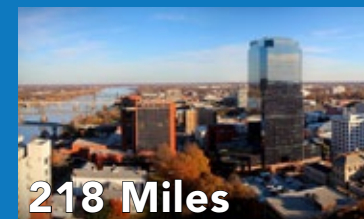
13 Miles

MEMPHIS, TN



23 Miles

BARTLETT, TN



218 Miles

NASHVILLE, TN



PRICING ANALYSIS

SITE PLAN



RENT ROLL & TRANSACTION SUMMARY

Tenant	Size (SF)	Current Monthly Rent	Monthly Rent \$/SF	Current Annual Rent	Annual Rent \$/SF	Increase Date	Increase	Rental Increases				CAM Recovery Type	Lease Start	Lease Expires	Lease Options
Fred's Pharmacy	24,314	\$14,334	\$0.59	\$172,012	\$7.07	-	-	-	-	-	-	Absolute NNN	3/31/2008	3/31/2023	3 (5-Year)

Percentage Rent: 3.5% of Gross Sales in excess of \$4,914,618
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

Financial Information

Price:	\$2,293,000
Price/SF:	\$94

Lease Type: Absolute NNN

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

Property Specifications

Rentable Area:	24,314 SF
Land Area:	3.0 Acres
Year Built / Rehab:	1977 / 2008
Address:	8912 Northwest Dr Southaven, MS 38671
APN:	10862412-400
Ownership:	Fee Simple (Land & Building)
Tenant:	Fred's Pharmacy
Guaranty:	Corporate

Operating Information

	In-Place
Gross Potential Rent	\$172,012
Plus Recapture	NNN
Effective Gross Income	\$172,012
Less Expenses	(NNN)
Net Operating Income	\$172,012
Cap Rate:	7.50%





Fred's Pharmacy Lease Summary

Tenant Name:	Fred's Stores of Tennessee, Inc.
Rentable Square Feet:	24,314
Lease Execution Date:	2/25/2008
Lease Start Date:	3/31/2008
Lease Expiration Date:	3/31/2023
Lease Type:	Absolute NNN
Lease Term:	5 Years
Rent:	Current: \$14,334.30/mo.
Percentage Rent:	3.5% of gross sales over \$4,914,618
Lease Options:	3 (5-Year)
Property Taxes, Insurance, CAM:	Tenant Responsible
Utilities:	Tenant Responsible
Roof & Structure:	Tenant Responsible



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