

# Walgreens



## DRUGSTORE INVESTMENT OFFERING

69 Lewis St.  
Whitesville, WV 25209



—Offering Memorandum—

**NAI** Northern California

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*Walgreens*

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# 1

Section 1

## Property Overview



## Location

# Walgreens

69 Lewis St.  
Whitesville, WV 25209

## Offering Summary

PRICE	\$1,395,400
GLA (SF)	11,180
LOT SIZE (AC APPROX.)	1.37
2018 NOI	\$83,724
ANNUAL RENT PER SF	\$7.49
2018 CAP RATE	6.00%
OCCUPANCY RATE	100%
PRICE PER SF	\$125
APN	09-1-00550004
CURRENT TERM EXPIRATION	10/31/2021
TERM REMAINING	3yrs 4.5 months



# Lease Abstract



*Walgreens*

Lease Commencement Date:	December 29, 1995	Utilities:	Lessee
Lease Termination Date:	October 31, 2021	Structure:	Lessee
Options:	6 x 5 year renewal options	Interior, Exterior, Roof & Plumbing:	Lessee
Lessee:	Rite Aid / Walgreen Co	Liability Insurance:	Lessee
Rent:	\$6,977 per month	CAM:	Lessee
Rent Increases (# of rent increases)	62%, 69%, 76%, 82%, 89%, 96%	Taxes:	Lessee



# Rent Roll

TENANT	Walgreens
SIZE	11,180 SF
MONTHLY RENT	\$6,977
ANNUAL RENT	\$83,724
CAM REIMBURSEMENTS	NNN
RENT/SF PER MONTH	\$0.62
RENT/SF PER YEAR	\$7.49
LEASE START	Dec 1995
LEASE EXP.	October 2021





# Tenant Profile



Stock Photo

# Walgreens

<b>S&amp;P CREDIT RATING:</b>	BBB
<b>2017 REVENUE (\$BIL):</b>	\$118.21
<b>2017 NET INCOME (\$BIL):</b>	\$4.07
<b># OF LOCATIONS (2017):</b>	12,822
<b># OF EMPLOYEES (2017):</b>	345,000

Walgreens Boots Alliance (NYSE: WAG) is the first global pharmacy-led, health and wellbeing enterprise in the world. It was created through the combination of Walgreens and Alliance Boots in December 2014. This transaction brought together two leading companies with iconic brands, complementary geographic footprints, shared values and a heritage of trusted healthcare services through pharmaceutical wholesaling and community pharmacy care, dating back more than 100 years.

The new global enterprise combines Walgreens, the largest drugstore chain in the USA; Boots, the market leader in European retail pharmacy; and Alliance Healthcare, the leading international wholesaler and distributor. Together, Walgreens Boots Alliance spans more than 20 countries, with over 12,822 stores, over 345,000 employees and more than 390 pharmaceutical distribution centers serving more than 230,000 pharmacies and other points of care. The merger also brings together a unique brand portfolio of outstanding retail, wholesale, service and product brands, alongside the world's largest pharmaceutical wholesale and distribution network.

On September 19, 2017, Walgreens announced it had secured regulatory clearance to purchase 1,932 stores, three distribution centers and related inventory from Rite Aid for \$4.375 billion in cash and other consideration. Ownership of stores is expected to be transferred in phases, with the goal being to complete the store transfers in spring 2018.



# 2

## Section 2

# Location Overview

# Location Description

## West Virginia

West Virginia is a state located in the Appalachian region of the Southern United States. It is bordered by Virginia to the southeast, Kentucky to the southwest, Ohio to the northwest, and Pennsylvania and Maryland to the northeast. West Virginia is the 41st largest state by area, and is ranked 38th in population. The capital and largest city is Charleston.

West Virginia is also known for a wide range of outdoor recreational opportunities, including skiing, whitewater rafting, fishing, hiking, backpacking, mountain biking, rock climbing, and hunting.

The economy of West Virginia nominally would be the 62nd largest economy globally behind Iraq and ahead of Croatia according to 2009 World Bank projections, and the 64th largest behind Iraq and ahead of Libya according to 2009 International Monetary Fund projections. The state has a projected nominal GSP of \$63.34 billion in 2009 according to the Bureau of Economic Analysis report of November 2010, and a real GSP of \$55.04 billion. The real GDP growth of the state in 2009 of .7% was the 7th best in the country. West Virginia was only one of ten states in 2009 that grew economically.

While per capita income fell 2.6% nationally in 2009, West Virginia's grew at 1.8%. Through the first half of 2010, exports from West Virginia topped \$3 billion, growing 39.5% over the same period from the previous year and ahead of the national average by 15.7%.

Morgantown was ranked by Forbes as the #10 best small city in the nation to conduct business in 2010. The city is also home to West Virginia University, the 95th best public university according to U.S. News & World Report in 2011. The proportion of West Virginia's adult population with a bachelor's degree is the lowest in the U.S. at 17.3%.

The net corporate income tax rate is 6.5% while business costs are 13% below the national average. The U.S. Bureau of Economic Analysis reported that in 2014 West Virginia's economy grew twice as fast as the next fastest growing state East of the Mississippi River, ranking third alongside Wyoming and just behind North Dakota and Texas among the fastest growing states in the United States.





# Location Description



## Tourism

Tourism contributed \$4.27 billion to the state's economy and employed 44,400 people in 2010, making it one of the state's largest industries.[94] Many tourists, especially in the eastern mountains, are drawn to the region's notable opportunities for outdoor recreation. Canaan Valley is popular for winter sports, Seneca Rocks is one of the premier rock climbing destinations in the eastern U.S., the New River Gorge/Fayetteville area draws rock climbers as well as whitewater rafting enthusiasts, and the Monongahela National Forest is popular with hikers, backpackers, hunters, and anglers.

In addition to such outdoor recreation opportunities, the state offers a number of historic and cultural attractions. Harpers Ferry National Historical Park is a historic town situated at the confluence of the Shenandoah and Potomac rivers. Harpers Ferry was the site of John Brown's 1859 slave revolt and raid on the US Armory and Arsenal. Located at the approximate midpoint of the Appalachian Trail, Harpers Ferry is the base of the Appalachian Trail Conservancy.

The Greenbrier hotel and resort, originally built in 1778, has long been considered a premier hotel, frequented by numerous world leaders and U.S. presidents over the years.

West Virginia is the site of the National Radio Astronomy Observatory, which features the Green Bank Telescope. The main building of Weston State Hospital is the largest hand-cut sandstone building in the western hemisphere, second worldwide only to the Kremlin in Moscow. Tours of the building, which is a National Historic Landmark and part of the National Civil War Trail, are offered seasonally and by appointment year round. West Virginia has numerous popular festivals throughout the year.

## Resources

One of the major resources in West Virginia's economy is coal. According to the Energy Information Administration, West Virginia is a top coal-producer in the United States, second only to Wyoming. West Virginia is located in the heart of the Marcellus Shale Natural Gas Bed, which stretches from Tennessee north to New York in the middle of Appalachia.

Nearly all of the electricity generated in West Virginia is from coal-fired power plants. West Virginia produces a surplus of electricity and leads the Nation in net interstate electricity exports.[95] Farming is also practiced in West Virginia, but on a limited basis because of the mountainous terrain over much of the state.

In terms of green energy, West Virginia has the potential to generate 4,952 GWh/year from 1,883 MW of wind power, using 80 meter high wind turbines, or 8,627 GWh/year from 2,772 MW of 100 meter wind turbines, and 60,000 GWh from 40,000 MW of photovoltaics, including 3,810 MW of rooftop photovoltaics.



# Location Description



## Taxes

West Virginia personal income tax is based on federal adjusted gross income (not taxable income), as modified by specific items in West Virginia law. Citizens are taxed within five income brackets, which range from 3.0 percent to 6.5 percent. The state's consumer sales tax is levied at 6 percent on most products except for non-prepared food.

West Virginia counties administer and collect property taxes, although property tax rates reflect levies for state government, county governments, county boards of education and municipalities. Counties may also impose a hotel occupancy tax on lodging places not located within the city limits of any municipality that levies such a tax. Municipalities may levy license and gross receipts taxes on businesses located within the city limits and a hotel occupancy tax on lodging places in the city. Although the Department of Tax and Revenue plays a major role in the administration of this tax, less than one-half of 1 percent of the property tax collected goes to state government.

The primary beneficiaries of the property tax are county boards of education. Property taxes are paid to the sheriff of each of the state's 55 counties. Each county and municipality can impose its own rates of property taxation within the limits set by the West Virginia Constitution. The West Virginia legislature sets the rate of tax of county boards of education. This rate is used by all county boards of education statewide. However, the total tax rate for county boards of education may differ from county to county because of excess levies. The Department of Tax and Revenue supervises and otherwise assists counties and municipalities in their work of assessment and tax rate determination. The total tax rate is a combination of the tax levies from four state taxing authorities: state, county, schools and municipal. This total tax rate varies for each of the four classes of property, which consists of personal, real and intangible properties. Property is assessed according to its use, location and value as of July 1. All property is reappraised every three years; annual adjustments are made to assessments for property with a change of value. West Virginia does not impose an inheritance tax. Because of the phase-out of the federal estate tax credit, West Virginia's estate tax is not imposed on estates of persons who died on or after January 1, 2005.

# Employers

The largest private employers in West Virginia, as of March 2011, were:

1	Walmart	26	ATK
2	West Virginia United Health System	27	MTR Gaming Group
3	Charleston Area Medical Center	28	Kmart
4	Kroger	29	TeleTech
5	Consol Energy	30	Dollar General
6	Mylan Pharmaceuticals	31	Thomas Health System
7	Lowe's	32	BB&T
8	St. Mary's Medical Center	33	Little General
9	American Electric Power	34	IBEX Global
10	The Mentor Network	35	Go-Mart
11	ResCare	36	Raleigh General Hospital
12	Cabell Huntington Hospital	37	Elk Run Coal Company
13	Wheeling Hospital	38	GMRI, Inc.
14	Pilgrim's Pride	39	Spartan Mining Company
15	Hollywood Casino at Charles Town Races	40	Hobet Mining
16	DuPont	41	Employee Resource Group
17	Mon Power	42	Dominion Transmission
18	Rite Aid	43	Cracker Barrel Old Country Store
19	West Virginia's Choice, Inc	44	J. C. Penney
20	University Health Associates	45	Heartland Employment Services
21	Frontier West Virginia	46	United Parcel Service
22	Bob Evans Farms	47	Toyota Motor Manufacturing West Virginia
23	Camden-Clark Memorial Hospital	48	Gino's/Tudor's Biscuit World
24	The Greenbrier	49	Weirton Medical Center
25	Monongalia General Hospital	50	Alcan Rolled Products



# Retailer Map



Sylvester's  
Pizzeria & Subs

**DOLLAR  
GENERAL**



Whitesville  
Elementary School

**DOLLAR  
GENERAL**



Big Coal River  
Bancorp Inc

Paulie's  
Restaurant



# 3

Section 3

## Financial Analysis

# Financial Analysis

## Debt and Return Calculations

### Loan Quote (subject to change)

Sale Price	\$1,395,400.00
Loan Amount	\$837,240
Loan To Value	60%
Down payment	\$558,160
Interest Rate	4.80%
Amortization	30

## Return Calculations

<b>Net Operating Income:</b>		<b>\$83,724</b>
Debt Service:	\$4,393	\$52,712
<b>Pre-Tax Cash Flow: (Cash on Cash return)</b>	<b>5.6%</b>	<b>\$31,012</b>
Principal Reduction:		12,525
<b>Total Return:</b>	<b>7.8%</b>	<b>\$43,536</b>

### Principal

### Interest

\$12,525

\$40,188

Year 1

# 4

Section 4

## Demographics



# Demographics

Population:	1 mile	3 miles	5 miles
2023 Projection	411	1,209	1,539
2018 Estimate	440	1,273	1,621
2010 Census	520	1,428	1,818
2018 Population Hispanic Origin	2	4	5
2018 Population by Race:			
White	431	1,247	1,588
Black	3	7	9
Am. Indian & Alaskan	0	2	2
Asian	0	0	0
Hawaiian & Pacific Island	0	0	0
Other	6	17	21
U.S. Armed Forces:	0	0	0
Households:	1 mile	3 miles	5 miles
2023 Projection	167	490	622
2018 Estimate	178	516	656
2010 Census	211	581	738
Growth 2018 - 2023	(6.18%)	(5.04%)	(5.18%)
Growth 2010 - 2018	(15.64%)	(11.19%)	(11.11%)
Owner Occupied	133	398	506
Renter Occupied	45	118	150
Avg Household Income:	\$51,559	\$50,532	\$49,995
Med Family Income:	\$38,541	\$37,899	\$37,734
2018 Households by Household Inc:			
<\$25,000	62	179	231
\$25,000 - \$50,000	43	132	164
\$50,000 - \$75,000	31	85	109
\$75,000 - \$100,000	27	51	68
\$100,000 - \$125,000	9	43	51
\$125,000 - \$150,000	4	23	27
\$150,000 - \$200,000	0	1	1
\$200,000+	3	3	4



# Traffic Count

Collection Street	Cross Street	Cross Street Dist/Dir	Traffic Volume	Count Year	Dist from Subject	Type
State Rte 3	Coal River Rd	0.02 NW	3,565	2017	0.14	MPSI...
Blue Pennant Rd	State Rte 3	0.21 NE	645	2017	0.35	MPSI...
State Rte 3	Seng Creek Rd	0.36 N	5,300	2016	0.45	MPSI...
Coal River Rd	Jarrell Ave	0.04 S	5,300	2017	0.45	MPSI...
Seng Creek Rd	State Rte 3	0.18 SW	850	2016	0.89	MPSI...
Seng Creek Rd	Callie Cir	0.09 W	1,006	2017	0.89	MPSI...
State Rte 3	Seng Creek Rd	0.21 SE	2,263	2017	1.00	MPSI...





Stock Photo

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