

NNN INVESTMENT OPPORTUNITY

WALGREENS - SIOUX FALLS, SOUTH DAKOTA



NNN LEASE OFFERING MEMORANDUM

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BY ACCEPTING THIS CONFIDENTIAL OFFERING MEMORANDUM, YOU AGREE TO RELEASE AGM, INC. AND HOLD IT HARMLESS FROM ANY KIND OF CLAIM, COST, EXPENSE, OR LIABILITY ARISING OUT OF YOUR INVESTIGATION AND/OR PURCHASE OF THIS NET LEASED PROPERTY.

WALGREENS - SIOUX FALLS, SOUTH DAKOTA

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INVESTMENT SUMMARY

The subject property is a 14,820 square foot Walgreens store located in Sioux Falls, South Dakota, part of the Minnehaha county. Walgreens (NASDAQ: WBA) has an Investment Grade Credit Rating “BBB” by Standard & Poor’s. Annual revenues exceed \$103 Billion. Tenant has been successfully operating at this address for almost 14 years, showing strong commitment to the location. Site is equipped with a double drive-thru pharmacy. Walgreens recently acquired 1,932 stores from Rite Aid on a nationwide basis (out of which 500 will be either closed or not renewed) to further expand their presence and footprint. South Dakota is a very unique state with no Rite Aid presence, only 4 CVS stores (within Target stores) and only 18 Walgreens in total. This significantly reduces the influence of market risks on this site.

LEASE DETAILS

Walgreens signed a 75-year lease, with ten 5-year termination options that commence on December 1st, 2029. There are approximately 11+/- years remaining on the initial term of the lease. Lease is an absolute NNN lease providing investors with carefree ownership. Store was built in 2004 to capture the spatial gap of Walgreens presence in the Eastern part of the city, along the South Sycamore Avenue. As part of the lease agreement, Tenant shall pay the sum equal to 2% of the gross sales (except for the sales of food items and prescription items), plus 1.0% of the gross sales of food items, plus 0.5% of the gross sales of prescription items (excluding items sold pursuant to Third Party Prescription Plans) exceed the total fixed rent for such lease year.

TRADE AREA

Sioux Falls is the fastest growing metro Tucson is the largest metro area in South Dakota. The metropolitan population of 259,094 accounts for 29% of South Dakota’s population. Subject location has 70,000 residents within a 3-mile radius and 122,000

within a 5-mile radius from the property, with average household incomes in excess of \$80,000 and \$77,000 respectively. Both metrics are projected to increase 10% in the next 5 years.

Property is located on a hard corner of a signalized intersection of heavily trafficked South Sycamore Avenue and East 26th Street and with a combined traffic count of approximately 35,000 cars passing daily, the location is hard to beat. Subject store serves the Sanford Children’s Hospital and the neighborhood’s daily shopping demand along with national retailers such as Hy-Vee, Starbucks, Burger King, Papa John’s Pizza, Great Clips, Kum & Go, Sprint, Us Post Office etc.



INVESTMENT HIGHLIGHTS



INVESTMENT GRADE CREDIT TENANT

Walgreens (NASDAQ: WBA) Has an Investment Grade Credit Rating "BBB" by Standard & Poor's - Annual Revenues Exceed \$103 Billion.

INCOME TAX-FREE STATE



POPULATION AND ECONOMY GROWTH

Sioux Falls was voted best place for your professionals. Strong activity of the medical industry is driving continuous growth on already dense population statistics and outperforming the national employment growth.



EXTREMELY LIMITED PHARMACY COMPETITION MARKET

South Dakota has only 18 Walgreens, 4 CVS stores (within Target) and no Rite Aid presence. Seven Walgreens in total are in Sioux Falls, closest one being approximately 3 miles from subject property.



STRONG DEMOGRAPHICS – STABLE GROWTH

There are over 70,000 people living within three miles of the subject property with a median household income of over \$80,000, both of which are projected to increase 10% in the next 5 years.

STRATEGICALLY POSITIONED TO SERVE THE NEIGHBORHOOD AND SANFORD CHILDREN'S HOSPITAL

Subject store serves the Sanford Children's Hospital and the neighborhood's daily shopping demand along with national retailers such as Hy-Vee, Starbucks, Burger King, Papa John's Pizza, Great Clips, Kum & Go, Sprint, Us Post Office etc.

LONG TERM LEASE

There are 11+/-years remaining on the original 25-year initial term of the lease, allowing for a long term carefree investment. Long lease term, as well as the investment grade credit of the tenant make this an easily financeable investment.

HIGH TRAFFIC VOLUMES AND UNPARALLELED VISIBILITY

Property is located on the NE corner of heavily trafficked South Sycamore Avenue and East 26th Street and with a combined traffic count of approximately 35,000 cars passing daily, the location is hard to beat.

DOUBLE DRIVE-THRU

Property is equipped with a double drive-thru, which accounts for 20%+ of total sales in drugstores.

ZERO LANDLORD RESPONSIBILITY

Lease is absolute NNN, where the Landlord is subscribed to carefree ownership.

PRICING

AND FACTS

SALE PRICE	\$5,400,000
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CAP RATE (CURRENT)	6.00%
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NOI	\$324,000
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YEAR BUILT/RENOVATED	2004
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RENTABLE SF	14,820 SF
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LOT SIZE	1.48 Acres
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OWNERSHIP TYPE	Fee simple
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LEASE SUMMARY

TENANT:	WALGREENS.CO.
LEASE TYPE	NNN - Zero landlord responsibilities
UTILITIES	Tenant pays directly
TAXES	Tenant pays directly
INSURANCE	Tenant pays directly
LEASE TERM	75 years
COMMENCEMENT	November, 2004
EXPIRATION OF INITIAL TERM	November 30, 2029
REMAINING TERM, UNTIL FIRST TERMINATION OPTION	11 +/- Years
TERMINATION OPTION	Ten 5-year options
ROFR	Yes - within 20 days
ESTOPPEL PERIOD	Within 30 days, \$500 fee



BASE RENT

SCHEDULE

	PERIOD	YEARS	\$/SF	MONTHLY RENT	ANNUAL RENT
CURRENT	11/04-12/29	1-25	\$21.86	\$27,000	\$324,000
OPTION 1	12/29-11/34	26-30	\$21.86	\$27,000	\$324,000
OPTION 2	12/34-11/39	31-35	\$21.86	\$27,000	\$324,000
OPTION 3	12/39-11/44	36-40	\$21.86	\$27,000	\$324,000
OPTION 4	12/44-11/49	41-45	\$21.86	\$27,000	\$324,000
OPTION 5	12/49-11/54	46-50	\$21.86	\$27,000	\$324,000
OPTION 6	12/54-11/59	51-55	\$21.86	\$27,000	\$324,000
OPTION 7	12/59-11/64	56-60	\$21.86	\$27,000	\$324,000
OPTION 8	12/64-11/69	61-65	\$21.86	\$27,000	\$324,000
OPTION 9	12/69-11/74	66-70	\$21.86	\$27,000	\$324,000
OPTION 10	12/74-11/79	71-75	\$21.86	\$27,000	\$324,000

TENANT OVERVIEW

Walgreens

Walgreens, the nation's largest drugstore chain, constitutes the Retail Pharmacy USA Division of Walgreens Boots Alliance, Inc. (Nasdaq: WBA), the first global pharmacy-led, health and well-being enterprise. More than 8 million customers interact with Walgreens each day in communities across America, using the most convenient, multi-channel access to consumer goods and services and trusted, cost-effective pharmacy, health and wellness services, and advice. After completing the acquisition of 1,932 stores from Rite Aid in May of 2018, Walgreens shall operate approximately 10,000 drugstores with a presence in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Walgreens digital business includes Walgreens.com, Drugstore.com, Beauty.com, SkinStore.com and VisionDirect.com. Walgreens also manages more than 400 health care clinics and provider practice locations around the country.

For more information about Walgreens visit www.walgreens.com.

103.4 BILLION USD

ANNUAL REVENUE

87.78 BILLION USD

MARKET CAP



*Image for illustrative purposes only

TENANT TRADE NAME	WALGREENS BOOTS ALLIANCE, INC
OWNERSHIP	PUBLIC
TICKER SYMBOL	WBA (NASDAQ)
CREDIT RATING	BBB (S&P)

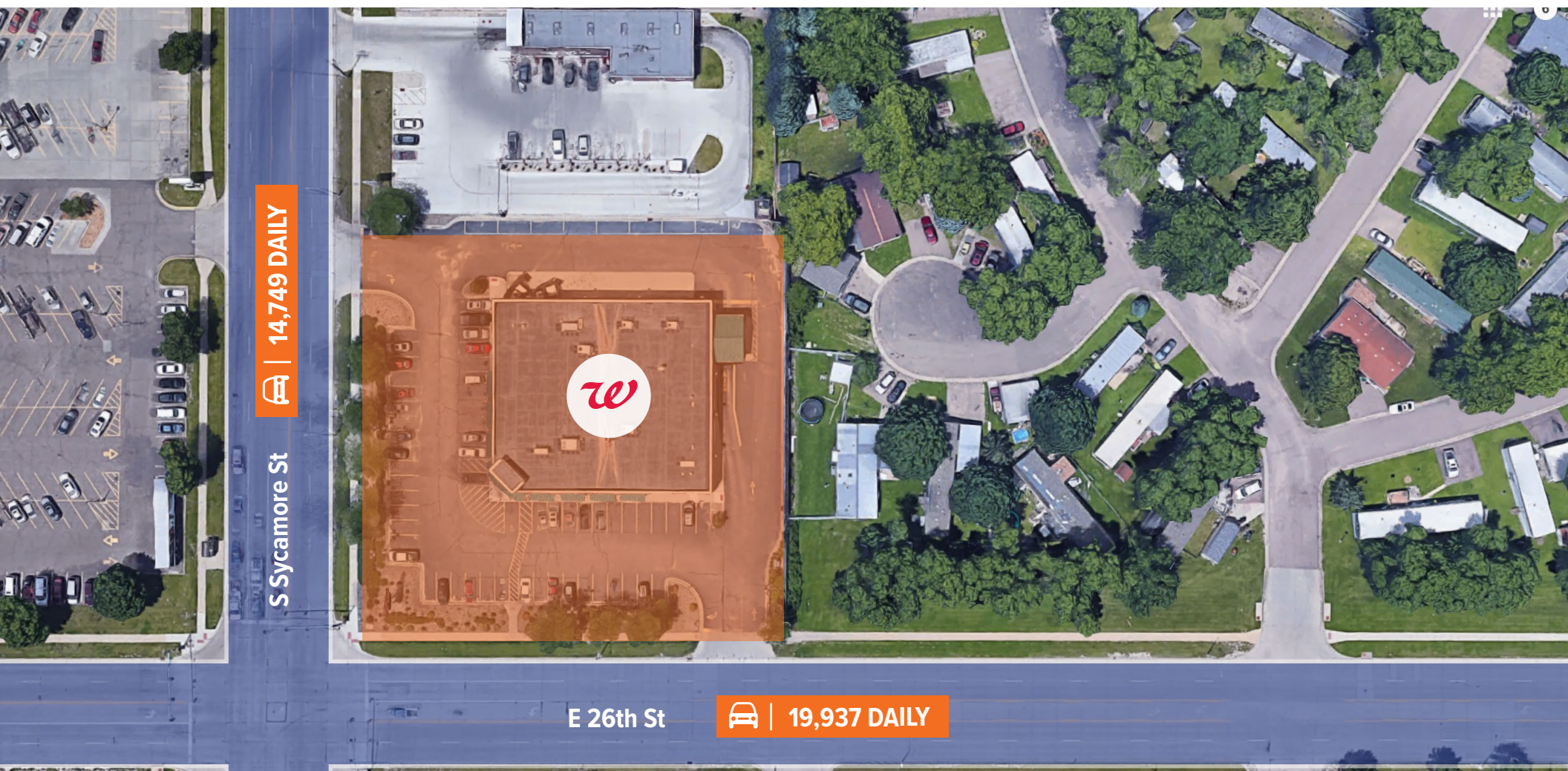
LOCATION

AERIAL MAP



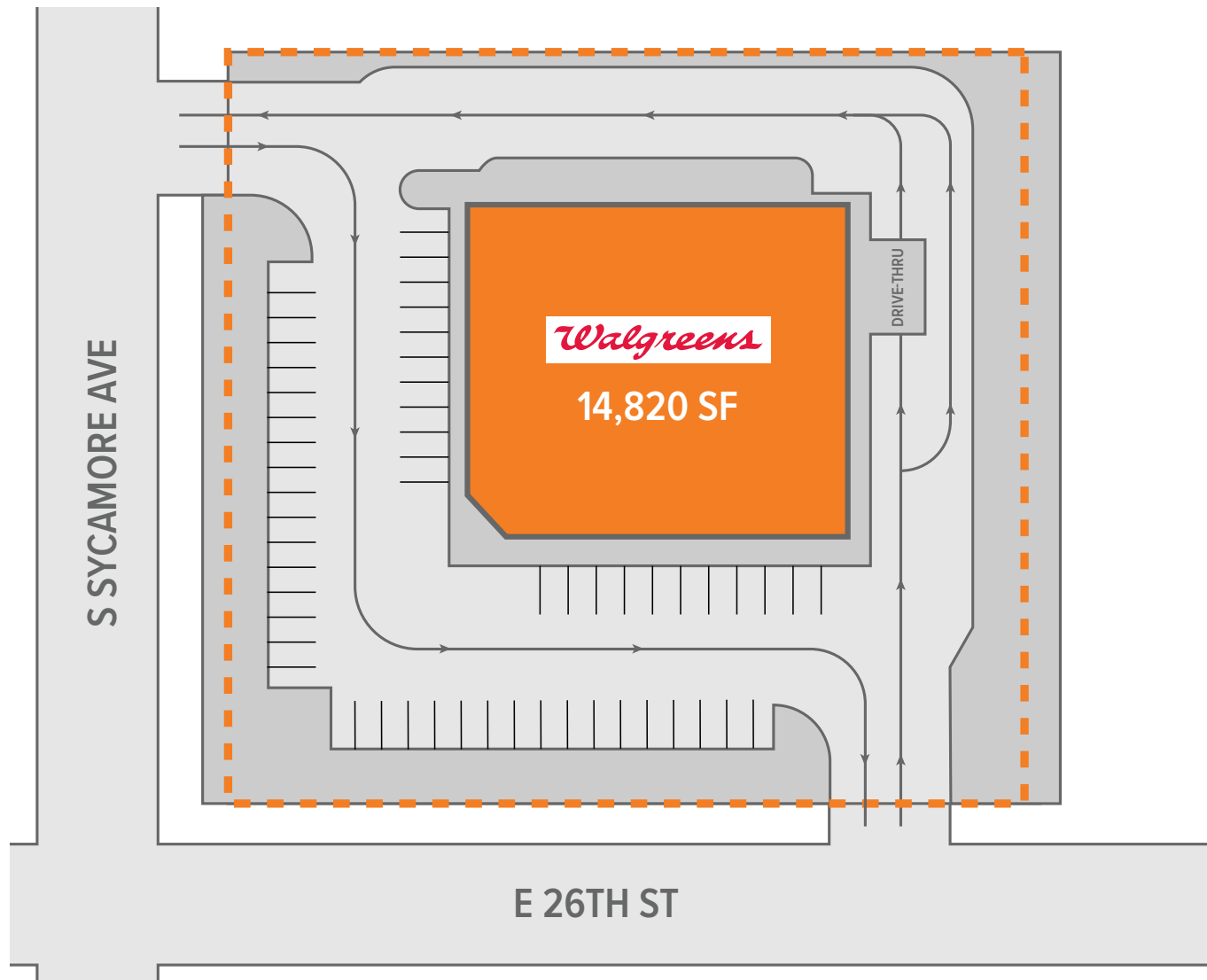
PROPERTY

SITE MAP



PROPERTY

SITE PLAN



SIoux FALLS, SD

MARKET OVERVIEW

Partially due to the lack of a state corporate income tax, Sioux Falls is the home of a number of financial companies. The largest employers among these are Wells Fargo and Citigroup, Great Western Bank, Western Surety Company (CNA Surety), Total Card Inc., Capital Card Services, Midland National Life Insurance Company, Meta Bank, and First Premier Bank.

Sioux Falls is a significant regional health care center. There are four major hospitals in Sioux Falls: Sanford Health (formerly Sioux Valley), Avera McKennan Hospital, the South Dakota Veterans Affairs Hospital, and the Avera Heart Hospital of South Dakota. Sanford Health and Avera Health are the largest and second largest employers in the city, respectively. Emergency medical services (EMS) are provided by Paramedics Plus and Sioux Falls Fire Rescue.

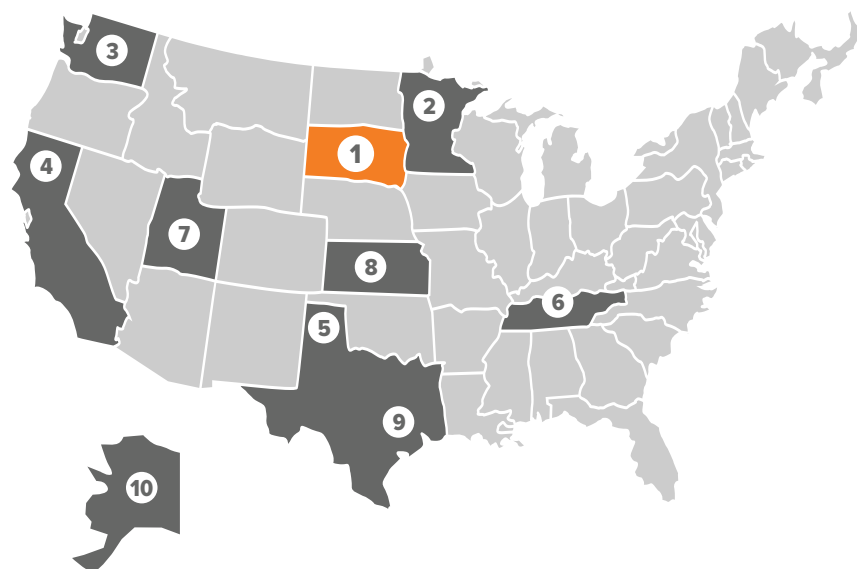
As of 2018, Sioux Falls had an estimated population of 183,200. The metropolitan population of 259,094 accounts for 29% of South Dakota's population. It is also the primary city of the Sioux Falls-Sioux City Designated Market Area (DMA), a larger media market region that covers parts of four states and has a population of 1,043,450.

MARKET HIGHLIGHTS

1. Outperforming national employment growth - 41.8% vs 38.0%
2. Affordable labor, material and utility costs lure many businesses
3. Low cost of living and doing business
4. Growing concentration of medical and financial industries
5. Limited or no state corporate tax is partially responsible for luring larger corporations to Sioux Falls
6. Voted top city for young professionals

TOP 10 CITIES FOR YOUNG PROFESSIONALS

- | | |
|-----------------------------|------------------------------|
| 1. <u>Sioux Falls, SD</u> | 6. <u>Nashville, TN</u> |
| 2. <u>Minneapolis, MN</u> | 7. <u>Salt Lake City, UT</u> |
| 3. <u>Seattle, WA</u> | 8. <u>Overland Park, KS</u> |
| 4. <u>San Francisco, CA</u> | 9. <u>Austin, TX</u> |
| 5. <u>Amarillo, TX</u> | 10. <u>Anchorage, AK</u> |



SIoux FALLS, SD

MAJOR EMPLOYERS

COMPANY	INDUSTRY	EMPLOYEES
Sanford Health	Biomedical	9500-10000
Avera Health	Biomedical	8000-8500
Smithfield Foods	Food Processing	3500-4000
Sioux Falls School District	Education	3000-3500
HyVee Food Stores	Retail	3000-3500
Wells Fargo	Finance & Banking	2500-3000
Citi	Finance & Banking	1500-2000
Walmart/Sam's Club	Retail & Wholesale	1000-1500
Evangelical Lutheran Food Samaritan Society	Healthcare	1000-1500
City of Sioux Falls	Government	1000-1500
Department of Veterans Affairs Medical & Regional Office	Healthcare/Government	1000-1500
LifeScape	Healthcare & Social Services	1000-1500
First PREMIER Bank/PREMIER Bankcard	Finance & Banking	1000-1500
Midco	Data Centers	700-800
Raven Industries	Manufacturing	700-800

AREA

DEMOGRAPHICS



POPULATION	1 MILE	3 MILES	5 MILES
2010 POPULATION	13,384	59,823	106,304
2016 POPULATION	14,544	69,606	122,331
2021 POPULATION	15,480	75,557	132,712

AVG. HOUSEHOLD INCOME	1 MILE	3 MILES	5 MILES
2016 AVG. HOUSEHOLD INCOME	\$75,512	\$80,335	\$77,377
2021 AVG. HOUSEHOLD INCOME	\$83,700	\$89,378	\$86,005



PROPERTY

PHOTOS





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