



Walgreens

6809 W Belmont Avenue – Chicago, IL

Confidential Offering Memorandum



An aerial photograph of a Walgreens pharmacy building, a single-story structure with a flat roof and several air conditioning units. The building is surrounded by a residential neighborhood with houses and trees. A dark blue, semi-transparent graphic overlay covers the right side of the image, containing the 'Contents' section.

Contents

Executive Summary	06
Pricing & Financial Analysis	10
Property & Market Overview	14
JLL Contacts	18



A night-time photograph of the Chicago skyline, featuring several prominent skyscrapers with illuminated windows. The city lights reflect on the water in the foreground. A large, dark, brush-stroke-like graphic element is overlaid on the right side of the image, containing the title text.

Summary

Executive Summary

Walgreens – Chicago, IL

Strong Performing Walgreens on Historic Belmont Avenue

BROAD APPEAL TO THE
NET LEASE INVESTOR
MARKETPLACE

EXCEPTIONAL UNIT-LEVEL
STORE SALES PERFORMANCE

CHICAGO IS ONE OF THE
COUNTRY'S FASTEST GROWING
ECONOMIC MARKETS WITH
RAPID WESTERLY
DEVELOPMENT

CORPORATE GUARANTY FROM
THE LARGEST PHARMACY
RETAILER IN AMERICA

DENSELY POPULATED
LOCATION WITHIN THE
CHICAGO MSA

The Offering

JLL is pleased to offer for sale the fee-simple interest in a single-tenant Walgreens (the “Property”, or “Asset”), located in Chicago, IL and along the historic W. Belmont Avenue.

Positioned along one of Chicago’s primary east-west thoroughfares, the Property is positioned as an urban infill investment opportunity with intrinsic real estate value, strong long-term sales growth, over six years of remaining term and seven, five-year options to renew. The Asset’s tenant, Walgreens, features an investment-grade credit rating of BBB / Stable by S&P and provides significant assurance in its tenancy. Walgreens has also recently executed its first five-year renewal option, demonstrating a commitment to this location. This offering represents the opportunity to purchase a committed national pharmacy tenant located within an urban infill Chicago market with significant intrinsic real estate value.

INVESTMENT HIGHLIGHTS

- The Asset has possessed annual store sales performance above the Walgreens national average for multiple consecutive years. The store’s favorable sales performance in combination with urban location creates a high likelihood of continued lease renewals.
- The Property possesses a recently extended NN lease with over six years of remaining term & limited landlord responsibilities. The lease was extended early and well prior to the notification deadline, showing commitment to the site.
- The Property’s tenant, Walgreens, features an investment grade credit rating of BBB / Stable by S&P and is considered to be one of the preeminent net lease tenants.
- Within a three-mile radius of the Property, the area hosts over 334,000 residents in a highly populated urban area. The same three-mile radius touts an annual average household income of nearly \$80,000, providing stability to the retail trade area.
- The Asset is located on W Belmont Ave, one of Chicago’s main arterials heading east and west. The Property is exposed to over 26,000 vehicles passing daily at the intersection of W Belmont Avenue and N Oak Park Avenue.
- Chicago is the third largest city in the United States with a population of approximately 9.5 million people in the metropolitan area, a population that has grown annually since 2000.

PROPERTY SUMMARY

Address	6809 W Belmont Avenue, Chicago, IL 60634
Price / PSF	\$5,000,000 / \$385
NOI / PSF	\$355,000 / \$27.30
Cap Rate	7.10%
Lease Type	NN (Roof & Structure)
Square Footage	13,001 SF
Site Size	0.76 Acres +/-
Year Built	1999
Owner Interest	Fee Simple
Tenant	Bond Drug Company of Illinois
Guarantor	Walgreen Co.
Remaining Term	6.8 Years
Rental Increases	Flat
Options	7 x 5 Years



Walgreens

1-HR PHOTO

PHARMACY



A photograph of a suburban street scene. In the foreground, a black SUV is parked on the left side of the road, and a white bus with blue and red stripes is driving on the right. The bus has 'transitology.com' and '77 BELMONT' visible on its side. In the middle ground, there is a commercial building with a large sign for 'Children's Land' that includes the phone number '773-930-3296'. The building has 'dom' logos on its facade. The background shows a residential area with houses and trees under a clear sky. A large, dark, brush-stroke-like graphic is overlaid on the right side of the image, partially obscuring the background.

Financial

Pricing & Financial Analysis

Property

Price / PSF	\$5,000,000 / \$385
NOI / PSF	\$355,000 / \$27.30
Cap Rate	7.10%
Remaining Term	6.8 Years
Rental Increases	Flat



Lease Abstract

Tenant	Bond Drug Company of Illinois
Guarantor	Walgreen Co.
Address	6809 W Belmont Avenue
City, State	Chicago, IL
GLA	13,001 SF
Parcel Size	0.76 AC
Original Contractual Lease Term	20 Years
Lease Type	NN
Rent Commencement	12/1/1999
Current Term Expiration	6/30/2025
Term Remaining	6.8 Years
Annual Rent	\$355,000
Rent PSF	\$27.30
Increases	Flat
Options	7 x 5 Years
Extension Notice	12 Months
Parking	34 Spaces
Assignment/Sublease	Does not require Landlord's written consent provided that any such assignment or reassignment be only to a corporation which is a subsidiary or affiliated with the Tenant.
Taxes	Tenant Responsibility
Insurance	Tenant Responsibility
Utilities	Tenant Responsibility
Landlord Responsibilities	Landlord at its sole cost and expense shall maintain and make all repairs to the exterior (including, but not limited to painting, tuckpointing and reasonable cleaning) and structural portions of the Building, roof, and all utility lines, including but not limited to sewers, sewer connections, pipes, ducts, wires and conduits leading to and from the Leased Premises and/or the Building
Tenant Responsibilities	During the Lease Term, Tenant shall repair and replace heating and cooling equipment serving the Building, (ii) make plate glass replacements unless required by fault of Landlord or by fire or other casualty, and (iii) make repairs to the interior of the Building (including doors, door mechanisms, nonstructural floors and ceilings, and utilities within the Building). Any reasonable time during business hours after advising with Tenant
Landlord's Right to Inspect	Yes; Within 10 days of receipt of offer
Right of First Refusal	
Alterations	Tenant shall make any non-structural alterations without Landlord's consent. Any structural alterations require Landlord's written consent
Parking	Tenant Responsibility to maintain parking lot



GLOBAL LEADER IN PHARMACY RETAIL

- Founded in 1901, Walgreens Boots Alliance (“Walgreens”) is the global leader in pharmacy-led health and wellbeing retail. Walgreens operates more than 8,175 stores in the 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands. With a typical store carrying over 18,000 items, Walgreens’ stores offer a wide range of consumer goods in addition to its pharmacy, health and wellness services.
- Bolstering Walgreens’ impressive six million daily customers, an average of 68 million people visit Walgreens’ websites (walgreens.com and drugstore.com) monthly. As of August 2017, approximately 76 percent of the United States population lived within five miles of a Walgreens store.

ACTIVE GROWTH STRATEGY

- In September 2017, Walgreens purchased 1,932 Rite Aid stores across the country, strengthening Walgreens’ national presence as the largest pharmacy chain in the United States. This portfolio acquisition followed the company’s two-year bid to purchase the Pennsylvania-based competitor outright, which was ultimately thwarted by federal regulators.

STRONG SALES & FINANCIAL PERFORMANCE

- Adjusted fiscal 2018 second quarter net earnings attributable to Walgreens Boots Alliance increased 16.6 percent to \$1.7 billion, compared with the same quarter a year ago.
- Sales in the second quarter were \$33.0 billion, an increase of 12.1 percent from the year-ago quarter.
- GAAP operating income in the second quarter was \$2.0 billion, an increase of 33.9 percent from the same quarter a year ago. Adjusted operating income in the second quarter was \$2.2 billion, an increase of 7.3 percent from the same quarter a year ago.





Property & Market

Property & Market
Overview
Chicago, IL



An extremely limited national freestanding pharmacy competition is present in the Asset's immediate area. The Property's stronger location along W. Belmont Avenue is a contributor to its strong store sales, versus the Walgreens location on the less-trafficked N. Harlem Avenue and the CVS Pharmacy located a lengthy 1.62 miles from Belmont Avenue's immediate residential population.



Market



The Chicago Metro Area

Home to an unparalleled economy, workforce, and quality of life, Chicago is a thriving 24-hour metropolis. The city's dynamic character is attributed to its people, location, infrastructure, and collaborative business and government community. Located along the west coast of Lake Michigan, Chicago is near the geographical center of the United States.

Often considered the capital of the Midwest, Chicago is the third largest city in the United States with a population of approximately 9.5 million people in the metropolitan area, a population that has grown by eight percent since 2000. Approximately 84 million people, equivalent to 27 percent of the total population of the United States, live within 500 miles of Chicago. With its central location, diverse economy, cultural & entertainment attractions, top institutions of higher education, professional sports, and numerous recreational activities, Chicago is one of the most important and influential cities in the world.

An Economic Force

- Chicago is widely recognized as one of the most important industrial, financial, and cultural centers in the United States, with a strong economic base ranging from capital goods to consumer non-durables to business services.
- Long one of the world's greatest job centers, the city's extensive urban infrastructure and proximity to suppliers and customers have made Chicago's CBD a self-perpetuating growth engine, attracting companies from around the globe. The CBD trend continues to gain momentum as major corporations have decided to relocate or maintain their headquarters in Chicago, seeking to tap a broader talent pool and get into the flow of innovation as well as the desired amenity-rich lifestyle. This trend is a further testament of the city's ever expanding business influence.

Demographics			
	1-MILE RADIUS	2-MILE RADIUS	3-MILE RADIUS
POPULATION			
2023 Projection	45,186	168,044	334,332
2018 Estimate	45,243	168,227	334,586
2018 Number of Households	15,043	56,284	114,639
Average Estimated HH Income	\$77,254	\$75,721	\$78,689

Selling the Chicago Market

Chicago Market Strength

- Urban economy is firing on all cylinders leading to growth across all asset classes
- Population growth in urban core is growing faster than any major metro in the country
- Chicago is an outlier in its ability to attract educated millennials – growing by a factor of 16:1

Economy

\$582 billion
GDP, 2015

3.8% unemployment rate
of population with bachelor's degree or higher
(office occupying population)

+400
Corporate HQ's, 36
Fortune 500

Core Population

Added more residents than
any other urban core in the
U.S.

+48,000 people

+42,426 people

On track to double
prior decade's growth

Talent

502,000

Total students within MSA

3rd

Largest across other U.S. metros for
accessing millennial talent

Transit

40%

Of population live near rapid transit

Tourism

54.1M

Visitors in 2017 – up 1.5 million

Downtown Core Facts

60

Operable cranes downtown

6.8%

of baby boomers live
downtown, up from 5.2%
in 2010

79.0%

have a bachelor's degree or
higher, above the national
average of 30%

15.3%

growth of educated
millennials in downtown core
from 2010-2015

#1

city where educated millennials
are choosing to move
downtown over the suburbs

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