

# WALGREENS PORTFOLIO

EXCELLENT PERFORMING STORES IN INCOME TAX-FREE STATES



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# WALGREENS PORTFOLIO

TACOMA, WA - CYPRESS, TX - SIOUX FALLS, SD



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# OFFERING

## SUMMARY

### LOCATIONS

12105 PACIFIC AVENUE SOUTH, TACOMA, WA

16211 SPRING CYPRESS ROAD, CYPRESS, TX

1720 S SYCAMORE AVENUE, SIOUX FALLS, SD

### OFFERING SUMMARY

PRICE	\$17,350,000
NET OPERATING INCOME	\$1,014,000
TOTAL SF	43,215 SF
CAP RATE	5.85%
PRICE PER SQUARE FOOT	\$401.5
DELIVERY	FREE AND CLEAR



TACOMA, WA



CYPRESS, TX



SIOUX FALLS, SD



# INVESTMENT HIGHLIGHTS



## EXCELLENT REPORTED SALES

Each store is performing above national average for Walgreens.



## INCOME TAX-FREE STATES

In all three states there is no state income tax.



## INVESTMENT GRADE CORPORATE GUARANTEE

The leases are guaranteed by Walgreens Pharmacy (NASDAQ: WBA; S&P: BBB), #1 drug store company in the nation with approximately 8,200 drugstore locations.



## MINIMAL LANDLORD RESPONSIBILITY

Tacoma is subject to a NN, while Cypress and Sioux Falls to NNN leases.



## AVAILABLE AS A PORTFOLIO OR INDIVIDUALLY

Properties are available as a portfolio or individual investments.

## DRIVE-THRU LOCATIONS

Adding approximately more than 20% to the bottom line of pharmacy sales.

## STRONG LOCATIONS

Properties are located in Sioux Falls and suburbs of Houston and Seattle.

## LONG TERM LEASE

Three properties average 10+ years remaining until first termination option.

# PRICING AND FACTS

TENANT	ADDRESS	SF	LEASE START	FIRM TERM	LEASE END	CURRENT RENT/MO	LEASE TYPE	TERMINATION OPTIONS
WALGREENS	12105 PACIFIC AVENUE SOUTH, TACOMA, WA	13,905	2/1/99	28/2/2029	28/02/2059	\$26,583.33	NN*	EVERY 5 YEARS COMMENCING YEAR 31
WALGREENS	16211 SPRING CYPRESS ROAD, CYPRESS, TX	14,490	3/1/03	3/31/28	3/31/78	\$30,916.67	NNN	EVERY 5 YEARS COMMENCING YEAR 26
WALGREENS	1720 S SYCAMORE AVENUE, SIOUX FALLS, SD	14,820	11/1/29	11/30/29	11/30/79	\$27,000.00	NNN	EVERY 5 YEARS COMMENCING YEAR 26
TOTAL SF		43,215				\$84,500.00	TOTAL MONTHLY RENT	
TOTAL AVAILABLE		-	0%	VACANCY		\$1,014,000.00	TOTAL ANNUAL RENT	
TOTAL OCCUPIED		43,215	100%	OCCUPANCY				

\*Landlord responsible for roof, structure and utility lines outside of building



# 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](http://www.walgreens.com).

**103.4 BILLION USD**

ANNUAL REVENUE

**87.78 BILLION USD**

MARKET CAP



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



# WALGREENS - TACOMA, WASHINGTON

12105 PACIFIC AVENUE SOUTH, TACOMA, WA 98444





# PROPERTY PHOTOS



# INVESTMENT SUMMARY

The subject property is a 13,905 square foot Walgreens store located in Tacoma, Washington, part of the Pierce 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 over 24 years and has showed strong commitment to the location with the recent 10- year extension with no rent reduction. 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.

## LEASE DETAILS

Walgreens signed a 60-year lease, with ten 5-year termination options that commence on March 1st, 2029. There are approximately 11+/- years remaining on the initial term of the lease. The lease is NN, providing the investor with minimal landlord responsibilities. Store was built in 1998 to serve the growing Pacific Lutheran University in the Southern part of the city, along the busy Pacific Avenue South. 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

Tacoma is located on Washington’s Puget Sound, 32 miles southwest of Seattle, 31 miles northeast of the state capital, Olympia, and 58 miles northwest of Mount Rainier National Park. Tacoma is the second-largest city in the Puget Sound area and the third largest in the state. Tacoma also serves as the center of business activity for the South Sound region, which has a population of around 1 million. Tacoma is home

to six hospital systems, nine colleges and universities and has recently seen an incredible influx of foreign investment bolstering the city’s economy.

Property is located on a hard corner of a signalized intersection of heavily trafficked Pacific Avenue South, which turns into a highway, and 121st Street South. With a combined traffic count of approximately 44,000 vehicles passing daily, the property is hard to miss. This store serves the Pacific Lutheran University whose campus is across the street from the site, as well as the Joint Base Lewis McChord which with 60,000 employees is the largest employer in the state of Washington. Nearby tenants include T-Mobile, Domino’s, Starbucks, Shell, Baskin Robbins, Arco, USPS, Subway, Saars Marketplace 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



## EXCELLENT REPORTED SALES

The store is delivering reported sales numbers in the \$3.2 million range which is approximately 50% higher than the national average.

## DOUBLE DRIVE-THRU

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



## HIGH TRAFFIC COUNT & VISIBILITY

Property is located on a hard corner of a signalized intersection of heavily trafficked Pacific Avenue South, which turns into a highway, and 121st Street South. With a combined traffic count of approximately 44,000 vehicles passing daily, the visibility of the property is hard to beat.



## ADJACENT TO PACIFIC LUTHERAN UNIVERSITY

The store serves the private Pacific Lutheran University of approximately 3,000 students.

## MINIMAL LANDLORD RESPONSIBILITY

Lease is NN, with Landlord responsible for roof and structure.



## POPULATION AND ECONOMY GROWTH

Tacoma is experiencing continuous growth on already dense population statistics and outperforming the national employment growth due to a heavy inflow of foreign investment.



## EARLY 10-YEAR EXTENSION

Walgreens extended the lease 10 years early with no rent reduction.

## LONG TERM LEASE

There are 11+/-years remaining on the 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.

# AREA

## DEMOGRAPHICS



POPULATION	1 MILE	3 MILES	5 MILES
2010 POPULATION	15,023	80,133	195,577
2016 POPULATION	15,693	85,213	212,351
2021 POPULATION	16,494	89,519	225,191

AVG. HOUSEHOLD INCOME	1 MILE	3 MILES	5 MILES
2016 AVG. HOUSEHOLD INCOME	\$60,074	\$64,896	\$69,341
2021 AVG. HOUSEHOLD INCOME	\$69,274	\$75,420	\$80,881



### MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES
JOINT BASE LEWIS-MCCHORD	60,100
MULTICARE HEALTH SYSTEM	7,439
WASHINGTON STATE EMPLOYEES	6,838
CHI FRANCISCAN HEALTH	6,528
TACOMA PUBLIC SCHOOLS	3,541



# TACOMA

## MARKET OVERVIEW

Tacoma is located on Washington's Puget Sound, 32 miles southwest of Seattle, 31 miles northeast of the state capital, Olympia, and 58 miles northwest of Mount Rainier National Park. Tacoma is the second-largest city in the Puget Sound area and the third largest in the state. Tacoma also serves as the center of business activity for the South Sound region, which has a population of around 1 million. Tacoma is the home of several international companies including staffing company True Blue Inc., lumber company Simpson, and the food companies Roman Meal and Brown and Haley. Tacoma is home to several regional hospitals including MultiCare Tacoma General Hospital, Mary Bridge Children's Hospital, MultiCare Allenmore Hospital and St. Joseph Medical Center.

### MARKET HIGHLIGHTS

1. Outperforming national employment growth
2. Affordable labor, material and utility costs lure many businesses
3. Low cost of living and doing business
4. Heavy inflow of foreign investment, mainly from Asia
5. Home to the largest employer in Washington State - Joint Base Lewis McChord - 60,000+ employees
6. Home to 9 colleges and universities, and 6 hospital systems

### TOP 10 LARGEST PRIVATE EMPLOYERS (PRIMARY FIRMS/NON-RETAIL)

Primary businesses are firms that export foods or services out of Tacoma-Pierce County and import new dollars into the local economy.

- |     |   |                            |
|-----|---|----------------------------|
| 1.  |    | MultiCare Health System    |
| 2.  |    | CHI Franciscan Health      |
| 3.  |    | State Farm                 |
| 4.  |    | Boeing                     |
| 5.  |    | Amazon Distribution Center |
| 6.  |  | DaVita Kidney Care         |
| 7.  |  | Milgard Manufacturing      |
| 8.  |  | Kaiser Permanente          |
| 9.  |  | Columbia Bank              |
| 10. |  | Aacres Human Services      |

# TACOMA

## MARKET OVERVIEW



PACIFIC  
LUTHERAN  
UNIVERSITY

**Pacific Lutheran University (PLU)**, founded by Norwegian Lutheran pioneers in 1890, is a private university offering liberal arts and professional school programs located in Parkland, a suburb of Tacoma, Washington, United States. PLU is sponsored by the 580 congregations of Region I of the Evangelical Lutheran Church in America. **PLU has approximately 3,100 students enrolled.** As of 2017, **the school employs approximately 220 full-time professors** on the **156-acre (630,000 m<sup>2</sup>) woodland campus.**

PLU consists of the College of Arts and Sciences (including of the Divisions of Humanities, Natural Sciences, and Social Sciences), the School of Arts and Communication, the School of Business, the School of Education and Kinesiology, and the School of Nursing.





# TACOMA

## MARKET OVERVIEW



**Joint Base Lewis–McChord (JBLM)** is a U.S. military installation home to I Corps and 62d Airlift Wing located 9.1 miles (14.6 km) south-southwest of Tacoma, Washington under the jurisdiction of the United States Army Joint Base Headquarters, Joint Base Lewis–McChord. It is a training and mobilization center for all services and is the only Army power projection base west of the Rocky Mountains in the Continental United States. Its geographic location provides rapid access to the deep water ports of Tacoma, Olympia, and Seattle for deploying equipment.

Joint Base Lewis-McChord is the largest employer in the county, with approximately 60,000 full-time employees in 2018, according to the Economic Development Board for Tacoma-Pierce County. The base is the second-largest employer in the state of Washington. The base has a total economic impact of more than \$6 billion, representing 1.8 percent of Washington's gross domestic product, according to 2010 economic data in the JBLM Joint Land Use study.



# PRICING

## AND FACTS

SALE PRICE	\$5,500,000
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CAP RATE (CURRENT)	5.80%
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NOI	\$319,000
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YEAR BUILT/RENOVATED	1998
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RENTABLE SF	13,905 SF
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LOT SIZE	1.54 Acres
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OWNERSHIP TYPE	Fee simple
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# LEASE SUMMARY

TENANT:	WALGREENS.CO.
LEASE TYPE	NN - Minimal landlord responsibilities
LANDLORD RESPONSIBILITY	Roof, structure and utility lines on the premises, outside of building
UTILITIES	Tenant pays directly
TAXES	Tenant pays directly
INSURANCE	Tenant pays directly
LEASE TERM	75 years
COMMENCEMENT	February, 1999
EXPIRATION	February 28, 2029
REMAINING TERM, UNTIL FIRST TERMINATION OPTION	11 +/- Years
TERMINATION OPTION	Six 5-year options
ROFR	Yes - within 15 days
ESTOPPEL PERIOD	Within 20 days



# BASE RENT

## SCHEDULE

	PERIOD	YEARS	\$/SF	MONTHLY RENT	ANNUAL RENT
CURRENT	02/99-02/29	1 - 30	\$22.94	\$26,583.33	\$319,000.00
OPTION 1	03/29-02/34	31 - 35	\$22.94	\$26,583.33	\$319,000.00
OPTION 2	03/34-02/39	36 - 40	\$22.94	\$26,583.33	\$319,000.00
OPTION 3	03/39-02/44	41 - 45	\$22.94	\$26,583.33	\$319,000.00
OPTION 4	03/44-02/49	46 - 50	\$22.94	\$26,583.33	\$319,000.00
OPTION 5	03/49-02/54	51 - 55	\$22.94	\$26,583.33	\$319,000.00
OPTION 6	03/54-02/59	55 - 60	\$22.94	\$26,583.33	\$319,000.00





# PROPERTY

## SITE MAP



PACIFIC  
LUTHERAN  
UNIVERSITY

Pacific Ave S

 | 40,000 DAILY

 | 3,700 DAILY

121st St S





# LOCATION

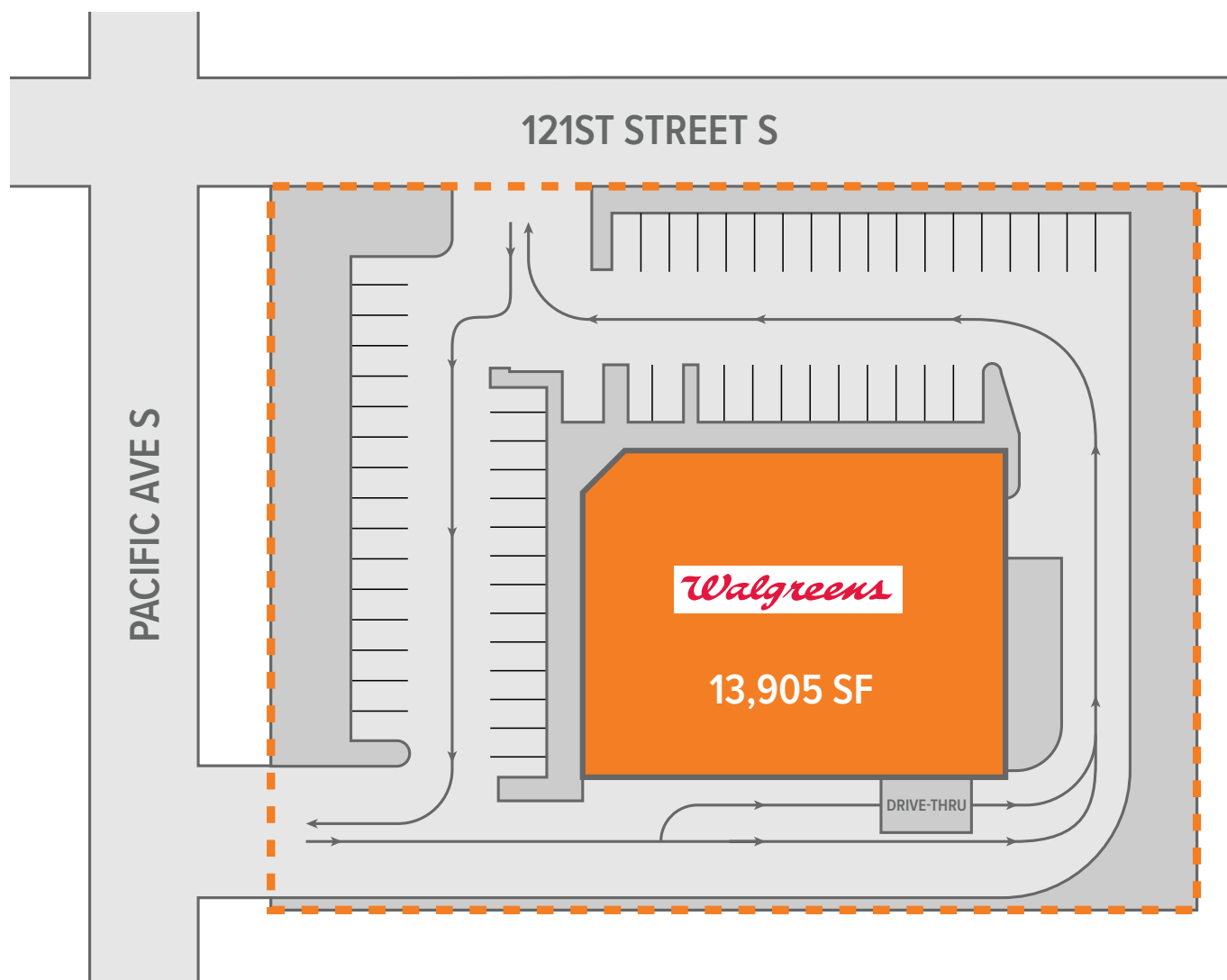
## AERIAL MAP





# PROPERTY

## SITE PLAN



# WALGREENS - CYPRESS, TEXAS

16211 SPRING CYPRESS ROAD, CYPRESS, TX 77429





# PROPERTY PHOTOS





# INVESTMENT SUMMARY

The subject property is a 14,490 square foot Walgreens store located in Cypress, an affluent suburb of Houston, TX, part of the Harris 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 15 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.

## LEASE DETAILS

Walgreens signed a 75-year lease, with ten 5-year termination options that commence on December 1st, 2029. There are approximately 9.5 +/- years remaining on the initial term of the lease. Lease is an absolute NNN lease providing investors with carefree ownership. Store was built in 2003 to capture the residents going to and from work on Spring Cypress and Barker Cypress Roads, a corner which boasts a combined daily traffic and 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

Cypress is an affluent suburb of Houston and is a part of its MSA (metropolitan statistical area), which has over 6.9 million residents and is the 5th largest MSA in the country. Cypress boasts incredible demographics within 1,3 and 5-mile radii with

incredible growth factors. Within 1-mile radius from the property, there are in excess of 12,000 residents with an average household income in excess of \$157,000, well above national averages. Cypress is located NW of downtown Houston accessible through US-290, the main arterial to Houston.

Property is located on the SW corner of heavily trafficked Spring Cypress and Barker Cypress Roads and with an excess of 40,000 vehicles passing daily, this location is hard to beat. Subject store serves the dense residential area just outside of the Cypress Town Center retail corridor. Neighboring retail roster includes the nation’s strongest retailers including Walmart, Home Depot, Lowe’s, Target, Chick-fil-a, Best Buy, Michael’s, PetSmart, T-Mobile, McDonalds, Starbucks, Capital One, Sprint, Five Guys, Wells Fargo, Panera Bread, Arby’s, CVS, Bank of America, Chase, Wendy’s, Chipotle, Sonic etc.





# INVESTMENT HIGHLIGHTS



## STELLAR REPORTED SALES

Subject store holds a steady \$3 million in reported sales, which is more than 30% above average for a Walgreens store.



## EXTRAORDINARY DEMOGRAPHICS – AFFLUENT NEIGHBORHOOD

Within 1-mile radius from the property, there are in excess of 12,000 residents with an average household income in excess of \$157,000, well above national average.



## 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



## HIGH DENSITY OF NATIONAL TENANTS

Neighboring retailer roster includes the nation's strongest, including Walmart, Home Depot, Lowe's, Target, Chick-fil-a, Best Buy, Michael's, PetSmart, T-Mobile, McDonalds, Starbucks, Capital One, Sprint, Five Guys, Wells Fargo, Panera Bread, Arby's, CVS, Bank of America, Chase, Wendy's, Chipotle, Sonic etc.

## LONG TERM LEASE

There are 9.5+/- 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 SW corner of heavily trafficked Spring Cypress and Barker Cypress Roads with an excess of 40,000 vehicles passing daily.

## 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.



# AREA

## DEMOGRAPHICS



POPULATION	1 MILE	3 MILES	5 MILES
2010 POPULATION	11,354	56,945	148,803
2016 POPULATION	12,161	69,699	192,376
2021 POPULATION	13,351	76,986	215,044

AVG. HOUSEHOLD INCOME	1 MILE	3 MILES	5 MILES
2016 AVG. HOUSEHOLD INCOME	\$157,629	\$145,134	\$132,381
2021 AVG. HOUSEHOLD INCOME	\$174,185	\$159,602	\$146,255





# CYPRESS, TX

## MARKET OVERVIEW

Cypress is an affluent suburb of Houston and is a part of its MSA (metropolitan statistical area), which has over 6.9 million residents and is the 5th largest MSA in the country. Cypress boasts incredible demographics within 1,3 and 5-mile radii with incredible growth factors. Within 1-mile radius from the property, there are in excess of 12,000 residents with an average household income in excess of \$157,000, well above national averages. Cypress is located NW of downtown Houston accessible through US-290, the main arterial to Houston.

Houston has a global economy, second only to New York by the number of Fortune

500 headquartered companies. Main economic drivers in Houston metro are oil related, medical and retail sectors. Largest oil companies include Exxon Mobil, Shell Oil, Chevron, BP America, Schlumberger, Haliburton and Philips 66. The medical industry cluster in Houston is a strong attracting force for medical professional from around the globe with institutions such as the Memorial Hermann Health System, MD Anderson Cancer Center, Texas Children's Hospital, Baylor School of Medicine etc. The retail sector in Houston is home to Walmart, H-E-B Grocers, Kroger, McDonalds, United Airlines, Fluor and Sysco Systems (based in Cypress).

## MARKET HIGHLIGHTS

**6,772,470**

RESIDENTS IN  
METRO HOUSTON

**4,589,928**

RESIDENTS IN  
HARRIS COUNTY

**2,303,482**

RESIDENTS IN THE  
CITY OF HOUSTON

**91,528**

PROPERTY  
CLOSINGS

**299,461**

NEW CARS, TRUCKS &  
SUV'S SOLD

**54,546,393**

AIRPORT  
PASSENGERS

**\$6.6 BILLION**

IN BUILDING  
PERMITS

# CYPRESS, TX

## MAJOR EMPLOYERS



COMPANY	EMPLOYEES
MEMORIAL HERMANN HEALTH SYSTEM*	24,000
THE UNIVERSITY OF TEXAS MD ANDERSON*	20,000
UNITED AIRLINES	15,000
THE METHODIST HOSPITAL SYSTEM*	14,985
EXXON MOBIL CORPORATION*	13,000
UTMB HEALTH*	12,448
KROGER COMPANY*	12,000
SHELL OIL COMPANY*	11,892
NATIONAL OILWELL VARCO	11,563
SCHLUMBERGER LIMITED*	10,000
CHEVRON*	9,000
BAYLOR COLLEGE OF MEDICINE*	8,924
ARAMARK CORP.*	8,500
HALIBURTON	8,000

\*Denotes member of the Greater Houston Partnership.



# PRICING AND FACTS

SALE PRICE	\$6,450,000
CAP RATE (CURRENT)	5.75%
NOI	\$371,000
YEAR BUILT/RENOVATED	2003
RENTABLE SF	14,490 SF
LOT SIZE	2 Acres
OWNERSHIP TYPE	Fee simple



# 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	March, 2003
EXPIRATION OF INITIAL TERM	March 31, 2028
REMAINING TERM, UNTIL FIRST TERMINATION OPTION	9.5 +/- Years
TERMINATION OPTION	Ten 5-year options
ROFR	Yes - within 10 days
ESTOPPEL PERIOD	Within 20 days, \$500 fee





# BASE RENT

## SCHEDULE

	PERIOD	YEARS	\$/SF	MONTHLY RENT	ANNUAL RENT
CURRENT	03/03-03/28	1-25	\$25.60	\$30,916.67	\$371,000
OPTION 1	04/28-03/33	26-30	\$25.60	\$30,916.67	\$371,000
OPTION 2	04/33-03/38	31-35	\$25.60	\$30,916.67	\$371,000
OPTION 3	04/38-03/43	36-40	\$25.60	\$30,916.67	\$371,000
OPTION 4	04/43-03/48	41-45	\$25.60	\$30,916.67	\$371,000
OPTION 5	04/48-03/53	46-50	\$25.60	\$30,916.67	\$371,000
OPTION 6	04/53-03/58	51-55	\$25.60	\$30,916.67	\$371,000
OPTION 7	04/58-03/63	56-60	\$25.60	\$30,916.67	\$371,000
OPTION 8	04/63-03/68	61-65	\$25.60	\$30,916.67	\$371,000
OPTION 9	04/68-03/73	66-70	\$25.60	\$30,916.67	\$371,000
OPTION 10	04/73-03/78	71-75	\$25.60	\$30,916.67	\$371,000

# PROPERTY

## SITE MAP

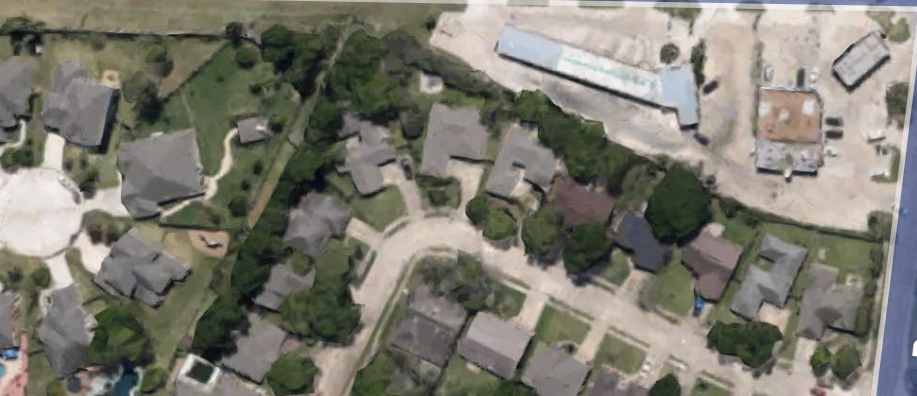


Spring Cypress Rd

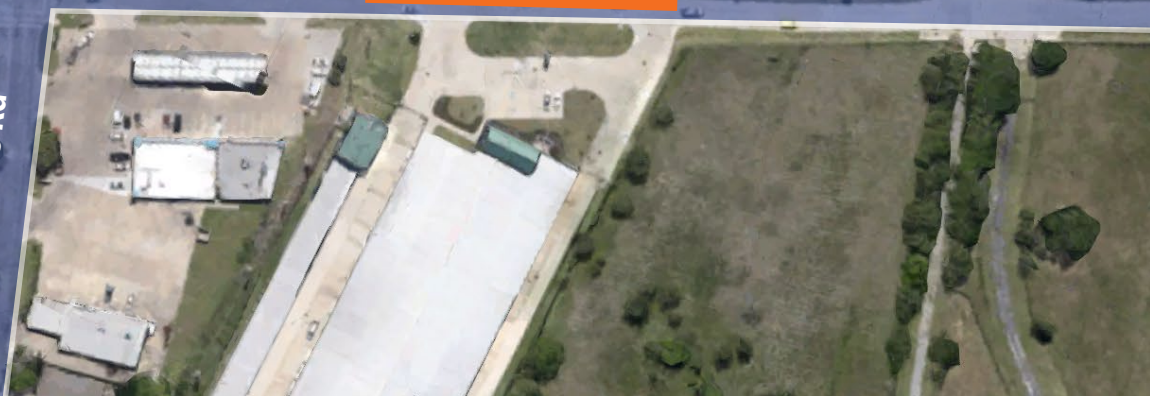
 | 19,937 DAILY



 | 19,937 DAILY



Barker Cypress Rd





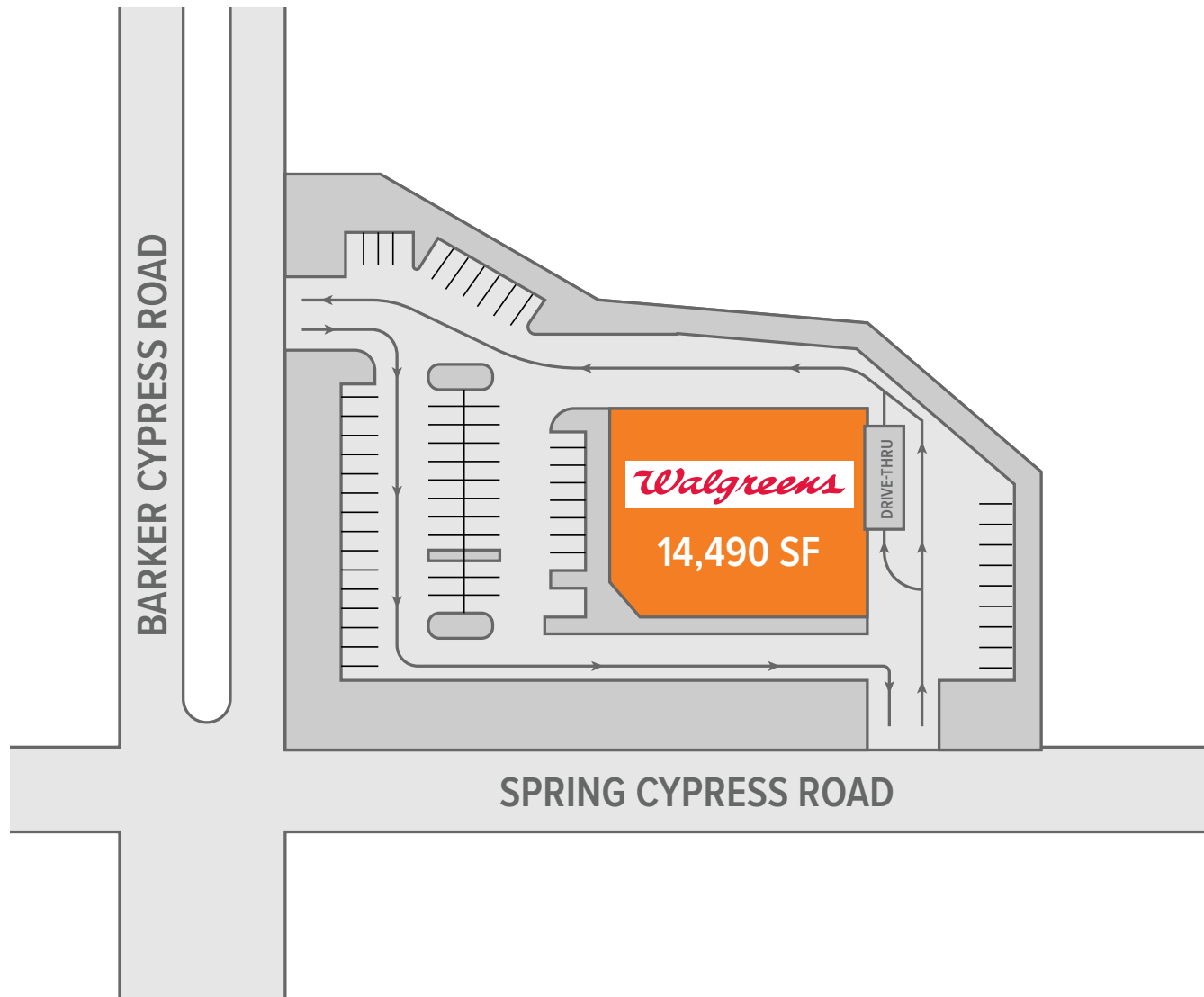
# LOCATION

## AERIAL MAP



# PROPERTY

## SITE PLAN





# WALGREENS - SIOUX FALLS, SOUTH DAKOTA

1720 S SYCAMORE AVE, SIOUX FALLS, SD 57110





# PROPERTY

## PHOTOS





# 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.



# 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



# 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.

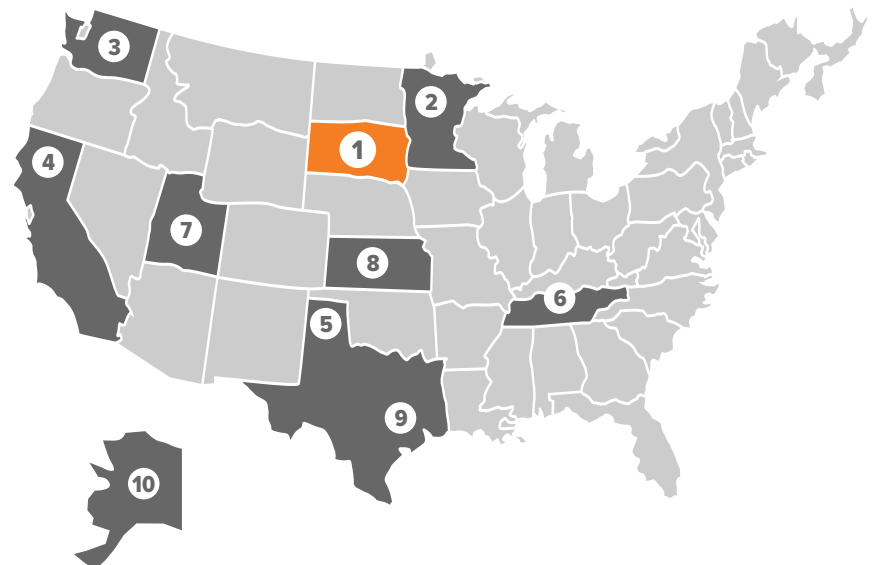
As of 2018, Sioux Falls had an estimated population of 183,200. The metropolitan population of 259,094 accounts for 29% of South Dakota's population. It is also the primary city of the Sioux Falls-Sioux City Designated Market Area (DMA), a larger media market region that covers parts of four states and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

# 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

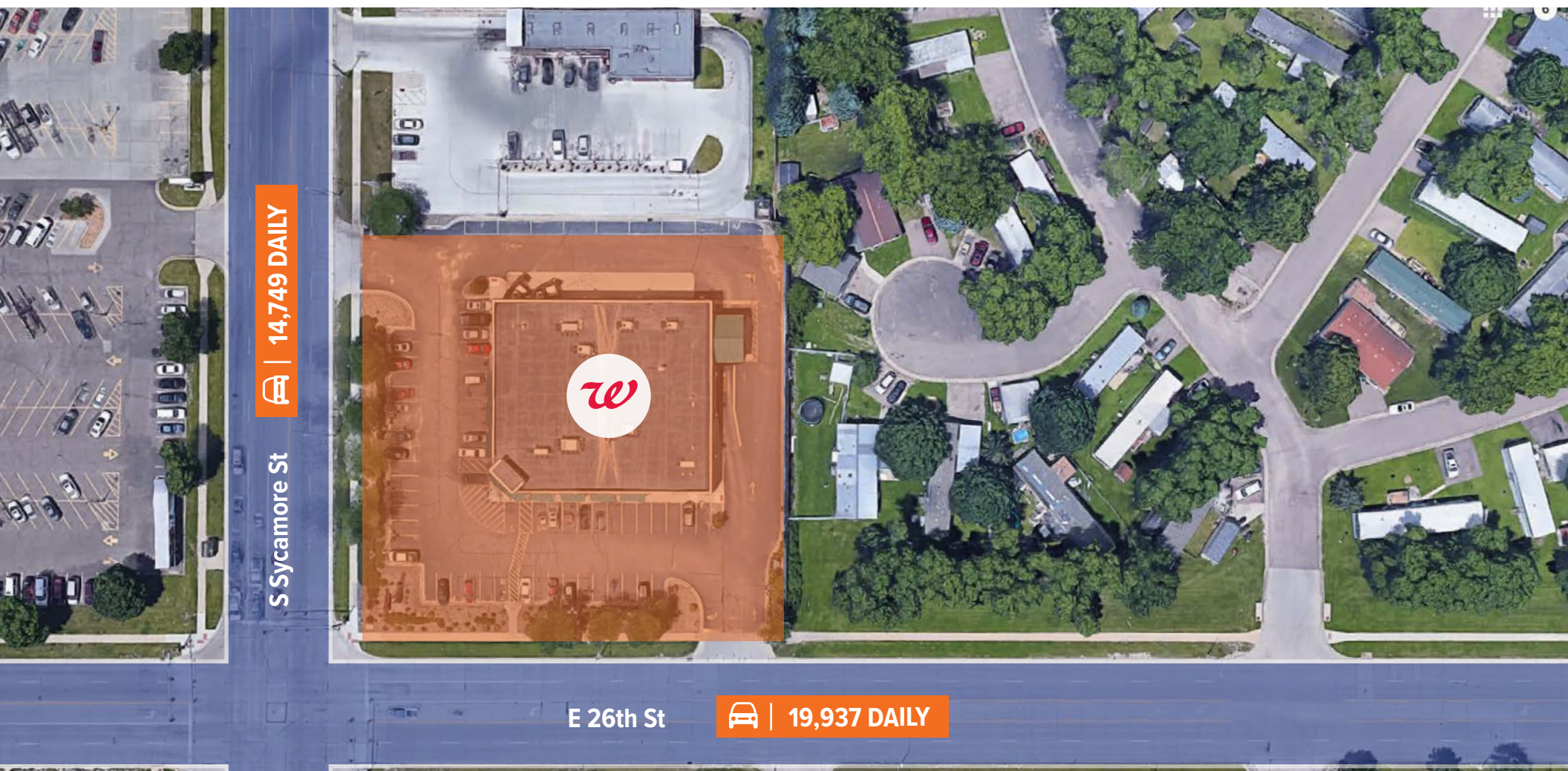
## SCHEDULE

	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



# PROPERTY

## SITE MAP





# LOCATION

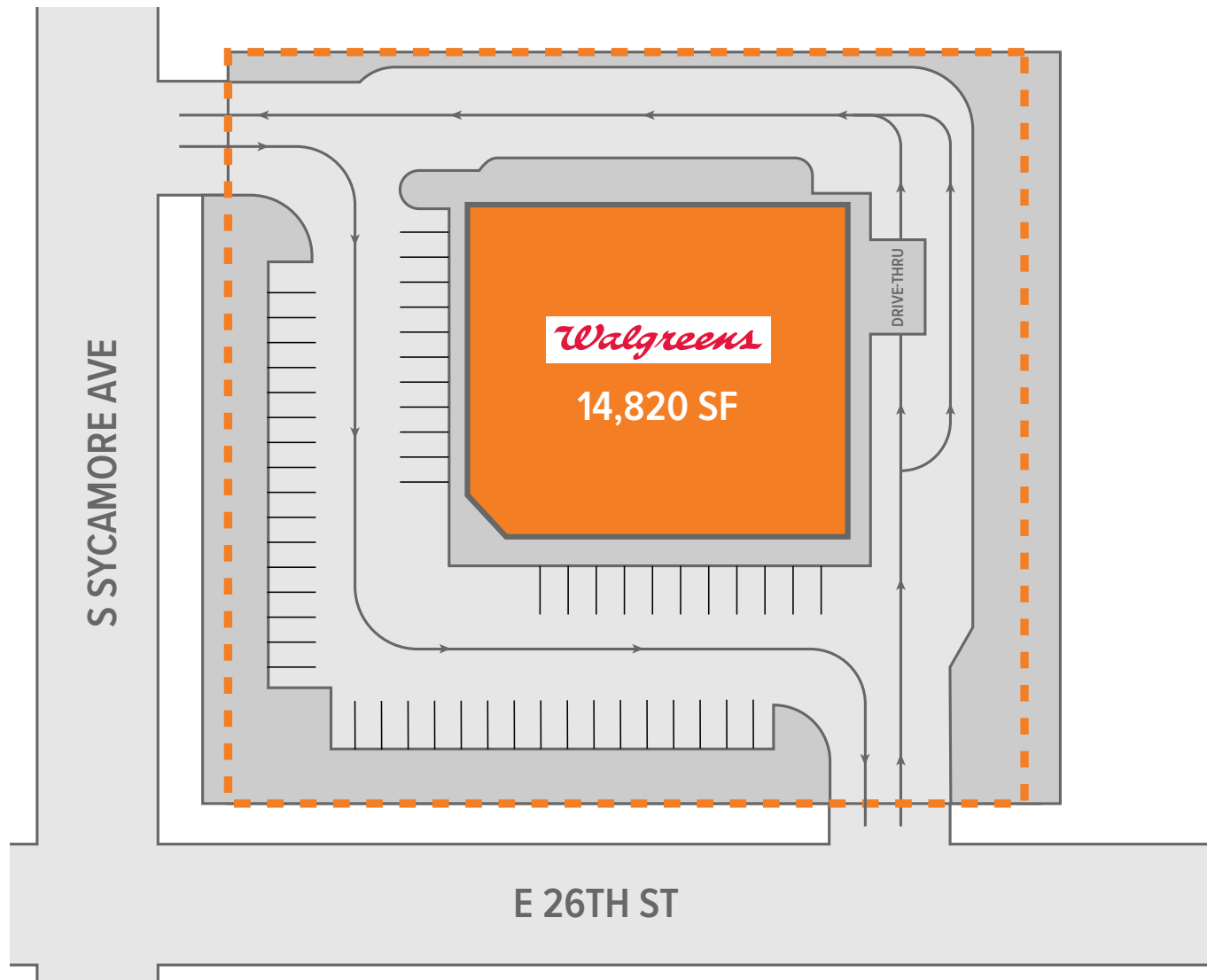
## AERIAL MAP





# PROPERTY

## SITE PLAN





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