

NNN INVESTMENT OPPORTUNITY

WALGREENS - TUCSON, ARIZONA



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 - TUCSON, ARIZONA

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*Image for illustrative purposes only

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INVESTMENT SUMMARY

The subject property is a 13,905 square foot Walgreens store located in Tucson, Arizona, part of the Pima 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 over 18 Years and has recently completed an early extension, pushing the lease out to February 2027, 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. Arizona is a state that does not have a Rite Aid presence, eliminating any possibility of such scenario.

LEASE DETAILS

Walgreens signed a 60-year lease, with eight 5-year termination options that commence on October 1st, 2019. Due to the strong performance of the store, Walgreens extended the lease early in 2017, moving the termination options to March 1, 2027. There are approximately 8+/- years remaining on the initial term of the lease. Lease is an absolute NNN lease providing investors with carefree ownership. Store was built in 1999 to capture the spatial gap of Walgreens presence in the Northwestern part of the city, along North Cortaro Road, boasting approximately 40,000 ADT. 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

Located in one of the strongest retail trade areas in Arizona, the subject property is situated within a retail development known as Arizona Pavilions, one of Tucson, Arizona’s fastest growing areas. This development has quickly become “the place to be” for national retailers looking for a location in northwest Tucson. Positioned right off the I-10, which connects Tucson to Phoenix, the property is superbly located with easy access and excellent visibility.

Area neighbors include: Super Wal-Mart, Kohl’s, McDonald’s, Burger King, Starbucks, Walgreens, Payless Shoes, Blockbuster, Fry’s, Taco Bell, KFC, Bank of America, Chase Bank, DM Federal Credit Union, Checker Auto, Fletcher’s Tire and Auto Service, CVS, In-N-Out Burger, Panda Express, Chili’s and an 18-screen movie theater complex. The Arizona Pavilions development also includes plans for additional big box and shop space retailers.



INVESTMENT HIGHLIGHTS



INVESTMENT GRADE CREDIT TENANT

Walgreens corporate guarantee (NYSE:WBA)



STRONG RETAIL CORRIDOR

Retail corridor includes Super Wal-Mart, Kohl's, McDonald's, Burger King, Starbucks, Payless Shoes, Blockbuster, Fry's, Taco Bell, KFC, Bank of America, Chase Bank, DM Federal Credit Union, Checker Auto, Fletcher's Tire and Auto Service, CVS and ACE Hardware



EARLY EXTENSION

Walgreens extended the lease early, leaving 8+/- years of firm lease term and guaranteed rent



LOW RENT FOR A WEST COAST WALGREENS

Rent is only \$20.47/SF, which is below average for a West Coast drugstore



HIGH TRAFFIC VOLUME

Over 39,000 cars per day at intersection



EXCEPTIONAL DEMOGRAPHICS

\$100,000+ average household income within 5 minutes of the property



HARD CORNER ON SIGNALIZED INTERSECTION

Free-standing building with a drive-thru located on a hard corner



MINIMAL LANDLORD RESPONSIBILITY

Landlord responsible for roof and structure only

PRICING AND FACTS

SALE PRICE	\$4,555,000
CAP RATE (CURRENT)	6.25%
NOI	\$284,705
LEASE EXPIRATION	FEBRUARY 28, 2027
OPTIONS	EIGHT 5-YEAR OPTIONS TO TERMINATE
ROFR	YES, 10 DAYS
ESTOPPEL PERIOD	20 DAYS

PROPERTY TYPE	HARD CORNER, FREE-STANDING BUILDING
LOT SIZE	1.47 ACRES
BUILDING SIZE	13,905 SF
YEAR BUILT	2000



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



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

LOCATION

AERIAL MAP



PROPERTY

SITE MAP



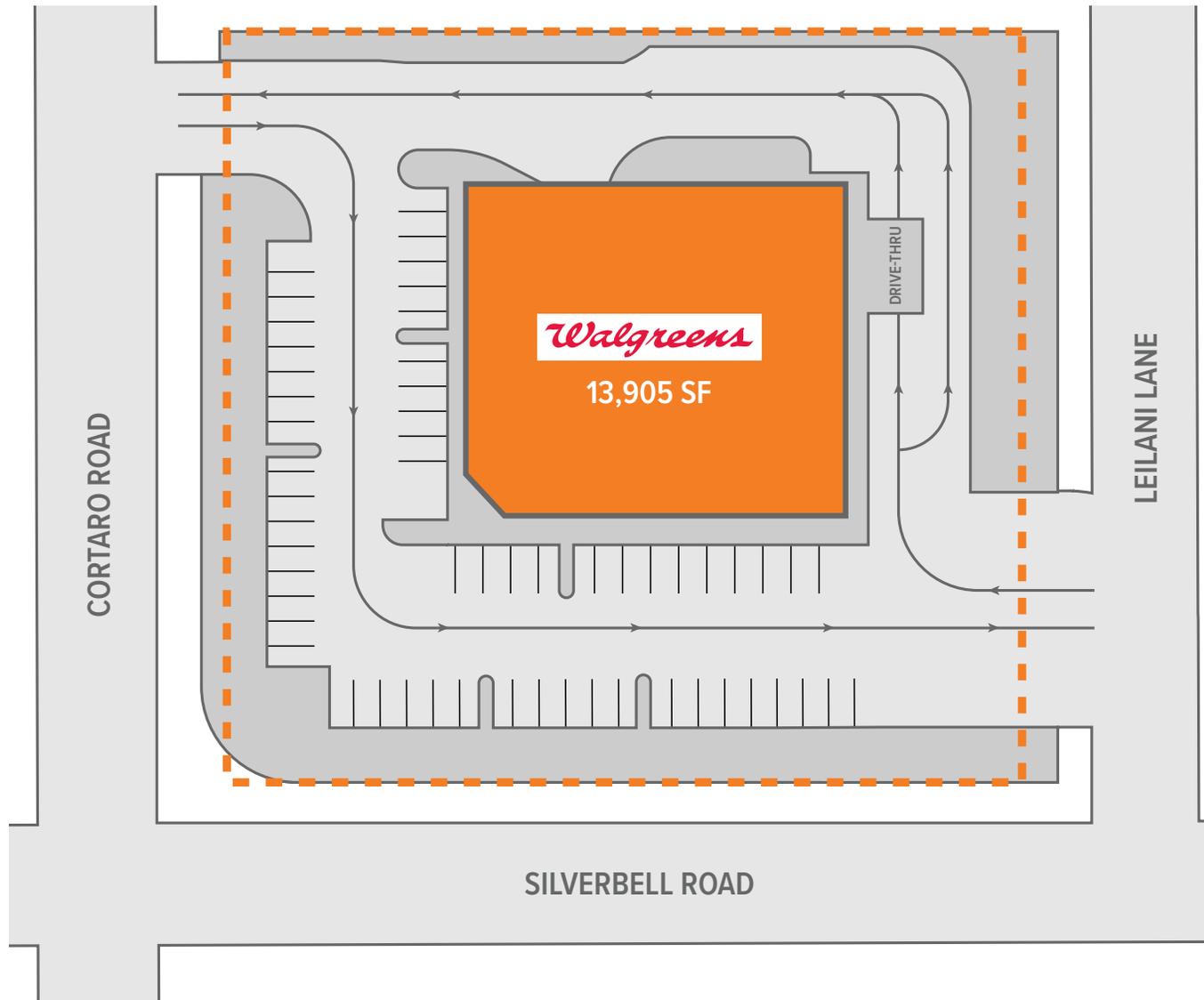
COMPETITOR

MAP



PROPERTY

SITE PLAN



TUCSON

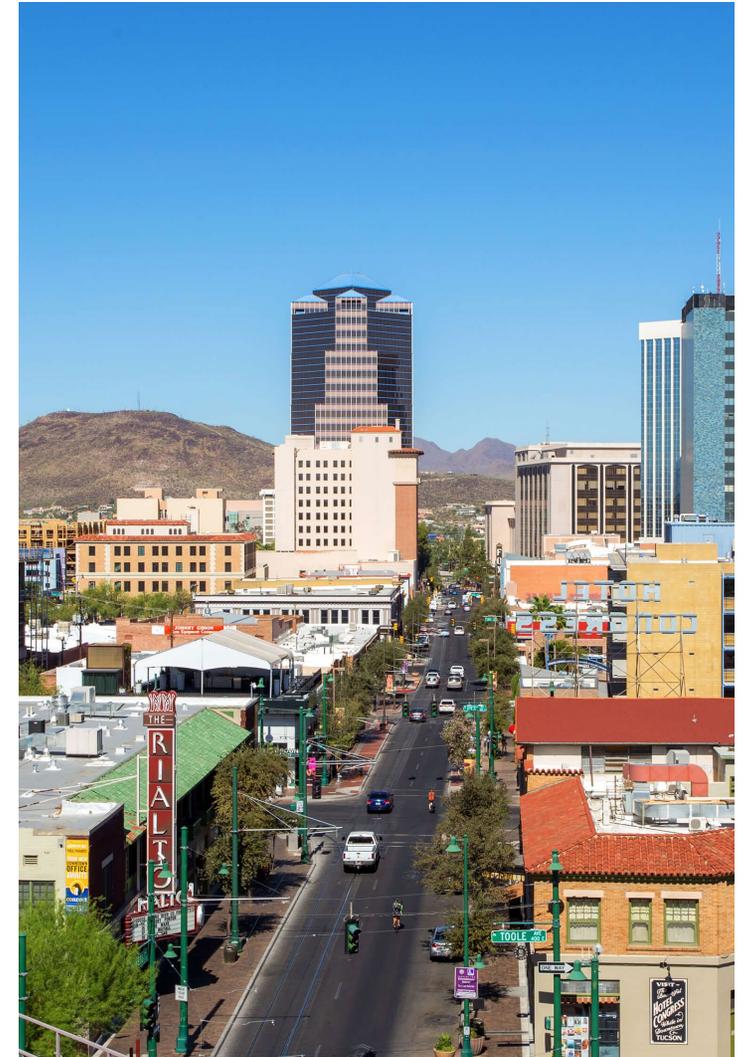
MARKET OVERVIEW

Tucson is the second largest metro area in Arizona, containing just over one million residents. The city of Tucson accounts for more than half of the population with 529,900 individuals. Population growth in the metro will average 1 percent annually through 2018, with outlying areas such as Marana projected to grow at a faster clip. Tucson has invested in communication systems, utilities and infrastructure to attract new and expanding businesses. These elements, along with rail and surface transport systems, serve as key drivers for the local economy. Union Pacific provides freight rail service, while passenger rail service is available on Amtrak. Interstate 19, the primary international route south to Nogales, Mexico, attracts businesses to the Tucson area. Interstate 10 is a major cross-country route and also connects Tucson to Phoenix

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. Tucson's land and home prices are well below West Coast metros
5. Growing concentration of high-tech industries
6. High-tech companies are securing incentives to expand operations in the area

Tucson has capitalized on its high-tech cluster program, spawning local technology jobs and high-tech companies. In the early 1990s, the Greater Tucson Economic Council targeted businesses in the areas of aerospace and defense, bioscience, solar and information technology. Working with the University of Arizona Science and Technology Park (UA Tech Park), the council has helped attract high-technology manufacturers to the county.



AREA

DEMOGRAPHICS



POPULATION	5 MINUTES	10 MINUTES	15 MINUTES
2010 POPULATION	6,509	45,851	136,422
2016 POPULATION	7,984	50,928	148,857
2021 POPULATION	8,497	55,546	157,887

AVG. HOUSEHOLD INCOME	5 MINUTES	10 MINUTES	15 MINUTES
2016 AVG. HOUSEHOLD INCOME	\$91,860	\$85,986	\$76,291
2021 AVG. HOUSEHOLD INCOME	\$108,784	\$100,421	\$89,896

TUCSON, ARIZONA

Tucson is located 118 mi (190 km) southeast of Phoenix and 60 mi (97 km) north of the United States - Mexico border. The 2010 United States Census puts the city's population at 520,116 with a metropolitan area population at 980,263. In 2009, Tucson ranked as the 32nd largest city and 52nd largest metropolitan area in the United States. A major city in the Arizona Sun Corridor, Tucson is the largest city in southern Arizona, the second largest in the state after Phoenix. It is also the largest city in the area of the Gadsden Purchase. As of 2015, The Greater Tucson Metro area has exceeded a population of 1 million.

The city is located on the Santa Cruz River, formerly a perennial river, but now a dry river bed for much of the year that floods during significant seasonal rains.

Interstate 10 runs northwest through town, connecting Tucson to Phoenix in the northwest (on the way to its western terminus in Santa Monica, California) and to Las Cruces, New Mexico and El Paso, Texas in the southeast (towards its eastern terminus in Jacksonville, Florida). I-19 runs south from Tucson toward Nogales and the U.S.-Mexico border.

MAJOR EMPLOYERS	
EMPLOYER	# OF EMPLOYEES
THE UNIVERSITY OF ARIZONA	12,053
RAYTHEON MISSILE SYSTEM	11,370
DAVIS MONTHAN AIR FORCE BASE	10,869
PIMA COUNTY	7,100
U.S. BORDER CONTROL	6,800

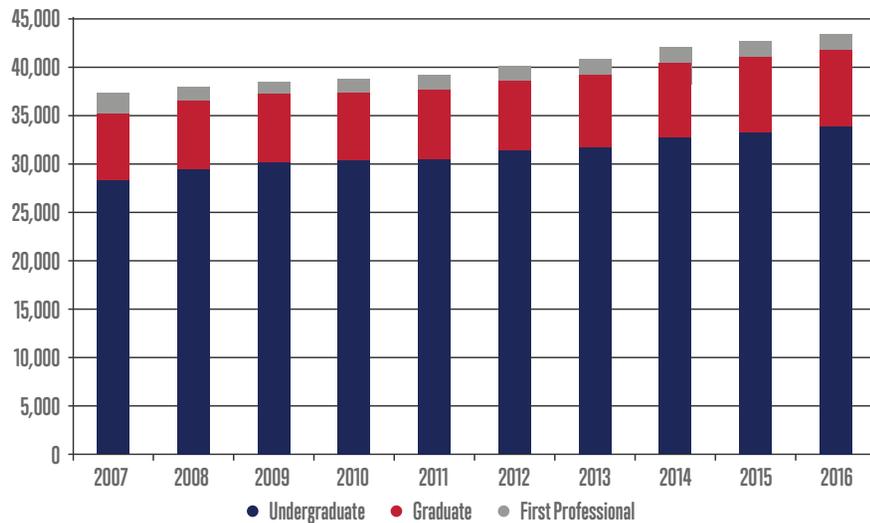
TUCSON

MARKET OVERVIEW



Established in 1885, the University of Arizona, the state's super land-grant university with two medical schools, produces graduates who are real-world ready through its 100% Engagement initiative. Recognized as a global leader, the UA is also a leader in research, bringing more than \$606million in research investment each year, and ranking 21st among all public universities.

The UA is advancing the frontiers of interdisciplinary scholarship and entrepreneurial partnerships and is a member of the Association of American Universities, the 62 leading public and private research universities. It benefits the state with an estimated economic impact of \$8.3 billion annually.





AGM Net Lease Properties

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