

Walgreens

950 Highway 51 North Covington, Tennessee, 38019



OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



Table of Contents

Financial Overview

- Investment Highlights & Overview
- Lease Summary
- Concept Overview

Location Overview

- Location Highlights & Overview
- Surrounding Aerial Map
- Property Photos

Demographics

- Population
- Income
- Employment

PRICE: \$4,243,902 | 6.15% CAP | RENT: \$261,000

PROPERTY DESCRIPTION

| | |
|--------------------|----------------------|
| Property | Walgreens |
| Property Address | 950 Highway 51 North |
| City, State, ZIP | Covington, TN 38019 |
| Building Size (SF) | 14,560 |
| Lot Size (Acres) | +/- 1.82 |

THE OFFERING

| | |
|----------------------------|-------------|
| Net Operating Income (NOI) | \$261,000 |
| CAP Rate | 6.15% |
| Purchase Price | \$4,243,902 |
| Price / SF | \$291 |
| Rent / SF | \$17.93 |

LEASE SUMMARY

| | |
|----------------------|----------------------------------------|
| Property Name | Walgreens |
| Property Type | Net-Leased Drug Store |
| Ownership | Fee Simple |
| Tenant / Guarantor | Walgreens Corporate |
| Lease Term | 75 Years |
| Lease Expiration | May 31, 2079 |
| Lease Term Remaining | 12 Years |
| Lease Type | Triple-Net (NNN) |
| Roof & Structure | Tenant Responsible |
| Options to Terminate | Every Five Years Beginning in May 2029 |

HIGHLIGHTS

- Approximately 12 Years Remaining on an Original 75-Year Lease
- Absolute Triple-Net “NNN” Lease with Zero Landlord Obligations
- Walgreens Boots Alliance: B1
- Corporate Guarantee (NYSE: WBA)
- Covington, Tennessee | Prominent City Located 39 Miles from Memphis
- Options to Terminate Every Five Years Beginning in May 2029



INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Walgreens property located 950 Highway 51 North in Covington, Tennessee. Built in 2004, the property consists of 14,560 square feet of building space and sits on 1.82 acres of land.

This Walgreens property has approximately 12 years remaining on an original 75-year absolute triple-net (NNN) lease with no Landlord responsibilities. The current rent is \$261,000. The lease expires May 31, 2079 with the tenant having the ability to terminate every five years beginning in May 2029.

TENANT SUMMARY

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 wellbeing enterprise. More than eight million customers interact with Walgreens each day in communities across America, using the most convenient, multichannel access to consumer goods and services and trusted, cost-effective pharmacy, health and wellness services and advice. Walgreens operates 8,138 drugstores with a presence in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.



ANNUALIZED OPERATING DATE

| | |
|---------------------|-----------|
| Current Annual Rent | \$261,000 |
|---------------------|-----------|

RENT SCHEDULE

| Lease Year | Annual Rent | Monthly Rent |
|------------|-------------|--------------|
| Current | \$261,000 | \$21,750 |
| Year 14 | \$261,000 | \$21,750 |
| Year 15 | \$261,000 | \$21,750 |
| Year 16 | \$261,000 | \$21,750 |
| Year 17 | \$261,000 | \$21,750 |
| Year 18 | \$261,000 | \$21,750 |
| Year 19 | \$261,000 | \$21,750 |
| Year 20 | \$261,000 | \$21,750 |
| Year 21 | \$261,000 | \$21,750 |
| Year 22 | \$261,000 | \$21,750 |
| Year 23 | \$261,000 | \$21,750 |
| Year 24 | \$261,000 | \$21,750 |
| Year 25 | \$261,000 | \$21,750 |

| | |
|----------------|-------------|
| CAP Rate | 6.15% |
| Purchase Price | \$4,243,902 |

CREDIT RATING: B1



Walgreens Boots Alliance

General Information

| | |
|---------|--------------------------------------|
| Address | 108 Wilmot Road, Deerfield, IL 60015 |
| Phone | (847) 315-2500 |
| Website | www.walgreens.com |

Company Financial Highlights

| | |
|---------------------------------------------|--------------------|
| Store Count (as of 5/31/2017) | 8,138 |
| TTM Sales | \$116,701,000,000 |
| Comparable Store Sales Average ¹ | 3.7% |
| Stockholders' Equity (Net Worth) | \$31,484,000 |
| Stock Ticker | WBA |
| Average Store Size | 14,400 Square Feet |

Current Period (3Q - 05/31/2017)



www.fdreports.com | www.creditintell.com | July 19, 2017

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

Walgreens Boots Alliance is the largest retail pharmacy, health and daily living destination across the USA and Europe. Walgreens Boots Alliance and the companies in which it has equity method investments together have a presence in more than 25* countries and employ more than 400,000* people. The company is a global leader in pharmacy-led, health and wellbeing retail and, together with the companies in which it has equity method investments, has over 13,200* stores in 11* countries as well as one of the largest global pharmaceutical wholesale and distribution networks, with over 390* distribution centers delivering to more than 230,000** pharmacies, doctors, health centers and hospitals each year in more than 20* countries. In addition, Walgreens Boots Alliance is one of the world's largest purchasers of prescription drugs and many other health and wellbeing products.



The company's portfolio of retail and business brands includes Walgreens, Duane Reade, Boots and Alliance Healthcare, as well as increasingly global health and beauty product brands, such as No7, Botanics, Liz Earle and Soap & Glory.

In October 2016 Walgreens Boots Alliance received the United Nations Foundation Global Leadership Award for its commitment to the UN's Sustainable Development Goals. The company also ranks No. 1 in the Food and Drug Stores industry of Fortune magazine's 2017 list of the World's Most Admired Companies.

More company information is available at www.walgreensbootsalliance.com

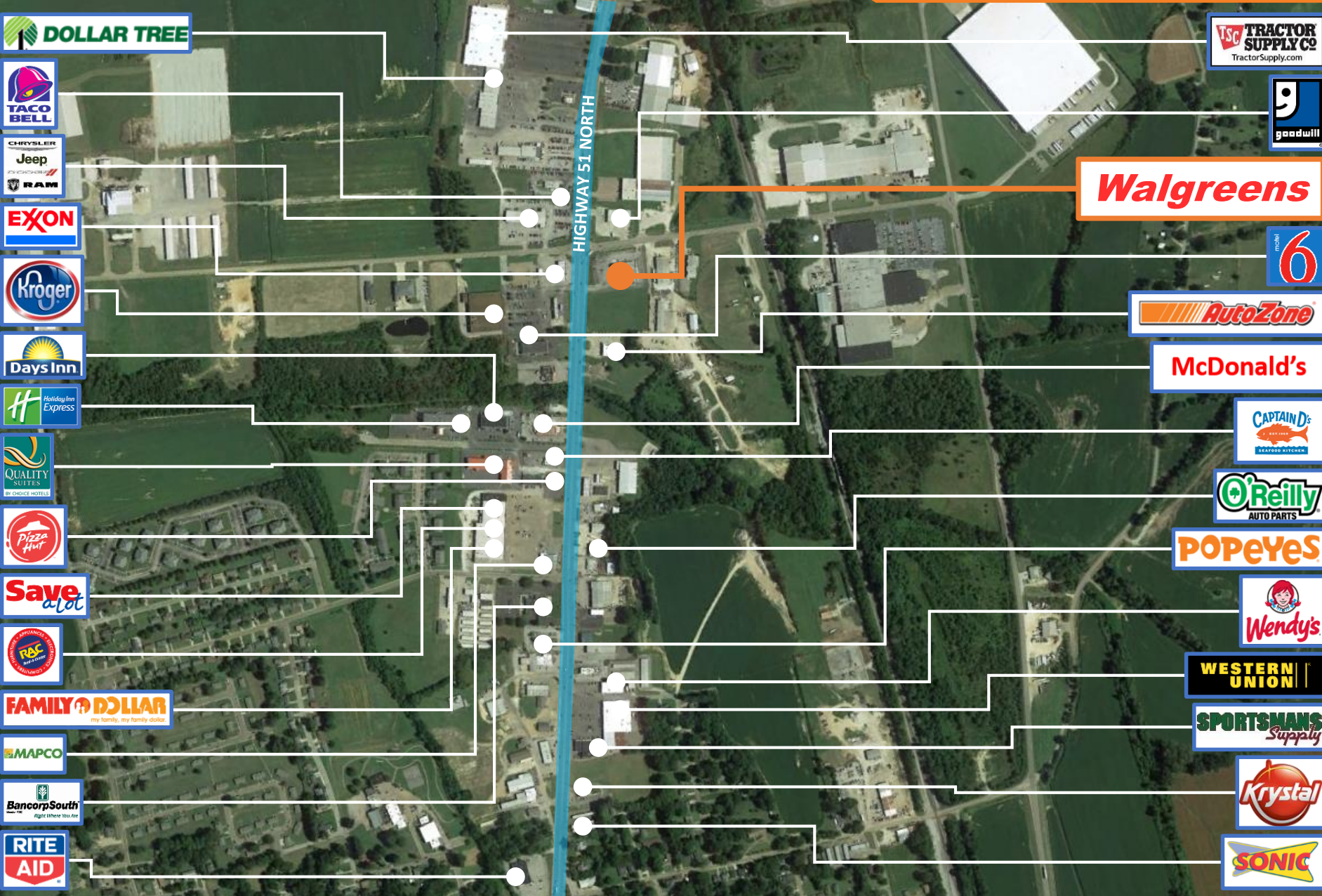
* As of 31 August 2016, using publicly available information for AmerisourceBergen.

** For 12 months ending 31 August 2016, using publicly available information for AmerisourceBergen** For 12 months ending 31 August 2016, using publicly available information for AmerisourceBergen.



| EMPLOYER | # OF EMPLOYEES * |
|--------------------------------|------------------|
| County of Tipton | 1,849 |
| Walmart | 400 |
| CGC Corporation | 340 |
| Slim-Fast Nutritional Food LLC | 270 |
| Unilever Fd N Amrica-Slim Fast | 270 |
| Shelby Residential and Vo | 261 |
| Delfield Company LLC | 250 |
| BAPTIST MEMORIAL HOME CARE & H | 240 |
| Baptist Mem Hospital-Tipton | 240 |
| Covington Manor Nursing Home | 150 |
| Baptist Memorial Hosp Tipton | 147 |
| Kroger | 127 |

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This Walgreens property is located at 950 Highway 51 North in Covington, Tennessee. Covington is the largest city and county seat of Tipton County, which is located in West Tennessee. Situated just 42 miles northeast of Memphis, Covington is part of the Memphis, Tennessee Metropolitan Area.

Surrounding Retail and Points of Interest

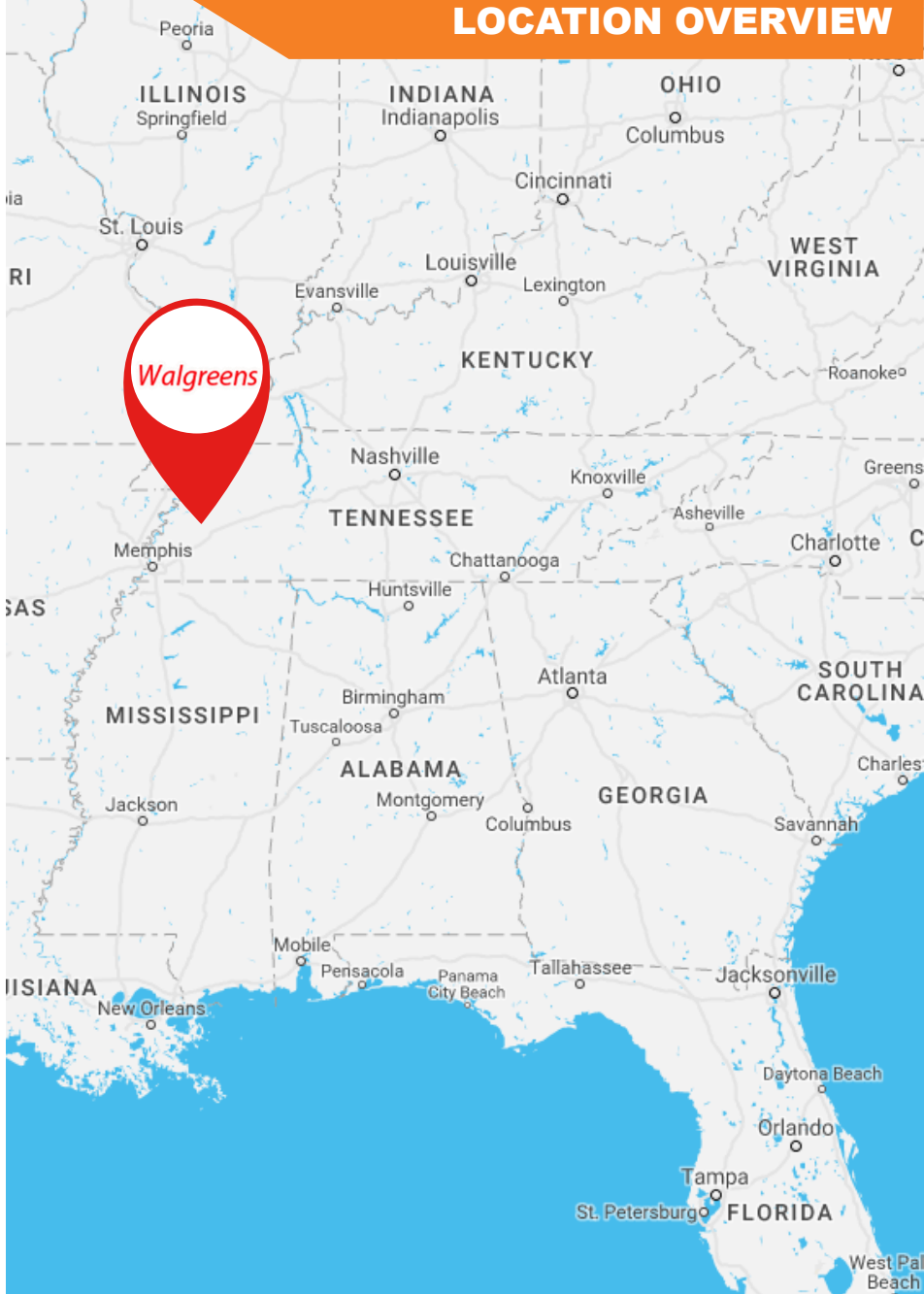
The subject property is strategically positioned in a dense retail corridor benefiting from its proximity to major national and local tenants. Major national tenants in the area include: Kroger Grocery Store, Tractor Supply Company, O'Reilly Auto Parts, Krystal, Dollar Tree, Family Dollar, a Chrysler, Dodge, Jeep and Ram Dealership, McDonald's, Sonic, Wendy's, Pizza Hut, Popeyes, Taco Bell, as well as many others. Accommodations in the immediate area include: Holiday Inn Express & Suites, Quality Inn & Suites, Days Inn, Executive Inn & Suites, and Motel 6. This Walgreens also benefits from its close proximity to academic institutions. Covington High School, Covington Integrated Arts Academy, Crestview Middle School and Crestview Elementary School are all located within a three mile radius of the subject property and have a combined enrollment of over 3,688 students.

Traffic Counts and Demographics

There are approximately 13,474 individuals residing within a five-mile radius of the property and just over 31,273 individuals within a ten-mile radius. This Walgreens property is positioned on the hard corner of Highway 51 North – a main thoroughfare which connects Covington to Memphis. Highway 51 North experiences average daily traffic counts exceeding 22,213 vehicles.

Covington, Tennessee

Memphis' central geographic location has been strategic to its business development. Located on the Mississippi River and intersected by five freight railroads and two Interstate Highways, Memphis is ideally located for commerce in the transportation and shipping industry. Memphis International Airport, the world's second-busiest cargo airport, serves as a primary hub for FedEx Express shipping. Memphis is home to three Fortune 500 companies, FedEx, International Paper, and AutoZone. Other major corporations based in the city include: Baker, Lenny's Sub Shop, ServiceMaster, and Verso Paper. The endless amount of cultural activities that draw yearly crowds include: Memphis in May, Africa in April, Memphis Italian Festival, Carnival Memphis, Cooper-Young Festival, and Indie Memphis Film Festival. Graceland, the former home of Elvis Presley, is one of the most visited houses in the United States, attracting over 600,000 visitors per year.





3 Miles 5 Miles 10 Miles

POPULATION

| | | | |
|-----------------|-------|--------|--------|
| 2021 Projection | 9,577 | 13,766 | 32,329 |
| 2016 Estimate | 9,380 | 13,474 | 31,273 |
| 2010 Census | 9,314 | 13,384 | 31,052 |
| 2000 Census | 8,973 | 12,862 | 29,251 |

INCOME

| | | | |
|------------|----------|----------|----------|
| Average | \$47,229 | \$50,085 | \$53,123 |
| Median | \$30,977 | \$34,037 | \$40,098 |
| Per Capita | \$18,103 | \$19,204 | \$18,712 |

HOUSEHOLDS

| | | | |
|-----------------|-------|-------|--------|
| 2021 Projection | 3,654 | 5,238 | 11,109 |
| 2016 Estimate | 3,560 | 5,095 | 10,665 |
| 2010 Census | 3,519 | 5,036 | 10,518 |
| 2000 Census | 3,390 | 4,815 | 9,822 |

HOUSING

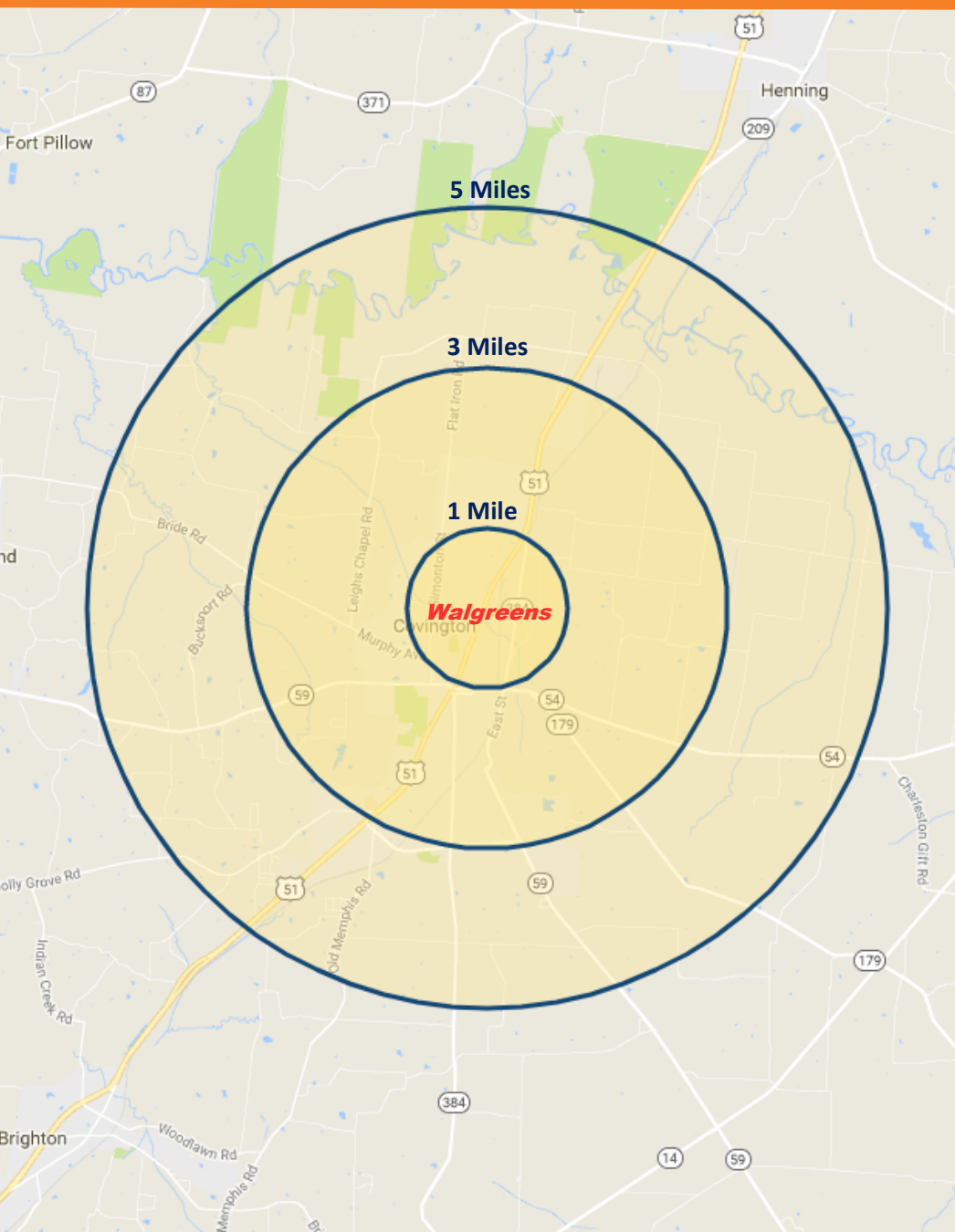
| | | | |
|------|-----------|-----------|-----------|
| 2016 | \$110,046 | \$112,857 | \$117,109 |
|------|-----------|-----------|-----------|

EMPLOYMENT

| | | | |
|---------------------------|--------|--------|--------|
| 2016 Daytime Population | 9,799 | 14,389 | 26,890 |
| 2016 Unemployment | 10.05% | 9.38% | 8.15% |
| 2016 Median Time Traveled | 24 | 26 | 31 |

RACE & ETHNICITY

| | | | |
|------------------------|--------|--------|--------|
| White | 50.74% | 58.28% | 67.24% |
| Native American | 0.10% | 0.07% | 0.06% |
| African American | 46.58% | 39.14% | 29.48% |
| Asian/Pacific Islander | 0.35% | 0.31% | 0.35% |



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Marcus & Millichap

Jody McKibben

Title: Regional Manager

Marcus & Millichap REIS Seattle

6 Cadillac Dr Ste 100

Nashville, TN 37027

Tel: (615) 997-2860

Fax: (615) 997-2910

License: 307629



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