

Walgreens

Two Property Net-Leased Portfolio in
Little Rock, Arkansas



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Marcus & Millichap

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Investment Highlights

PRICE: \$4,558,818 | CAP: 8.25% | RENT: \$375,855

About the Investments

- ✓ Double-Net (NN) Leases with Approximately Six (6) Years Remaining
- ✓ 10 Year Term Extension in 2015 at a 10% Rent Reduction
- ✓ Eight (8), Five (5)-Year Tenant Renewal Options
- ✓ Corporate Guarantee from Walgreens Co. (NYSE: WBA)
- ✓ Investment Grade Credit - S&P Rating: BBB

About the Locations

- ✓ Located in Dense, Active, Retail Corridors in Little Rock
- ✓ Excellent Traffic Counts – Both Properties in Close Proximity to U.S. Interstates
- ✓ Over 87,000 People Within a Five Mile Radius
- ✓ University of Arkansas – Little Rock – More Than 21,000 Students in the Area
- ✓ Little Rock is the Capital, and Most Populous City in Arkansas

About the Tenant/Brand

- ✓ Walgreens Boots Alliance is the largest retail pharmacy, health and daily living destination across the USA and Europe.
- ✓ Walgreens Operates over 13,200 stores in 11 Countries
- ✓ 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, Botanicas, Liz Earle and Soap & Glory.



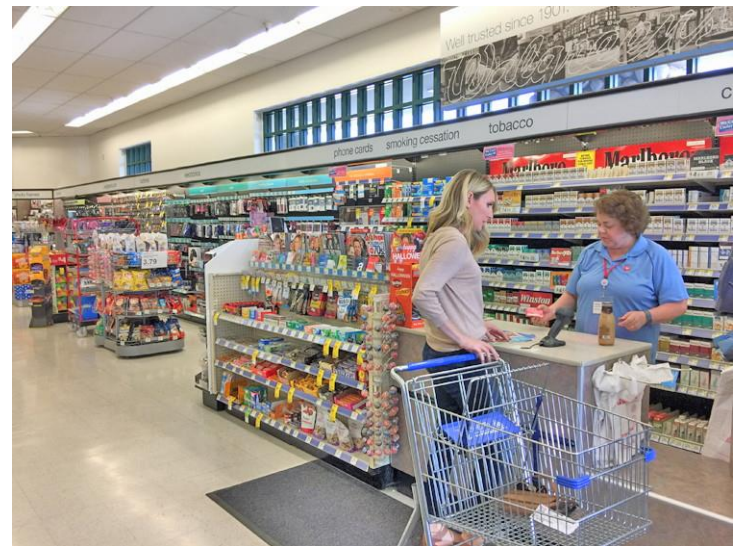
INVESTMENT SUMMARY



Marcus & Millichap is pleased to present the exclusive listing for a 2 property Walgreens portfolio located in Little Rock, Arkansas. The properties consist of 27,000 square feet of building space and sit on 2.65 acres of land. Both of the buildings were built in 1995. The two sites must be sold as a portfolio.

This Walgreens properties have approximately 6 years remaining on original 20-year double (NN) leases. The leases expire in 2025. The current combined annual net operating income is \$375,855. Walgreens extended the leases for a firm 10 years in 2015, for a ten percent rent reduction. Walgreens has eight, five-year tenant renewal options. Additionally, the Baseline Road property has additional easement income from a neighboring Rally's property.

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.





Tenant Overview

Walgreens Boots Alliance, Inc.



Walgreens Boots Alliance

CREDIT RATING: B1

www.fdreports.com | www.creditintell.com | August 31, 2016

General Information

Address	108 Wilmot Rd , Deerfield, Illinois, 60015, United States
Phone	(847) 315-2500
Website	www.walgreens.com

Store Base

Store Count	8,184
TTM Sales	\$117,351,000,000

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

Key Personnel

Chairman & Chief Executive Officer	Stefano Pessina
Executive Vice President	Alex Gourlay
Chief Financial Officer & Executive Vice President	George Fairweather
Chairman	James A Skinner

Financial Markets

Stock Ticker	WBA
Current Price	\$63.79 as of 4/10/2018
52 Week High/Low	\$89.69 / \$61.74

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.

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.

Tenant Overview

Walgreens Boots Alliance, Inc.

Overview of First Quarter Results

Fiscal 2017 first quarter net earnings attributable to Walgreens Boots Alliance determined in accordance with GAAP decreased 5.0 percent to \$1.1 billion compared with the same quarter a year ago, while GAAP diluted net earnings per share decreased 4.0 percent to \$0.97 compared with the same quarter a year ago. The decreases in GAAP net earnings and GAAP net earnings per share primarily reflect a lower impact of UK tax rate reductions.

Adjusted fiscal 2017 first quarter net earnings attributable to Walgreens Boots Alliance¹ increased 6.1 percent to \$1.2 billion, up 8.2 percent on a constant currency basis, compared with the same quarter a year ago. Adjusted diluted net earnings per share for the quarter increased 6.8 percent to \$1.10, up 9.7 percent on a constant currency basis, compared with the same quarter a year ago.

Sales in the first quarter were \$28.5 billion, a decrease of 1.8 percent from the year-ago quarter, and an increase of 1.1 percent on a constant currency basis.

GAAP operating income in the first quarter was \$1.4 billion, a decrease of 1.4 percent from the same quarter a year ago. Adjusted operating income in the first quarter was \$1.7 billion, an increase of 0.4 percent from the same quarter a year ago, and an increase of 2.8 percent on a constant currency basis. GAAP net cash provided by operating activities was \$525 million and free cash flow was \$147 million in the first quarter.

Rite Aid Acquisition

Walgreens Boots Alliance is actively engaged in discussions with the Federal Trade Commission (FTC) regarding its pending acquisition of Rite Aid Corporation, which was announced 27 October 2015. The company is working toward a close of the acquisition in the early part of this calendar year. The transaction is subject to the expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other customary closing conditions.

As announced 20 December 2016, Walgreens Boots Alliance and Rite Aid have entered into an agreement to sell 865 Rite Aid stores and certain assets related to store operations to Fred's, Inc. for \$950 million in an all-cash transaction. The divestiture transaction is subject to FTC approval, the approval and completion of the pending acquisition of Rite Aid by Walgreens Boots Alliance and other customary closing conditions.

Taking into account the expected divestitures, Walgreens Boots Alliance continues to expect that the acquisition will be accretive to its adjusted diluted net earnings per share in the first full year after closing of the transaction. The company also continues to expect that it will realize synergies from the acquisition in excess of \$1 billion, to be fully realized within three to four years of closing of the merger. These synergies have been updated where practicable and, as previously disclosed, are expected to be derived primarily from procurement, cost savings and other operational matters.



Walgreens Boots Alliance

Financial Markets

Stock Ticker	WBA
Current Price	\$63.79 as of 4/10/2018
52 Week High/Low	\$89.69 / \$61.74

Company Outlook

The company raised the lower end of its guidance for fiscal year 2017 by 5 cents per share and now anticipates adjusted diluted net earnings per share of \$4.90 to \$5.20.

This guidance assumes accretion of \$0.05 to \$0.12 from Rite Aid and is based on the above disclosure regarding expected store divestitures and timing of closing. Additionally, this guidance assumes current exchange rates for the rest of the fiscal year and continuation of its normal anti-dilutive share buyback program.

Walgreens

5525 West 12th Street
Little Rock, Arkansas 72204





Financial Analysis

PRICE: \$2,179,636 | CAP: 8.25% | RENT: \$179,820

Property Description

Property	Walgreens
Property Address	5525 West 12 th Street
City, State, ZIP	Little Rock, Arkansas 72204
Year Built / Renovated	1995
Building Size	+/- 13,500
Lot Size	+/- 1.10 Acres
Type of Ownership	Fee Simple

The Offering

Annual Rent	\$179,820
CAP Rate	8.25%
Rent / SF	\$13.32

Lease Summary

Property Type	Net Leased Drug Store
Tenant / Guarantor	Corporate
Ownership Type	Public (NYSE: WBA)
Original Lease Term	20 Years
Lease Commencement	January 1, 1995
Lease Expiration	September 30, 2025
Lease Term Remaining	6 Years
Lease Type	Double-Net (NN)
Roof & Structure	Landlord Responsible
Options to Renew	Eight (8), Five (5)-Year Options

Rent Schedule

Lease Year(s)	Annual Rent	Monthly Rent
Current Lease Year	\$179,820	\$14,985

Option Periods

Years 20-60	\$179,820	\$14,985
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Surrounding Area



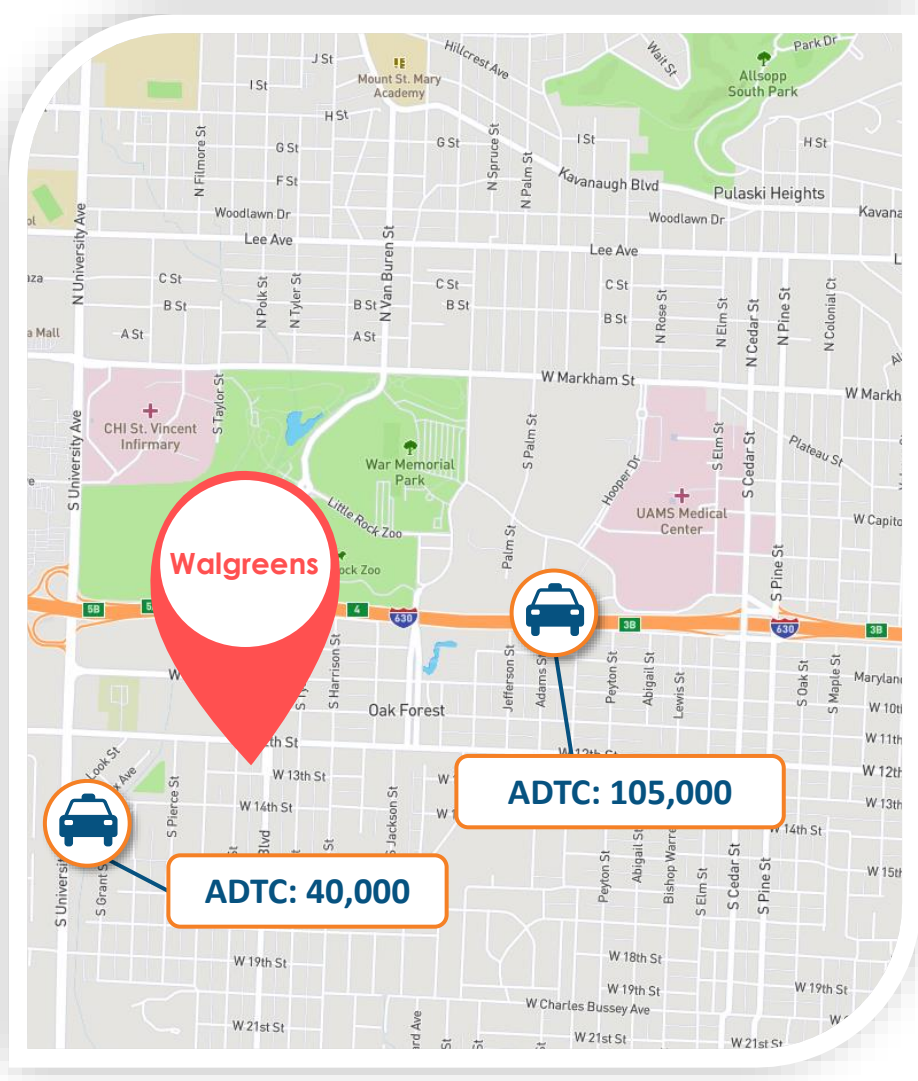


Location Overview

This Walgreens investment property is located at 5525 West 12th Street in Little Rock, Arkansas. Little Rock is the capital and the most populous city in the state of Arkansas. It is also the county seat of Pulaski County. Little Rock is a cultural, economic, government, and transportation center within Arkansas and the South. The property is situated on the corner of West 12th Street and Fair Park Boulevard. Nearby U.S. Interstate 630 has traffic counts of 105,000 vehicles per day. South University Avenue, which runs parallel, to Fair Park Boulevard, has additional traffic counts of 40,000 vehicles per day.

The subject property is located in a dense, active retail corridor benefiting from its proximity to many major national and regional tenants. Major national retailers in the surrounding area include: Target, Sears, CVS Pharmacy, McDonald's, Advance Auto Parts, Four Points by Sheraton, LA Fitness, LabCorp, Budget Truck Rental, Verizon, Mattress Firm, Cheddar's Scratch Kitchen, Cracker Barrel, Chick-fil-A, Sprint, Panera Bread, Chipotle, Dillard's, MAC Cosmetics, GAP, Foot Locker, Bath & Body Works, Banana Republic, Pei Wei, Jos. A. Bank, Chico's, LOFT, Starbucks, Pottery Barn, Ulta, Massage Envy, Wendy's, Popeyes, Slim Chickens, Taco Bell, Shell, Burger King, Rally's, Family Dollar, AutoZone, as well as many others. Other various points of interest in the surrounding area include: The Little Rock Zoo, The War Memorial Stadium, The University of Arkansas Medical Center, CHI St. Vincent, General Arkansas Veterans Healthcare System. The University of Arkansas is less than two miles away and has over 21,000 students enrolled.

Little Rock is a cultural, economic, government, and transportation center within Arkansas and the South. Several cultural institutions are in Little Rock, such as the Arkansas Arts Center, the Arkansas Repertory Theatre, and the Arkansas Symphony Orchestra, in addition to the hiking, boating, and other outdoor recreational opportunities. Little Rock's history is available through history museums, historic districts or neighborhoods like the Quapaw Quarter, and historic sites such as Little Rock Central High School. The city is the headquarters of Dillard's, Windstream Communications, Acxiom, Stephens Inc., University of Arkansas for Medical Sciences, Heifer International, the Clinton Foundation, and the Rose Law Firm. Other large corporations, such as Dassault Falcon Jet and LM Wind Power have large operations in the city. State government is a large employer, with many offices being in downtown Little Rock. Two major Interstate highways, Interstate 30 and Interstate 40, meet in Little Rock, with the Port of Little Rock serving as a shipping hub





Property Photos





Property Photos



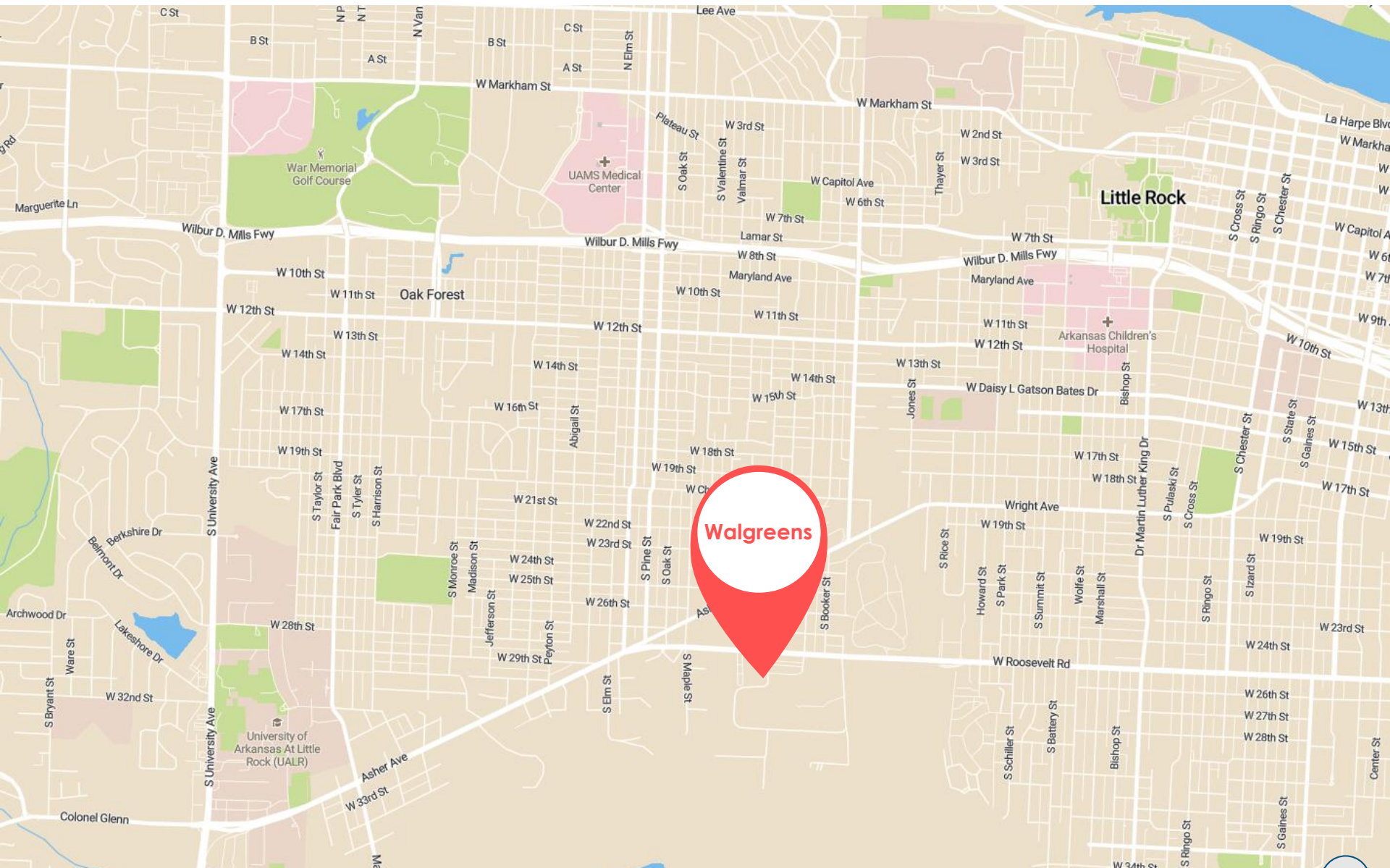


Surrounding Area Photos





Local Map





Households by Household Income (2017):

Walgreens

5917 West Baseline Road
Little Rock, Arkansas 72209





Financial Analysis

PRICE: \$2,379,182 | CAP: 8.25% | RENT: \$196,035

Property Description

Property	Walgreens
Property Address	5917 West Baseline Road
City, State, ZIP	Little Rock, Arkansas 72209
Year Built / Renovated	1995
Building Size	+/- 13,500
Lot Size	+/- 1.55 Acres
Type of Ownership	Fee Simple

The Offering

Walgreens Annual Rent	\$185,895
CAP Rate	7.85%
Rent / SF	\$13.77
Rally's Easement Income	\$10,140

Lease Summary

Property Type	Net Leased Drug Store
Tenant / Guarantor	Corporate
Ownership Type	Public (NYSE: WBA)
Original Lease Term	20 Years
Lease Commencement	January 1, 1995
Lease Expiration	July 31, 2025
Lease Term Remaining	5.5 Years
Lease Type	Double-Net (NN)
Roof & Structure	Landlord Responsible
Options to Renew	Eight (8), Five (5)-Year Options

Walgreens Rent Schedule

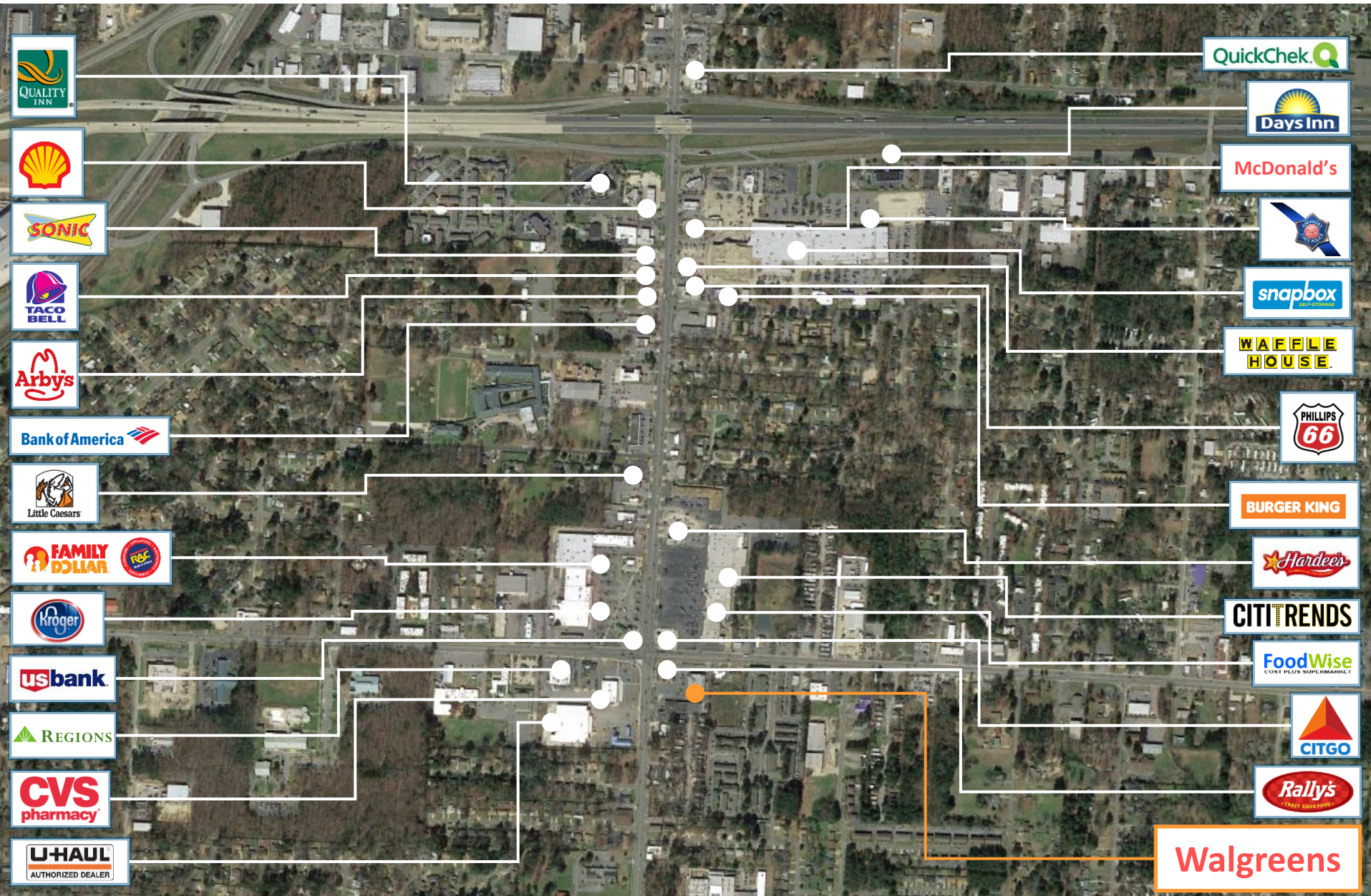
Lease Year(s)	Annual Rent	Monthly Rent
Current Lease Year	\$185,895	\$15,491
Option Periods		
Years 20-60	\$185,895	\$15,491

Rally's Easement Schedule

Current – 05/31/2020	\$10,140	\$845
06/01/2020 – 05/21/2030	\$13,140	\$1,095



Surrounding Area



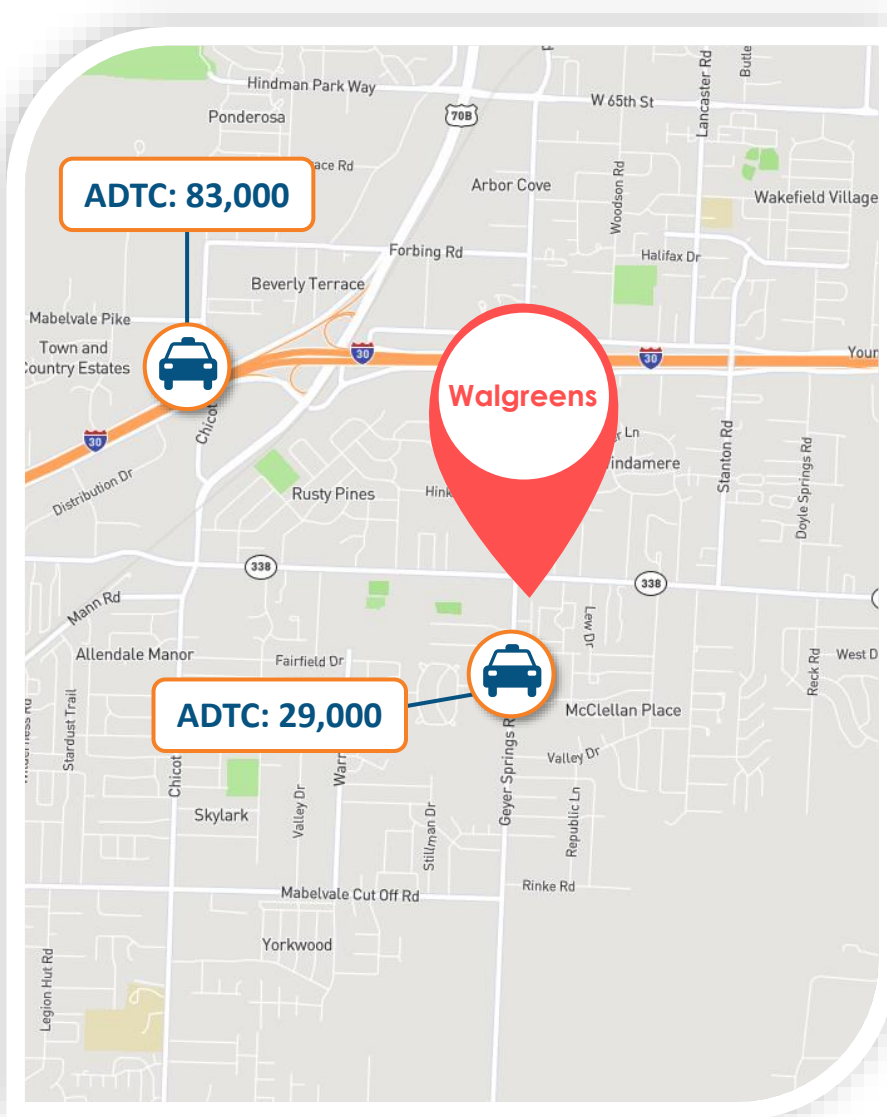


Location Overview

This Walgreens investment property is located at 5917 Baseline Road in Little Rock, Arkansas. Little Rock is the capital and the most populous city in the state of Arkansas. It is also the county seat of Pulaski County. Little Rock is a cultural, economic, government, and transportation center within Arkansas and the South. The property is situated on the corner of Baseline Road and Geyer Springs Road which has traffic counts in excess of 29,000 vehicles per day. Nearby U.S. Interstate 30 has additional traffic counts of 83,000 vehicles per day.

The subject property is located in a dense retail corridor benefiting from its proximity to many major national and regional tenants. Major national retailers in the surrounding area include: Kroger, FoodWise, McDonald's, Rally's, Citgo, Cititrends, Hardee's, Burger King, Phillips 66, Waffle House, Snapbox, Days Inn, QuickChek, Exxon, Quality Inn, Sonic, Shell, Taco Bell, Arby's, Bank of America, Little Caesars, Family Dollar, Rent-a-Center, U.S. Bank, Regions Bank, CVS Pharmacy, U-Haul, as well as many others. McClellan Magnet High School is in close proximity to this retail corridor and has over 860 students enrolled. Additionally, the Arkansas State Police HQ is less than one mile from the subject property.

Little Rock is a cultural, economic, government, and transportation center within Arkansas and the South. Several cultural institutions are in Little Rock, such as the Arkansas Arts Center, the Arkansas Repertory Theatre, and the Arkansas Symphony Orchestra, in addition to the hiking, boating, and other outdoor recreational opportunities. Little Rock's history is available through history museums, historic districts or neighborhoods like the Quapaw Quarter, and historic sites such as Little Rock Central High School. The city is the headquarters of Dillard's, Windstream Communications, Acxiom, Stephens Inc., University of Arkansas for Medical Sciences, Heifer International, the Clinton Foundation, and the Rose Law Firm. Other large corporations, such as Dassault Falcon Jet and LM Wind Power have large operations in the city. State government is a large employer, with many offices being in downtown Little Rock. Two major Interstate highways, Interstate 30 and Interstate 40, meet in Little Rock, with the Port of Little Rock serving as a shipping hub





Property Photos





Property Photos





Property Photos



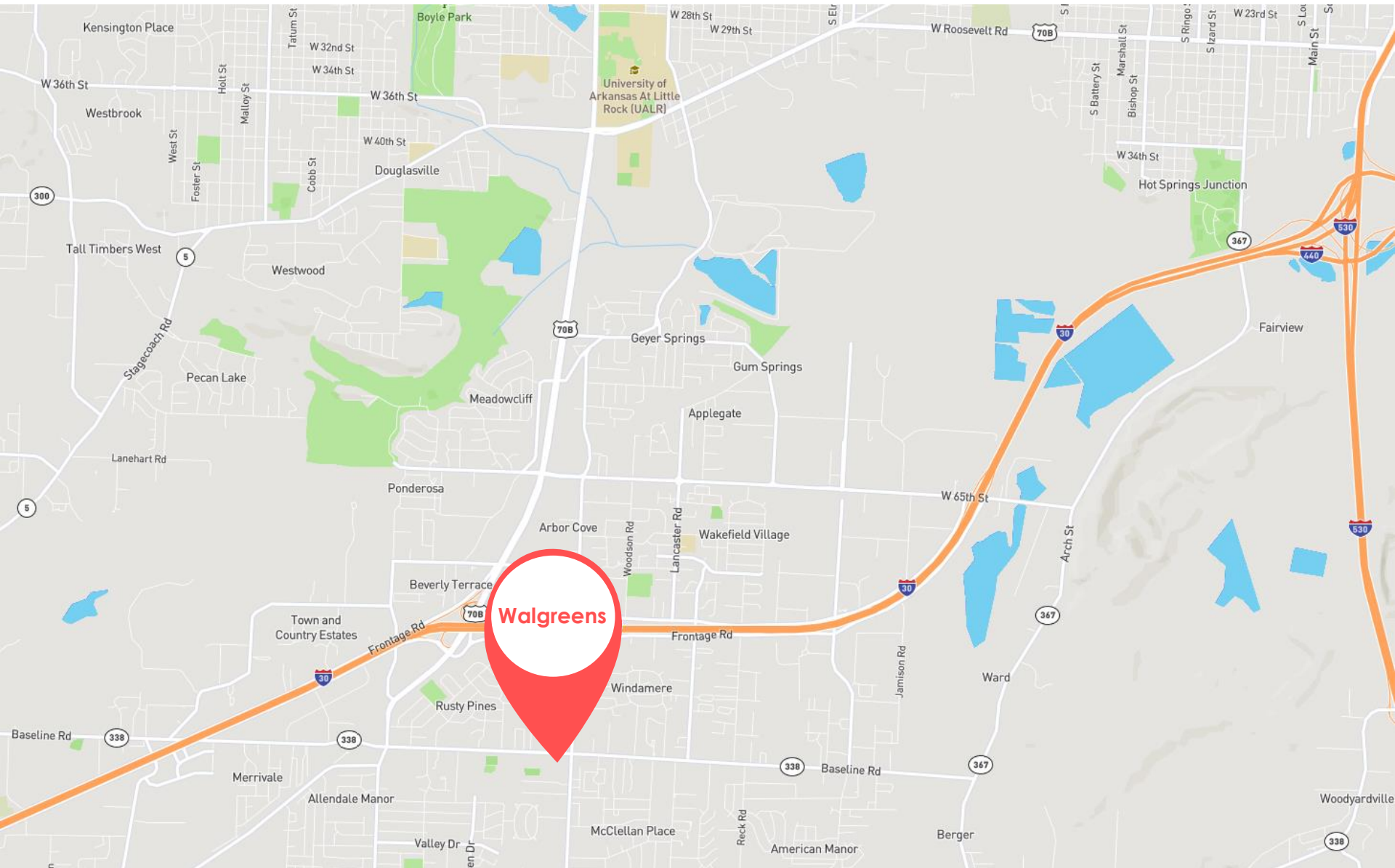


Surrounding Area Photos



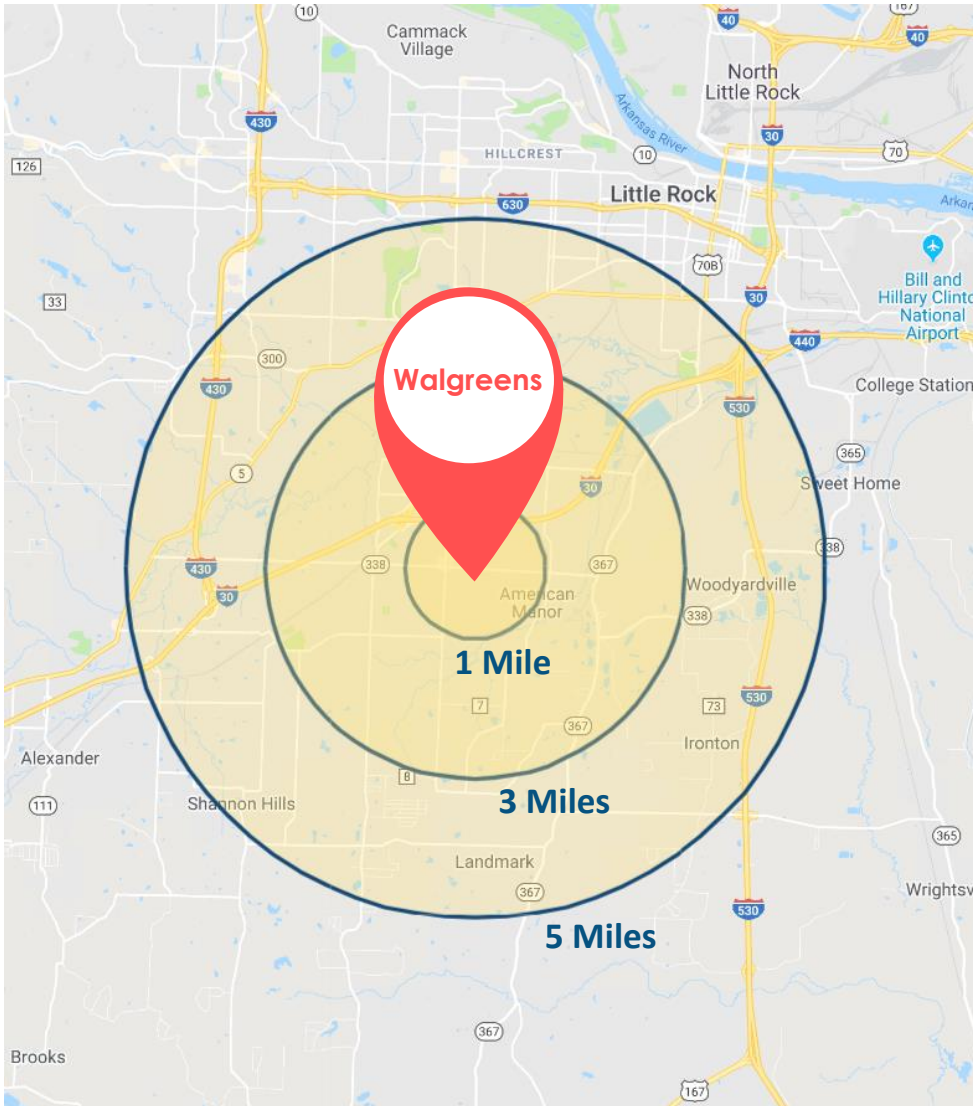


Local Map





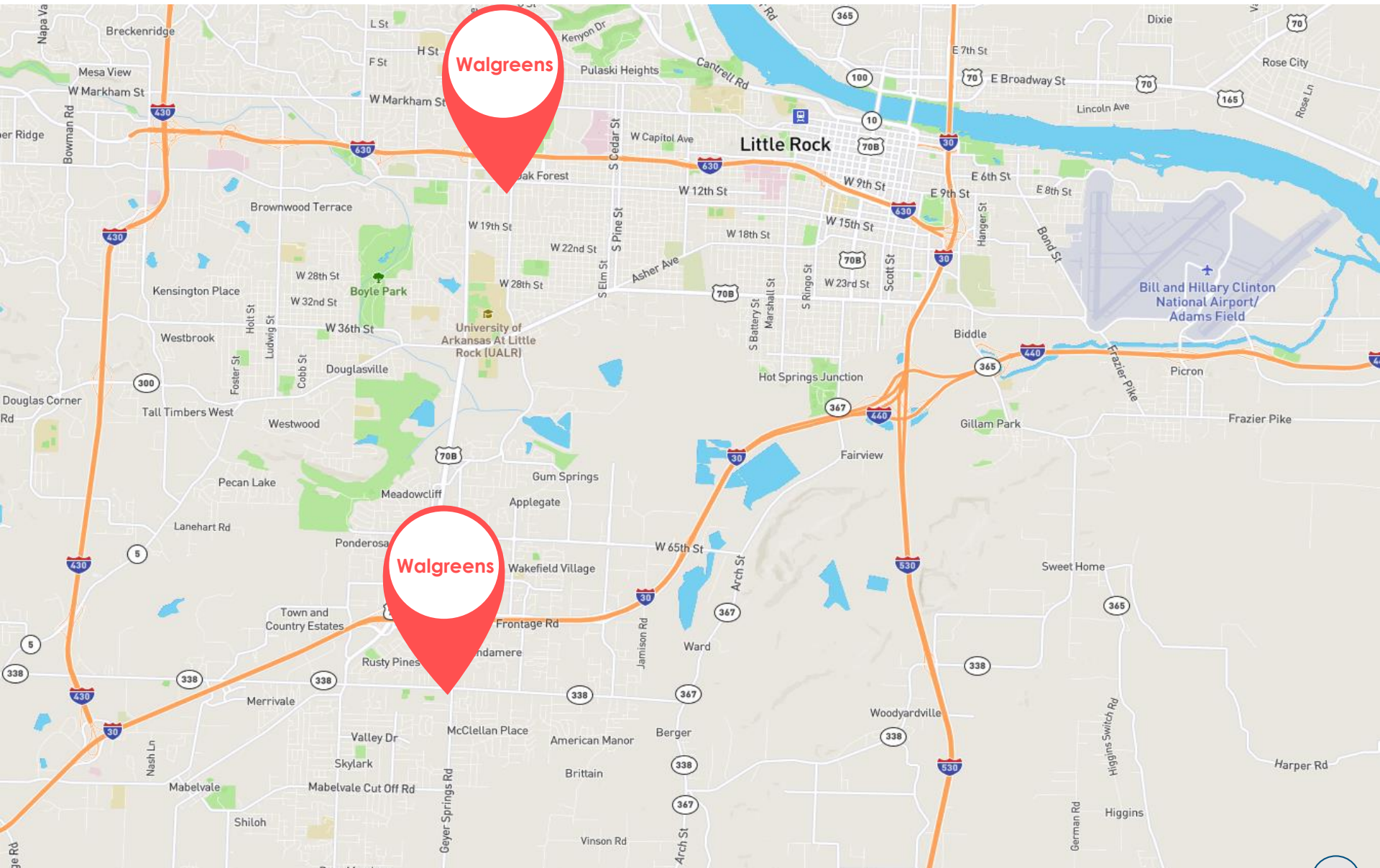
Demographics



	1 Mile	3 Miles	5 Miles
Population Trends:			
2023 Projection	12,593	39,479	88,776
2018 Estimate	12,481	39,322	87,792
2010 Census	11,918	38,580	83,463
Growth 2018-2023	0.90%	0.40%	1.12%
Growth 2010-2018	4.72%	1.92%	5.19%
2018 Population Hispanic Origin	3,396	7,062	10,400
Population by Race (2017):			
White	4,295	12,567	30,742
Black	7,696	25,367	53,739
Am. Indian & Alaskan	122	335	538
Asian	52	216	960
Hawaiian & Pacific Island	63	87	97
Other	253	750	1,715
Household Trends:			
2023 Projection	4,419	14,307	33,322
2018 Estimate	4,374	14,239	32,925
2010 Census	4,162	13,952	31,227
Growth 2018 - 2023	1.03%	0.48%	1.21%
Growth 2010 - 2018	5.09%	2.06%	5.44%
Owner Occupied	2,038	7,850	18,735
Renter Occupied	2,336	6,389	14,190
Average Household Income (2017):	\$70,170	\$64,837	\$61,925
Households by Household Income (2017):			
<\$25,000	2,182	5,720	12,209
\$25,000 - \$50,000	1,190	4,384	9,831
\$50,000 - \$75,000	520	2,223	5,261
\$75,000 - \$100,000	310	1,056	2,598
\$100,000 - \$125,000	97	504	1,618
\$125,000 - \$150,000	39	139	515
\$150,000 - \$200,000	0	125	535
\$200,000+	34	89	357

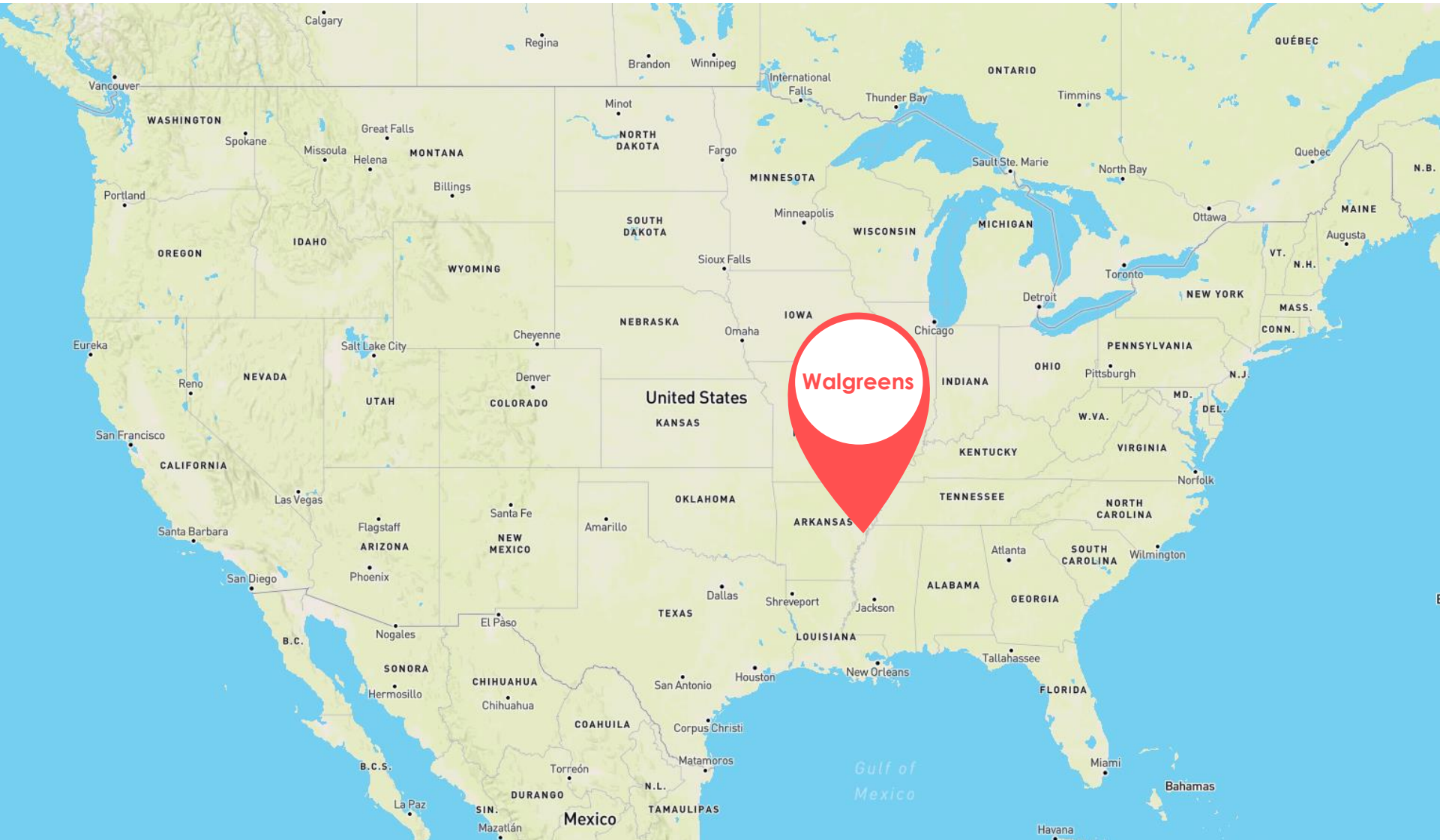


Regional Map





State Map





Market Overview

LITTLE ROCK OVERVIEW

Little Rock is situated in central Arkansas and is the state's capital city and cultural and economic center. The region is known as a hub for government jobs, yet it also boasts a sizable medical services sector. The metro is composed of six counties and its population is expected to swell by 42,000 people in the next five years, with Pulaski and Faulkner counties epicenters of the growth.



METRO HIGHLIGHTS



DIVERSE ECONOMY

The local employment base is diversifying. Twenty-five employers maintain payrolls that exceed 1,000 people.



CULTURAL CENTER

Little Rock is a cultural and performing arts hub, housing the Arkansas Arts Center, the Arkansas Repertory Theatre and the Symphony Orchestra.



HIGHER EDUCATION

The University of Arkansas-Little Rock and the University of Central Arkansas in Conway support the metro's education sector, with a combined payroll of 2,800 employees and individual enrollments of around 11,500 students.



ECONOMY

- Government jobs are widespread in the metro, totaling more than 75,000. State and local positions are most prevalent, with the region also host to Little Rock Air Force Base.
- Skippy Foods manufactures all the world's Skippy Peanut Butter at its Little Rock Port facility. The port is home to 50 existing manufacturers.
- Little Rock is home to a number of national and multi-national headquarters including Dilliard's, the William J. Clinton Foundation, the American Taekwondo Association and bike manufacturer Orbea.
- The University of Arkansas for Medical Sciences leads the metro's medical field. Baptist Health and Arkansas Children's Hospital represent additional healthcare employers.

DEMOGRAPHICS



Marcus & Millichap
EXCLUSIVE NET LEASE OFFERING

Arkansas Walgreens Portfolio