

Walgreens

3800 POPLAR LEVEL ROAD | LOUISVILLE, KENTUCKY



Actual Location

Actual Location



NET LEASE PROPERTY GROUP CONTACTS

Chris Bosworth
Vice Chairman
T +1 404 923 1486
chris.bosworth@cbre.com

Robert Schwartz
Senior Vice President
T +1 502 412 7606
robert.schwartz@cbre.com

Matt Mountjoy
Capital Markets Manager
+1 404 504 5939
matthew.mountjoy@cbre.com

Cyrus Felfeli
Capital Markets Analyst
+1 404 812 5065
cyrus.felfeli@cbre.com

www.cbre.com/nlpgatlanta

CBRE



TABLE OF CONTENTS

I. Investment Overview

Investment Summary.....	5
Investment Highlights.....	6

II. Property Overview

Lease Summary.....	7
Aerial	8
Site Plan	9
Surrounding Traffic Drivers.....	10
Tenant Overview	11

III. Area/Market Overview

Louisville, KY MSA Overview.....	12
----------------------------------	----

AFFLUENT 3-MILE TRADE AREA

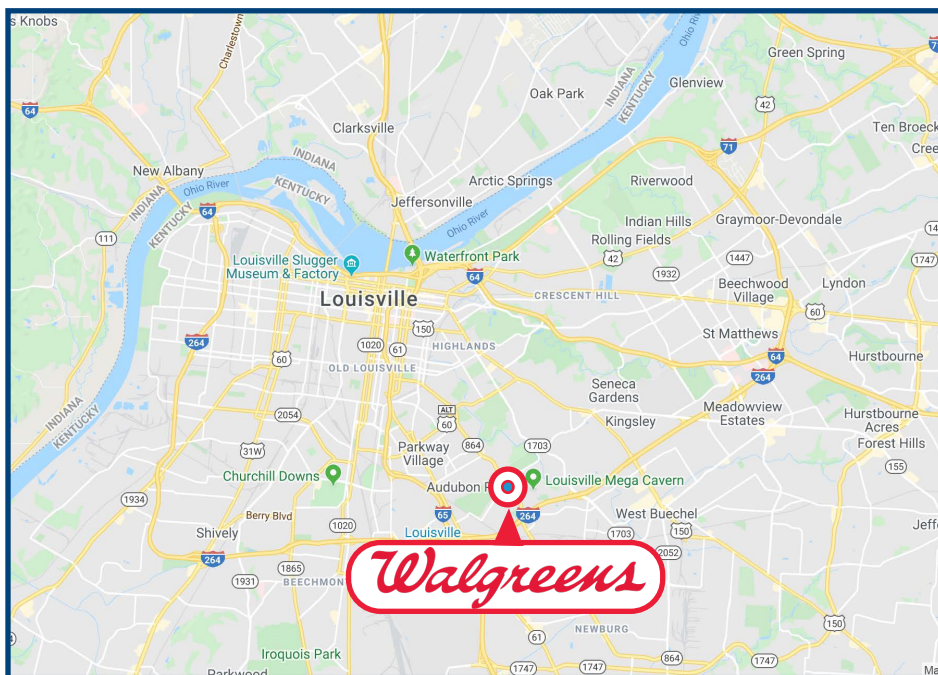


POPULATION:
92,444



AVERAGE HOUSEHOLD INCOME:
\$75,171





Walgreens

Investment Summary

ADDRESS	3800 Poplar Level Road Louisville, Kentucky 40213
PARCEL SIZE:	± 1.31 Acres
BUILDING SIZE:	± 13,500 SF
PARKING:	65 Onsite Spaces + 7 Easement Spaces
TERM REMAINING: NOT SUBJECT TO TERMINATION RIGHTS	± 9 Years
NOI:	\$175,000
PRICE:	\$2,550,000
CAP RATE:	6.85%

Investment Overview

The CBRE Net Lease Property Group is pleased to exclusively offer an approximately ±13,500-square-foot freestanding Walgreens situated on approximately ±1.31 acres in Louisville, KY (MSA Population: 1.3 million). Walgreens has successfully operated at the site for 23 years and recently executed a lease amendment extending the current term to May 31, 2029, and the terminable term to May 31, 2064, demonstrating their continued commitment to the location. The extended lease now has ±9 years of primary term remaining. The site is strategically located with excellent access and visibility on a hard corner at the signalized intersection of Poplar Level Road (Traffic Count: 34,100 VPD) and Belmar Drive, which is just north of the exit ramp to Interstate 264 (Traffic Count: 185,955). Retailers in the surrounding area include Kroger, CVS, GameStop, Sandy's Pet Shop, Valvoline Express Care, Wash-N-Shine Car Wash, Speedway, Chase Bank, Stock Yards Bank & Trust, Fifth Third Bank, Edward Jones, Panera Bread, Chili's, Dairy Queen, Qdoba, Jimmy Johns, Shiraz Mediterranean Grill, SnoWhat Snoballs, Oskar's Slider Bar, Our Place Liquors, Wendy's, McDonald's, and Taco Bell among others. Walgreens benefits from its proximity to major traffic drivers in the area including the Louisville Zoo (0.5 miles away | 860,000 annual visitors), Saint Xavier High School (1.5 miles away | 1,300 students), and Norton Audubon Hospital (1.3 miles away | 480 beds) which recently underwent \$125mm renovation in 2018. In total, there is 6.8 MSF of retail, 3.8 MSF of office, and 27.0 MSF of industrial space within a 3-mile radius. Other amenities near Walgreens include the Louisville Tennis Center, Louisville Mega Cavern, Audubon Country Club, and Louisville Nature Center.

DEMOGRAPHICS

1 Mile Pop	1 Mile AHI	3 Mile Pop	3 Mile AHI	5 Mile Pop	5 Mile AHI	Traffic Count
7,571	\$84,198	92,444	\$75,171	269,420	\$65,189	Poplar Level Road: 34,100 VPD

Investment Highlights



- **Premier Drug Store Brand:** Walgreen Co. (S&P: BBB), a subsidiary of Walgreens Boots Alliance Inc. (NASDAQ: WBA), operates 9,175 stores across 50 states, the District of Columbia and Puerto Rico. Walgreens Boots Alliance Inc. reported total revenues of \$137.4 billion and net income of \$3.7 billion as of November 30, 2019.



- **Recently Extended Net Lease:** Walgreens recently executed an amendment extending the current term to May 31, 2029 and the terminable term to May 31, 2064, resulting in ± 9 years of primary term remaining. While the overall lease term runs through May 31, 2064, Walgreens has options to terminate the lease as of May 31 in each of the following years: 2029, 2034, 2039, 2044, 2049, 2054 and 2059.



- **Above Market Rental Increase on June 1, 2029:** Walgreens has an above market rental increase of $\pm 31\%$ on June 1, 2029 which provides attractive cash flow growth throughout the remaining term, provided Walgreens does not terminate the lease on or after May 31, 2029.



- **Excellent Access/Visibility:** The site is strategically located with excellent access and visibility on a hard corner at the signalized intersection of Poplar Level Road (Traffic Count: 34,100 VPD) and Belmar Drive, which is just north of the exit ramp to Interstate 264 (Traffic Count: 185,955 VPD).



- **Historical Occupancy around Major Traffic Drivers:** Walgreens has successfully operated at the site for 23 years, and benefits from its proximity to the largest traffic drivers in the area such as the Louisville Zoo (0.5 miles away | 860,000 annual visitors), Saint Xavier High School (1.5 miles away | 1,300 students), and Norton

Audubon Hospital (1.3 miles away | 480 beds) which recently underwent \$125mm renovation in 2018.



- **Dynamic Demographics:** Population of 92,444 and average household income of \$75,171 within a 3-mile radius.



- **Strong Retail & Commercial Corridor:** Additional retailers in the surrounding area include Kroger, CVS, GameStop, Sandy's Pet Shop, Valvoline Express Care, Wash-N-Shine Car Wash, Speedway, Chase Bank, Stock Yards Bank & Trust, Fifth Third Bank, Edward Jones, Panera Bread, Chili's, Dairy Queen, Qdoba, Jimmy Johns, Shiraz Mediterranean Grill, SnoWhat Snoballs, Oskar's Slider Bar, Our Place Liquors, Wendy's, McDonald's, and Taco Bell among others. ***In total, there is 6.8 MSF of retail, 3.8 MSF of office, and 27.0 MSF of industrial space within a 3-mile radius.***



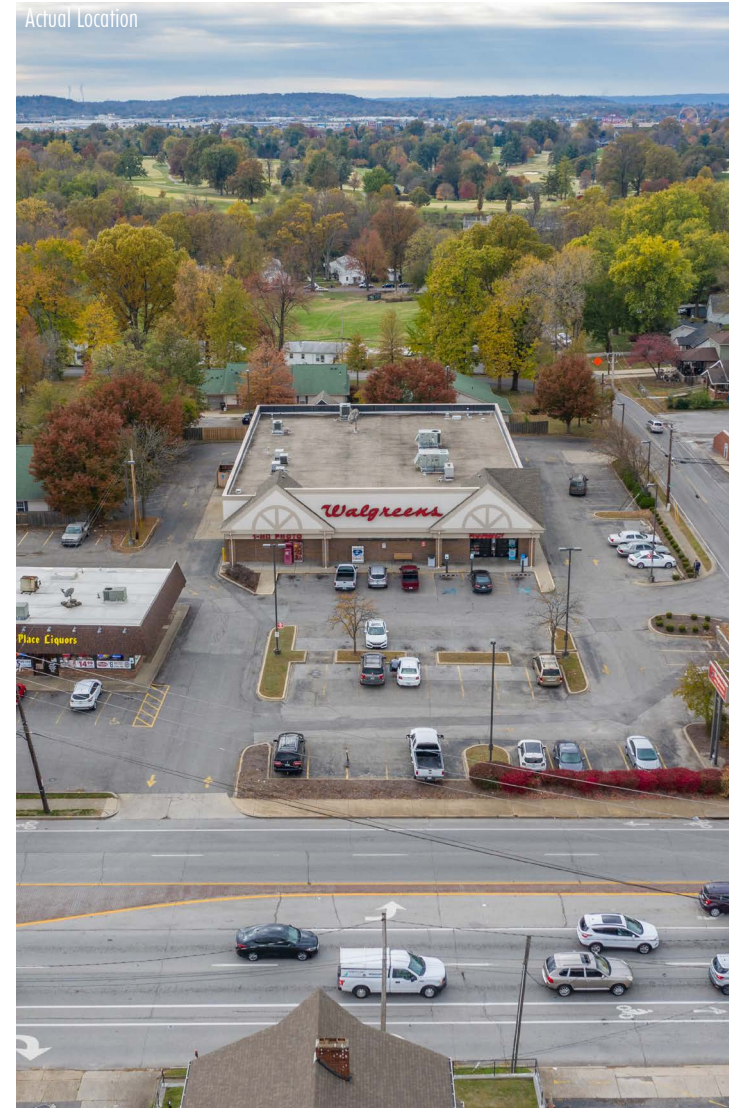
- **Louisville, Kentucky MSA:** Louisville, the state's largest metropolitan area (population: 1.3 million), is a vibrant riverfront city with a rapidly growing population, diversification of employment and attractive multifamily supply/demand balance. The Louisville MSA is home to 13 Fortune 500 companies, three of which are headquartered in the city. The metro is a nationally recognized regional distribution and warehousing hub serving major operations including Amazon.com, UPS, Ford Motor Company and General Electric, among many others.



Lease Summary

TENANT:	Walgreen Co. (S&P: BBB)
PARENT COMPANY:	Walgreens Boots Alliance (NASDAQ: WBA; S&P: BBB)
LEASE COMMENCEMENT:	5/21/1996
LEASE EXPIRATION:	5/31/2064
ORIGINAL LEASE TERM:	60 Years Extended to 68 by Lease Amendment
LEASE TERM REMAINING: NOT SUBJECT TO TERMINATION RIGHTS	±9 Years
LEASE TYPE:	NN
CURRENT RENT:	\$175,000 (±\$12.96/SF)
TERMINATION OPTIONS:	May 31, 2029 and every 5 years thereafter on each May 31 of 2034, 2039, 2044, 2049, 2054 and 2059
RENT INCREASE:	31% Rent Increase on June 1, 2029
TAXES:	Tenant shall pay the general real estate taxes (including all special benefit taxes and special assessments) levied and assessed against the Leased Premises.
INSURANCE:	Landlord shall carry (with reimbursement from Tenant) an all risk fire insurance policy covering all the improvements on the Leased Premises at not less than 80% and not more than 100% of the full insurable value (less foundations). Landlord shall maintain general liability and property damage insurance covering damage in any one occurrence of \$100,000.
REPAIRS & MAINTENANCE:	Tenant shall repair and replace HVAC equipment serving the building, make any plate glass replacements, and shall make repairs to the interior of the building. Landlord shall maintain and make all repairs to the exterior of the building, roof, and to pipes, ducts, wires and conduits leading to and from the Leased Premises and/or the Building.
PARKING LOT:	Tenant, at Tenant's costs and expense, shall maintain, repair, clean and restripe the parking areas of the leased premises. Landlord will perform and pay any costs in connection with the following: (i) any replacements of the light poles, parking areas or other improvements thereon; (ii) any items that are considered capital expenses by generally accepted accounting principles; or (iii) defects in the parking lot.
RESTRICTION:	No alcohol sales from Leased Premises

Actual Location



TRAFFIC DRIVER – NORTON AUDUBON HOSPITAL (480 BEDS)



GameStop East Springs Dental

QDOBA
MEXICAN EATS
Great Clips
IT'S GONNA BE GREAT



LOUISVILLE NATURE CENTER



AUDUBON SERVICE CENTER
WASH N SHINE CAR WASH



POPLAR LEVEL MART



LOUISVILLE TENNIS CENTER

POPLAR LEVEL CHURCH OF GOD



23-YEAR OPERATING HISTORY AT SITE

Walgreens has successfully operated at the site for 23 years and recently executed an amendment extending current term to May 31, 2029, and the terminable term through May 31, 2064, demonstrating their continued commitment to the location.

Walgreens



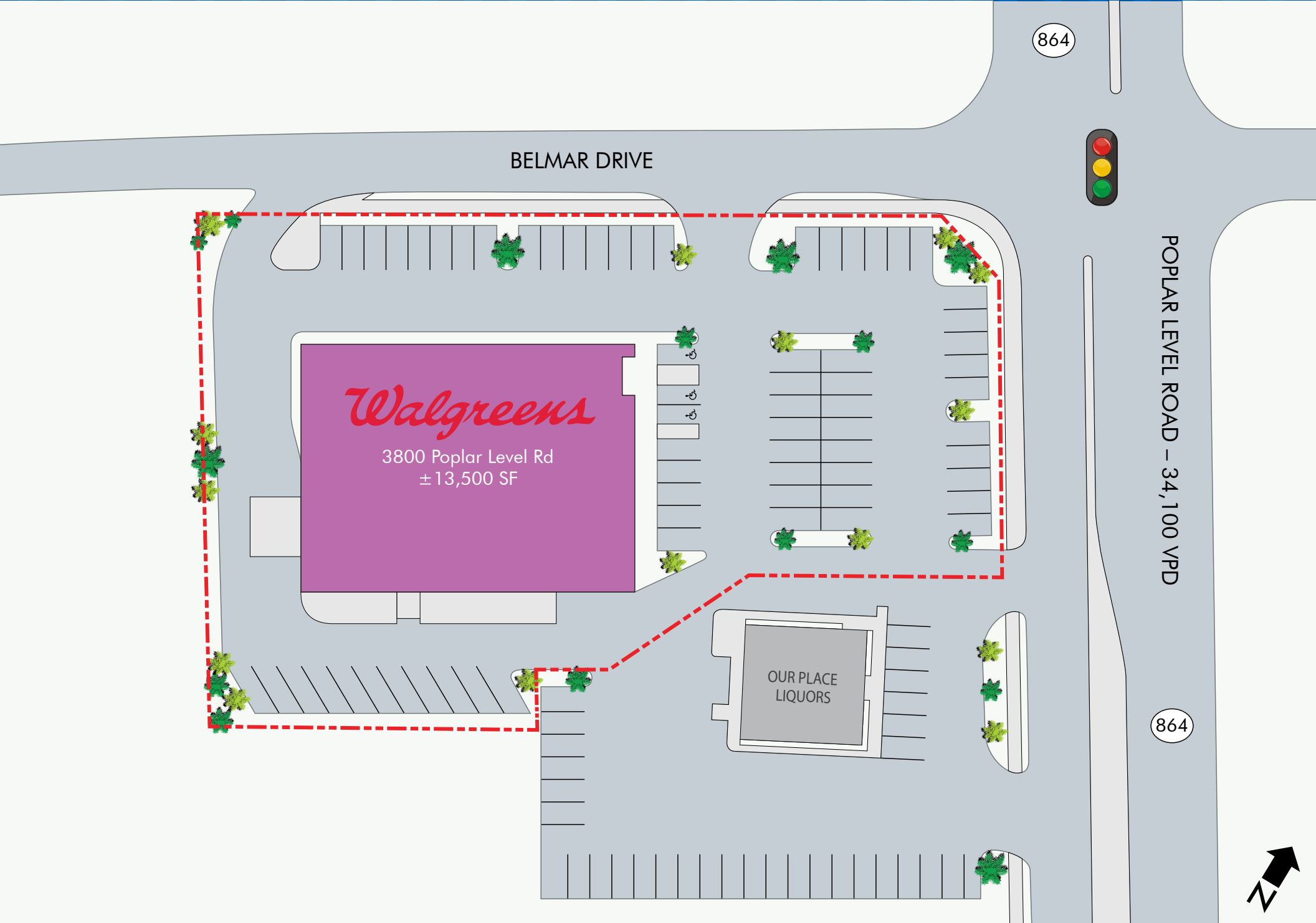
3800 Poplar Level Road
Louisville, KY 40213



TRAFFIC DRIVER
LOUISVILLE ZOO (860,000 ANNUAL VISITORS)



OUR PLACE LIQUORS



SURROUNDING TRAFFIC DRIVERS



NORTON AUDUBON HOSPITAL (480 BEDS) – 1.3 MILES AWAY
\$125mm renovation in 2018



SAINT XAVIER HIGH SCHOOL (1,300 STUDENTS) – 1.5 MILES AWAY



LOUISVILLE ZOO (860,000 ANNUAL VISITORS) – 0.5 MILES AWAY



INTERSTATE 264 INTERCHANGE (185,955 VPD)



Tenant Overview

Walgreen Co. (S&P: BBB), a subsidiary of Walgreens Boots Alliance Inc. (NASDAQ: WBA), operates 9,175 drug stores in 50 states, the District of Columbia and Puerto Rico. Domestically, the company also operates approximately 500 worksite health and wellness centers and in-store convenient care clinics. Walgreens Boots Alliance Inc. reported TTM revenues of \$137.4 billion and net income of \$3.7 billion as of November 30, 2019. Walgreens provides consumer goods and services in addition to pharmacy and health and wellness services through drugstores, by mail, by telephone and online. In addition to prescription and non-prescription drugs, the company sells household products, convenience and fresh foods, personal care and beauty care items, photofinishing and candy products, home medical equipment, contact lenses, vitamins and supplements and other health and wellness solutions. Walgreens also provides specialty pharmacy services and operates Take Care Clinics to treat patients, write prescriptions and administer immunizations and other vaccines. Walgreens was founded in 1901 and is based in Deerfield, Illinois.

Walgreens Boots Alliance

In 2014, Walgreens formed a global business by purchasing the remaining 55% of Switzerland-based Alliance Boots (Walgreens already owned 45% of Alliance Boots) for \$5.3B. Under the terms of the purchase, the two companies merged to form a new holding company, Walgreens Boots Alliance Inc. (NASDAQ: WBA, S&P: BBB), on December 31, 2014. The tenant under the lease is Walgreen Co., which is now a direct subsidiary of Walgreens Boots Alliance Inc.

Rite Aid Transaction

In Spring 2018, Walgreens finalized their purchase of 1,932 stores and 3 distribution centers from Rite Aid for approximately \$4.4 billion. Walgreens will spend \$750 million to integrate all of the locations by end of the 2020 fiscal year, as well as an additional \$500 million on store improvements.

Company Overview

TTM Revenue:	\$137.4 Billion (as of 11/30/2019)
Number of U.S. Locations	9,175
Number of Employees	342,000
Headquarters	Deerfield, IL
Fortune 500	#17



LOUISVILLE, KY MSA – MARKET OVERVIEW

With a growing population, rich collection of diverse employers, central location and desirable live, work and play balance, Louisville is a rapidly growing destination for world-class companies and employees.

Louisville, the state's largest metropolitan area, is a vibrant riverfront city with a rapidly growing population, diversification of employment and attractive multifamily supply/demand balance. Louisville is home to **13 Fortune 500 companies**, three of which are headquartered in the city. The metro is a nationally recognized regional distribution and warehousing hub serving major operations including **Amazon.com, UPS, Ford Motor Company and General Electric**, among many others. With a very successful series of major distribution facilities now open and future capital investments in distribution parks planned, Louisville continues to be the focus of institutional investment. Leading this remarkable transformation from a city known mostly for horse racing, to a logistics giant is the development and expansion of **UPS Worldport**, the corporation's main global air hub for its distribution business across the US. The series of substantial improvements has steadily boosted UPS employment in the Louisville metro. The additional jobs created over the past five years in logistics have had a multiplier effect in several areas including retail and office support positions.

As a compliment to Louisville's economic expansion, the leading healthcare companies, **Humana and Kindred Healthcare**—both of which are Fortune 500 companies headquartered in Louisville—hire a steady stream of information technology and healthcare professionals in high paying jobs. **Yum! Brands** (Fortune 500), one of the world's largest restaurant holding companies, is also headquartered in Louisville. These employers' presence in the Louisville metro brings an **immeasurable economic driver** for the Louisville market.

LOUISVILLE IS HOME TO FOLLOWING FORTUNE 500 COMPANIES:



LOUISVILLE'S TOP 20 MAJOR EMPLOYERS PRIVATE SECTOR

COMPANY	PRODUCT/SERVICE	EMPLOYMENT
United Parcel Service	Global commerce services	21,233
Jefferson County Public Schools	Public school system	14,476
Ford Motor Co. - Kentucky Truck Plant, Louisville Assembly Plant	Manufacturer	12,600
Norton Healthcare	Health care provider	12,247
Humana, Inc.	Health insurance	12,000
University of Louisville	Research university	6,933
Amazon.com LLC	Logistics & customer service	6,500
Louisville-Jefferson County Metro Government	Metro government	6,226
Baptist Healthcare System, Inc.	Healthcare provider	6,159
GE Appliances	Manufacturer	6,000
KentuckyOne Health	Healthcare provider	6,000
The Kroger Co.	Grocery retailer	3,079
Spectrum	Call center, cable, internet	2,400
Manna Inc.	Quick service & casual restaurants	2,300
Archdiocese of Louisville	Churches, agencies, schools	2,400
LG&E and KU Energy LLC	Utility	2,162
ResCare Inc.	Health and human services provider	1,948
Robley Rex VA Medical Center	Healthcare services	1,816
Bullitt County Public Schools	Education	1,736
U.S. Postal Service	Mailing, shipping	1,691

Source: Business First, 07.20.2018

GROWTH & DEVELOPMENT

Louisville is in the midst of an economic renaissance with \$13 billion in new capital investment since 2014. Louisville Forward, the city's organization for economic development, focuses on making Louisville a premier destination through business attraction, retention and expansion.

Completed in late 2016, the Ohio River Bridges Project dramatically transformed transportation between Kentucky and Indiana. The \$2.5B project consisted of reconstructing the Kennedy Interchange (locally known as "Spaghetti Junction"), building two new Ohio River bridges and reconstructing the ramps on Interstate 65 between Muhammad Ali Boulevard and downtown.

- Omni Hotels & Resorts has opened the 612-room Omni Louisville Hotel, creating nearly 400 permanent jobs as part of a \$300M mixed-use project
- PharmaCord quintupled their workforce in 2019
- One of Louisville MSA's largest employers has hired 1,000 new full-time employees at its fulfillment center in Jeffersonville, IN (Louisville MSA)
- LINAK INC. opened a 75,000 SF facility expansion on LaGrange Rd., bringing over 400 new jobs



- Louisville-based Thorntons moved to a new \$28M headquarters, adding 100+ jobs
- Kentucky International Convention Center added more than 200,000 SF of exhibit and meeting space
- Louisville City FC's new 14,000-seat, \$65M soccer stadium is scheduled to open Spring 2020
- Sentry Steel has completed a \$2.85M expansion, creating new jobs
- Kindred Healthcare's \$40M HQ expansion to create up to 500 new jobs
- \$100M redevelopment of Hurstbourne Business Park to bring high-end apartment complex, grocery store, restaurant space and more
- Workwell Industries is adding roughly 70,000 SF of warehouse space, creating dozens of new jobs
- WireCrafters LLC invested \$5.37M, adding production space and creating 100 new jobs





HEALTHCARE

With 20 employers in the healthcare sector, Louisville is at the forefront of the nation's healthcare trends. Nationally-recognized Fortune 500 companies, Humana and Kindred Healthcare, are headquartered in Louisville. Moreover, employment in the office and medical-related occupations in Jefferson County (which are the backbone of Louisville's east-end economy) are projected to grow by 18.2% county wide from 2010 to 2020 (Kentuckiana Occupational Outlook). Median annual pay for these occupations is 30% higher than the average median annual pay for the county as a whole, which will positively impact renter demographics and income profiles.

Building upon the city's healthcare, research and life sciences industry, the University of Louisville Foundation initiated a project to foster economic development and innovation for Louisville's downtown community, called Nucleus Innovation Park, a nine acre urban life science research park located along the eastern edge of Downtown Louisville. Nucleus Innovation Park celebrated its grand opening in 2013. The presence of a science park attracts innovative and research-driven companies that help to grow Louisville's healthcare, research and sciences clusters even further.

HIGHER EDUCATION

Louisville is home to several universities, most notably including the University of Louisville which was founded in 1798. This world-class institution is home to nearly 22,400 students and is located in the heart of the city. Ranked #192 in National Universities by U.S. News and World Report in 2019, the university is internationally-recognized for the discovery of the world's first cervical cancer vaccine and the world's first wireless artificial heart transplant. Its Health Sciences Center is situated in Downtown Louisville's medical complex and houses the university's health-related programs and the University of Louisville Hospital. The university's Health Sciences Center is expanding its medical research complex and is projected to add 10,000 high paying jobs in the next 10 years. This summer, the Campus Activity Center is scheduled to reopen after a \$40M renovation and expansion.

CULTURE

Louisville is home to many annual cultural events. Perhaps most well-known is the Kentucky Derby, held annually during the first Saturday of May. The Derby is preceded by a two-week-long Kentucky Derby Festival, which starts with the annual Thunder Over Louisville, one of the largest annual fireworks display in North America. Moreover, Louisville has blossomed as a booming center for independent art, music and business.

Affiliated Business Disclosure & Confidentiality Agreement

CBRE, Inc. operates within a global family of companies with many subsidiaries and/or related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates may represent various clients with competing interests in the same transaction. For example, this Memorandum may be received by our Affiliates, including CBRE Investors, Inc. or Trammell Crow Company. Those, or other, Affiliates may express an interest in the property described in this Memorandum (the "Property") may submit an offer to purchase the Property and may be the successful bidder for the Property. You hereby acknowledge that possibility and agree that neither CBRE, Inc. nor any involved Affiliate will have any obligation to disclose to you the involvement of any Affiliate in the sale or purchase of the Property. In all instances, however, CBRE, Inc. will act in the best interest of the client(s) it represents in the transaction described in this Memorandum and will not act in concert with or otherwise conduct its business in a way that benefits any Affiliate to the detriment of any other offeror or prospective offeror, but rather will conduct its business in a manner consistent with the law and any fiduciary duties owed to the client(s) it represents in the transaction described in this Memorandum.

CONFIDENTIALITY AGREEMENT

This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE,

Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

NEITHER THE OWNER OR CBRE, INC, NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, MANAGERS, AFFILIATES OR REPRESENTATIVES MAKE ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM OR ANY OF ITS CONTENTS, AND NO LEGAL COMMITMENT OR OBLIGATION SHALL ARISE BY REASON OF YOUR RECEIPT OF THIS MEMORANDUM OR USE OF ITS CONTENTS; AND YOU ARE TO RELY SOLELY ON YOUR INVESTIGATIONS AND INSPECTIONS OF THE PROPERTY IN EVALUATING A POSSIBLE PURCHASE OF THE PROPERTY.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived. You hereby agree that the Owner of the Property is an intended third-party beneficiary of this Confidentiality Agreement and shall have the right to enforce

the provisions of this Confidentiality Agreement.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

DISCLAIMER

© 2020 CBRE, Inc. The information contained in this document has been obtained from sources believed reliable. While CBRE, Inc. does not doubt its accuracy, CBRE, Inc. has not verified it and makes no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

Photos herein are the property of their respective owners and use of these images without the express written consent of the owner is prohibited.

CBRE and the CBRE logo are service marks of CBRE, Inc. and/or its affiliated or related companies in the United States and other countries. All other marks displayed on this document are the property of their respective owners.

Actual Locations



NET LEASE PROPERTY GROUP CONTACTS

Chris Bosworth
Vice Chairman
T +1 404 923 1486
chris.bosworth@cbre.com

Matt Mountjoy
Capital Markets Manager
+1 404 504 5939
matthew.mountjoy@cbre.com

Robert Schwartz
Senior Vice President
T +1 502 412 7606
robert.schwartz@cbre.com

Cyrus Felfeli
Capital Markets Analyst
+1 404 812 5065
cyrus.felfeli@cbre.com

www.cbre.com/alpgatlanta

CBRE