

LONG TERM
10-YEAR LEASE

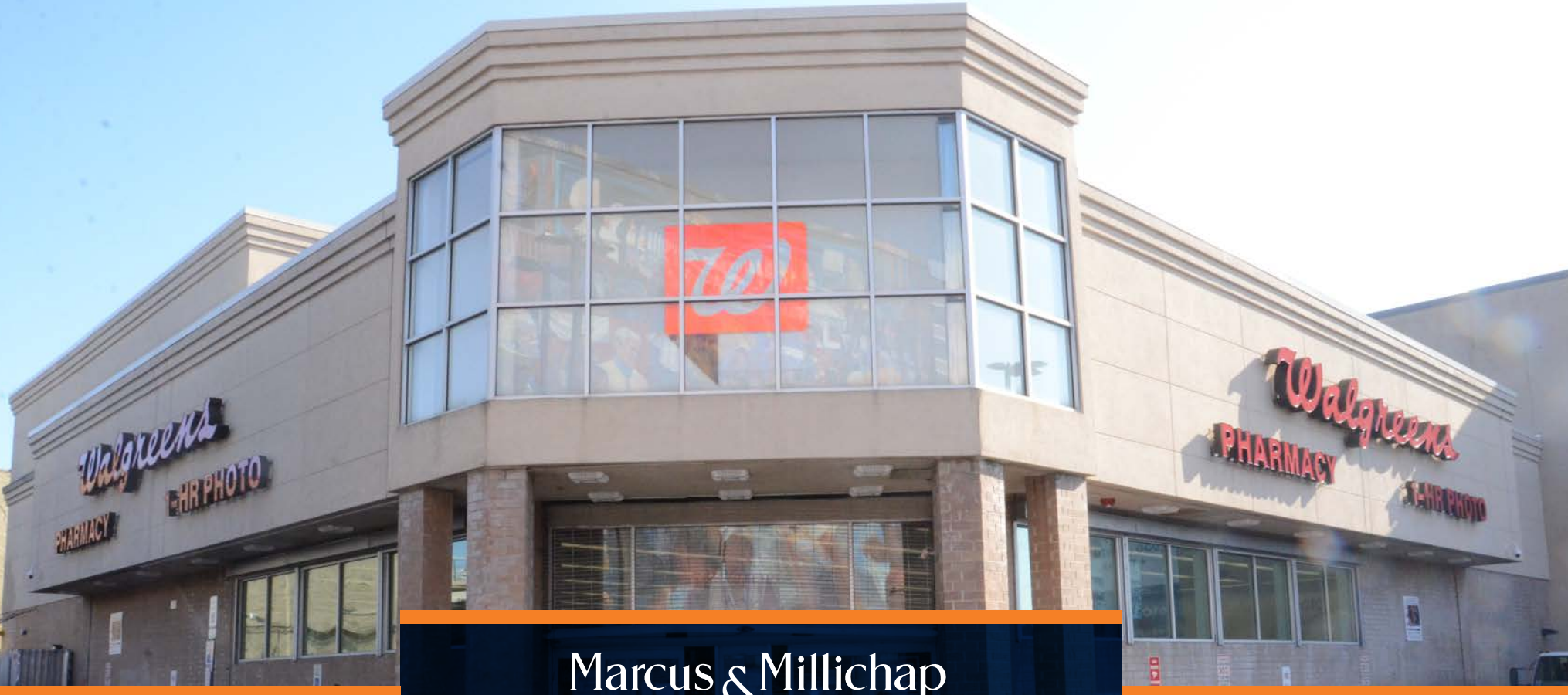
OFFERING MEMORANDUM



1809-11 E ALLEGHENY AVE
PHILADELPHIA, PA 19134

FIVE-PERCENT
RENTAL INCREASES

SUBJECT PROPERTY



Marcus & Millichap

WALGREENS

PHILADELPHIA MSA

DOUBLE NET | FOUR, 5-YEAR OPTIONS WITH 5.00% INCREASES | EXTENDED LEASE

NET LEASED & CONFIDENTIALITY DISCLAIMER

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Walgreens - Philadelphia PA Activity ID: ZAB0300385

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section 1 Executive Summary

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OFFERING SUMMARY

PRICE	CAP	NOI
\$4,750,000	6.53%	\$310,000

WALGREENS - PHILADELPHIA PA

Operator	Walgreens Co.
Guarantor	Walgreens Eastern Co., Inc.
Lease Type	Double Net
Initial Base Lease Term	20 Years
Rent Commencement	5/1/2002
Firm Term Remaining	±10 Years
Firm Term Expiration	9/30/2030
Lease Expiration	9/30/2050
Options	Four, 5-Year Option Periods
Increases	5.00% Increases (Commencement of Future Option Periods)
Gross Leaseable Area	±16,185 SF
Lot Size	±0.53 Acres
Year Built	2001
Zoning	CMX3
Opportunity Zone	Yes

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**Subject
Property**
±0.53 Acres
(Area Approximated)



1809 - 11 E ALLEGHENY AVE
PHILADELPHIA, PA 19134

Marcus & Millichap is proud to present Walgreens, a Double Net Leased Drugstore located in the heart of Philadelphia, PA. The site consists of an estimated ± 0.53 acres of land and a 16,185-square-foot single tenant pharmacy constructed in 2001. The subject property is situated on a hard corner at the signalized intersection of Kensington Avenue and East Allegheny Avenue adjacent to Allegheny Station, a major stop along the Market Frankford Line operated by SEPTA.

The corporately guaranteed lease commenced on May 1, 2002 with a twenty-year base term followed by option periods of five-years. Landlord and tenant negotiated to exercise a one-time lease renewal to commence October 1, 2020 with annual rent of \$310,000. The renewal features a ten year base term with followed by four, 5-year options with rent increases of five percent at the beginning of each renewal period.

Walgreen Boots Alliance is publicly traded on the NYSE under ticker "WBA," with 2018 revenue of over \$131 billion and carries S&P "BBB/Stable" investment-grade credit. WBA currently operates more than 14,300 retail pharmacies worldwide with over 9,000 in the U.S. alone. In 2018, Walgreens closed on the purchase of 1,932 stores from competitor Rite Aid for \$4.4 billion, gaining significant synergies and market share.

Subject property receives high foot traffic from SEPTA rail commuters using the adjacent station and is rated with a Walk Score of 95 and a Transit Score of 68. The subway line is a flourishing network providing access to every area in the system through bus, rail and trolley. The station has become a central retail hub within the neighborhood and attracted retailers including Walgreen's, Bank of America, Dunkin' and Wells Fargo.

The neighborhood has recently seen a large influx of young urban professionals and gentrification. The area is just northeast of Center City and West of Port Richmond. Bordering neighborhoods include West Kensington and Fair-Hill to the west, Olde Kensington and Fishtown to the south, Olde Richmond and Port Richmond to the east, and Juniata to the north. Population within one mile of the property as of 2019 is 67,122 representing cumulative growth of approximately 8.25 percent in the 19 years since the 2000 census with continued growth of an additional two percent projected through 2024. The population within a three-mile radius is 397,738.



INVESTMENT HIGHLIGHTS

STRONG CORPORATE TENANT

- Investment Grade Corporate Guarantee (BBB S&P)
- Largest Retail Pharmacy in both the USA and Europe
- US Total Store Count of over 9,000

EXCELLENT LEASE TERMS

- Four, Five-Year Option Periods
- Increase of 5.00% at Commencement of Option Periods
- Tenant Responsible for Taxes, Insurance and Maintenance
- Fee Simple Ownership Enabling Building Depreciation

IDEAL RETAIL LOCATION

- Signalized Intersection East Allegheny Avenue and Kensington Avenue
- Daily Traffic Counts of Over 20,000
- Adjacent to SEPTA Allegheny Train Station

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SUBJECT PHOTO



section 2 Property Description

local and regional maps

tenant overview

property details

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TENANT PROFILE // WALGREENS

DESCRIPTION

Walgreens is one of the largest drugstore chains. The poster-child of net lease properties, Walgreens has been a highly traded investment property given the low risks typically associated with these drugstore properties. Additionally, the drugstore sector remains stable given is non-discretionary merchandise offerings.

Walgreens is owned by the Walgreens Boots Alliance, Inc. This parent company is currently the largest retail pharmacy in the US and Europe, with 13,200 stores in over 11 countries. Walgreens Boots Alliance was created through the combination of Walgreens and Alliance Boots in December 2014.

This transaction brought together two leading companies with iconic brands, complementary geographic footprints, shared values and a heritage of trusted healthcare services through pharmaceutical wholesaling and community pharmacy care, dating back more than 100 years. Walgreens had been in merger talks with Rite Aid since 2015. In June of 2017, the pharmacies announced the merger was off however Walgreens acquired over 1,900 Rite Aid locations.

Walgreens is a market leader in the US and has 8,175 retail stores which includes Walgreens and Duane Reade. Walgreens owns 15% of these retail locations and the rest are leased.

TENANT PROFILE // WALGREENS

HIGHLIGHTS

Tenant Trade Name	Walgreens Pharmacy
Employees	±342,000
Headquarters	Deerfield, IL
Ownership	Public
Guarantee	Corporate
Guarantor	Walgreens Eastern Co., Inc. (BBB/Stable S&P Rating)
Stock Ticker	WBA
Current Price	\$35.71 as of 9/22/20
52 Week High/Low	\$64.50 / \$33.88
Website	www.Walgreens.com
Store Count (World)	±13,200
Store Count (US)	±9,095
TTM Sales	\$138,7 Billion



PROPERTY DETAILS // WALGREENS

MONTHLY RENT

\$25,833

ANNUAL RENT

\$310,000

RENT PER SF

\$19.15

PRICE

\$4,750,000

PRICE PER SF

\$293.48

PROPERTY SUMMARY

Total Square Footage	±16,185
Space Use	Single Tenant Retail
Acreage	±0.53
Year Built	2001
Type of Ownership	Leased Fee (Fee Simple)
Zoning	Commercial (CMX3)
Street Address	1809-11 E Allegheny Ave
City, State, Zip	Philadelphia, PA 19134
County	Philadelphia
MSA	Philadelphia
Parking Capacity	±24 Vehicles

LEASE SUMMARY

Type	Double Net Lease
Rent Commencement	May 01, 2002
Firm Term Expiration	September 30, 2030
Lease Term Remaining	±10 Years
Increases	5.00% Upon Renewals
Renewal Options	Four, 5-Year Options
General Maintenance	Tenant
Real Estate Taxes	Tenant
Insurance	Tenant
Roof and Structure	Landlord
Right of First Refusal	Yes, 45-Day Option



section 3
Financial Analysis



annualized income

.....

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ANNUALIZED INCOME // WALGREENS

CAP RATE

6.53%

NOI

\$310,000

PRICE

\$4,750,000

PRICE PER SF

\$293.48

CASH / CASH*

7.49%

THE OFFERING

Property	Walgreens
Property Address	1809-11 E Allegheny Ave Philadelphia, PA 19134
Price	\$4,750,000
Capitalization Rate	6.53%
Price/SF	\$293.48

PROPERTY DESCRIPTION

Year Built / Renovated	2001
Gross Leasable Area	16,185 SF
Zoning	CMX3
Type of Ownership	Fee Simple
Lot Size	0.53 Acres

LEASE SUMMARY

Property Subtype	Net Leased Drug Store
Tenant	Walgreens
Rent Increases	5% each Five Year Period
Guarantor	Corporate Guarantee
Lease Type	NN
Lease Commencement	May 1, 2002
Lease Expiration	September 30, 2030
Lease Term	28
Term Remaining on Lease (Years)	10.0
Renewal Options	Four Five-Year Options
Landlord Responsibility	Roof and Structure
Tenant Responsibility	Insurance, Taxes and Maintenance
Right of First Refusal/Offer	Yes: 45 Day Option

ANNUALIZED OPERATING INFORMATION**INCOME**

Net Operating Income	\$310,000
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RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$310,000	\$25,833	\$19.15	6.53%
Year 2	\$310,000	\$25,833	\$19.15	6.53%
Year 3	\$310,000	\$25,833	\$19.15	6.53%
Year 4	\$310,000	\$25,833	\$19.15	6.53%
Year 5	\$310,000	\$25,833	\$19.15	6.53%
Year 6	\$310,000	\$25,833	\$19.15	6.53%
Year 7	\$310,000	\$25,833	\$19.15	6.53%
Year 8	\$310,000	\$25,833	\$19.15	6.53%
Year 9	\$310,000	\$25,833	\$19.15	6.53%
Year 10	\$310,000	\$25,833	\$19.15	6.53%
Option 1	\$325,500	\$27,125	\$20.11	6.85%
Option 2	\$341,775	\$28,481	\$21.12	7.20%
Option 3	\$358,863	\$29,905	\$22.17	7.56%
Option 4	\$376,806	\$31,401	\$23.28	7.93%

ANNUALIZED INCOME // WALGREENS

CAP RATE
6.53%

NOI
\$310,000

PRICE
\$4,7570,000

PRICE PER SF
\$293.48

CASH / CASH*
7.49%

CAP Rate	Price	Price/SF	Initial Cash-on-Cash
6.53%	\$4,750,000	\$293.48	7.49%

Operating Information

NOI as of 2020	\$310,000
Rent/SF	\$19.15
Gross Leasable Area	16,185 SF

Financing

New Acquisition Financing	\$3,087,500
Loan To Value	65.00%
Interest Rate	3.50%
Amortization Period	25 Years
Loan Constant	6.01%
Annual Debt Service Payment	\$185,481
Year 1 Debt Service Coverage	1.67
Year 1 Debt Yield	10.04%
Year 1 Net Cash Flow After Debt Service	\$124,519



LEASE SUMMARY

Tenant:	Walgreens
Guarantor:	Corporate Guarantee
Credit Rating:	BBB Rated Credit Tenant
Rent Commencement:	May 2002
Remaining Term	±10 Years

Options:	Five Year Option with 5% Increase Five Year Option with 5% Increase Five Year Option with 5% Increase Five Year Option with 5% Increase
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Lease Type:	Double Net
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Base Rent:	\$19.15 / SF / Year \$1.60 / SF / Month \$310,000 Annual Rent
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Rent Increases:	5% Each Renewal Period
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*Cash on Cash and Total Return for Year One of Ownership with Financing Quote Provided

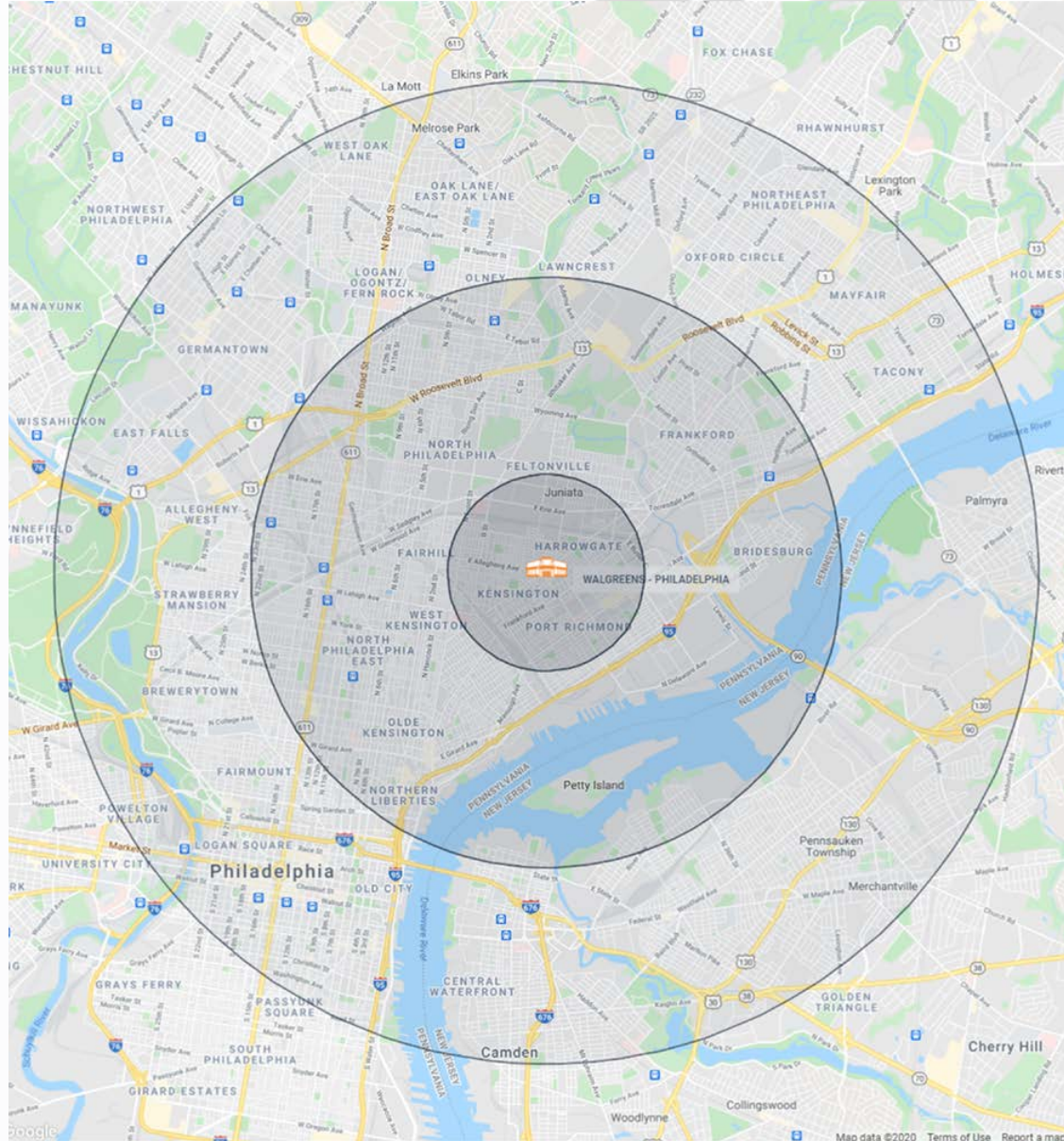


DEMOGRAPHICS // WALGREENS

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	68,467	382,781	976,106
■ 2020 Estimate			
Total Population	67,122	374,358	957,095
■ 2010 Census			
Total Population	64,868	357,417	916,431
■ 2000 Census			
Total Population	62,005	354,419	897,934
■ Current Daytime Population			
2020 Estimate	44,418	325,341	1,000,879
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	21,811	133,496	375,403
■ 2020 Estimate			
Total Households	21,323	129,126	364,421
Average (Mean) Household Size	3.09	2.82	2.54
■ 2010 Census			
Total Households	20,611	122,730	348,609
■ 2000 Census			
Total Households	20,466	119,814	339,189
■ Occupied Units			
2025 Projection	21,811	133,496	375,403
2020 Estimate	24,316	147,395	410,958
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$150,000 or More	2.37%	3.62%	8.26%
\$100,000 - \$149,000	6.53%	6.64%	9.75%
\$75,000 - \$99,999	7.37%	7.52%	9.26%
\$50,000 - \$74,999	15.05%	14.27%	15.53%
\$35,000 - \$49,999	11.82%	12.51%	12.20%
Under \$35,000	56.85%	55.44%	45.00%
Average Household Income	\$43,201	\$46,869	\$66,391
Median Household Income	\$29,932	\$30,390	\$40,962
Per Capita Income	\$13,844	\$16,509	\$25,689

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$60,341	\$61,373	\$70,597
■ Consumer Expenditure Top 10 Categories			
Housing	\$17,816	\$18,169	\$21,070
Transportation	\$10,350	\$10,259	\$11,223
Shelter	\$10,302	\$10,556	\$12,636
Food	\$6,379	\$6,466	\$7,513
Personal Insurance and Pensions	\$5,307	\$5,483	\$7,013
Utilities	\$3,590	\$3,655	\$4,019
Health Care	\$3,575	\$3,697	\$4,214
Entertainment	\$2,568	\$2,569	\$2,989
Household Furnishings and Equipment	\$2,210	\$2,222	\$2,319
Apparel	\$1,346	\$1,351	\$1,603
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	67,122	374,358	957,095
Under 20	35.27%	31.00%	26.63%
20 to 34 Years	24.28%	25.35%	26.73%
35 to 39 Years	7.22%	6.83%	7.21%
40 to 49 Years	11.72%	11.52%	11.51%
50 to 64 Years	14.12%	15.92%	16.57%
Age 65+	7.41%	9.39%	11.35%
Median Age	29.44	31.12	33.07
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	39,171	229,404	632,180
Elementary (0-8)	10.85%	7.12%	4.73%
Some High School (9-11)	20.07%	16.48%	12.19%
High School Graduate (12)	39.85%	38.61%	33.32%
Some College (13-15)	11.11%	15.10%	15.60%
Associate Degree Only	4.98%	5.02%	5.18%
Bachelors Degree Only	7.03%	9.82%	15.18%
Graduate Degree	3.39%	4.85%	11.39%

DEMOGRAPHICS // WALGREENS



CREATED ON SEPTEMBER 22, 2020

POPULATION

	1 Miles	3 Miles	5 Miles
2025 Projection	68,467	382,781	976,106
2020 Estimate	67,122	374,358	957,095
2010 Census	64,868	357,417	916,431
2000 Census	62,005	354,419	897,934

INCOME

Average	\$43,201	\$46,869	\$66,391
Median	\$29,932	\$30,390	\$40,962
Per Capita	\$13,844	\$16,509	\$25,689

HOUSEHOLDS

2025 Projection	21,811	133,496	375,403
2020 Estimate	21,323	129,126	364,421
2010 Census	20,611	122,730	348,609
2000 Census	20,466	119,814	339,189

HOUSING

2020	\$77,829	\$96,331	\$147,959
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EMPLOYMENT

2020 Daytime Population	44,418	325,341	1,000,879
2020 Unemployment	7.75%	7.01%	5.35%
2020 Median Time Traveled	36	37	35

RACE & ETHNICITY

White	40.71%	32.53%	35.52%
Native American	0.11%	0.09%	0.07%
African American	18.35%	36.82%	39.81%
Asian/Pacific Islander	2.80%	4.31%	6.85%



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