

Marcus & Millichap

Walgreens Zero Cashflow (Leasehold) Offering Memorandum

11700 SW 104th St., Miami, FL 33186



Florida Broker of Record
Ryan Nee
License: 3154667

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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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ACT ID: ZAB0280499

INVESTMENT OVERVIEW

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FINANCIAL OVERVIEW

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LOCATION OVERVIEW

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Marcus & Millichap



Representative Photo



INVESTMENT OVERVIEW

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Purchase Price: \$2,732,674

Debt Balance: \$2,365,952

Equity Required: \$366,722

Investment-Grade Tenant/Guarantor

Lease is guaranteed by Walgreens (NASDAQ: WBA), an investment-grade tenant with sales of \$136 billion and a S&P rating of BBB/Stable.

Absolute NNN Lease

A true passive investment with no landlord responsibilities

Fully Depreciable Basis

100% depreciable with potential for accelerated depreciation through cost segregation analysis

Significant Cash Flow Potential

Loans are fully self-amortizing and option rent is at fair market value. There are no rent holidays.

Pay Down Re-Advance Feature on Debt

Debt structure allows investors to extract significant equity tax free through the optional pay down re-advance feature.

OFFERING PRICE	% EQUITY OVER DEBT	TERM REMAINING
\$2,732,674	15.50%	19 Years

Vital Data

Price @ 15.5% Equity Over Debt	\$2,732,674
Debt Balance as of 10/25/2020	\$2,365,952
Price / SF	\$189.65
Rent / SF	\$12.83
Net Operating Income	\$184,869
Gross Leasable Area	14,409 Sq. Ft.
Year Built	2010
Lot Size	1.40 acres
Lease Type	Absolute NNN



Walgreens | 11700 SW 104th St | Miami, FL

LOCATION HIGHLIGHTS



11700 SW 104th Street
Miami, FL 33186



447,498
Five-Mile Population



\$101,861
One-Mile Average Household Income



Located at a Hard Corner
Signalized Intersection



87,000
Vehicles Per Day

Marcus and Millichap is pleased to present a Walgreens leasehold interest in Miami, FL. The property is subject to an absolute NNN lease with a firm term of 19 years remaining. There are no rent holidays, and the debt is fully self-amortizing. The existing zero cashflow loan must be assumed and includes the attractive pay down re-advance feature. It is priced at 15.5% equity over the debt balance.

Walgreens is the second largest pharmacy chain in the US. It specializes in filling prescriptions, health and wellness products, health information, and photo services. The company operates more than 9,277 locations across all 50 states and US territories. Walgreens was founded in Chicago, IL in 1901 and went public in 1927. It is headquartered in the Chicago suburb of Deerfield, IL.

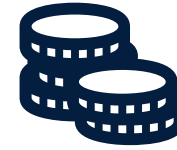
The subject property is ideally positioned on a hard corner signalized intersection with more than 87,000 combined vehicles per day. Walgreens is an out-parcel to a Publix-anchored shopping center. There are many other national tenants in the center including Chase Bank, Subway, Hair Cuttery, and more. The property is uniquely positioned less than one-mile away from Miami Dade College Kendall Campus which has more than 66,500 students. Other traffic drivers in the immediate area include numerous schools grades K-12, Killian Palms Country Club, numerous religious worship facilities, and more. The area is very affluent with the average household income exceeding \$101,000 within one-mile of the subject property.

The Miami real estate market is nothing short of impressive. Located on the Southeast tip of the Florida peninsula, The Magic City has developed a reputation for pristine white-sand beaches, great weather, even better food, and an eclectic culture that can't be found anywhere else. Miami-Dade county alone has more than 2.7 million residents and has the sixth fastest growing population nationwide. Commercial real estate in Florida and South Florida have been strong, consistently performing investments for both domestic and global investors.

Investment Highlights

- Zero Cashflow Structure with Assumable Self Amortizing Debt
- Absolute NNN Corporately Guaranteed Lease
- Investment Grade Tenant | BBB (S&P)
- Out-Parcel to a Publix Anchored Shopping Center
- Excellent Visibility | 87,000 Vehicles Per Day
- Attractive Paydown Re-Advance Feature on Debt
- Strong Demographics | Over 447,000 People in Five Miles
- Affluent Area | Average Household Income Exceeds \$101,000
- Located 0.8 Miles to Miami Dade College Kendall Campus | 66,500 Students





2019 SALES: \$136.9B

*2019 Financial Statement



NYSE:
WBA



9,277+
LOCATIONS



FOUNDED IN
1901



Founded in 1901, Walgreens Boots Alliance, Incorporated is the nation's largest drugstore chain. Charles R. Walgreen built the chain from a single drugstore where he created his own drug products. By 1919 there were 20 stores, and in 1927 the Company went public. Today, Walgreens operates over 9,277 stores in all 50 states, DC, Puerto Rico and the United States Virgin Islands. More than 400 of its stores offer medical services through its Healthcare Clinics. Additionally, the Company operates digital businesses that include Walgreens.com, drugstore.com, Beauty.com, SkinStore.com and VisionDirect.com.

In December 2014, Walgreens acquired the remaining 55 percent of European retailer and wholesaler Alliance Boots, and reorganized under a holding company called Walgreens Boots Alliance, Incorporated, headquartered in Chicago. The Walgreen chain now constitutes the Retail Pharmacy USA Division of Walgreens Boots Alliance, Incorporated.

Recently, Walgreens received regulatory approval from the Federal Trade Commission to buy 1,932 stores from Rite Aid for \$4.38 billion. This will include Rite Aid's three distribution centers located in Dayville, Connecticut; Philadelphia, Pennsylvania; and Spartanburg, South Carolina.



FINANCIAL OVERVIEW

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Paydown Re-Advance Overview

Paydown Re-Advance is an attractive feature of the existing debt which allows a 1031 exchange investor to cover the debt and equity requirements of an exchange while extracting the maximum amount of non-taxable cash proceeds from the transaction.

The following scenario illustrates how the paydown re-advance feature could be utilized in an all cash transaction. Note this also works well for exchanges with debt and equity to replace.

Scenario: An Investor with a \$2.5 million downleg is seeking to acquire one or more properties to complete a 1031 Exchange. The Investor can purchase the Walgreens Zero Cashflow Leasehold by assuming the in-place debt of \$2.4 million and investing the required equity of \$370k.

Step 1: The Investor's \$370k of equity is applied to the purchase of the Walgreens Zero Cashflow Leasehold which covers the required equity of the transaction.

Step 2: \$2.13 million of the Investor's equity (the excess of the Investor's \$2.5 million of equity from the downleg trade over the \$370k required to purchase the Walgreens Zero Cashflow Leasehold) is applied to temporarily paydown the current debt balance of the asset. The resulting interim debt balance is \$270k.

Step 3: The debt is re-advanced from the interim debt balance of \$270k to the previous debt balance of \$2.4 million, and the Investor's \$2.13 million of excess equity is returned to the Investor without any tax liability

Result: The Investor has now satisfied 100% of the exchange requirement (both debt and equity) and extracted \$2.13 million of non-taxable cash proceeds to be used as the Investor chooses without tax liability.

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Offering Summary	
Property Address	11700 SW 104th St. Miami, FL 33186
Store Number	12260
Price @ 15.5% Equity Over Debt	\$2,732,674
Equity Required	\$366,722
Net Operating Income	\$184,869
Price / SF	\$189.65
Rent / SF	\$12.83

Assumable Loan Information	
Debt Balance as of 10/25/2020	\$2,365,952
Interest Rate	4.46%
Loan Maturity Date	November 25, 2039

Annualized Operating Data			
Year	Annual Rent	Monthly Rent	Rent/SF
Years 1-35	\$184,869	\$15,406	\$12.83
Years 36-55	FMV	FMV	FMV

Lease Summary	
Property Subtype	Net Leased Drug Store
Tenant	Walgreens
Guarantor	Corporate
Lease Type	Absolute NNN
Lease Commencement	November 7, 2014
Lease Expiration	July 31, 2069
First Termination Option	November 30, 2039
Firm Term Remaining	19 Years
Landlord Responsibility	None
Tenant Responsibility	Taxes, Maintenance, Insurance
Right of First Refusal	Yes - 21 Days

Property Description	
Year Built	2010
Gross Leasable Area	14,409 Sq. Ft.
Lot Size	1.40 acres
Type of Ownership	Leasehold Interest

Ground Lease Information	
Rent Commencement	July 10, 2009
Lease Expiration	July 31, 2069



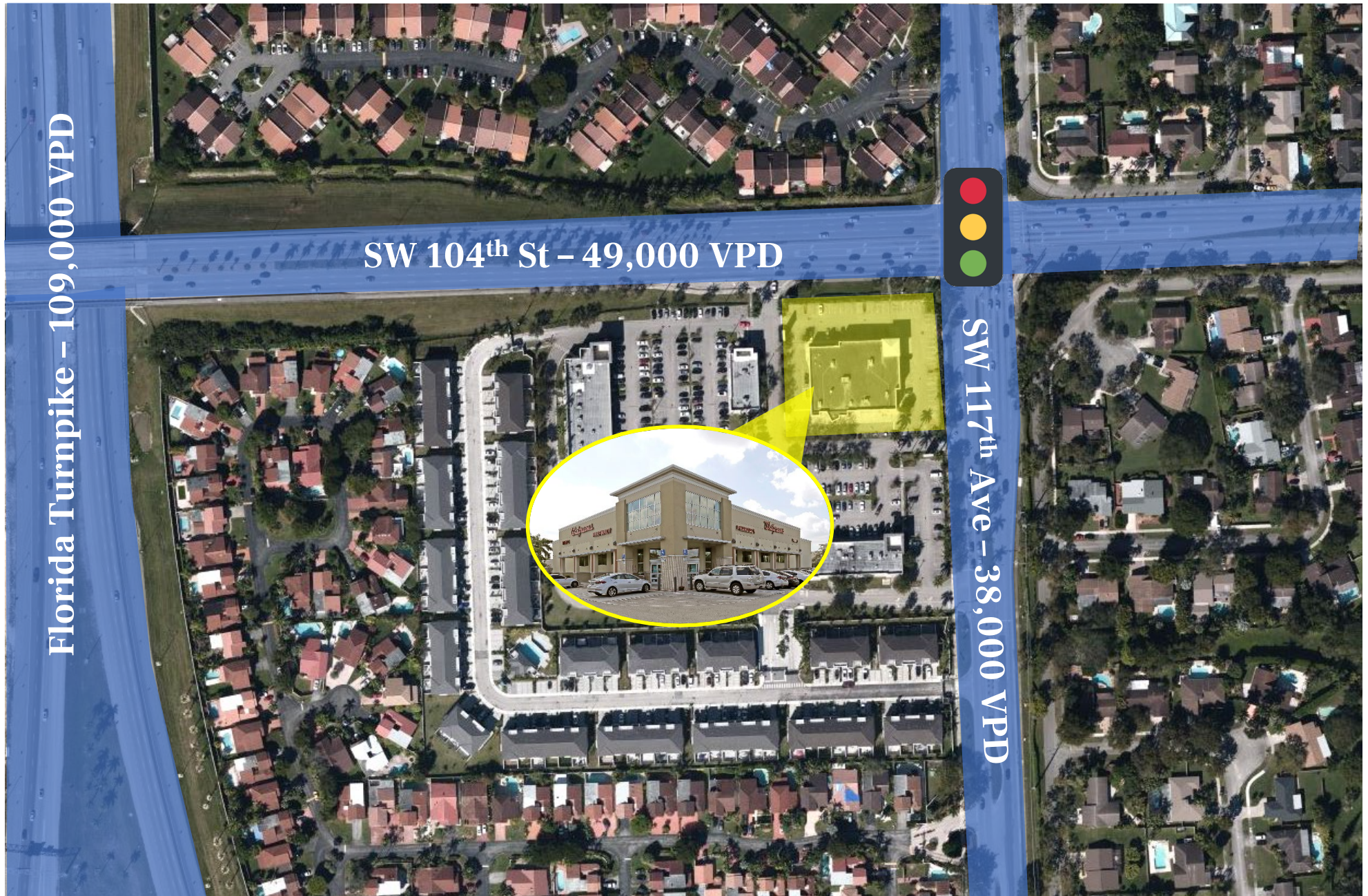
LOCATION OVERVIEW

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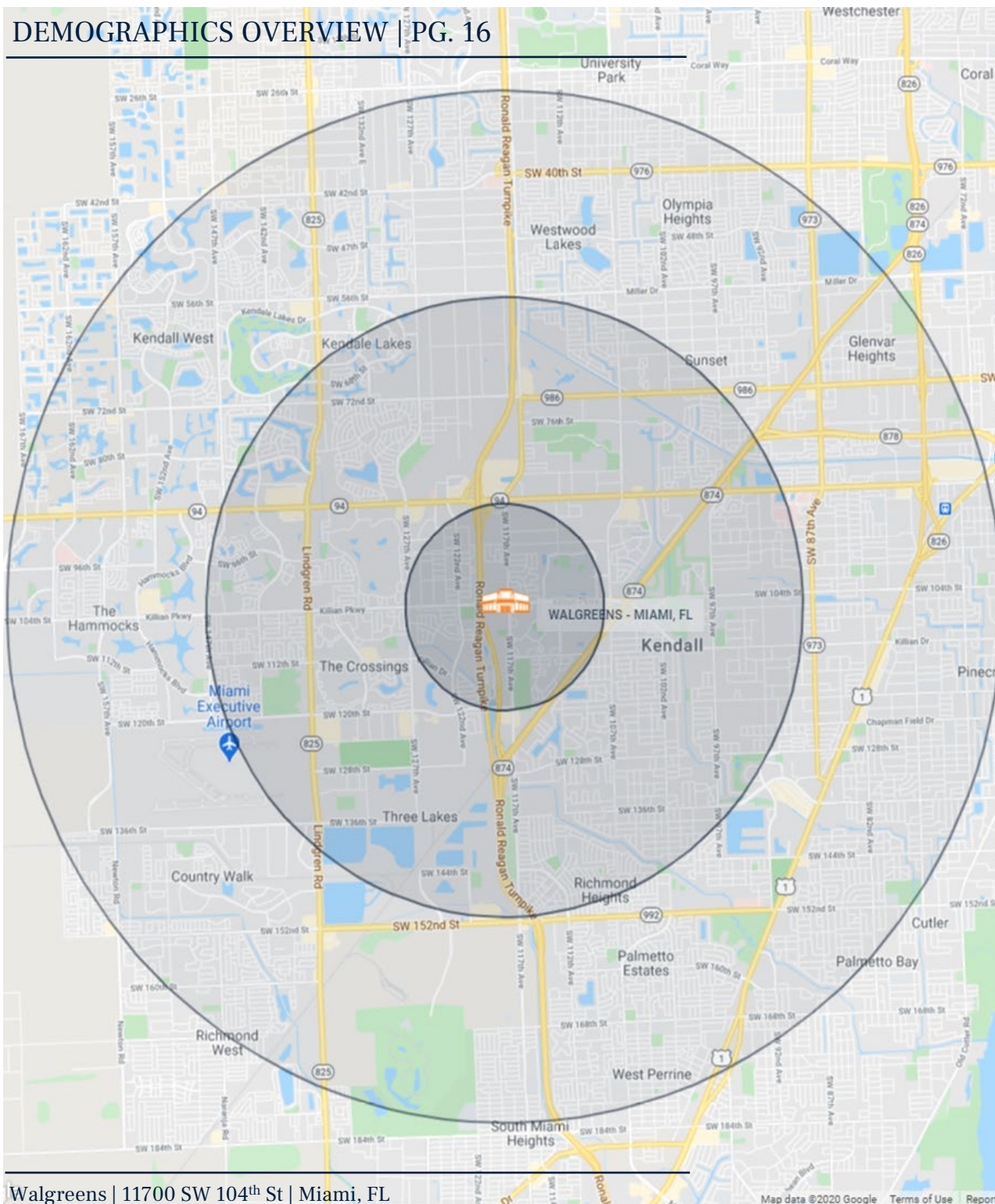
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11700 SW 104th St., Miami, FL 33186









Walgreens | 11700 SW 104th St | Miami, FL



Demographics Summary

	1 Miles	3 Miles	5 Miles
POPULATION			
2025 Projection	18,725	159,218	454,212
2020 Estimate	18,709	158,004	447,498
2010 Census	18,027	150,319	420,557
2000 Census	20,027	144,700	403,918
INCOME			
Average	\$101,861	\$98,729	\$95,992
Median	\$69,153	\$70,870	\$68,456
Per Capita	\$39,353	\$35,251	\$32,174
HOUSEHOLDS			
2025 Projection	7,240	56,881	152,038
2020 Estimate	7,225	56,300	149,543
2010 Census	6,891	53,050	139,369
2000 Census	7,806	50,397	132,679
HOUSING			
2020	\$294,636	\$298,910	\$302,044
EMPLOYMENT			
2020 Daytime Population	16,795	151,198	394,471
2020 Unemployment	3.11%	3.10%	3.18%
2020 Median Time Traveled	37	38	39
RACE & ETHNICITY			
White	89.20%	85.62%	85.15%
Native American	0.01%	0.02%	0.02%
African American	3.18%	6.72%	7.25%
Asian/Pacific Islander	2.73%	2.69%	2.51%

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