

Walgreens

Walgreens Single Tenant NNN Investment

15 Years Remaining • Strong Store Sales • 5% Rental Increases

1812 Holloway Street, Durham, NC

PROPERTY HIGHLIGHTS

- Rare 5% Increases Every 5 Years – During Initial Term and Options
 - 15 Years Remaining on 25 Year – Absolute NNN Lease
 - Strong Store Sales – Over \$6.5 Million in 2015
- Close Proximity to Duke University – Approx. 14,950 Student Enrolled
 - Hard Corner Location with Multiple Points of Ingress and Egress
 - Prototypical Drug Store with Drive-Thru – Former Kerr Drug
- Large Land Parcel – Approx. 1.83 Acres - Additional Land for Potential Development
 - Infill Location – Over 166,000 People w/in a Five Mile Radius
 - Less than Half-Mile from Interstate 70 – Excellent Traffic





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Property Overview



Property Summary

We are pleased to offer to qualified investors an opportunity to purchase a single tenant (land and building) absolute NNN Walgreens (NYSE: WAG), strategically positioned on a hard corner with excellent site fundamentals and a rare rental increase schedule: **5% increases every 5 years**. The property, which commands excellent visibility, access, parking and a Drive-Thru lane, was built in 2006 and is on an absolute NNN fee simple lease (includes ownership of land and building). The subject building is situated on a 1.83 acre lot, providing strong residual value. The lease offers investors a term that expires in 2051, with right of termination once every 5 years beginning in April 2031 (equates to approximately 15 years of fixed term). The building is comprised of 11,481 square feet and, at this location, annual sales are approximately \$6.5 million, which is representative of above-average sales volume.

The tenant, Walgreens, is the largest drug retailing chain in the United States, operating over 8,217 stores in all 50 states, the District of Columbia, Puerto Rico and the US Virgin Island. Founded in 1901, the company generated over \$76 Billion in net revenues in 2014, nets just under \$2 Billion in net profit (2014), and holds over \$37 Billion in total assets. It employs over 260,000 people and also runs several online stores, including Beauty.com, drugstore.com, and visiondirect.com. In 2014, Walgreens purchased the remaining 55% of Boots Alliance, creating a new holding company, Walgreens Boots Alliance (NASDAQ: WBA). This is a rare opportunity to purchase an extremely stable, absolute NNN asset leased to one of the strongest and most stable retail tenants in the US within a busy, proven retail trade area supported by strong density, demographic strength, and consistent traffic flows, which is supported by above-average annual sales volume.

Pricing Summary

List Price	\$7,393,000
NOI	\$417,708
CAP Rate	5.65%

Operating Expense Data

Annual Rent	\$417,708
Operating Expense	
Taxes	NNN
Insurance	NNN
CAM	NNN
Net Operating Income	\$417,708



Lease Summary



— *Approximately 15 Years of Fixed Term Remaining* —





Hard Corner Location - 3 Points of Ingress/Egress



Lease Abstract

Tenant Trade Name	Walgreens
Lease Commencement	April 24, 2006
Lease Expiration	April 30, 2031
Lease Term	25 Years
Term Remaining On Lease	15 Years
Rental Adjustments	Years 15-20 - \$438,592.92
Options	4-5 YR Options with 5% Increases Each Option
Base Rent	\$417,707.52
Rent PSF	\$36.38
Lease Type	Absolute NNN Lease
Roof And Structure	Tenant Responsible

Investment Highlights



CORPORATE CREDIT

- Walgreens (NYSE: WAG) - S&P Rated BBB, Moody's Baa1 - Investment Grade
- Walgreens of North Carolina, Inc - Subsidiary of Walgreens Corporate
- Largest Drugstore Chain the United States - Over 8,217 Stores Across 50 States
- Over \$76 Billion in Revenues - Approximately \$2B in Net Profit - Over 260,000 Employees
- Ranked #177 For Global 2000 Forbes List - #72 World's Most Powerful Brands
- **Market CAP of Approximately \$63 Billion** - Ranked #114 on Fortune 500 Largest Global Companies
- Ranked #35 in Fortune Magazine 500 Largest US Based Companies
- Ranked #5 for Fortune Magazine World's Most Admired Companies



Pharmacy Drive-Thru Lane



IDEAL DRUGSTORE LOCATION

- Hard Corner Location on Holloway Street - Over \$48,631 HHI Within 3 Miles
- Signalized Intersection - Across Street from McDonald's, Hardee's and the Village Shopping Center
- Surrounding Tenants include AutoZone, Dollar Tree, Family Dollar and Church's Chicken
- Just Blocks from I-70 Highway
- Approximately 76,233 Residents Within a 3-Mile Radius

STABLE INCOME - EASE OF MANAGEMENT

- Approximately **15 Years Remaining** with 4 - 5 Year Option Periods
- **RARE 5% Increases Every 5 Years** - Inflation Hedge
- Right of Termination Once Every 5 Yrs Begins in 2031
- Zero Landlord Responsibilities - **Tenant Pays All Expenses Directly**
- 2006 Construction - Drive-Thru - Signage
- Situated on 1.83 Acres - Strong Land Residual Value

Aerial Overview

DUKE HOMESTEAD

Parcel Details

Parcel	0831-12-86-4175
Building Area	11,481 SF
Land Area	1.83 Acres
Year Built	2006

1812 Holloway Street, Durham, NC

THE HOME DEPOT | **BED BATH & BEYOND** | **ROSS DRESS FOR LESS** | **COSTCO WHOLESALE**

 **NORTHGATE MALL**

TRINITY HEIGHTS

TRINITY PARK

DUKE PARK

Duke UNIVERSITY | **DUKE UNIVERSITY CENTRAL CAMPUS**

Duke UNIVERSITY | **DUKE UNIVERSITY CENTRAL CAMPUS**

Duke UNIVERSITY | **DUKE UNIVERSITY**



70

147

DURHAM

- 1 | Mc Donald's
- 2 | Shell
- 3 | Hardee's
- 4 | Church's Chicken
- 5 | Compare Foods
- 6 | Maxway
- 7 | Citgo
- 8 | Family Dollar
- 9 | Aaron's

DURHAM TECH | **DURHAM TECHNICAL COMMUNITY COLLEGE**

NCCU | **NORTH CAROLINA CENTRAL UNIVERSITY**

Aerial Overview

Tenant Overview





About Walgreens

Walgreens is the largest drugstore chain in the U.S., with more than 8,217 stores in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The company had fiscal 2014 sales of more than \$76 Billion. In December 2014, Walgreens completed its strategic combination with Alliance Boots to establish Walgreens Boots Alliance, Inc., forging the first global pharmacy-led, health and wellbeing enterprise. The combination brought together two leading companies with iconic brands, complementary geographic footprints, shared values and a heritage of trusted health care services through community pharmacy care and pharmaceutical wholesaling. Both companies have more than a century's worth of experience in customer and patient care. Walgreens is part of the Retail Pharmacy USA division of Walgreens Boots Alliance.

With stores located within five miles of 75 percent of Americans, and with popular online offerings and an award-winning mobile app, Walgreens interacts with 8 million customers a day. Whether it is for a prescription, last-minute grocery or gift needs, photo prints or beauty products, Walgreens helps customers quickly get in and get what they want with ultimate convenience, often finding an unexpected shopping need to fill along the way.



Walgreens Locations*

Location Types	Number of Locations		
	2014	2013	2012
Drugstores	8,207	8,116	7,930
Health and Wellness Centers	-	371	366
Infusion and Respiratory Services Facilities	91	82	76
Specialty Pharmacies	9	11	11
Mail Service Facilities	2	2	2
Total	8,309	8,582	8,385

*Walgreens Boots Alliance, Inc. (2014 Annual Report)



Area Overview



City of Durham, NC

Durham is a city in the U.S. state of North Carolina. It is the county seat of Durham County, though portions also extend into Wake County in the east and Orange County in the west. The U.S. Census Bureau estimated the city's population to be 251,893 as of July 1, 2014. Durham is the core of the four-county Durham-Chapel Hill Metropolitan Area, which has a population of 542,710 as of U.S. Census 2014 Population Estimates. The US Office of Management and Budget also includes Durham as a part of the Raleigh-Durham-Chapel Hill Combined Statistical Area, which has a population of 2,037,430 as of U.S. Census 2014 Population Estimates.

It is the home of Duke University and North Carolina Central University, and is also one of the vertices of the Research Triangle area (home of the Research Triangle Park).

Economy

Duke University and Duke University Health System are Durham's largest employers. In 2013, Durham ranked No. 10 on Forbes' list of the Best Places for Business and Careers.

Top City Employers (Source: Forbes Magazine; 2013)

Rank	Company/Organization	#
1	Duke University; Duke University Health System	34,863
2	IBM	10,000
3	Durham Public Schools	4,600
4	GlaxoSmithKline	3,700
5	Blue Cross & Blue Shield of NC	3,200
6	City of Durham	2,437
7	Fidelity Investments	2,400
8	Quintiles	2,400
9	RTI International	2,300
10	Durham VA Medical Center	2,162
11	Cree	2,125
12	AW North Carolina	2,000





City of Durham, NC

Education

The city is also home to the North Carolina School of Science and Mathematics, part of the University of North Carolina system and the nation's 1st public residential high school with a curriculum emphasizing science and mathematics. Durham Public Schools is the state's 7th largest public school system, serving more than 33,000 students.

Durham takes great pride in its educational resources and opportunities. Duke University is one of the nation's premier private institutions and one of the state's largest private employers. North Carolina Central University is an integral part of the University of North Carolina system, while Durham Technical and Community College is an important part of the region's effort to provide an educated and trained workforce.

Duke University

Younger than most other prestigious U.S. research universities, Duke University consistently ranks among the very best. Duke's graduate and professional schools — in business, divinity, engineering, the environment, law, medicine, nursing and public policy — are among the leaders in their fields. Duke's home campus is situated on nearly 9,000 acres in Durham, N.C, a city of more than 200,000 people. Duke also is active internationally through the Duke-NUS Graduate Medical School in Singapore, Duke Kunshan University in China and numerous research and education programs across the globe. More than 75 percent of Duke students pursue service-learning opportunities in Durham and around the world through DukeEngage and other programs that advance the university's mission of "knowledge in service to society."

Healthcare

Hospitals in Durham Include : Duke Regional Hospital, Durham Medical Center, Lincoln Community Center, Samaritan Health Center, Durham VA Medical Center, and Duke University Hospital, which has been recognized as one of the world's greatest health care providers by such publications as TIME and U.S. News & World Report. A full-service tertiary and quaternary care hospital, Duke University Hospital is licensed for 938 emergency care beds and 19 adult psychiatry beds.



Demographics



Regional Map



Population

Estimated Population (2016)

Projected Population (2021)

1-MILE 3-MILE 5-MILE

12,714 76,233 171,255

13,912 83,308 187,839



Households

Estimated Households (2016)

Projected Households (2021)

1-MILE 3-MILE 5-MILE

4,319 27,379 65,305

4,728 30,103 72,029



Income

Avg. Household Income (2016)

Median Household Income (2016)

1-MILE 3-MILE 5-MILE

\$36,291 \$48,631 \$56,160

\$26,151 \$33,659 \$40,401



Business Facts

Total # of Businesses (2016)

Total # of Employees (2016)

1-MILE 3-MILE 5-MILE

323 3,156 8,810

2,827 36,056 99,733

Estimated Population Growth of 12.35% within a 3-Mile Radius (2016-2021)

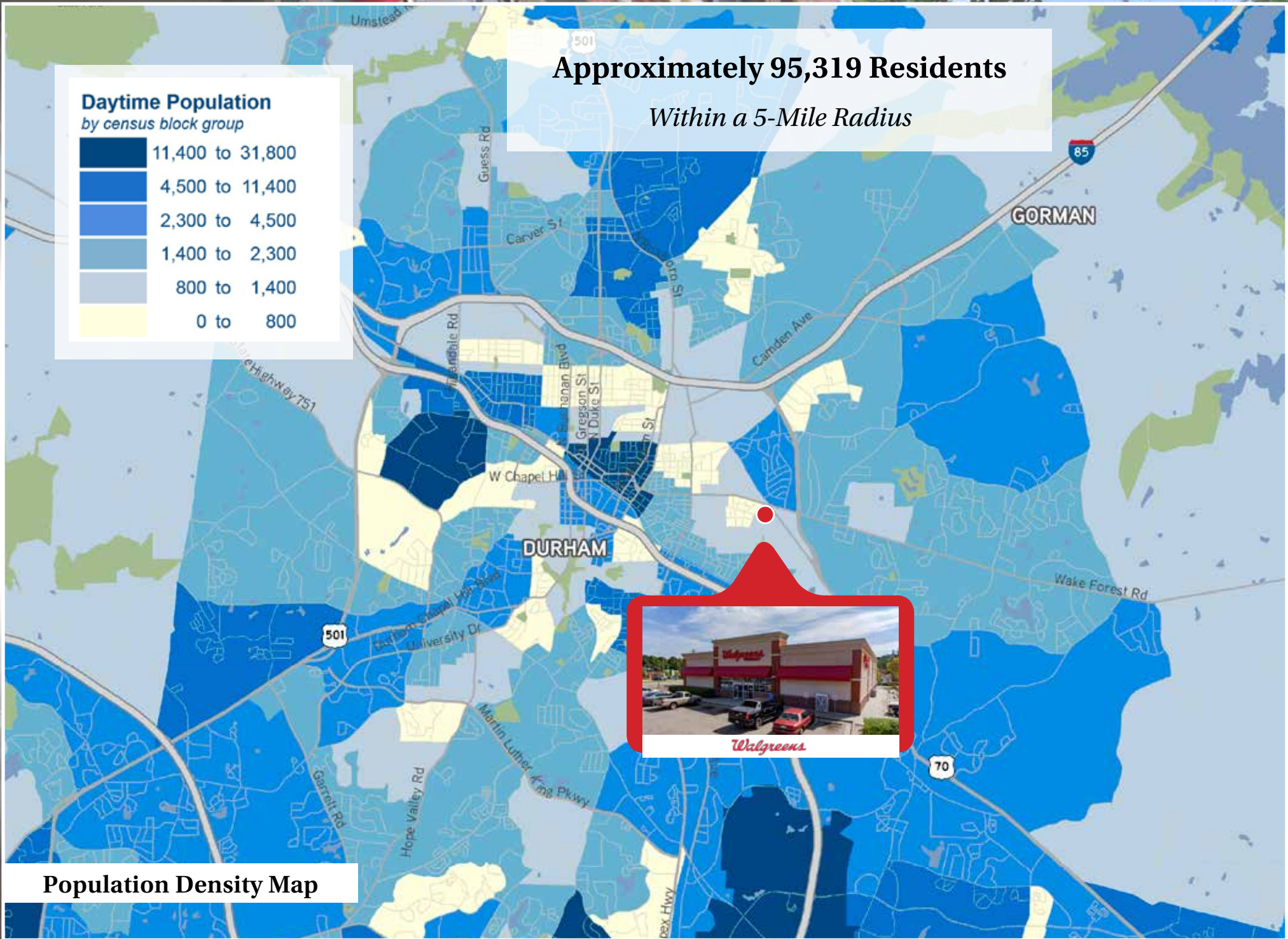
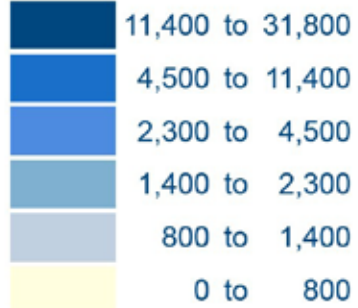


Approximately 95,319 Residents

Within a 5-Mile Radius

Daytime Population

by census block group



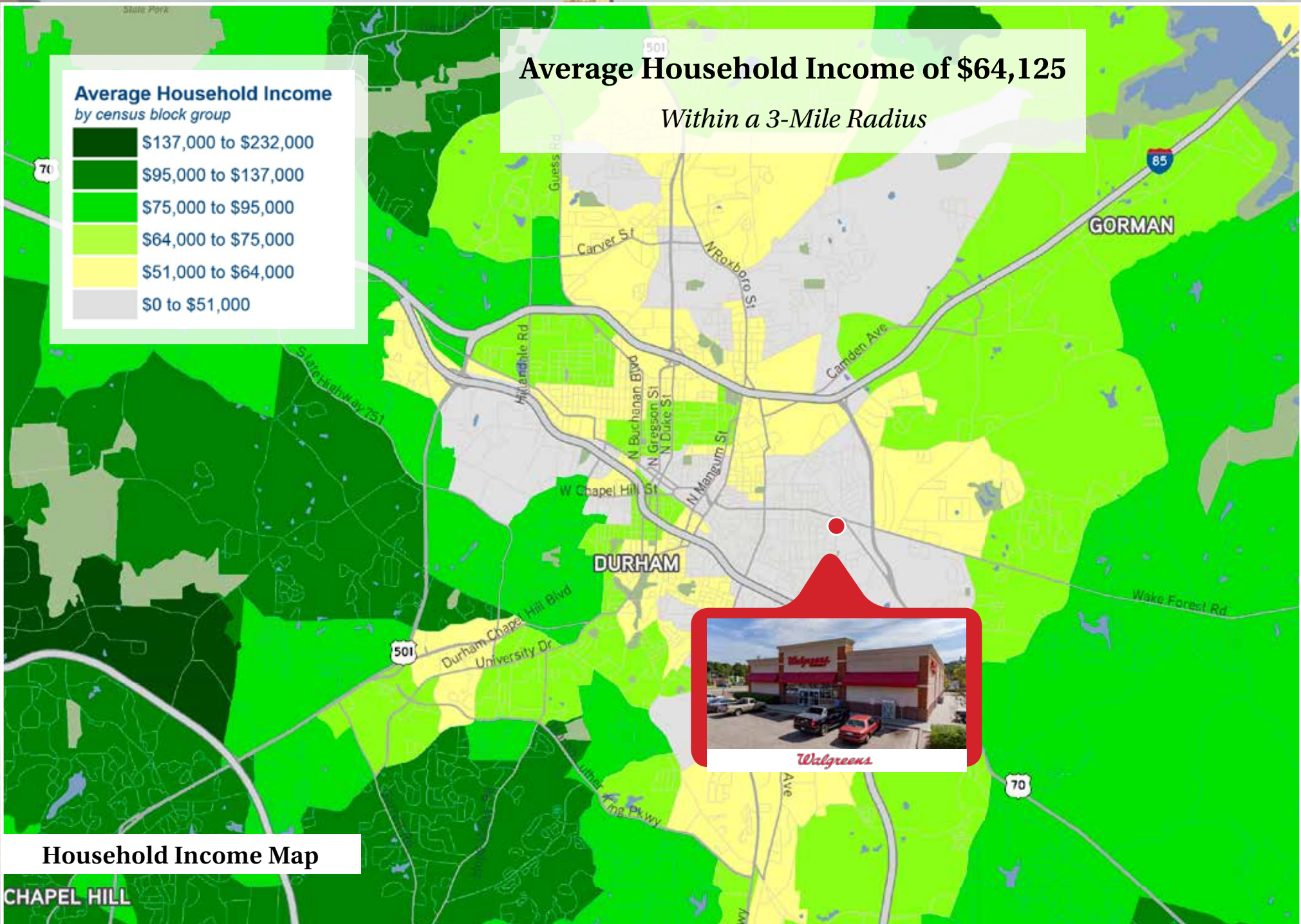
Population Density Map

Average Household Income of \$64,125

Within a 3-Mile Radius

Average Household Income by census block group

Dark Green	\$137,000 to \$232,000
Medium Green	\$95,000 to \$137,000
Light Green	\$75,000 to \$95,000
Yellow-Green	\$64,000 to \$75,000
Yellow	\$51,000 to \$64,000
Light Yellow	\$0 to \$51,000



Household Income Map

CHAPEL HILL



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