

LEASE/TENANT SYNOPSIS

Subject Lease Summary						
Tenant	Unit SF	Start Date	Current Term	Basis	Current Annual Rent	Rent/SF
Walgreens	14,820	10/2007	10/07 - 9/32*	NNN	\$322,264	\$21.75

Lease Term

The lease term technically expires in September 2082; however, it has termination options every five years beginning in September 2032. Therefore, the lease is only secured until 2032 and market participants typically view this as the expiration date for this type of lease, which is how it is viewed within this valuation.

Expense Basis

The subject's lease has a triple-net basis; whereby, the tenant is responsible for paying the majority of property expenses and the landlord is responsible for the structural items such as the roof, as well as the parking lot repairs.

Rent Escalations

None

Renewal Options

None

Percentage Rent

The lease has a provision for the tenant to have to pay rent equal to a percentage of their gross sales if the sales reach a certain level; however, the property contact reported that the tenant has not yet had to pay percentage rent and it is not anticipated that they will moving forward.

Tenant Profile

The tenant is a nationally-recognized drug store with a corporate-secured lease; thus, is considered to be a credit tenant with institutional appeal. The following was obtained from an offering memorandum created by the SabGroup.

TENANT OVERVIEW

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. Three years later, the store count was well over 500. Today, Walgreen operates over 8,200 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, Walgreen 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 United States of America Division of Walgreens Boots Alliance, Incorporated.

Rite Aid said in March 2018 that it has transferred 1,651 of the 2,186 stores included in the deal with Illinois-based Walgreens, one of the country's largest pharmacy operators.

The remaining stores are expected to be transferred by the spring.

The store-sale deal was announced last summer following a failed attempt by Walgreens to buy Rite Aid outright. The original Walgreens-Rite Aid deal was unveiled in 2015 but came apart amid regulatory scrutiny.

TENANT PROFILE	
TENANT TRADE NAME	Walgreens Boots Alliance, Incorporated (Inc)
TENANT	Walgreens
OWNERSHIP	Public
LEASE GUARANTOR	Walgreen Co
NUMBER OF LOCATIONS	13,200+
SALES VOLUME	\$131-Billion (2018)
BOARD	NASDAQ
CREDIT RATING	BBB
RANK	Number 17 on Fortune 500 (2019)