



Subject Property

# Offering Memorandum

## Walgreens

458 North Baltimore Avenue | Derby (Wichita), Kansas 67037

**Absolute NNN Lease | 14+ Years Base Lease Term Remaining | Strong Suburban Wichita Market**  
**Walgreen Co. (S&P: BBB/Stable) | Ave HH Income of \$80,000 within 3 mile radius**

- Atlanta
- Chicago
- New York
- Houston
- Los Angeles
- Phoenix
- San Francisco
- Tulsa

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By accepting the Confidential Memorandum, you acknowledge and agree that: (1) all of the information contained herein and any other information you will be receiving in connection with this transaction, whether oral, written or in any other form (collectively, the “Materials”), is confidential; (2) you will not reproduce the Confidential Memorandum in whole or in part; (3) if you do not wish to pursue this matter, you will return this Confidential Memorandum to SJC as soon as practicable together with all other materials relating to the Property which you may have received from SJC; and (4) any proposed actions by you which are inconsistent in any manner with the foregoing agreements will require the prior written consent of SJC.

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**Stan Johnson Company**

THE NET LEASE AUTHORITY®

**Purchase Price: \$5,897,435**

**Cap Rate: 5.85%**

## Investment Summary

**Stan Johnson Company** is pleased to exclusively offer for sale to qualified investors, the opportunity to purchase a 100% fee-simple interest in the Walgreens property located at 458 North Baltimore Avenue in Derby, Kansas (the "Property"). The Property was constructed in 2004 as a built-to-suit Walgreens.

The Property is fully leased by Walgreen Co., operating under a seventy-five (75) year base lease term with the option to terminate with 12 months' notice after the 25th year and every five years thereafter. Current annual rent is \$345,000 or \$23.69 PSF. Walgreens' lease is absolute NNN with no landlord responsibilities for maintenance, repair or replacement throughout the term. Following the initial 25 year base term, Walgreens has ten Effective Option Periods of five years each.

The subject property is located on the corner of Baltimore Avenue and East Madison Avenue. Surrounding tenants in this retail corridor include: Bank of America, McDonald's, Taco Bell, Autozone, Walmart and more. The property is located approximately 1.3 miles west of the Tanglewood Family Medical Center and 2.0 miles west of the Derby Family Medical Center.

Walgreen Co. is a Fortune 500 Company, and had FY2014 (ended August 31, 2014) revenue of \$76.39 billion and net income of \$1.93 billion. As of August 31, 2014, the company had a net worth of \$20.45 billion. Currently, Walgreen Co. holds an BBB/Stable rating by Standard and Poor's.

## Investment Highlights

**Absolute NNN Lease with No Landlord Responsibility** – The Subject Property includes a strong marketable lease, which features no Landlord responsibilities for maintenance or repair of the Property throughout the term and/or option periods

**14 Years Remaining of Base Lease Term** – The Property features a 25 year base lease with more than 14 years of secured term remaining, which is accompanied by ten, five year renewal options

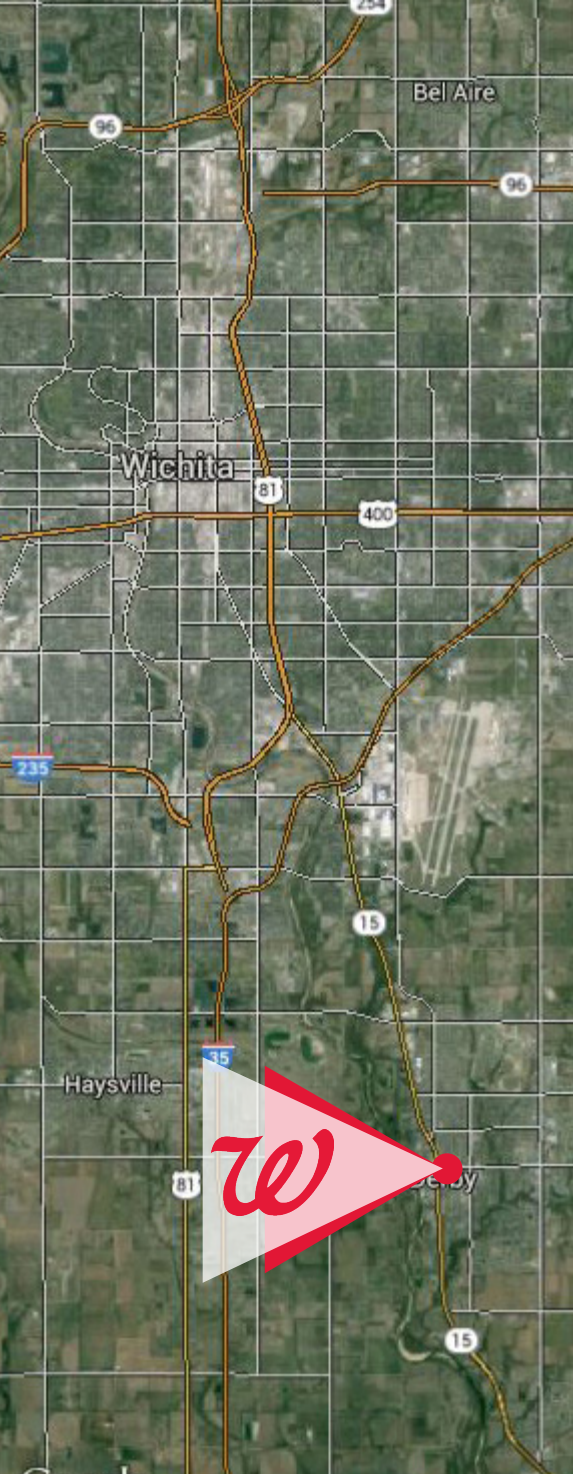
**Best-in-Class Pharmaceutical Operator** – Walgreen Co. holds a BBB/Stable rating by Standard and Poor's, and had FY2014 (ended August 31, 2014) revenue of \$76.39 billion and net income of \$1.93 billion

**Hard Corner Location** – The Property is located in Derby, KS, a suburban Wichita market, at the intersection of Baltimore Avenue and East Madison Avenue, which enjoys high traffic counts and strong visual exposure for the property

**Excellent Demographics** – Average household income of approximately \$80,000 within a 3-mile radius of the Property

**Highly Visible Strong Retail Location** – The Subject Property is well located along Baltimore Avenue, within close proximity to dense residential communities and surrounded by many other national retailers including Bank of America, McDonald's, Taco Bell, Autozone, and Walmart amongst others





## Lease Abstract

<b>Address:</b>	458 North Baltimore Avenue, Derby, KS
<b>Tenant:</b>	Walgreen Co. (S&P: BBB/Stable)
<b>Ownership Interest:</b>	Fee Simple
<b>Building Size:</b>	± 14,585 SF
<b>Land Area:</b>	± 1.86 acres
<b>Year Built:</b>	2004
<b>Use:</b>	Retail Drug Store Facility with a Drive-Through Pharmacy
<b>Expense Structure:</b>	Absolute NNN
<b>Base Lease Term:</b>	Twenty-Five (25) Years
<b>Lease/Rent Expiration:</b>	March 31, 2029
<b>Annual Rent:</b>	\$345,000
<b>Annual Rent PSF:</b>	\$23.69
<b>Term Remaining:</b>	14 years
<b>Renewal Options:</b>	Ten (10), Five (5) Year Options
<b>ROFR:</b>	Tenant has the option to purchase the Premises on the same terms within fifteen days after receipt of Bona Fide Offer.

## Location Overview

**Derby** is a city in Sedgwick County, Kansas and it is the largest suburb of Wichita. As of the 2010 census, the city population was 22,158.

The city offers more than 330 acres of parkland in 28 locations, including 93 playground structures and outdoor exercise stations for adults, a full-service retail sector with major national retailers as well as small, locally owned shops, and over 25 miles of smooth, wide and connected hike and bike paths. A private 18-hole golf course, The Derby Golf and Country Club, opened in the fall of 2004. The golf course development is surrounded by The Oaks, an upscale neighborhood of homes in several price ranges, as well as two apartment communities with approximately 1,000 total apartment units, three clubhouses, tennis courts and swimming pools.

Recent retail growth includes Derby Marketplace at Rock Road and Meadowlark, which includes Olive Garden, Starbucks, Target, and many other retailers and restaurants. Walmart Neighborhood Market and Braum's are the two newest additions to Derby. Lowe's and Kohls are located near K-15 and Patriot Avenue. In addition to national retailers, Derby also has a good mix of independent, small businesses throughout the city.




# Tenant Overview

**Walgreen Co.**, a subsidiary of Walgreens Boots Alliance, Inc., (NASDAQ: WBA), operates the largest drugstore chain in the United States. Founded in 1901 and incorporated in 1909, Walgreens has provided the most convenient access to pharmacy, health and wellness services, as well as consumer goods and services for over 100 years. For fiscal year ended August 31, 2014, the company reported net sales of \$76.4 billion, the 36th consecutive year of record sales.

Walgreens pharmacy, along with health and wellness services, sells prescription and non-prescription drugs, and on-site pharmacists provide drug consultations and administer flu vaccines and other immunizations. Stores also offer general merchandise including convenience and fresh foods, household items, personal care, photofinishing and beauty care.

As of August 2014, approximately 76% of the United States population lived within five miles of a Walgreens and an average of 6.2 million shoppers visited stores daily. In addition to store traffic, Walgreens websites, including walgreens.com and drugstore.com, received an average of approximately 59.7 million visits per month.

Beyond the traditional retail consumer model, Walgreens also markets products and services to employers, governments, managed

 TENANT PROFILE	
<b>Company:</b>	Walgreens
<b>No. of Locations:</b>	8,206 (as of 01/31/14)
<b>Credit Rating:</b>	S&P: BBB/Stable
<b>Stock Symbol:</b>	WBA (NASDAQ)
<b>Total Revenue (as of 08/31/14):</b>	\$76.39 billion*
<b>Net Income (as of 08/31/14):</b>	\$1.93 billion*
<b>Net Worth (as of 08/31/14):</b>	\$20.45 billion*
<b>Tenant Business:</b>	Retail/Pharmacy
<b>Founded:</b>	1901
<b>Headquarters:</b>	Deerfield, IL
<b>Website:</b>	www.walgreens.com

\*Financial numbers from latest Walgreens filing (08/31/14) which was prior to Alliance Boots merger.

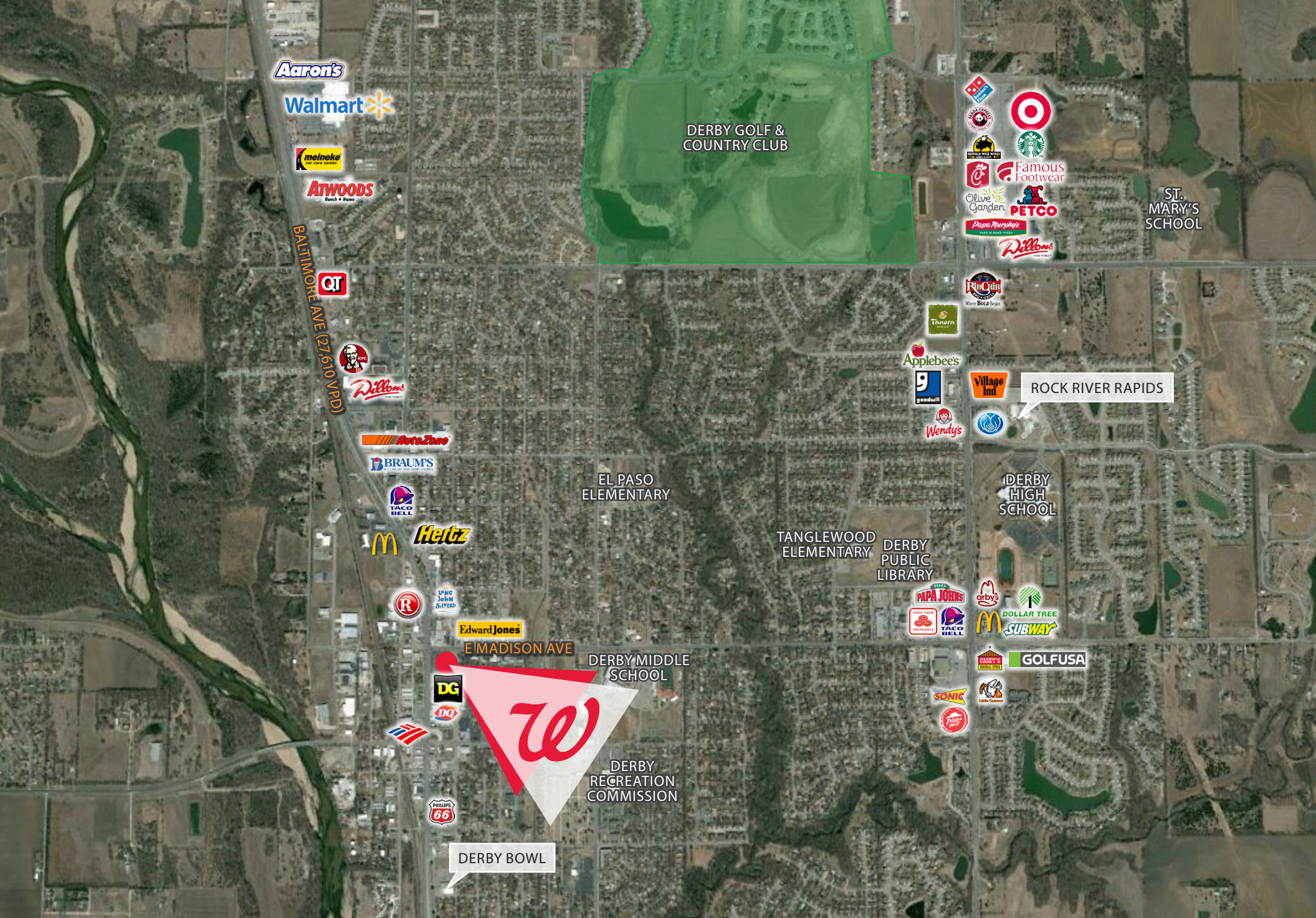


care organizations and pharmacy benefit managers. Through the more than 70,000 health care providers including pharmacists, pharmacy technicians, nurse practitioners and other health related professionals.

Walgreens also offers convenient access to medical services through its Healthcare Clinic located in more than 400 select Walgreens throughout the country. Healthcare Clinics are staffed by board-certified family nurse practitioners who are specially trained to diagnose and treat a wide variety of illnesses and chronic conditions, order diagnostic tests and provide preventive care.

On the last day of 2014, Walgreen Co. took full ownership of European drugstore chain Alliance Boots for more than \$15 billion in cash and stock. The deal created a network of nearly 13,000 stores across two dozen countries, with Walgreen Co. becoming a subsidiary of newly formed Walgreens Boots Alliance. **Walgreens Boots Alliance** is the first global pharmacy-led, health and wellbeing enterprise in the world. This transaction brought together two leading companies with iconic brands, complementary geographic footprints, shared values and a heritage of trusted health care services through pharmaceutical wholesaling and community pharmacy care, dating back more than 100 years each.









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# Demographics

458 North Baltimore Avenue, Derby, KS 67037	0 - 1 mi.	0 - 3 mi.	0 - 5 mi.
<b>Population</b>			
2000 Population	7,312	22,052	44,766
2010 Population	7,024	25,280	50,388
2014 Population	7,011	26,147	51,379
2019 Population	7,052	27,034	52,642
2010-2014 Annual Rate	-0.04%	0.80%	0.46%
<b>Households</b>			
2000 Households	2,813	7,702	15,762
2010 Households	2,789	9,468	18,538
2014 Total Households	2,793	9,845	18,981
2019 Total Households	2,813	10,204	19,483
2010-2014 Annual Rate	0.03%	0.92%	0.56%
<b>Race and Ethnicity</b>			
2014 White Alone	92.0%	91.6%	88.6%
2014 Black Alone	1.4%	1.7%	1.8%
2014 American Indian/Alaska Native Alone	1.3%	0.9%	1.2%
2014 Asian Alone	1.0%	1.4%	2.3%
2014 Pacific Islander Alone	0.2%	0.1%	0.1%
2014 Other Race	0.8%	1.1%	2.2%
2014 Two or More Races	3.2%	3.3%	3.6%
2014 Hispanic Origin (Any Race)	6.1%	5.9%	7.6%
2014 Median Household Income	\$51,970	\$67,599	\$58,239
2014 Average Household Income	\$62,886	\$79,812	\$70,741





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