

SYRACUSE, NEW YORK

OFFERING MEMORANDUM



INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this Kinney's Drugstore wholesale site located in North Syracuse, New York on Stewart Drive. Kinney Drugs is backed by a double-net (NN) corporate guaranteed lease (Kinney Drugs, Incorporated) with more than eight and a half years remaining. There are 10 percent increases every five years in the base rent and option periods with the next escalation to occur in 2022.

The subject property is an industrial facility used by Kinney Drugs for their wholesale prescription drug distribution program. The facility's primary clients are the New York Correctional Facility as well as senior living facilities throughout upstate New York and Vermont. The facility benefits from close proximity to interstate 81 providing easy commute and distribution access. There are currently 90 employees who work full time at the facility who live primarily in Syracuse and its adjacent suburbs.

The building was constructed in 2006 and is located on Stewart Drive West in the southeast outer Onondaga County Submarket. Traffic counts were over 19,000 vehicles per day (VPD) in front of the property in 2016. Neighboring retailers include: U-Haul, Best Buy, FedEx, Tarson Pools and Spas, and the Wynit Distribution Center.







- Kinney Drugstore Industrial Facility Located in North Syracuse, New York -Prescription Drug Distribution Center
- More than Eight Years
 Remaining on Double-Net (NN)
 Lease with Four, Five-Year
 Options Remaining
- Corporate Guaranty from Kinney Drugs, Incorporated -100-Unit Operator in New York and Vermont
- Hedge Against Inflation | 10
 Percent Increases Every Five
 Years and in Options
- Incredibly Strong Rent-to-Sale Ratio | Please Call Listing Broker for Details
- Outstanding Demographics Within Five-Mile Radius -Population of Over 136,000 | Average Household Income (AHHI) of Over \$61,000
- Strong Traffic Counts of over 19,000 Vehicles Per Day (VPD) in Front of Property
- Neighboring Retailers Include: U-Haul, Best Buy, FedEx, Tarson Pools and Spas, and the Wynit Distribution Center

FINANCIAL OVERVIEW

PRICE	\$2,477,600
CAP RATE	7.25%
NOI	\$179,625
PRICE PER SQUARE FOOT	\$190.58
RENT PER SQUARE FOOT	\$13.82
YEAR BUILT RENOVATED	1986 2006
LOT SIZE	2.41 Acres
GROSS LEASEABLE AREA	13,000
TYPE OF OWNERSHIP	Fee Simple
LEASE GURANTOR	KPH Health Care Services, Incorporated (f.k.a Kinney Drugs)
LEASE TYPE	Double-Net (NN)
ROOF AND STRUCTURE	Landlord Responsible



LEASE SUMMARY

LEASE COMMENCEMENT DATE February 22, 2007

LEASE EXPIRATION DATE February 21, 2027

LEASE TERM 20 Years

TERM REMAINING 8.5+ Years

INCREASES 10 % Every 5 Years

OPTIONS TO RENEW 4, 5-Year Options

OPTIONS TO TERMINATE None

OPTIONS TO PURCHASE None

FIRST RIGHT OF REFUSAL Yes





TENANT OVERVIEW - KINNEY DRUGS

Founded by Burt Orrin Kinney, who opened the company's first drugstore in 1903, Kinney Drugs has grown to number about 100 stores in central and northern New York and Vermont. Most of the company's stores are free standing units, with pharmacies, one-hour photo developing services, and a growing selection of convenience foods. The 100 percent employee-owned company maintains its own distribution warehouse and offers about 800 different products, including Kinney-branded over-the-counter medicines. Pharmacy accounts for 75 percent of sales. Besides retail stores, the firm operates ProAct prescription benefit management firm, HealthDirect institutional pharmacy services, and HealthDirect mail order pharmacy services.





	TENANT PROFILE
TENANT TRADE NAME	KPH Health Care Services, Inc. (f.k.a Kinney Drugs)
OWNERSHIP	Private
TENANT	Corporate Store
LEASE GUARANTOR	Corporate Guarantee
NUMBER OF LOCATIONS	100+
SALES VOLUME	\$845M (2015)
NET WORTH	\$13.2M (2015)
YEARS IN BUSINESS	110
OTHER CONCEPTS	Kinney Drugs, ProAct, HealthDirect



	1-Mile	3-Mile	5-Mile
POPULATION			
2000 Population	2,012	30,700	131,463
2010 Population	1,797	30,421	136,136
2017 Population	1,828	30,499	135,367
2022 Population	1,837	30,552	135,383

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SYRACHISE

	1-Mile	3-Mile	5-Mile
HOUSEHOLDS			
2000 Households	821	12,596	55,072
2010 Households	826	12,924	57,194
2017 Households	840	12,938	56,790
2022 Households	844	12,960	56,790

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DEWIT

	1-Mile	3-Mile	5-Mile
HOUSEHOLD (HH)	INCOME	S	
2017 Average HH Income	\$64,198	\$65,686	\$64,006
2017 Median HH In- come	\$59,034	\$55,716	\$50,726
2017 Per Capita In- come	\$29,500	\$27,865	\$26,852

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ABOUT SYRACUSE

Syracuse is the fifth most populous city in the state of New York. Located in the center of state on the southern shore of Lake Ontario, the city of Syracuse is the region's major metropolitan center. The city has functioned as a major crossroads over the last two centuries, first between the Erie Canal and its branch canals, then from its railway network. Today, Syracuse is located at the intersection of Interstates 81 and 90, and its airport is the largest in the region. Syracuse is home to Syracuse University, a major research university, as well as Le Moyne College, a nationally recognized liberal arts college. In 2010, Forbes rated Syracuse fourth in the top 10 places in the United States to raise a family.

More than 150 motor carriers and small package carriers service the Syracuse area. Air and rail terminals are just 15 minutes from downtown. Seven major airlines, along with affiliated commuter service, offer approximately 250 daily arrivals and departures. Over two-million travelers pass through Hancock International Airport each year. The region is also serviced by six major air cargo carriers. CSX operates an intermodal center in Dewitt/Manlius for transfer of trailers and containers between railcars and trucks with storage available for 345 trailers or containers. Amtrak services rail passenger needs.

Syracuse's top employers are primarily in education and the service industry. University Hill is Syracuse's fastest growing neighborhood, fueled by expansions in Syracuse University and Upstate Medical University, as well as dozens of small medical office complexes.



SYRACUSE TOP EMPLOYERS

No.	Business Name
1	State University of New York Upstate Medical University: 6,400
2	Syracuse University: 5,925
3	Wegmans Food Markets: 3,760
4	St. Joseph's Hospital Health Center: 3,150
5	Crouse Hospital: 2,400
6	Lockheed Martin Corp.: 2,350
7	National Grid USA: 1,860
8	Loretto: 1,825



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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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.



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