

Walgreen's - 10 Percent Increases Every Five Years (Dark)

1161 VICTORY BOULEVARD - STATEN ISLAND, NEW YORK 10301

offering memorandum



REPRESENTATIVE PHOTO

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Marcus & Millichap

Investment Overview

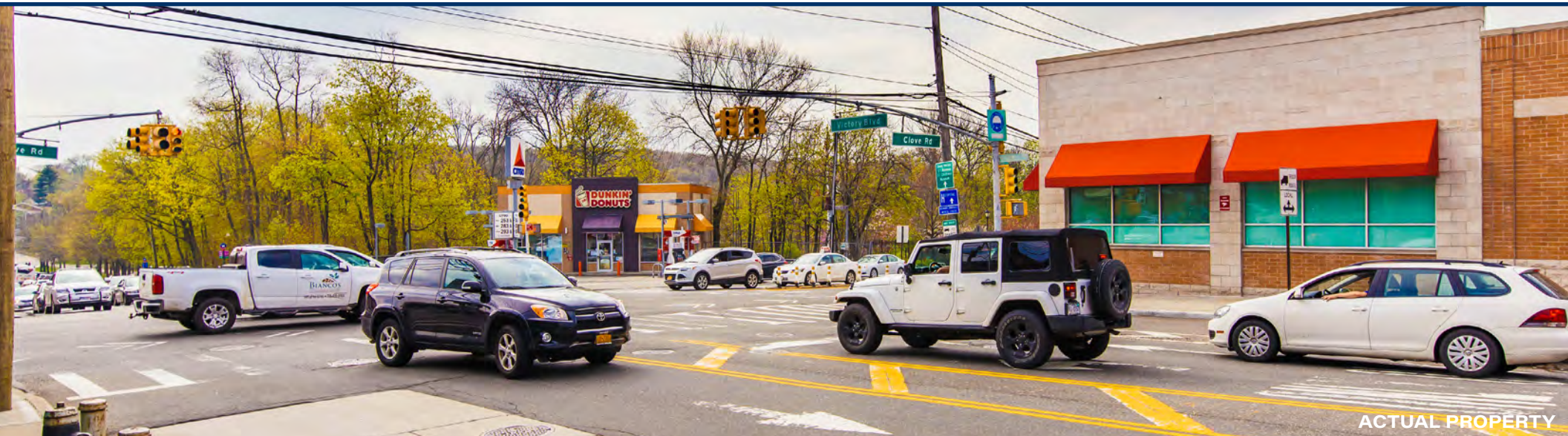
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Marcus & Millichap is pleased to present this 13,961-square foot income producing (Dark) Walgreens in Staten Island, New York. This property has more than 20 years remaining on the lease with 10 percent rent escalations every five years over the base term and in the five, five-year extension options. This triple-net (NNN) Ground Lease requires Walgreens to pay for all expenses associated with the property. Built in 2012, this asset is still relatively new construction, and in superb condition. The lease is guaranteed by Walgreen Co., the nation's largest drugstore chain that ranks number 19 in the Fortune 500 (2016).

This highly visible Walgreens is located on the signalized, hard-corner intersection of Victory Boulevard and Clove Road. More than 45,000 vehicles pass through the intersection each day. Clove Road also provides direct access to the Staten Island Express Way, which sees more than 133,000 vehicles per day (VPD). This asset benefits from strong demographics. In the five-mile radius surrounding the property, there are more than 560,000 residents with an average household income (AHHI) topping \$82,000. Staten Island is the most suburban borough of New York City, and is in a great position to service the Sunnyside neighborhood.

The subject property is ideally positioned just across the street from national retailers such as: Dunkin' Donuts and 7-Eleven. Wagner College is situated less than two miles southeast and has more than 2,000 students.

- **Income Producing (Dark) Walgreens in Staten Island, New York**
- **Income Producing Asset with Rare 10 Percent Rent Increases Every Five Years**
- **Single Tenant Triple-Net (NNN) Ground Lease | Zero Landlord Responsibilities**
- **More than 21 Years Remaining in Base Term | Five, Five-Year Options to Extend with 10 Percent Rent Increases**
- **2012 Construction | Limited Use Since Being Constructed**
- **Attractive Demographics: 560,000 Residents with an Average Household Income (AHHI) of More Than \$82,000 Within the Five-Mile Radius**
- **Growing Population | Staten Island has the Second Highest Projected Population Growth From 2010-2020 of all Five New York City Boroughs**
- **Highly Visible Signalized, Hard-Corner Location | Strategically Located Half-A-Mile North of I-278 | More Than 133,000 Vehicles Per Day (VPD)**
- **Additional Tenants in the Immediate Vicinity Include: Dunkin Donuts and 7-Eleven**



Financial Overview

1161 VICTORY BOULEVARD - STATEN ISLAND, NEW YORK 10301



ACTUAL PROPERTY

OFFERING SUMMARY

PRICE	\$8,600,000
CAP RATE	5.44%
NOI	\$467,500*
PRICE PER SQUARE FOOT	\$616.00
RENT PER SQUARE FOOT	\$33.49
YEAR BUILT	2012
APPROXIMATE LOT SIZE	.72 Acres
GROSS LEASEABLE AREA	13,961
TYPE OF OWNERSHIP	Fee Simple
LEASE GUARANTOR	Corporate Guaranty
LEASE TYPE	Triple-Net (NNN) Ground Lease

LEASE SUMMARY

LEASE COMMENCEMENT DATE	February 11, 2013
LEASE EXPIRATION DATE	February 28, 2033
LEASE TERM	25 Years
TERM REMAINING	20+ Years
INCREASES	10% Every 5 Years
OPTIONS TO RENEW	5, 5-Year Options
OPTIONS TO TERMINATE	None
OPTIONS TO PURCHASE	None
FIRST RIGHT OF REFUSAL	Yes

*Priced Based on 3/1/2018 Rent Increase

Tenant Overview - Walgreens

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ACTUAL PROPERTY

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.

In October 2015, Walgreens Boots Alliance announced an agreement to acquire all outstanding shares of Rite Aid for \$9.00 per share in cash, for a total enterprise value of about \$17.20 billion, including acquired net debt. The transaction is expected to close in the second half of 2017. Upon completion of the merger, Rite Aid will be a wholly owned subsidiary of Walgreens Boots Alliance, and is expected to initially operate under its existing brand name. Working together, decisions will be made over time regarding the integration of the two companies. Once the acquisition closes, Walgreens Boots Alliance plans to further transform Rite Aid's stores to better meet consumer needs.

TENANT PROFILE

TENANT TRADE NAME	Walgreen Co.
OWNERSHIP	Public
TENANT	Corporate Store
LEASE GUARANTOR	Corporate Guarantee
NUMBER OF LOCATIONS	8,200+
HEADQUARTERED	Deerfield, IL
WEB SITE	www.walgreens.com
SALES VOLUME	\$14.7 Billion (2016)
NET WORTH	\$117.3 Billion (2016)
STOCK SYMBOL	\$30.2 Billion (2016)
BOARD	WBA
CREDIT RATING	New York Stock Exchange (NYSE)
RATING AGENCY	BBB-
RANK	Standard & Poor (S&P)
	Number 19 in Fortune 500 (June 2016)

Aerial Overview

1161 VICTORY BOULEVARD - STATEN ISLAND, NEW YORK 10301



Area Overview & Demographics

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	1-Mile	3-Mile	5-Mile
Population			
2000 Population	23,708	239,204	532,148
2010 Population	24,723	253,351	553,925
2016 Population	26,072	258,769	567,694
2021 Population	26,517	261,929	579,807

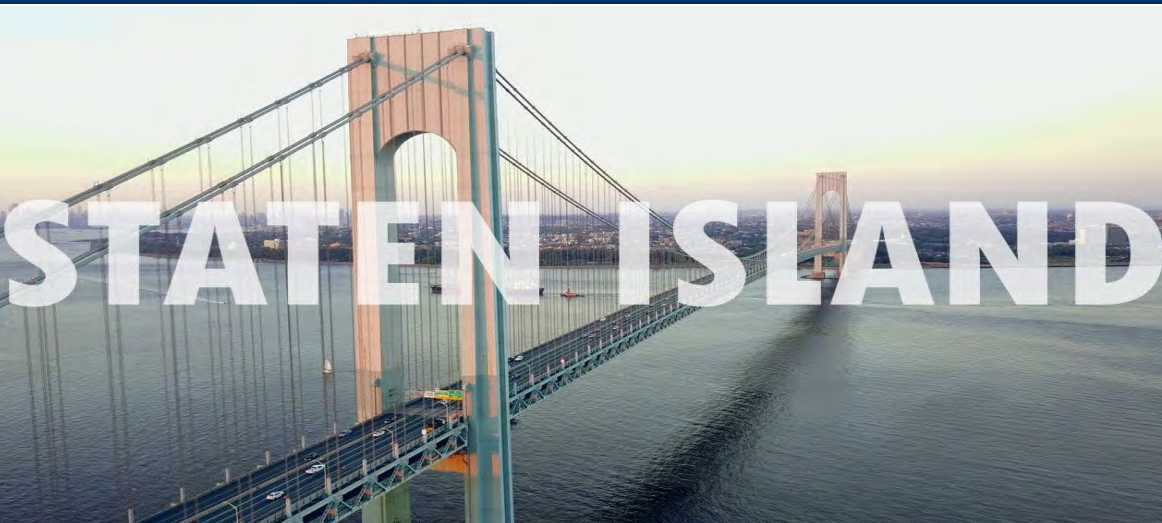
	1-Mile	3-Mile	5-Mile
Households			
2000 Households	8,964	85,654	198,947
2010 Households	9,168	89,363	203,733
2016 Households	9,736	91,650	209,412
2021 Households	9,913	92,847	214,157

	1-Mile	3-Mile	5-Mile
Household (HH) Incomes			
2016 Average HH Income	\$100,049	\$81,829	\$82,464
2016 Median HH Income	\$79,440	\$63,235	\$62,742
2016 Per Capita Income	\$37,361	\$28,982	\$30,419

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Market Overview - Staten Island, New York

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Staten Island is the most suburban of the five boroughs of New York City. The North Shore — especially the neighborhoods of St. George, Tompkinsville, Clifton, and Stapleton — is the most urban part of the island; it contains the officially designated St. George Historic District and the St. Paul's Avenue-Stapleton Heights Historic District, which feature large Victorian homes. The South Shore has more suburban-style residential neighborhoods and is home to the two and one-half-mile long Franklin D. Roosevelt Boardwalk, which is the fourth longest boardwalk in the world. Historically, the central and southern sections of the island were dominated by dairy and poultry farms.

The borough is accessible to Brooklyn via the Verrazano-Narrows Bridge and to New Jersey via the Outerbridge Crossing, Goethals Bridge, and Bayonne Bridge. Staten Island has the Metropolitan Transportation Authority (MTA) bus service and an MTA rapid transit line, the Staten Island Railway, which runs from the ferry terminal at St. George to Tottenville. The free Staten Island Ferry connects the borough to Manhattan and is a popular tourist attraction, providing views of the Statue of Liberty, Ellis Island, and lower Manhattan.



Walgreens 10 Percent Escalations Every Five Years

1161 Victory Boulevard - STATEN ISLAND, NEW YORK 10301

Broker of Record

J. D. Parker

Marcus & Millichap REIBC of NY

270 Madison Avenue

New York, NY 10016

Tel: 212-430-5100

Fax: 212-430-5110

License: 10311204323