DRUGSTORE PROPERTY ADVISORS
Experts in Walgreens and CVS Investments

Investment Opportunity

Walgreens Net Leased Real Estate

8% Return on Cash from Day 1

John Giordani — August 2024

Executive Summary

What's the deal?

- Opportunity to invest passively in a Walgreens property with 18 years of guaranteed rent
- **Investors will receive 8% return on their cash invested monthly from day 1**
- We anticipate a 2 to 4 year hold period, and then a sale generating **upside of 13% to 29% to investors** net of all costs
- The total equity raised is estimated to be ~ $6.8M
- **Base case exit at year 3 yields an unleveraged project level IRR of 13.9%**

Return to Investors

Why invest?

- Consistent, secure, monthly 8% return on your cash invested FROM DAY 1
- We foresee a sale within 2 to 4 years for a 13% to 29% gain on cash invested
- Downside risks are mitigated by uniquely long lease term coupled with intrinsic value
- $10.26M in guaranteed cash flows + $2.5M residual value of land = $12.76M in value being purchased for $6.7M

8% Return Paid Monthly

If you invest...	Annual Cash Flow	Monthly Cash Flow
$250,000	$20,000	$1,667
$500,000	$40,000	$3,333
$1,000,000	$80,000	$6,667

Optimistic - 6.0% CAP

If you invest...	Upside to You
$250,000	$72,084
$500,000	$144,169
$1,000,000	$288,337

Base Case - 6.5% CAP

If you invest...	Upside to You
$250,000	$51,121
$500,000	$102,242
$1,000,000	$204,484

Conservative - 7% CAP

If you invest...	Upside to You
$250,000	$33,152
$500,000	$66,305
$1,000,000	$132,610

What are we buying?

- Hard corner real estate
- NNN leased to Walgreens for 18 years
- This is standard, fee-simple ownership where we are buying the dirt and the building
- **The Walgreens lease guarantees us $47,500 in monthly rent for the next 18 years**
- **This investment guarantees our investment partnership $10,260,000 in NNN rent before Walgreens has options to terminate in September 2042**

1 Mile West of Ochsner Medical Center

% CAP RATE: 8.00%

18.5 YEARS OF LEASE TERM REMAINING

PROXIMITY TO MAJOR MEDICAL DISTRICT

ABSOLUTE NNN LEASE

HARD CORNER LOCATION WITH 35K VPD

HIGH BARRIER-TO-ENTRY LOCATION

OUTSTANDING DEMOGRAPHICS

106K+
3-Mile Population

$94K+
3-Mile AHHI

Why buy THIS property now?

Far Superior on Key Metrics

Today there are 179 Walgreens drugstores for sale nationwide.

Roughly 47% (84 out of 179) have 10+ years of guaranteed lease term remaining.

Comparing this deal to that subset, this deal is far superior and boasts the following key advantages:

1. The **LONGEST guaranteed lease term** (5.5 years longer than average)
2. The **HIGHEST Cap Rate** (213 bps better than average)
3. The **HIGHEST cash flows in excess of Purchase Price** (guaranteed cash flows are 155% of Purchase Price)

Key Metrics

	Average	This Deal
Years Guaranteed	12.7	**18.2**
CAP Rate	6.37%	**8.50%**
Cash Flows vs. Price	($1,071,997)	**$3,668,118**
Purchase % Returned	81%	**155%**
5 Mile Population	140,079	**319,562**
Average HH Income	$75,668	**$97,292**

Top 10 Longest Guaranteed Walgreens Leases for Sale

Tenant	City	State	Years Guaranteed	Annual Rent	Cap	Purchase Price	Guaranteed Cash Flows	Cash Flows vs. Cost	Purchase % Returned	5 Mile Population	Avg HH Income
Walgreens	**Jefferson**	**LA**	**18.2**	**$570,000**	**8.50%**	**$6,705,882**	**$10,374,000**	**$3,668,118**	**155%**	**319,562**	**$97,292**
Walgreens	Irvington	NJ	17.7	$287,000	5.75%	$4,991,304	$5,079,900	$88,596	102%	845,436	$92,310
Walgreens	Beaverton	OR	17.1	$470,250	6.35%	$7,405,512	$8,041,275	$635,763	109%	277,933	$76,462
Walgreens	Janesville	WI	14.8	$277,368	6.35%	$4,368,000	$4,105,046	($262,954)	94%	68,553	$67,206
Walgreens	Laurinburg	NC	14.6	$297,641	7.25%	$4,105,393	$4,345,559	$240,166	106%	57,643	$72,134
Walgreens	Muskegon	MI	14.4	$235,200	6.30%	$3,733,333	$3,386,880	($346,453)	91%	97,202	$53,399
Walgreens	San Pablo	CA	14.3	$370,500	5.75%	$6,443,478	$5,298,150	($1,145,328)	82%	165,714	$67,543
Walgreens	The Colony	TX	14.3	$354,900	5.85%	$6,066,667	$5,075,070	($991,597)	84%	181,405	$105,636
Walgreens	Ocala	FL	14.3	$295,920	5.90%	$5,015,593	$4,231,656	($783,937)	84%	94,350	$86,149
Walgreens	San Antonio	TX	14.3	$275,968	6.00%	$4,599,467	$3,946,342	($653,124)	86%	238,635	$91,210
	AVERAGES FOR TOP 10		**15.4**	**$343,475**	**6.40%**	**$5,343,463**	**$5,388,388**	**$44,925**	**99%**	**234,643**	**$80,934**

Assumptions and Projections

Acquisition Assumptions

Annual NNN Income	$570,000
Purchase CAP Rate	8.50%
Purchase Price	$6,705,882
+ 1% Acquisition Fee	$67,059
+ Legal for PSA	$10,000
+ Updated Environmental	$5,000
+ Updated ALTA Survey	$5,000
+ Legal for PPM and LLC Agreement	$10,000
+ Escrow Fees	$5,000
+ Title Insurance	$21,000
+ Cost Seg for Accelerated Depreciation	$3,500
Total One Time Closing Costs & Fees	$126,559
Total Cash Required	**$6,832,441**

Cash Flow Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Income Guaranteed by Walgreens	$570,000	$570,000	$570,000	$570,000	$570,000
EXPENSES					
General Partner Fee	($12,905)	($12,905)	($12,905)	($12,905)	($12,905)
% of Revenue	(2.26%)	(2.26%)	(2.26%)	(2.26%)	(2.26%)
Tax Accounting	($5,000)	($5,000)	($5,000)	($5,000)	($5,000)
Bookkeeping	($5,000)	($5,000)	($5,000)	($5,000)	($5,000)
Corporate Filing Fees	($500)	($500)	($500)	($500)	($500)
TOTAL EXPENSES	($23,405)	($23,405)	($23,405)	($23,405)	($23,405)
NET CASH TO LPs	**$546,595**	**$546,595**	**$546,595**	**$546,595**	**$546,595**
Return on Cash	**8.00%**	**8.00%**	**8.00%**	**8.00%**	**8.00%**

NOTE:
The General Partner Fee is funded by the differential between the Purchase CAP Rate and the 8% Return to LPs after accounting for projected recurring LLC expenses

Exit Sale Assumptions

Exit Assumptions

	Optimistic	Base Case	Conservative
CAP Rate	**6.00%**	**6.50%**	**7.00%**
Annual NNN Income	$570,000	$570,000	$570,000
Sale Price	$9,500,000	$8,769,231	$8,142,857
Less Brokerage Fees (2%)	($190,000)	($175,385)	($162,857)
Less Legal for PSA	($10,000)	($10,000)	($10,000)
Less Escrow Fees	($5,000)	($5,000)	($5,000)
Total Closing Costs & Fees	($205,000)	($190,385)	($177,857)
Net Sale Proceeds	$9,295,000	$8,578,846	$7,965,000
Gain Over Cash Invested	$2,462,559	$1,746,405	$1,132,559
Less 20% Promote to General Partner	($492,512)	($349,281)	($226,512)
Net Gains Distributed to LPs	$1,970,047	$1,397,124	$906,047
LPs % Gain on Cash Invested	**28.8%**	**20.4%**	**13.3%**
$250,000 Invested Returns	**$322,084**	**$301,121**	**$283,152**
$500,000 Invested Returns	**$644,169**	**$602,242**	**$566,305**
$1,000,000 Invested Returns	**$1,288,337**	**$1,204,484**	**$1,132,610**

Optimistic - 6.0% CAP

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Minimal Risk Factors

- **Walgreens could go bankrupt** (black swan, Armageddon, less than 1% chance according to S&P Global Ratings)
- **Walgreens could cease operations at this location**
- Both are ***EXTREMELY*** unlikely
- Even if Walgreens closes a store, **they still guarantee and pay the rent EVERY MONTH**

Cash Flows and Payback

Year / Period	Initial Investment	Annual Income	Cumulative Income
0	($6,705,882)		
1		$570,000	$570,000
2		$570,000	$1,140,000
3		$570,000	$1,710,000
4		$570,000	$2,280,000
5		$570,000	$2,850,000
6		$570,000	$3,420,000
7		$570,000	$3,990,000
8		$570,000	$4,560,000
9		$570,000	$5,130,000
10		$570,000	$5,700,000
11		$570,000	$6,270,000
12		$570,000	$6,840,000
13		$570,000	$7,410,000
14		$570,000	$7,980,000
15		$570,000	$8,550,000
16		$570,000	$9,120,000
17		$570,000	$9,690,000
18		$570,000	$10,260,000

Value of Cash Flows + Property

Term	18
Rent	$570,000
Cash Flow Guaranteed by Walgreens	$10,260,000
Less Purchase Price	($6,705,882)
Cash Flows in Excess of Purchase Price	$3,554,118
+ Residual Value of Land in 18 Years	$2,500,000
Intrinsic Value "Cushion"	**$6,054,118**

Intrinsic Value & Inferred CAP

Term	18
Rent	$570,000
Cash Flow Guaranteed by Walgreens	$10,260,000
+ Residual Value of Land in 18 Years	$2,500,000
Intrinsic Value (Cash Flows + Vacant Value)	**$12,760,000**
Inferred CAP Rate	**4.47%**

Deal Structure & Timing

- **Limited Partners will receive 8% return on their cash invested monthly from day 1**
- Upon exit sale in 2 to 4 years:
  - **80% of net gains over cash invested returned to Limited Partners pro-rata**
  - 20% promote to General Partner
- 1% Acquisition Fee to GP
- GP Annual Management Fee ~ 2.25% of gross revenue (~$13k)
- Timing:
  - August 30th — Soft Commitments due
  - September 13th — Commitment Agreements signed
  - October 15th — Target Closing Date

Property Overview

Walgreens

4327 Jefferson Highway | Jefferson (New Orleans), LA

ABSOLUTE NNN LEASE: Opportunity to purchase a Walgreens with absolutely no landlord maintenance.

HARD CORNER LOCATION WITH 35K VPD: The property is situated at a lighted intersection on the major east-west thoroughfare of Louisiana State Route 90 (Jefferson Highway) with visibility to over 35K VPD

PREMIER GLOBAL TENANT - NATION'S LARGEST DRUGSTORE CHAIN: Walgreens Boots Alliance (Nasdaq: WBA) is the largest retail health, pharmacy, and daily living destination across the U.S. and Europe. Over the past 170 years, the company has grown to more than 8,700 locations, employing approximately 330,000 people, and has a presence in eight (8) countries. WBA currently ranks #27 on the Fortune 500 list and reported FY2023 revenues of $139.1 billion, up 4.8% from fiscal 2022. The parent company maintains prudent credit policies with a long-term debt to adjusted EBITDA ratio of only 1.5x (FY2023) and it's provided with a split credit rating of "BBB-" and "Ba2" from Standard & Poor's and Moody's, respectively.

DENSE, INFILL NEW ORLEANS METRO LOCATION: There are over 100K people in a three mile radius and the natural barrier of the Mississippi River provides scarcity of developable real estate in the future and natural property appreciation.

PROXIMITY TO MAJOR MEDICAL DISTRICT: The property is located 1 mile to the West of the Ochsner Medical Campus that includes the health system's flagship location, the Ochsner Medical Center, which opened in 1942 and has grown into a 767 bed facility. It is rated as the top hospital in Louisiana by US News. The most recent addition to the complexes was the 2019 built West Campus that includes a 130,000 SF building offering skilled nursing, inpatient rehabilitation and long-term acute care units in one place. The subject property is the closest Walgreens to the West of Ochsner.

Subject Property

Lease Abstract

Walgreens

4327 Jefferson Highway | Jefferson (New Orleans), LA

Lease Abstract	
Tenant	Walgreens
Guarantor	Walgreens
Address	4327 Jefferson Highway | Jefferson, LA
Base Term Expiration	September 30, 2042
RBA	14,550 SF
Lease Type	Absolute NNN
Drive-Thru	Yes
Acres	1.29
Year Built	2012
Hard Corner	Yes - Corner location on a lighted intersection

Location Overview

Jefferson, LA is a census-designated place (CDP) in Jefferson Parish, Louisiana on the north side of the Mississippi River. Jefferson is part of the New Orleans–Metairie–Kenner metropolitan statistical area and in 2020, the population was 10,533 according to the U.S. Census. It is bordered to the north by Metairie, to the west by Elmwood, to the south, across the Mississippi River, by Bridge City, and to the east by the city of New Orleans. U.S. Route 90 (Jefferson Highway) runs through the center of the community, leading east 6 miles to Downtown New Orleans.

Jeferson is home to the **Oschner Medical Center**, a non-profit hospital that is part of the Oschner Health System. The hospital currently has 767 acute care beds and is completely accredited by the Joint Commission of Health Care Organizations (JCAHO). It includes acute and sub-acute facilities; centers of excellence Ochsner Cancer Institute, Ochsner Multi-Organ Transplant Center and Ochsner Heart and Vascular Institute. It has also been named the Best Hospital in Louisiana for 12 consecutive years by U.S. News & World Report and is among less than 1 percent of hospitals in the nation to be a four time recipient of Magnet Recognition for Excellence in Nursing Services from the American Nursing Credentialing Center.

Ochsner Medical Center provides a convenient, comprehensive medical home for the Gulf South region while attracting patients nationwide with world-class, innovative programs. Read More

Oschner Medical Center

New Orleans

NEW ORLEANS OVERVIEW

New Orleans is located at the mouth of the Mississippi River in southern Louisiana, a midpoint between Houston and Tallahassee, Florida. The city serves as a logistical hub for the country and is home to a world-class port system, integrated multi-modal transportation infrastructure, and a skilled workforce.

Home to nearly 1.3 million people in the metropolitan area, the economy of the New Orleans region is driven by the leisure and hospitality, energy, supply chain logistics, and manufacturing industries. Over the last several years, the city has proven to be one of the most attractive metro areas for relocation, due in part to the strong, well-educated workforce.

There's more to New Orleans than just business. The city boasts some of the best music, art, and food globally and is home to the famous French Quarter and Mardi Gras. Each year the city hosts the Sugar Bowl and the New Orleans Bowl and is proud to have the NFL New Orleans Saints and the NBA New Orleans Pelicans among its pro sports teams.

A WORLD-CLASS PORT SYSTEM

Four major facilities sit near the mouth of the Mississippi River, providing vital supply chain support to the United States.

Southeast Louisiana is home to one of the most advanced seaport systems in the world. Four ports are located in the Greater New Orleans region – Port of New Orleans, Port of South Louisiana, St. Bernard Port, Harbor and Terminal District, and the Plaquemine Port, Harbor, and Terminal District – each taking full advantage of the waterways which originally inspired settlement in the area.

These facilities store, process, and deliver goods that are either grown and produced in the heart of the country, or products that are being imported into the United States from other countries. The activity at these facilities makes this port system among the largest in the nation, leading the country in terms of volume and the #5 system by value.

New Orleans, LA

KEY INDUSTRIES

- TECHNOLOGY
- ADVANCED MANUFACTURING
- TRADE & LOGISTICS
- HEALTH SCIENCES
- ENVIRONMENTAL MANAGEMENT
- ENERGY
- OFFSHORE WIND

Area Map

Louis Armstrong New Orleans International Airport
± 9 Miles from Subject Property
Ochsner Discovery Health Sciences Academy
± 697 Students
Safelite
Fresenius Kidney Care
Hobby Lobby
Ashley
The Home Depot
Best Buy
Old Navy
McDonald's
Lou Rippner's Compass Furniture
Two Men and a Truck
ABC Supply Co. inc.
CORT
Chick-fil-A
Nike
World Market
DSW
Marshalls
Torrid
amazon
Taco Bell
rue21
Party City
OfficeMax
Canes
T.J.maxx
five BELOW
PetSmart
Smoothie King
Guitar Center
Skechers
Capital One
Frito Lay
AutoZone
Cintas
Academy
Sherwin Williams
Concentra
CVS pharmacy
Ochsner Medical District
ACE Hardware
NAPA
Popeyes
ABF Freight
Jefferson Elementary
± 697 Students
Riverdale High School
± 1,084 Students
Jefferson Parish Fleet Maintenance
Jefferson Parish Fleet Environmental
Hwy 90
(35,542 VPD)
Ochsner West Campus
130K SF Building
Ochsner Medical Center
767 Beds
± 2 Miles fromSubject Property
River Road Flea Market
Industrial
Airgas
Murphy USA
Walmart Supercenter
New Orleans
± 6.6 Miles from Subject Property
Mississippi River
Industrial
Rally's
GameStop
ExtraSpace Storage
S Clearview Pkwy
(65,484 VPD)
N

Demographics

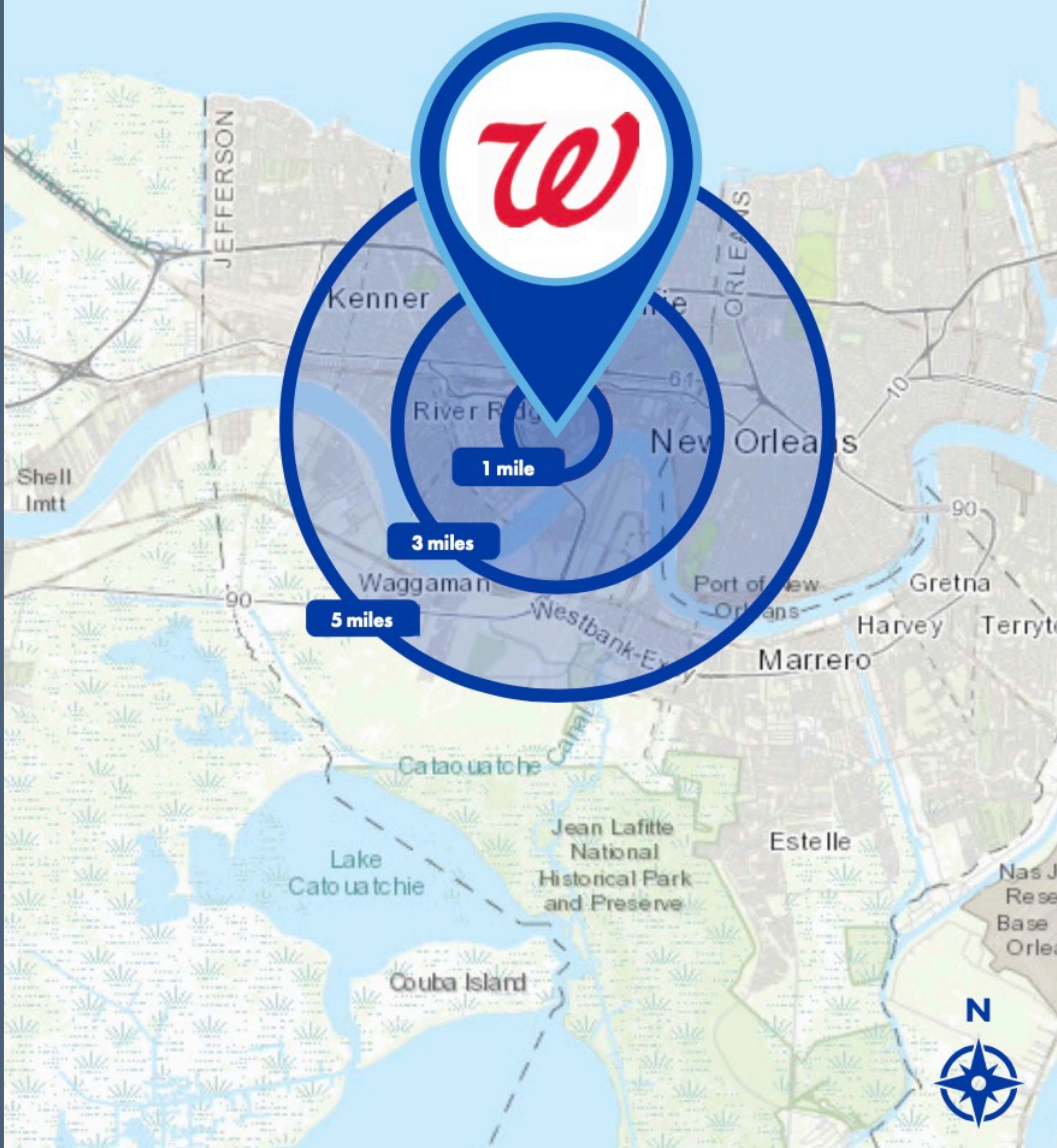
Population	1 mile	3 miles	5 miles
2023 Population	9,397	106,155	316,927

Households	1 mile	3 miles	5 miles
2023 Households	4,838	49,101	137,626

Household Income	1 mile	3 miles	5 miles
2023 Average Household Income	$79,219	$94,970	$96,443
2028 Average Household Income	$90,542	$107,504	$109,755

106K+
Total Population
(3 Miles)

$94K+
Avg. HH Income
(3 Miles)



Walgreens

Walgreens Boots Alliance (NASDAQ: WBA) is the first global pharmacy-led, health and wellbeing enterprise in the world. The company was created through the combination of Walgreens and Alliance Boots in December 2014, bringing 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.

The company employs over 330,000 people and has a presence in more than 25 countries, making it the largest retail pharmacy, health and daily living destination in the USA and Europe. Additionally, Walgreens Boots Alliance is the world's largest purchaser of prescription drugs and many other health and wellbeing products.

Walgreens Boots Alliance is organized into three segments: Retail Pharmacy USA, Retail Pharmacy International and Pharmaceutical Wholesale. Walgreens itself is organized under Retail Pharmacy USA along with Duane Reade, the most recognized drugstore chain in metropolitan New York that became part of the Walgreens family of companies in 2010.

As Walgreens and Duane Reade, the Retail Pharmacy USA division operates over 8,700 drugstores across all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, boasting a footprint that places a store within 5 miles of approximately 78% of the U.S. population and makes Walgreens the largest drugstore chain in the U.S. The Retail Pharmacy USA segment of Walgreens Boots Alliance reported Fiscal 2023 sales of $139.1 billion.

120+ Years in Business

330,000+ WBA Employees

$139.1 Billion Fiscal Sales *(2023)*

#1 World's Most Admired Company
Fortune Magazine
Food & Drug Stores Industry

Approximately 8 Million Customers
Visit Walgreens Every Day
In Store & Online

In the News:

Walgreens Boots Alliance Continues to Perform Strongly

for Fiscal 2024 First Quarter Earnings & Raises Guidance for Fiscal Year

January 4, 2024 | **WBA first quarter sales increased 10.0 percent from the year-ago quarter to $36.7 billion,** an increase of 8.7 percent on constant currency basis, reflecting sales growth in the U.S. Retail Pharmacy and International segments, and sales contributions from the U.S. Healthcare segment.

Company Profile	Walgreens Boots Alliance
Parent Company	Walgreens Boots Alliance
Retail Footprint	13,000+ in 25 countries
Stock Symbol	WBA (NASDAQ)
Fiscal Sales	$139.1 Billion*
Total Assets	$96.6 Billion*
Net Worth	$20.0 Billion*
Employees	330,000+
Website	walgreensbootsalliance.com

*As of end of FY2023

Tenant Profile	Walgreens
Tenant	Walgreen Co.
Retail Locations	8,700+
Year Founded	1901
Headquarters	Deerfield, Illinois
Website	walgreens.com

DRUGSTORE PROPERTY ADVISORS

Experts in Walgreens and CVS Investments

Have questions?
Want to talk about this opportunity ?

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John Giordani has been a leader in the drugstore marketplace since 2007.

He has advised clients on 407 drugstore sales totaling $2.36 billion in value.