# #2 Walgreens in Entire State of Alaska



## 14+ Year NNN Walgreens

- Very Strong Store: \$3.6M in Reported Sales
- Tax-Free State
- 62,071 Cars Per Day at Intersection
- Better Than Market 3.6% Rate on Interest Only Loan

- 8 Years of Interest Only Cash Flow Remain
- Walgreens Corporate Credit Guarantees the Rent

\$14,162,000 5.1% CAP

7.25% Return on Cash

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John Giordani Art Griffith



**DeerfieldPartners** 

The Drugstore Experts

#### **INVESTMENT SUMMARY**

725 E NORTHERN LIGHTS BLVD | ANCHORAGE, AK 99503

WALGREENS #13656

\$14,162,000

5.1%

\$722,261

14.3

PRICE

CAP

ANNUAL RENT

YRS. GUARANTEED

Buyer must assume the existing loan, as described below.

- Non-recourse CMBS Loan
- 10 Year Fixed Rate Loan
- 10 Years Interest Only
- Loan amount is \$8.45M
- Rate is 3.60%
- Start date is Dec 2020
- Loan due 1/1/2031 in amount of \$8.45M

#### **METRICS**

Purchase Price \$14,162,000

Less Loan Amount (\$8,450,000)

Cash Required \$5,711,980

Avg Net Annual Cash Flow \$413,836

Avg Cash on Cash 7.25%

Loan to Value 60%

#### **NET CASH FLOWS TO BUYER**

Year	Start	End	<b>Annual Rent</b>	<b>Annual Debt Service</b>	<b>Net Annual Cash Flow</b>	Return On Cash
1	1/1/2021	12/31/2021	\$722,261	(\$308,425)	\$413,836	7.25%
2	1/1/2022	12/31/2022	\$722,261	(\$308,425)	\$413,836	7.25%
3	1/1/2023	12/31/2023	\$722,261	(\$308,425)	\$413,836	7.25%
4	1/1/2024	12/31/2024	\$722,261	(\$308,425)	\$413,836	7.25%
5	1/1/2025	12/31/2025	\$722,261	(\$308,425)	\$413,836	7.25%
6	1/1/2026	12/31/2026	\$722,261	(\$308,425)	\$413,836	7.25%
7	1/1/2027	12/31/2027	\$722,261	(\$308,425)	\$413,836	7.25%
8	1/1/2028	12/31/2028	\$722,261	(\$308,425)	\$413,836	7.25%
9	1/1/2029	12/31/2029	\$722,261	(\$308,425)	\$413,836	7.25%
10	1/1/2030	12/31/2030	\$722,261	(\$308,425)	\$413,836	7.25%
				Total Net Cash Flow:	\$3,310,688	7.25%



#### INVESTMENT SUMMARY

725 E NORTHERN LIGHTS BLVD | ANCHORAGE, AK 99503 WALGREENS #13656

This prototypical freestanding Walgreens has been open and operating for 10+ years, and boasts extremely strong reported sales volumes ... not surprising considering that Walgreens has the entire Anchorage market to themselves, as no national drugstores such as CVS/pharmacy or Rite Aid have operations in Alaska. This Walgreens store sits on a prime, high traffic intersection and is arguably one of the best corners in all of Alaska. This site also offers the rarely found combination of population density coupled with affluent demographics. Average household incomes here are in excess of \$100,000. Alaska has no state income tax, an additional benefit to investors.





#### **OUTSTANDING LOCATION IN THE WALGREENS CHAIN**

- #1 Walgreens in Anchorage
- #2 Walgreens in entire state of Alaska
- Top 89% of all 7,000+ Walgreens stores in the nation







#### **PROPERTY OVERVIEW**



#### PROPERTY DETAILS

**Address:** 725 E Northern Lights Blvd

Year Built: 2010

Building Size: 14,550 SF Lot Size: 1.39 Acres Tenant: Walgreens



#### **LEASE SUMMARY**

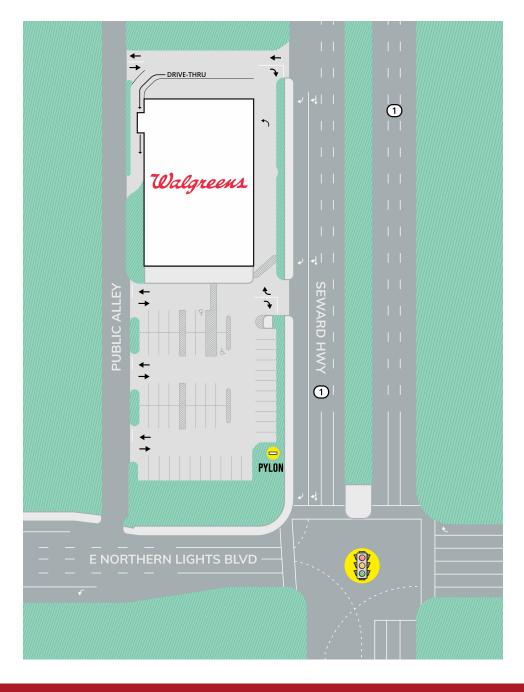
Lease Type: NNN

**Rent Start Date:** 10/3/2011 **Firm Term End Date:** 10/31/2036

**Termination Options:** Options: 3 x 5 year rights of

cancellation, with 1-year rights

following.





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#### **ANCHORAGE OVERVIEW**









Anchorage is Alaska's biggest city and a major travel hub.



Subject location is 5 miles from Anchorage International Airport



Affluent city with avg. HH incomes of \$100,000+





### ANCHORAGE, AK

A GATEWAY TO THE GREAT OUTDOORS





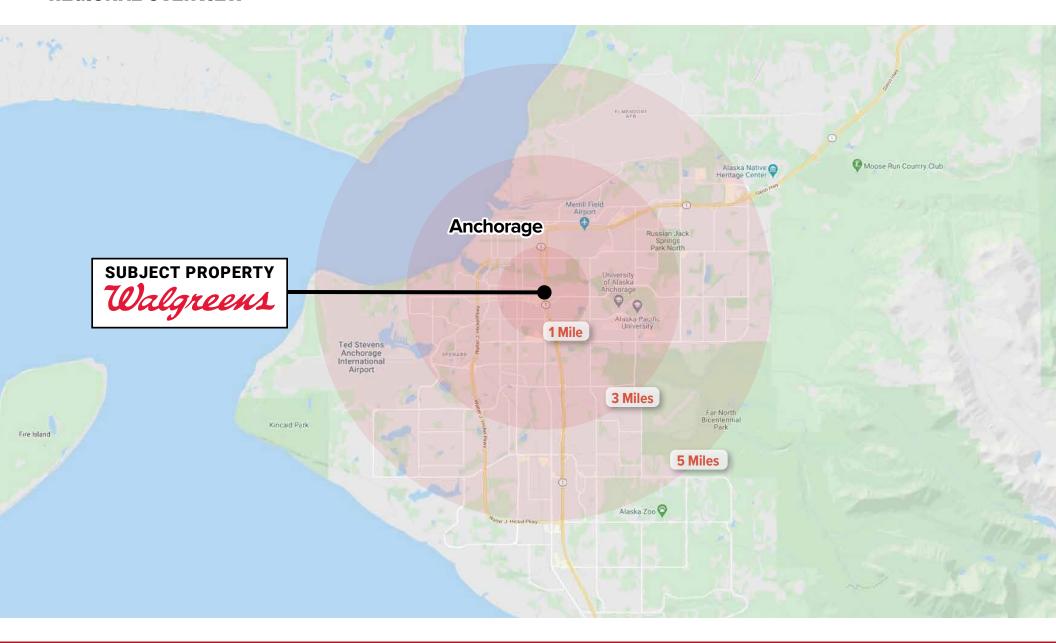








#### **REGIONAL OVERVIEW**











#### **WALGREENS INCOME STATEMENTS TRAILING 5 YEARS**

Fiscal year is Sept. – Aug. (All values USD millior	ns) <b>2017</b>	2018	2019	2020	2021
Sales/Revenue	118.21B	131.54B	136.87B	139.54B	132.51B
Sales Growth	-	11.27%	4.05%	-10.87%	8.63%
Cost of Goods Sold (COGS) Incl, D&A	90.71B	102.52B	108.83B	97.69B	106.37B
COGS Growth	-	13.02%	6.16%	-10.24%	8.88%
COGS excluding D&A	89.05B	100.75B	106.79B	95.91B	104.44B
Depreciation & Amortization Expense	1.65B	1.77B	2.04B	1.78B	1.92B
Depreciation	1.27B	1.28B	1.49B	1.4B	1.4B
Amortization of Intangibles	385M	493M	552M	384M	523M
Gross Income	27.51B	29.02B	28.04B	24.29B	26.14B
Gross Income Growth	-	5.50%	-3.39%	-13.36%	7.62%
	2017	2018	2019	2020	2021
SG&A Expense	21.25B	22.88B	22.91B	20.55B	22.13B
SGA Growth	-	7.70%	0.12%	-10.33%	7.70%
Research & Development	-	-	-	-	-
Other SG&A	21.25B	22.88B	22.91B	20.55B	22.13B
Other Operating Expense	-	-	-	-	-
Unusual Expense	886M	188M	311M	3.1B	959M
EBIT after Unusual Expense	5.37B	(188M)	4.82B	(3.1B)	3.06B
Non Operating Income/Expense	37M	450M	251M	66M	566M
Equity in Affiliates (Pretax)	135M	191M	164M	341M	(1.14B)
Interest Expense	693M	616M	704M	613M	491M
Interest Expense Growth	-	-11.11%	14.29%	-12.93%	-19.90%
Gross Interest Expense	693M	616M	704M	613M	491M
Pretax Income	4.85B	5.98B	4.53B	446M	2B
Pretax Income Growth	-	23.12%	-24.23%	-90.15%	347.31%
Income Tax	760M	998M	588M	339M	667M
Income Tax - Current Domestic	804M	969M	247M	233M	194M
Income Tax - Current Foreign	390M	353M	241M	135M	234M
Income Tax - Deferred Domestic	(330M)	(266M)	155M	(81M)	(56M)
Income Tax - Deferred Foreign	(104M)	(58M)	(55M)	52M	295M
Income Tax Credits	-	-	-	-	-
Equity In Affiliates	8M	54M	23M	31M	627M
Consolidated Net Income	4.1B	5.03B	3.96B	138M	1.96B
Minority Interest Expense	23M	7M	(20M)	(42M)	(39M)
Net Income	4.08B	5.02B	3.98B	180M	1.99B











#### **ABOUT WALGREENS BOOTS ALLIANCE**

Walgreens Boots Alliance (NASDAQ: WBA) is the first global pharmacy real, realmost enterprise. The Company's heritage of trusted healthcare services through community pharmacy care and pharmaceutical wholesaling dates back more than 100 years.

Walgreens Boots Alliance is the largest retail pharmacy, health and daily living destination across the U.S. and Europe. Walgreens Boots Alliance and the companies in which it has equity method investments together have a presence in more than 25\* countries and employ more than 415,000\* people. The Company is a global leader in pharmacy-led, health and wellbeing retail and, together with the companies in which it has equity method investments, has more than 18,500\* stores in 11\* countries as well as one of the largest global pharmaceutical wholesale and distribution networks, with more than 390\* distribution centers delivering to more than 230,000\*\* pharmacies, doctors, health centers and hospitals each year in more than 20\* countries. In addition, Walgreens Boots

Alliance is one of the world's largest purchasers of prescription drugs and many other health and wellbeing products. The Company's size, scale, and expertise will help us to expand the supply of, and address the rising cost of, prescription drugs in the U.S. and worldwide.

Walgreens Boots Alliance is included in Fortune magazine's 2018 list of the World's Most Admired Companies. This is the 25th consecutive year that Walgreens Boots Alliance or its predecessor company, Walgreen Co., has been named to the list.

\*As of 31 August 2018, using publicly available information for AmerisourceBergen.

\*\*For 12 months ending 31 August 2018, using publicly available information for AmerisourceBergen.





#### **WALGREENS BOOTS ALLIANCE – SEGMENT STRUCTURE**





#### **WALGREENS BOOTS ALLIANCE – RETAIL PHARMACY USA DIVISION**

Our Retail Pharmacy USA Division's principal retail pharmacy brands are Walgreens and Duane Reade. Together, they form one of the largest drugstore chains in the U.S., operating 8,100\* drugstores in 50\* states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. As of August 2017, approximately 76 percent of the population of the U.S. lives within five miles of a Walgreens or Duane Reade.

We sell prescription and non-prescription drugs, as well as general merchandise, including household items, convenience and fresh foods, personal care, beauty care, photofinishing and candy. We offer our products and services through drugstores, as well as through mail, telephone and online. We also provide specialty pharmacy and respiratory services, and operate retail clinics.

Our services help improve health outcomes for patients and manage costs for payers including employers, managed care organizations, health systems, pharmacy benefit managers and the public sector. Our stores sell branded and own brand general merchandise. In addition, Walgreens has approximately 400 in-store clinic locations throughout the U.S., some of which are operated by the Company and some of which are operated by health system partners.

Prescription drugs account for 69 percent of sales, while retail products are 31 percent.

Overall, we filled approximately 764 million† prescriptions in fiscal 2017. Adjusted to 30-day equivalents, we filled approximately 990 million prescriptions in fiscal 2017. Third party sales, where reimbursement is received from managed care organizations, government and private insurance, were approximately 98 percent† of prescription sales.

We utilize our extensive retail network as a channel to provide affordable

quality health and wellness services to our customers and patients, as illustrated by our ability to play a significant role in providing flu vaccines and other immunizations.

We have more than 78,000\* healthcare service providers, including pharmacists, pharmacy technicians, nurse practitioners and other health related professionals. Through them we expect to continue to play a growing role in government and employer efforts to control escalating healthcare costs.

Our loyalty program, Balance® Rewards, is designed to reward our most valuable customers and encourage shopping in stores and online and allows customers the opportunity to earn points for purchasing select merchandise in addition to receiving special pricing on select products when shopping with a rewards card. Customers have the ability to instantly redeem rewards at our stores or through Walgreens.com. We had 88 million Balance® Rewards active members as of August 2017.

The Division's strategy is designed to further transform our traditional drugstore by offering ultimate convenience, driving the best customer loyalty and delivering extraordinary customer and patient care. We seek to expand our product and service offerings across new channels and markets where, in addition to our stores, customers and patients can utilize our health system pharmacies, Walgreens.com, mobile applications and social media sites.



#### **WALGREENS DRUGSTORES NATIONWIDE BY STATE**

#### **TOTAL DRUGSTORES - 9,277**

THROUGH AUGUST 31, 2019

Alabama	154	Maryland	159	Pennsylvania	126
Alaska	12	Massachusetts	258	Rhode Island	49
Arkansas	239	Michigan	237	South Carolina	155
California	622	Minnesota	153	South Dakota	14
Colorado	171	Mississippi	84	Tennessee	276
Connecticut	120	Missouri	210	Texas	704
Delaware	64	Montana	13	Utah	57
Florida	820	Nebraska	57	Vermont	33
Georgia	280	Nevada	82	Virginia	211
Hawaii	19	New Hampshire	36	Washington	135
Idaho	38	New Jersey	289	West Virginia	99
Illinois	583	New Mexico	70	Wisconsin	225
Indiana	195	New York	632	Wyoming	10
lowa	72	North Carolina	362	Puerto Rico	108
Kansas	71	North Dakota	1	Washington D.C.	15
Kentucky	173	Ohio	253	U.S. Virgin Islands	1
Louisiana	176	Oklahoma	116	TOTAL	9,277
Maine	82	Oregon	76		

Includes all 50 states, the District of Columbia, Puerto Rico and U.S. Virgin Islands
Note: Approximately 400 Walgreens stores offer Healthcare Clinic or other provider retail clinic services.

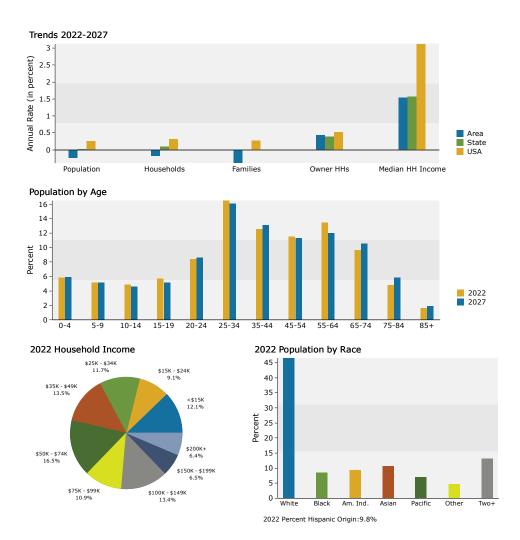






#### 1-Mile DEMOGRAPHICS

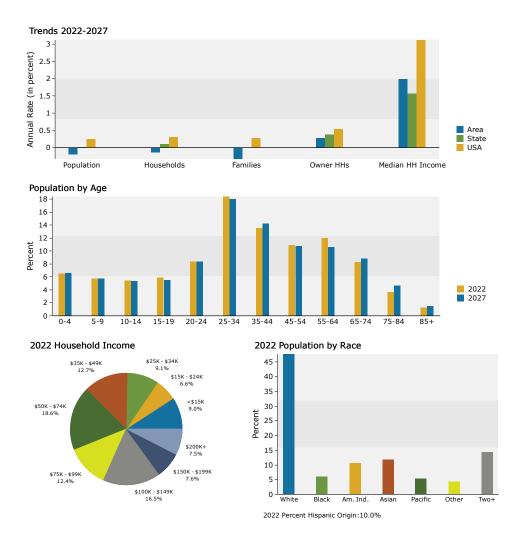
Gummary		Census 20		Census 2		20		2027
Population		13,1			,162	12,9		12,831
Households			338	5,	,705	5,6		5,641
Families			337		-	2,5		2,542
Average Household Size			.21		2.22		19	2.18
Owner Occupied Housing Units			074		-	2,0		2,082
Renter Occupied Housing Units			765		-	3,6		3,559
Median Age		3	5.4		-		7.5	38.3
rends: 2022-2027 Annual Rate	e		Area			State		Nationa
Population			-0.25%			0.02%		0.25%
Households			-0.19%			0.10%		0.31%
Families			-0.39%			-0.01%		0.28%
Owner HHs			0.43%			0.38%		0.53%
Median Household Income			1.54%			1.57%		3.129
						2022		202
louseholds by Income				1		Percent	Number	Percen
<\$15,000					691	12.1%	601	10.79
\$15,000 - \$24,999					516	9.1%	475	8.49
\$25,000 - \$34,999					666	11.7%	581	10.39
\$35,000 - \$49,999					767	13.5%	731	13.09
\$50,000 - \$74,999					938	16.5%	1,018	18.09
\$75,000 - \$99,999					619	10.9%	542	9.69
\$100,000 - \$149,999					765	13.4%	747	13.29
\$150,000 - \$199,999					368	6.5%	463	8.20
\$200,000+					364	6.4%	483	8.69
Median Household Income					54,032		\$58,331	
Average Household Income					85,425		\$99,152	
Per Capita Income		_	2010	\$	37,684		\$43,856	
		Number	nsus 2010 Percent			2022 Percent	Normaliano	202 Percer
opulation by Age				r			Number	
0 - 4		863	6.6%		755	5.8%	752	5.99
5 - 9		775	5.9%		682	5.2%	667	5.29
10 - 14		696	5.3%		638	4.9%	588	4.69
15 - 19		799	6.1%		735	5.7%	657	5.19
20 - 24		1,246	9.5%		1,086	8.4%	1,102	8.69
25 - 34		2,141	16.3%		2,150	16.5%	2,064	16.19
35 - 44		1,545	11.7%		1,633	12.6%	1,686	13.19
45 - 54		1,956	14.9%		1,488	11.5%	1,444	11.30
55 - 64		1,674	12.7%		1,743	13.4%	1,545	12.00
65 - 74		845	6.4%		1,246	9.6%	1,343	10.5
75 - 84		467	3.5%		628	4.8%	746	5.89
85+		155	1.2%		207	1.6%	238	1.99
		nsus 2010		sus 2020		2022		202
ace and Ethnicity	Number	Percent	Number	Percent	Number	Percent		Percer
	7,330	55.7%	6,199	47.1%	6,046	46.5%		44.49
White Alone		8.7%	1,130	8.6%	1,113	8.6%	1,074	8.49
Black Alone	1,149					9.4%	1,190	9.39
	1,149 1,272	9.7%	1,247	9.5%	1,215	9.470	-,	
Black Alone			1,247 1,366	9.5% 10.4%	1,215 1,372	10.6%		10.99
Black Alone American Indian Alone	1,272	9.7%					1,405	
Black Alone American Indian Alone Asian Alone	1,272 1,290	9.7% 9.8%	1,366	10.4%	1,372	10.6%	1,405 1,013	10.99 7.99 5.19
Black Alone American Indian Alone Asian Alone Pacific Islander Alone	1,272 1,290 564	9.7% 9.8% 4.3%	1,366 909	10.4% 6.9%	1,372 925	10.6% 7.1%	1,405 1,013 650	7.99





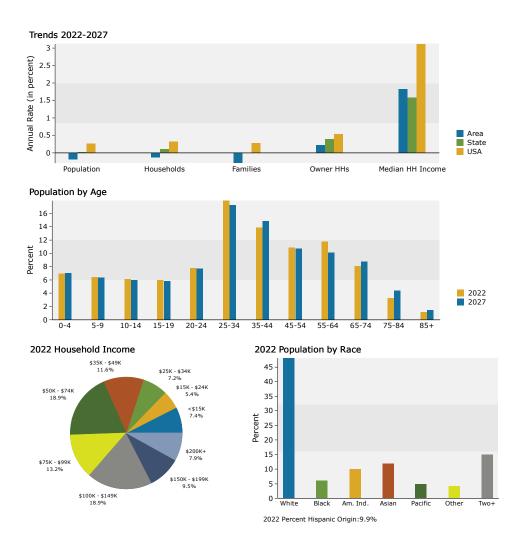
#### 3-Mile DEMOGRAPHICS

Summary		Census 20		Census 2			2022	20
Population		96,			,065		4,358	93,3
Households		38,8		38	,686		8,678	38,3
Families		20,5			-	19	9,204	18,8
Average Household Size			.37		2.31		2.32	2
Owner Occupied Housing Units		16,9	933		-	1	7,389	17,6
Renter Occupied Housing Units		21,9			-	2:	1,290	20,7
Median Age		3	3.0		-		34.8	3
rends: 2022-2027 Annual Rate			Area			State		Natio
Population			-0.21%			0.02%		0.2
Households			-0.16%			0.10%		0.3
Families			-0.34%			-0.01%		0.2
Owner HHs			0.27%			0.38%		0.5
Median Household Income			1.99%			1.57%		3.1
						2022		20
louseholds by Income				1	Number	Percent	Number	Perc
<\$15,000					3,496	9.0%	2,965	7.
\$15,000 - \$24,999					2,564	6.6%	2,137	5.
\$25,000 - \$34,999					3,517	9.1%	2,972	7.
\$35,000 - \$49,999					4,912	12.7%	4,327	11.
\$50,000 - \$74,999					7,177	18.6%	7,568	19.
\$75,000 - \$99,999					4,810	12.4%	4,676	12.
\$100,000 - \$149,999					6,368	16.5%	6,776	17.
\$150,000 - \$199,999					2,950	7.6%	3,503	9.
\$200,000+					2,885	7.5%	3,443	9.
Median Household Income				\$	64,705		\$71,399	
Average Household Income				\$	94,806		\$107,534	
Per Capita Income				\$	39,003		\$44,293	
		Ce	nsus 2010			2022		20
opulation by Age		Number	Percent	1	Number	Percent	Number	Perc
0 - 4		6,932	7.2%		6,096	6.5%	6,170	6.
5 - 9		5,975	6.2%		5,510	5.8%	5,404	5.
10 - 14		5,607	5.8%		5,141	5.4%	4,914	5.
15 - 19		6,402	6.7%		5,520	5.9%	5,178	5.
20 - 24		9,278	9.7%		7,921	8.4%	7,846	8.
25 - 34		16,808	17.5%		17,324	18.4%	16,785	18.
35 - 44		12,190	12.7%		12,766	13.5%	13,286	14.
45 - 54		13,945	14.5%		10,268	10.9%	10,077	10.
55 - 64		10,865	11.3%		11,346	12.0%	9,865	10.
65 - 74		4,750	4.9%		7,785	8.3%	8,217	8.
75 - 84		2,438	2.5%		3,428	3.6%	4,260	4.
85+		934	1.0%		1,252	1.3%	1,384	1.
	Car	nsus 2010		sus 2020	_,		22	20
tace and Ethnicity	Number	Percent	Number	Percent	Number	Perc		Perc
White Alone	54,835	57.0%	45,355	48.2%	44,979	47.		45.
Black Alone	6,205	6.5%	5,702	6.1%	5,701		0% 5,515	5.
American Indian Alone	10,235	10.6%	9,939	10.6%	9,964	10.6		10.
Asian Alone	10,233	10.5%	10,931	11.6%	11,105	11.8		12.
Pacific Islander Alone	3,074	3.2%		5.2%	5,035		3% 11,400 3% 5,506	5.
			4,871					
Some Other Race Alone	3,166	3.3% 8.9%	4,101	4.4% 14.0%	4,163 13,411		4% 4,332	4.
Torra and Maria Danasa							2% 14,340	15.
Two or More Races	8,563	0.970	13,166	14.070	15,411	2	, , , ,	



#### 5-Mile DEMOGRAPHICS

Summary		Census 20		Census 2			022	202
Population		196,		194,			,845	191,84
Households		74,	706	75,	222	75	,243	74,67
Families		45,	104		-	43	,082	42,44
Average Household Size		2	.56	2	2.50		2.49	2.4
Owner Occupied Housing Units		39,	434		-	40	,750	41,20
Renter Occupied Housing Units		35,2	271		-	34	,493	33,46
Median Age		3	2.1		-		34.4	35.
Trends: 2022-2027 Annual Ra	te		Area			State		Nationa
Population			-0.21%			0.02%		0.25
Households			-0.15%			0.10%		0.319
Families			-0.30%			-0.01%		0.28
Owner HHs			0.22%			0.38%		0.53
Median Household Income			1.82%			1.57%		3.12
						2022		202
Households by Income				N	lumber	Percent	Number	Perce
<\$15,000					5,548	7.4%	4,660	6.2
\$15,000 - \$24,999					4,090	5.4%	3,391	4.5
\$25,000 - \$34,999					5,430	7.2%	4,576	6.1
\$35,000 - \$49,999					8,706	11.6%	7,171	9.6
\$50,000 - \$74,999					14,185	18.9%	14,627	19.6
\$75,000 - \$99,999					9,953	13.2%	9,632	12.9
\$100,000 - \$149,999					14,247	18.9%	15,014	20.1
\$150,000 - \$199,999					7,120	9.5%	8,472	11.3
\$200,000+					5,964	7.9%	7,129	9.5
Median Household Income				\$	74,155		\$81,162	
Average Household Income				\$1	01,539		\$114,951	
Per Capita Income				\$	39,560		\$44,879	
			nsus 2010			2022		202
Population by Age		Number	Percent		lumber	Percent	Number	Perce
0 - 4		15,200	7.7%		13,293	6.9%	13,397	7.0
5 - 9		13,631	6.9%		12,495	6.4%	12,120	6.3
10 - 14		13,036	6.6%		11,835	6.1%	11,412	5.9
15 - 19		13,915	7.1%		11,667	6.0%	11,079	5.8
20 - 24		17,853	9.1%		15,031	7.8%	14,826	7.7
25 - 34		33,243	16.9%		34,754	17.9%	32,913	17.2
35 - 44		25,638	13.0%		26,734	13.8%	28,363	14.8
45 - 54		28,347	14.4%		20,937	10.8%	20,604	10.7
55 - 64		21,016	10.7%		22,595	11.7%	19,394	10.1
65 - 74		9,035	4.6%		15,667	8.1%	16,669	8.7
75 - 84		4,347	2.2%		6,472	3.3%	8,412	4.4
85+		1,518	0.8%		2,367	1.2%	2,650	1.4
	Cer	ısus 2010	Cen	sus 2020		202	22	202
Race and Ethnicity	Number	Percent	Number	Percent	Number	Perce	nt Number	Percer
White Alone	115,545	58.7%	94,451	48.7%	93,224	48.1	% 88,009	45.99
Black Alone	13,283	6.8%	11,834	6.1%	11,774	6.1	% 11,396	5.99
American Indian Alone	18,983	9.6%	19,366	10.0%	19,301	10.0	% 18,981	9.9
Asian Alone	19,658	10.0%	22,767	11.7%	23,099	11.9		12.4
Pacific Islander Alone	5,508	2.8%	9,282	4.8%	9,537	4.9		5.4
Some Other Race Alone	5,693	2.9%	7,828	4.0%	7,946	4.1		4.3
Two or More Races	18,111	9.2%	28,562	14.7%	28,964	14.9		16.19
Hispanic Origin (Any Race)	16,861	8.6%	19,234	9.9%	19,149	9,9	% 19,415	10.1





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