

Walgreens

LINN (JEFFERSON CITY), MO

OFFERING MEMORANDUM



Not Subject Property

Marcus & Millichap

Walgreens

LINN (JEFFERSON CITY), MO

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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.

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LINN (JEFFERSON CITY), MO

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PRICING AND FINANCIAL ANALYSIS

Walgreens

LINN (JEFFERSON CITY), MO

Marcus & Millichap

FINANCIAL OVERVIEW

Location

304 E Main Street
Linn (Jefferson City), MO 65051

| | |
|----------------------|------------------|
| Price | \$727,272 |
| Down Payment | 100% / \$727,272 |
| Rentable Square Feet | 4,210 |
| Price/SF | \$172.75 |
| CAP Rate | 8.25% |
| Year Built | 1984 |
| Lot Size | 0.34 Acres +/- |
| Type of Ownership | Fee Simple |

Tenant Summary

| | |
|-------------------------|---------------------|
| Tenant Trade Name | Walgreens |
| Ownership | Public |
| Tenant | Corporate Store |
| Lease Guarantor | Corporate Guarantee |
| Lease Type | Absolute Net |
| Roof and Structure | Tenant Responsible |
| Lease Term | 60 Years |
| Lease Commencement Date | September 17, 2012 |
| Rent Commencement Date | September 17, 2012 |
| Lease Expiration Date | September 30, 2072 |
| Term Remaining on Lease | 7.5 Years |
| Increases | Flat |

Annualized Operating Data

| Rent Increases | Annual Rent | Monthly Rent |
|-----------------------------|-------------|-------------------------|
| Current-9/30/2072 | \$60,000.00 | \$5,000.00 |
| Base Rent (\$14.25/SF) | | \$60,000 |
| Net Operating Income | | \$60,000 |
| Total Return | | 8.25% / \$60,000 |

*Tenant has the option to terminate the lease on 9/30/2022 and every 5 years thereafter for the remainder of the lease.

Deed Restriction

From the date of this Deed until September 17, 2022, no portion of the Property shall be directly or indirectly operated as, And no person shall directly or indirectly operate or carry on at the Property, any retail drugstore or pharmacy business, any other retail store or business that involves the sale of prescription drugs, or any pharmacy wholesale or distribution business or enterprise. Notwithstanding the forgoing, the restriction contained in this paragraph shall not apply to Walgreen Co. or any of its parents, subsidiaries, or affiliates.

TENANT OVERVIEW

| | |
|----------------------|--|
| Property Name | Walgreens |
| Property Address | 304 E Main Street Linn (Jefferson City), MO 65051 |
| Property Type | Net Leased Drug Store |
| Rentable Square Feet | 4,210 |

| | |
|-------------------|---------------------|
| Tenant Trade Name | Walgreens |
| Ownership | Public |
| Tenant | Corporate Store |
| Sales Volume | \$72.2 Billion |
| Net Worth | \$19.5 Billion |
| Lease Guarantor | Corporate Guarantee |
| Credit Rating | BBB |
| Rating Agency | Standard & Poor's |
| Stock Symbol | WAG |
| Board | NYSE |
| Rank | |

| | |
|-----------------------------|--------------------|
| Lease Commencement Date | September 17, 2012 |
| Rent Commencement Date | September 17, 2012 |
| Lease Expiration Date | September 30, 2072 |
| Term Remaining on Lease | 7.5 Years |
| Lease Type | Absolute Net |
| Roof and Structure | Tenant Responsible |
| Lease Term | 60 Years |
| Year 1 Net Operating Income | \$60,000 |
| Increases | Flat |

| | |
|------------------------|--------------------------------------|
| Options to Terminate | Ten 5-Year Options |
| First Right of Refusal | Tenant has 10 days to provide notice |

| | |
|------------------|--|
| No. of Locations | 8,400+ |
| Headquartered | Deerfield, IL |
| Web Site | www.walgreens.com |

Walgreen Co. is the largest U.S. drug store chain based on sales. The company filled about 784 million prescriptions in FY 12, accounting for about 19% of the U.S. retail prescription drug market. The company is also one of the largest operator's of drugstores in the U.S. on a unit basis, operating almost 8,400 locations in all 50 states, the District of Columbia, Puerto Rico and Guam, including over 7,900 drugstores and hospital onsite pharmacies. Its Take Care Health Systems subsidiary manages more than 700 instore convenient care clinics and worksite health and wellness centers.



WALGREENS ACQUISITION

WALGREENS ACQUIRES USA DRUG PHARMACY CHAIN IN MID-SOUTH

-ACQUISITION INCLUDES USA DRUG, SUPER D DRUG, MAY'S DRUG, MED-X AND DRUG WAREHOUSE STORES

-TRANSACTION EXPANDS WALGREENS PRESENCE IN REGION INCLUDING SMALLER COMMUNITIES

DEERFIELD, Ill. - Sept. 17, 2012: Walgreen Co. (WAG) announced today that it has completed its purchase of a regional drugstore chain in the mid-South region of the United States from Stephen L. LaFrance Holdings, Inc. and members of the LaFrance family.

"This acquisition expands our business in an important region of the country," said Walgreens President and CEO Greg Wasson. "It will provide significant new pharmacy business for us in this region while also enabling us to bring the Walgreens experience to many additional smaller communities where USA Drug has developed strong operational expertise."

The transaction is subject to satisfaction of regulatory requirements and other closing conditions, and is expected to close around Sept. 1, 2012. Walgreens currently expects that the transaction will not have a material impact on earnings per share in fiscal year 2012.

"What is now USA Drug began from a single store I opened in Pine Bluff, Ark., in 1968 and has grown to more than 140 stores in seven states," said Stephen L. LaFrance, Chairman and Owner of Stephen L. LaFrance Holdings, Inc. "We chose to sell our business to Walgreens not only because it is the premier drugstore company in our industry, but also because Walgreens will continue to provide our customers with the service and products they have come to expect.

"I have loved every minute of my career these past 44 years, beginning as a pharmacist, then management and currently as owner and chairman. From the bottom of my heart, I would like to thank everyone who has been a part of my success: from my vendors, bankers, partners, employees, family and most importantly to my customers. I want to thank all of them for placing so much trust and faith in me. Without them, none of what I have accomplished would have been possible."

The transaction is structured as a purchase of the stock of Stephen L. LaFrance Holdings, Inc., which owns most of the acquired business, and also includes the purchase of assets or stock of certain affiliated companies or stores and other parts of the business that are not owned by that holding company.

The acquired drugstores will continue in the near term to operate under their current brand names after the transaction closes, and decisions will be made over time regarding the best, most effective way to harmonize Walgreens and the acquired brands.

As the nation's largest drugstore chain with fiscal 2011 sales of \$72 billion, Walgreens (www.walgreens.com) vision is to become America's first choice for health and daily living. Each day, Walgreens provides nearly 6 million customers the most convenient, multichannel access to consumer goods and services and trusted, cost-effective pharmacy, health and wellness services and advice in communities across America. Walgreens scope of pharmacy services includes retail, specialty, infusion, medical facility and mail service, along with respiratory services. These services improve health outcomes and lower costs for payers including employers, managed care organizations, health systems, pharmacy benefit managers and the public sector. The company operates 7,929 drugstores in all 50 states, the District of Columbia and Puerto Rico. Take Care Health Systems is a Walgreens subsidiary that is the largest and most comprehensive manager of worksite health and wellness centers and in-store convenient care clinics, with more than 700 locations throughout the country.

PROPERTY DESCRIPTION

Walgreens

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INVESTMENT OVERVIEW

Investment Highlights

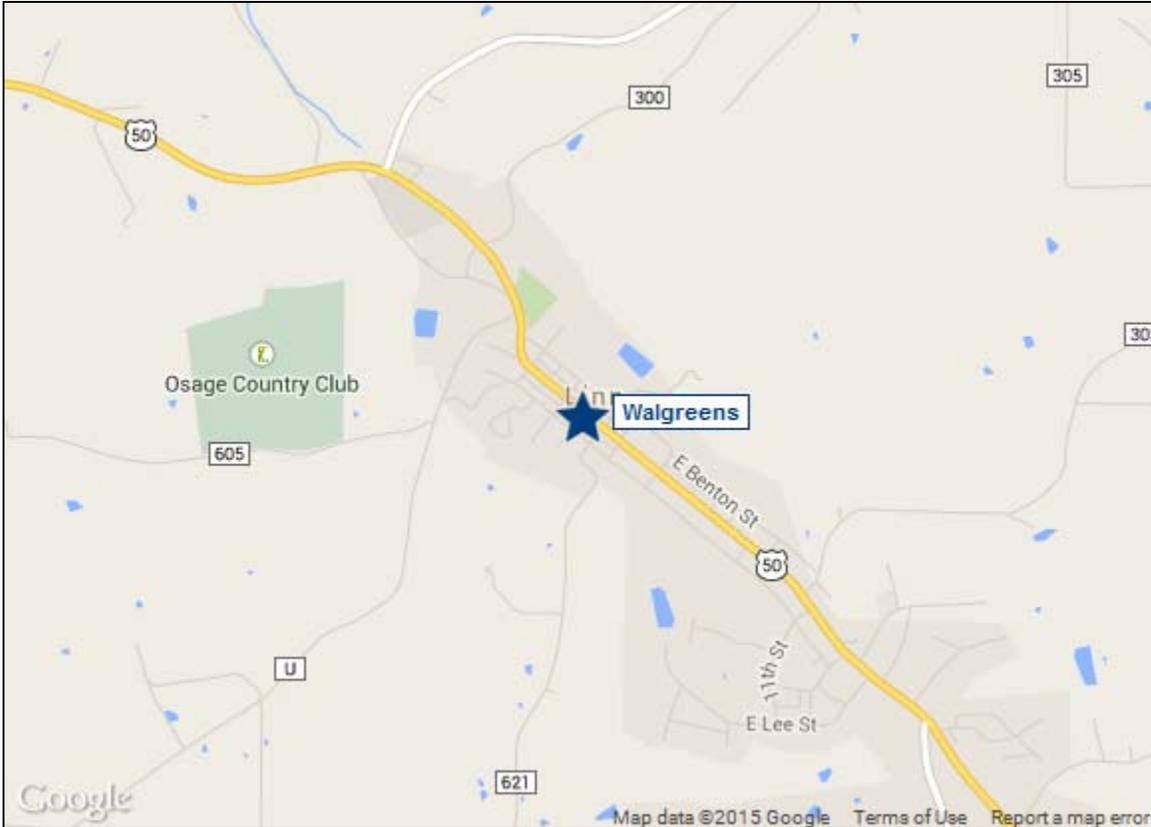
- Absolute Net Lease - No Landlord Obligations
- Lease Guaranteed by Walgreen Co. - "BBB" Investment Grade Credit Rating by Standard & Poors
- No Drugstore Competition Within 20 Miles
- Located 2.5 Miles West of State Technical College of Missouri - Missouri's Only Public Two-Year College With Current Enrollment Over 1,200 Students
- Excellent Visibility Along Main Street / US Route 50 - Major City Corridor



The subject property is a 4,210-square foot Walgreens in Linn, Missouri. Walgreens has signed a corporate backed 60-year absolute net lease which commenced in 2012. There are more than seven years remaining before the next termination option. Walgreens recently waived their first termination option subject to a rent reduction. Walgreen, Co., which is publicly traded on the New York Stock Exchange under the ticker symbol "WAG", has a current "BBB" credit rating by Standard & Poors.

Located on Main Street, which is also US Route 50, the property features excellent visibility and through traffic on one of the main Highways between St. Louis and Jefferson City. The store is located 2.5 miles West of State Technical College of Missouri - Missouri's only public two-year college with a current enrollment of over 1,200 Students. The campus is almost 250 acres and features ten academic buildings with technical laboratories, on-campus housing, and a public airport which includes an AVGAS fueling station.

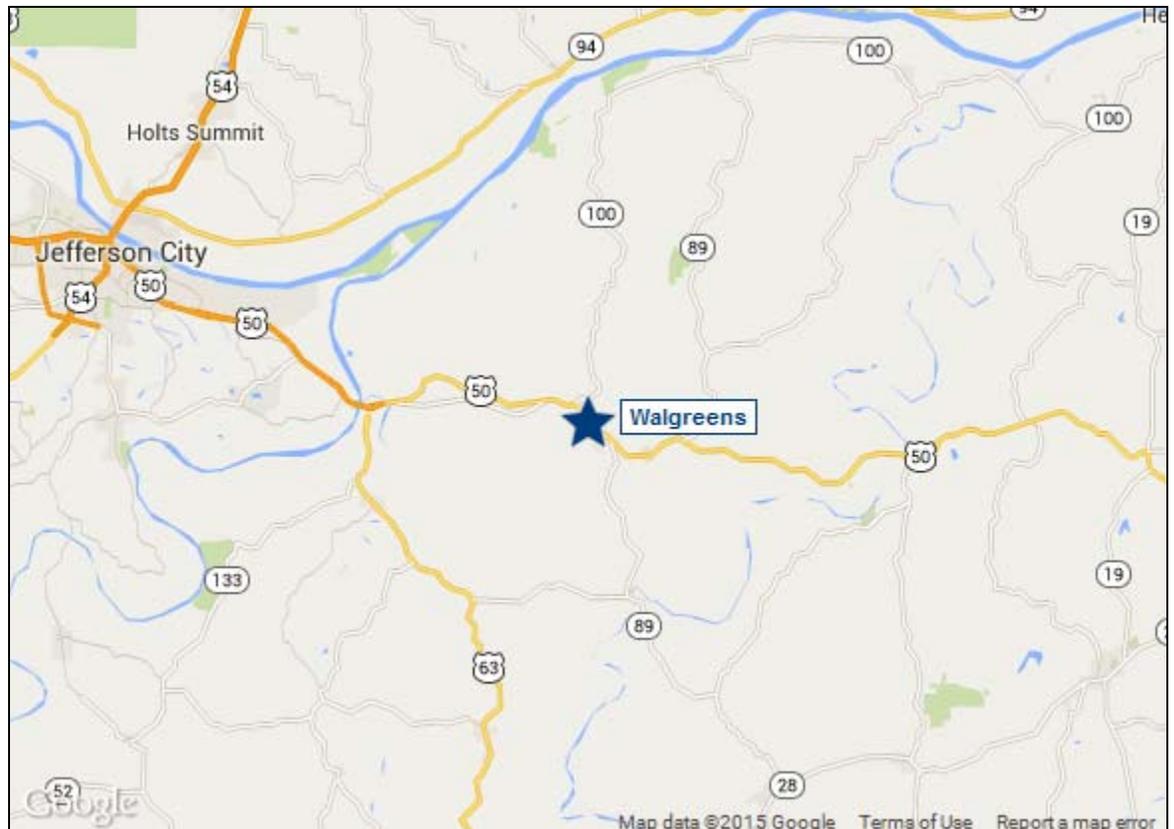
The City of Linn is the county seat of Linn County in the "Show Me" State, Missouri and is considered part of Jefferson City MSA, the state capital. The meandering Osage River separates Linn from Rand McNally's "Most Beautiful Small Town" but the town reflects that same beauty and abundant natural resources.



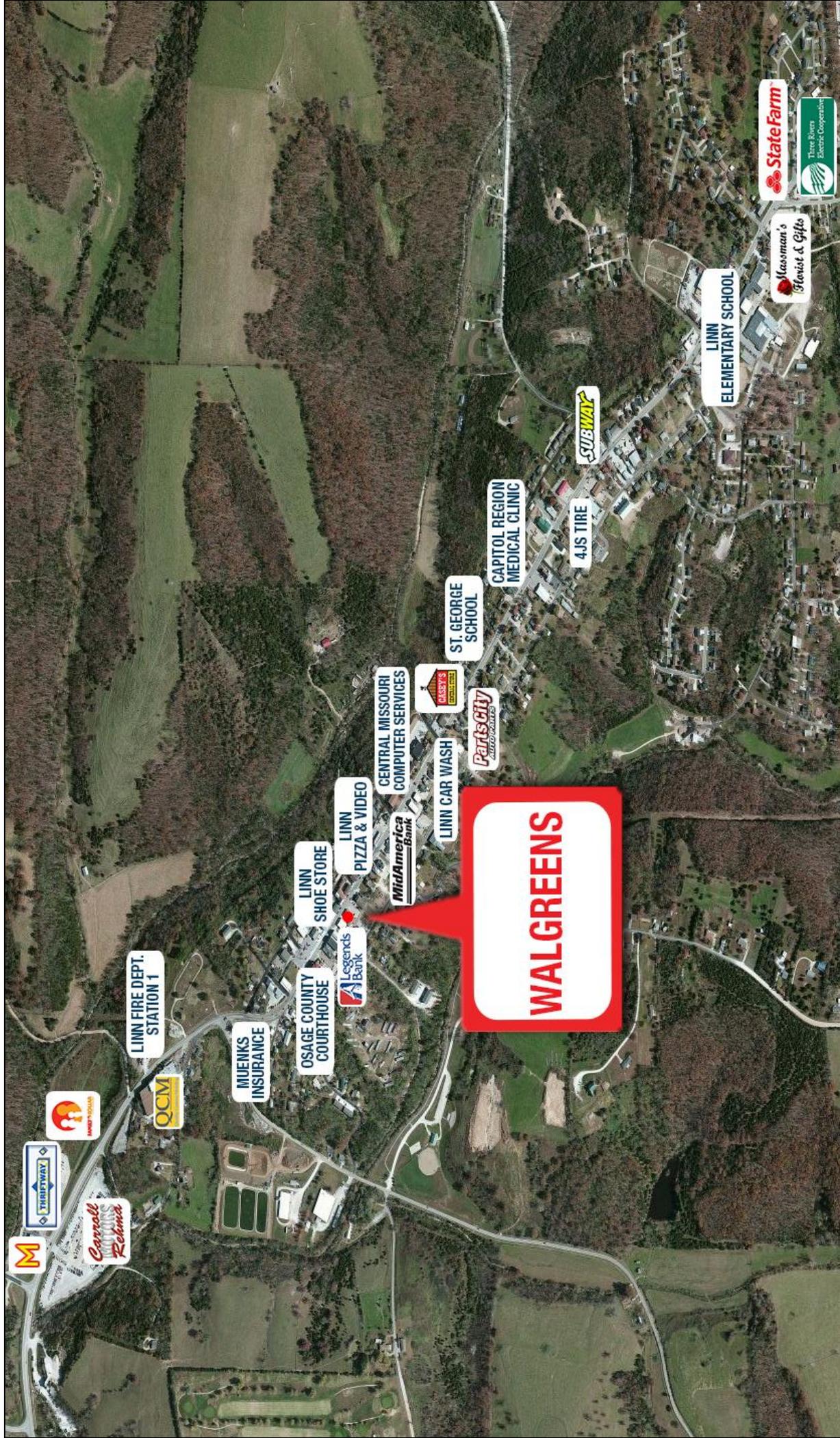
Local Map



Regional Map



AERIAL PHOTO



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DEMOGRAPHIC ANALYSIS

Walgreens

LINN (JEFFERSON CITY), MO

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DEMOGRAPHIC REPORT

| | 5 Miles | 10 Miles | 15 Miles |
|------------------------------------|----------|----------|----------|
| 2000 Population | 4,033 | 8,608 | 17,037 |
| 2010 Population | 4,479 | 9,571 | 21,703 |
| 2013 Population | 4,524 | 9,619 | 21,744 |
| 2018 Population | 4,673 | 9,878 | 22,293 |
| 2000 Households | 1,437 | 3,311 | 6,494 |
| 2010 Households | 1,598 | 3,640 | 7,093 |
| 2013 Households | 1,617 | 3,656 | 7,103 |
| 2018 Households | 1,686 | 3,796 | 7,369 |
| 2013 Average Household Size | 2.48 | 2.54 | 2.58 |
| 2013 Daytime Population | 1,346 | 2,689 | 6,944 |
| 2000 Owner Occupied Housing Units | 65.03% | 69.24% | 71.33% |
| 2000 Renter Occupied Housing Units | 21.58% | 15.10% | 12.95% |
| 2000 Vacant | 13.39% | 15.66% | 15.72% |
| 2013 Owner Occupied Housing Units | 70.43% | 79.26% | 82.41% |
| 2013 Renter Occupied Housing Units | 29.57% | 20.74% | 17.59% |
| 2013 Vacant | 16.26% | 17.78% | 18.05% |
| 2018 Owner Occupied Housing Units | 70.15% | 79.05% | 82.27% |
| 2018 Renter Occupied Housing Units | 29.85% | 20.95% | 17.73% |
| 2018 Vacant | 16.55% | 18.06% | 18.34% |
| \$ 0 - \$14,999 | 13.1% | 11.6% | 11.3% |
| \$ 15,000 - \$24,999 | 11.3% | 11.5% | 11.3% |
| \$ 25,000 - \$34,999 | 13.0% | 12.2% | 11.8% |
| \$ 35,000 - \$49,999 | 17.3% | 15.4% | 14.4% |
| \$ 50,000 - \$74,999 | 21.1% | 22.8% | 22.9% |
| \$ 75,000 - \$99,999 | 12.1% | 13.1% | 14.4% |
| \$100,000 - \$124,999 | 6.4% | 7.2% | 7.5% |
| \$125,000 - \$149,999 | 2.4% | 2.9% | 2.8% |
| \$150,000 - \$199,999 | 1.5% | 1.3% | 1.7% |
| \$200,000 - \$249,999 | 0.8% | 0.7% | 0.7% |
| \$250,000 + | 1.0% | 1.2% | 1.2% |
| 2013 Median Household Income | \$43,639 | \$49,076 | \$51,263 |
| 2013 Per Capita Income | \$21,296 | \$25,457 | \$22,631 |
| 2013 Average Household Income | \$58,072 | \$61,307 | \$62,660 |

Demographic data © 2012 by Experian.

SUMMARY REPORT

Geography: 15 miles**Population**

In 2014, the population in your selected geography is 21,744. The population has changed by 27.62% since 2000. It is estimated that the population in your area will be 22,292 five years from now, which represents a change of 2.52% from the current year. The current population is 59.10% male and 40.89% female. The median age of the population in your area is 39.7, compare this to the Entire US average which is 37.3. The population density in your area is 30.72 people per square mile.

Households

There are currently 7,103 households in your selected geography. The number of households has changed by 9.38% since 2000. It is estimated that the number of households in your area will be 7,369 five years from now, which represents a change of 3.74% from the current year. The average household size in your area is 2.58 persons.

Income

In 2014, the median household income for your selected geography is \$51,263, compare this to the \$Entire US average which is currently \$51,972. The median household income for your area has changed by 21.15% since 2000. It is estimated that the median household income in your area will be \$58,589 five years from now, which represents a change of 14.29% from the current year.

The current year per capita income in your area is \$22,631, compare this to the \$Entire US average, which is \$28,599. The current year average household income in your area is \$62,659, compare this to the \$Entire US average which is \$74,533.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 90.56% White, 8.23% Black, 0.05% Native American and 0.16% Asian/Pacific Islander. Compare these to Entire US% averages which are: 71.60% White, 12.70% Black, 0.18% Native American and 5.02% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 0.86% of the current year population in your selected area. Compare this to the Entire US% average of 17.13%.

Housing

In 2000, there were 5,496 owner occupied housing units in your area and there were 997 renter occupied housing units in your area. The median rent at the time was \$268.

Employment

In 2014, there are 6,944 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 54.80% of employees are employed in white-collar occupations in this geography, and 45.31% are employed in blue-collar occupations. In 2014, unemployment in this area is 3.54%. In 2000, the average time traveled to work was 25.0 minutes.

Demographic data © 2012 by Experian.

Walgreens

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OFFERING MEMORANDUM

Nathan Gustavson
Senior Associate
Palo Alto Office
License: CA: 01898316
Tel: (650) 391-1700
Fax: (650) 391-1710
nathan.gustavson@marcusmillichap.com
www.marcusmillichap.com/NathanGustavson

Bradley Barham
Broker of Record
Marcus & Millichap REIS
License: MO: 2005038930
Tel: (314) 889-2500
Fax: (314) 889-2510