



Representative Photo

# Offering Memorandum

## Walgreens

1308 East Kansas Avenue | Garden City, Kansas 67846

**Absolute NNN Lease | 14+ Years Base Lease Term Remaining | Dense Market**

**Walgreen Co. (S&P: BBB/Stable) | Ave HH Income of \$62,000 within 1 mile radius**

- Atlanta
- Chicago
- New York
- Houston
- Los Angeles
- Phoenix
- San Francisco
- Tulsa

# Confidential Disclaimer

This Confidential Memorandum has been prepared by Stan Johnson Company (“SJC”) and is being furnished to you solely for the purpose of your review of the commercial property located at 1308 East Kansas Avenue, Garden City, Kansas 67846 (the “Property”). The material contained in this Offering Memorandum shall be used for the purposes of evaluating the Property for acquisition and shall not be used for any purpose or made available to any other person without the express written consent of Stan Johnson Company (“Broker”).

By accepting the Confidential Memorandum, you acknowledge and agree that: (1) all of the information contained herein and any other information you will be receiving in connection with this transaction, whether oral, written or in any other form (collectively, the “Materials”), is confidential; (2) you will not reproduce the Confidential Memorandum in whole or in part; (3) if you do not wish to pursue this matter, you will return this Confidential Memorandum to SJC as soon as practicable together with all other materials relating to the Property which you may have received from SJC; and (4) any proposed actions by you which are inconsistent in any manner with the foregoing agreements will require the prior written consent of SJC.

This Confidential Memorandum has been prepared by SJC, based upon certain information pertaining to the Property and any information obtained from SJC to assist interested parties in making their own evaluation of the Property is offered on a no representation or warranty provision other than customary warranties of title and is sold on an “as-is, where-is” basis and with all faults. The material and transaction does not purport to be all inclusive. This Confidential Memorandum contains descriptive materials, financial information and other data compiled for the convenience of parties interested in the Property. The Materials are being delivered by SJC to prospective investors with the understanding that it is not all inclusive and that it is qualified in its entirety by independent investigation by prospective investors of those matters which they deem appropriate in evaluating this offering without reliance upon SJC, the Broker or any of their respective affiliates or any of the information set out in the Materials. Neither SJC, the Broker, nor any of their respective affiliates have independently verified any of the information contained herein or in any of the Materials, and no representations or warranties as to the accuracy or completeness thereof or of any other kind whatsoever are made or intended and none should be inferred.

SJC, for itself and its affiliates of the Property, expressly disclaim any and all liability for statements or representations, express or implied, contained herein or for omissions from the Materials or for any other written, oral or other format of communication transmitted to a prospective investor in the course of its evaluation of the proposed transaction. All summaries and discussions of documentation and/or financial information contained herein are qualified in their entirety by reference to the actual documents and/or financial statements, which upon request may be made available. The terms and conditions described herein are subject to change without notice.

This Confidential Memorandum does not constitute an offer to accept any investment proposal but is merely a solicitation of interest with respect to the investment described herein. The Confidential Memorandum does not constitute an offer of security. The investment described herein may be financed or withdrawn from the market, without prior notice. By accepting this Confidential Memorandum you agree to release SJC and hold it harmless from any kind of claim, expense, or liability arising out of your discovery or purchase of the Property. SJC reserves the right to request the return of the Materials at any time. Ownership of the Property reserves the right to negotiate with one or more prospective investors at any time.

## Offered Exclusively By

**Ken Hedrick | Managing Director**

khedrick@stanjohnsonco.com

**Jerry Hopkins | Senior Director**

jhopkins@stanjohnsonco.com

**D. Andrew Ragsdale | Associate Director**

aragsdale@stanjohnsonco.com

**Scott Briggs | Associate**

sbriggs@stanjohnsonco.com

In Association With:

Les Burns,

KS Broker # BR00030607

Stan Johnson Company

6120 South Yale Avenue | Suite 813

Tulsa, OK 74136

P: 918.494.2690 | F: 918.494.2692



**Stan Johnson Company**

THE NET LEASE AUTHORITY®

**Purchase Price: \$5,700,000**

**Cap Rate: 5.85%**

## Investment Summary

**Stan Johnson Company** is pleased to exclusively offer for sale to qualified investors, the opportunity to purchase a 100% fee-simple interest in the Walgreens property located at 1308 East Kansas Avenue in Garden City, Kansas (the "Property"). The Property was constructed in 2004 as a built-to-suit Walgreens.

The Property is fully leased by Walgreen Co., operating under a seventy-five (75) year base lease term with the option to terminate with 12 months' notice after the 25th year and every five years thereafter. Current annual rent is \$333,400 or \$22.89 PSF. Walgreens' lease is absolute NNN with no landlord responsibilities for maintenance, repair or replacement throughout the term. Following the initial 25 year base term, Walgreens has ten Effective Option Periods of five years each.

The subject property is located at the intersection of East Kansas Avenue and Center Street. Surrounding tenants on this retail corridor include: McDonald's, Staples, Target, Walmart, Starbucks, Pizza Hut, Arby's, Home Depot, Autozone and more. The property is approximately one mile East of the St. Catherine Hospital.

Walgreen Co. is a Fortune 500 Company, and had FY2014 (ended August 31, 2014) revenue of \$76.39 billion and net income of \$1.93 billion. As of August 31, 2014, the company had a net worth of \$20.45 billion. Currently, Walgreen Co. holds a BBB/Stable rating by Standard and Poor's.

## Investment Highlights

**Best-in-Class Pharmaceutical Operator** – Walgreen Co. holds a BBB/Stable rating by Standard and Poor's, and had FY2014 (ended August 31, 2014) revenue of \$76.39 billion and net income of \$1.93 billion

**14 Years Remaining of Base Lease Term** – The Property features a 25 year base lease with more than 14 years of secured term remaining, which is accompanied by ten, five year renewal options

**Absolute NNN Lease with No Landlord Responsibility** – The Subject Property includes a strong marketable lease, which features no Landlord responsibilities for maintenance or repair of the Property throughout the term and/or option periods

**Hard Corner Location** – The Property is located in Garden City, KS at the intersection of East Kansas Avenue and Center Street, which enjoys high traffic counts and strong exposure within Garden City's main retail corridor

**Excellent Demographics** – Average household income of approximately \$62,000 within a 1-mile radius of the Property

**Highly Visible Strong Retail Location** – The Subject Property is well located on Kansas Avenue in the heart of Garden City, and within close proximity to dense residential developments. The property is also surrounded by many other national retailers including McDonald's, Staples, Target, Walmart, Starbucks, Pizza Hut, Arby's, Home Depot, and Autozone amongst others







## Lease Abstract

<b>Address:</b>	1308 East Kansas Avenue, Garden City, KS
<b>Tenant:</b>	Walgreen Co. (S&P: BBB/Stable)
<b>Ownership Interest:</b>	Fee Simple
<b>Building Size:</b>	± 14,492 SF
<b>Land Area:</b>	± 1.80 acres
<b>Year Built:</b>	2002
<b>Use:</b>	Retail Drug Store Facility with a Drive-Through Pharmacy
<b>Expense Structure:</b>	Absolute NNN
<b>Base Lease Term:</b>	Twenty-Five (25) Years
<b>Lease/Rent Expiration:</b>	July 31, 2029
<b>Annual Rent:</b>	\$333,400
<b>Annual Rent PSF:</b>	\$22.89
<b>Term Remaining:</b>	14 years
<b>Renewal Options:</b>	Ten (10), Five (5) Year Options
<b>ROFR:</b>	Tenant has the option to purchase the Premises on the same terms within fifteen days after receipt of Bona Fide Offer.

## Location Overview

**Garden City** is a city in and the county seat of Finney County, Kansas. As of the 2010 census, the city population was 26,658. The city is home to Garden City Community College and the Lee Richardson Zoo, the largest zoological park in western Kansas.

The economy of Garden City is driven largely by agriculture. There are several feedlots and grain elevators located in and around the city. Additionally, an ethanol plant, Bonanza Bioenergy, LLC was built in 2007 by Conestoga Energy Partners, LLC which uses 19.6 million bushels of grain.

As of 2012, 73.9% of the population over the age of 16 was in the labor force. The cost of living in Garden City is relatively low; compared to a U.S. average of 100, the cost of living index for the city is 81.6. As of 2012, the median home value in the city was \$103,400. The three industries employing the largest percentages of the working civilian labor force were: educational services, health care, and social assistance (20.4%); manufacturing (19.3%); and retail trade (15.0%).

Garden City is served by St. Catherine Hospital. Additionally, the Southwest Kansas Surgery Center, Heart Center, Cancer Center, and Maternal Child Center provide additional employment, as well as several other health-related businesses.




# Tenant Overview

**Walgreen Co.**, a subsidiary of Walgreens Boots Alliance, Inc., (NASDAQ: WBA), operates the largest drugstore chain in the United States. Founded in 1901 and incorporated in 1909, Walgreens has provided the most convenient access to pharmacy, health and wellness services, as well as consumer goods and services for over 100 years. For fiscal year ended August 31, 2014, the company reported net sales of \$76.4 billion, the 36th consecutive year of record sales.

Walgreens pharmacy, along with health and wellness services, sells prescription and non-prescription drugs, and on-site pharmacists provide drug consultations and administer flu vaccines and other immunizations. Stores also offer general merchandise including convenience and fresh foods, household items, personal care, photofinishing and beauty care.

As of August 2014, approximately 76% of the United States population lived within five miles of a Walgreens and an average of 6.2 million shoppers visited stores daily. In addition to store traffic, Walgreens websites, including walgreens.com and drugstore.com, received an average of approximately 59.7 million visits per month.

Beyond the traditional retail consumer model, Walgreens also markets products and services to employers, governments, managed

 TENANT PROFILE	
<b>Company:</b>	Walgreens
<b>No. of Locations:</b>	8,206 (as of 01/31/14)
<b>Credit Rating:</b>	S&P: BBB/Stable
<b>Stock Symbol:</b>	WBA (NASDAQ)
<b>Total Revenue (as of 08/31/14):</b>	\$76.39 billion*
<b>Net Income (as of 08/31/14):</b>	\$1.93 billion*
<b>Net Worth (as of 08/31/14):</b>	\$20.45 billion*
<b>Tenant Business:</b>	Retail/Pharmacy
<b>Founded:</b>	1901
<b>Headquarters:</b>	Deerfield, IL
<b>Website:</b>	www.walgreens.com

\*Financial numbers from latest Walgreens filing (08/31/14) which was prior to Alliance Boots merger.



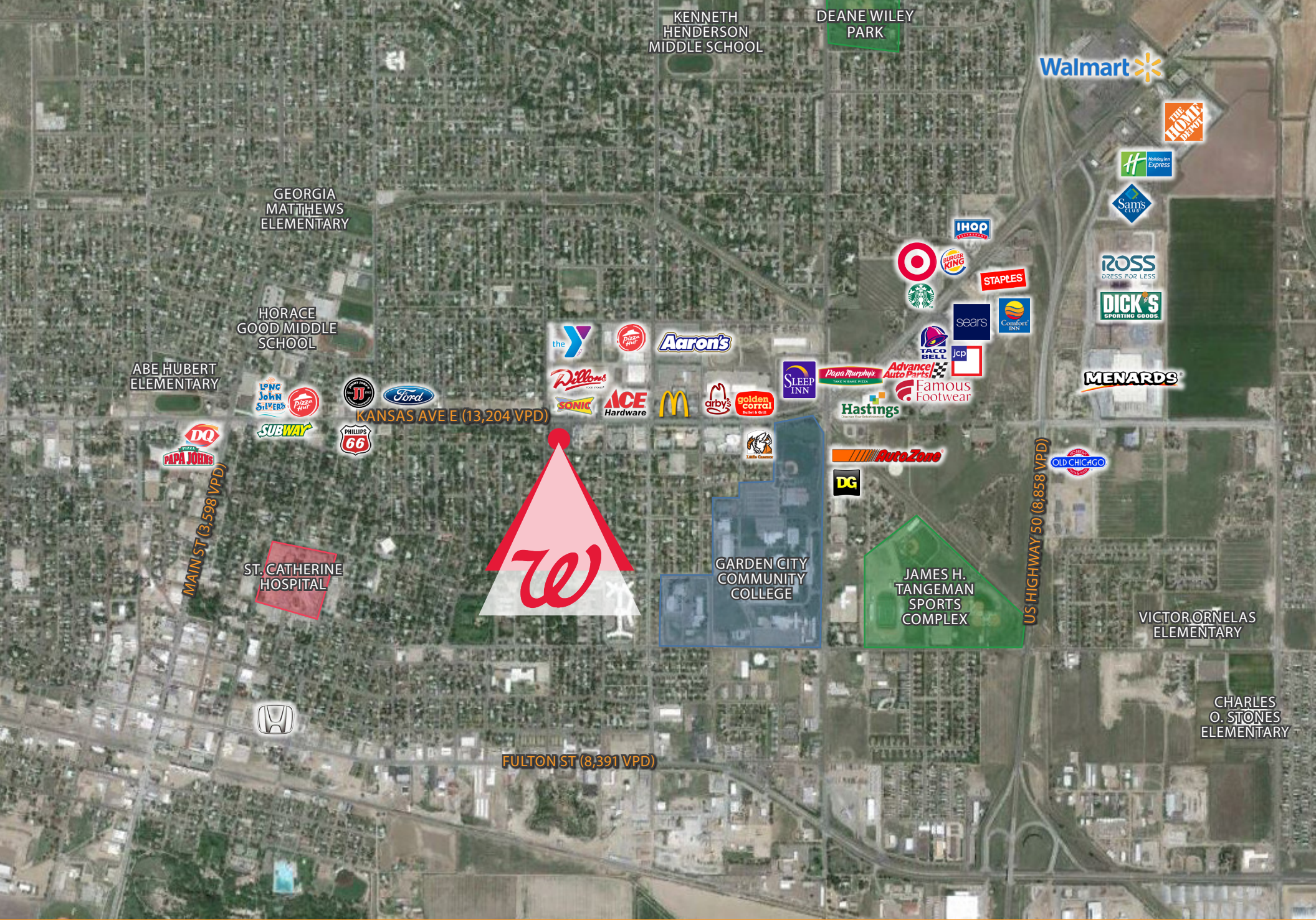
care organizations and pharmacy benefit managers. Through the more than 70,000 health care providers including pharmacists, pharmacy technicians, nurse practitioners and other health related professionals.

Walgreens also offers convenient access to medical services through its Healthcare Clinic located in more than 400 select Walgreens throughout the country. Healthcare Clinics are staffed by board-certified family nurse practitioners who are specially trained to diagnose and treat a wide variety of illnesses and chronic conditions, order diagnostic tests and provide preventive care.

On the last day of 2014, Walgreen Co. took full ownership of European drugstore chain Alliance Boots for more than \$15 billion in cash and stock. The deal created a network of nearly 13,000 stores across two dozen countries, with Walgreen Co. becoming a subsidiary of newly formed Walgreens Boots Alliance. **Walgreens Boots Alliance** is the first global pharmacy-led, health and wellbeing enterprise in the world. This transaction brought 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 each.







KENNETH HENDERSON MIDDLE SCHOOL

DEANE WILEY PARK

Walmart

GEORGIA MATTHEWS ELEMENTARY

HORACE GOOD MIDDLE SCHOOL

ABE HUBERT ELEMENTARY

MAIN ST (3,598 VPD)

KANSAS AVE E (13,204 VPD)

ST. CATHERINE HOSPITAL



GARDEN CITY COMMUNITY COLLEGE

JAMES H. TANGEMAN SPORTS COMPLEX

US HIGHWAY 50 (8,858 VPD)

MENARDS

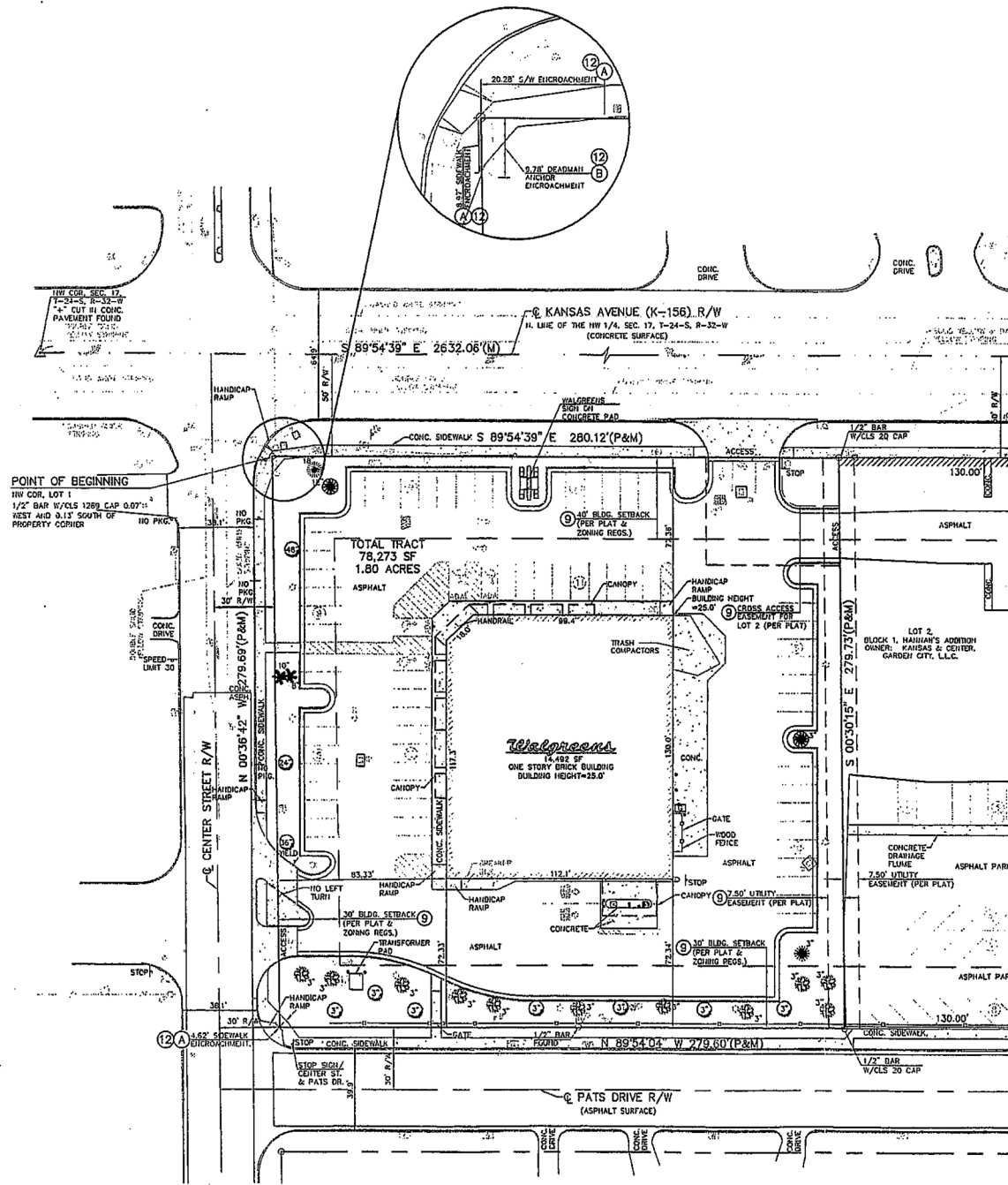
VICTOR ORNELAS ELEMENTARY

CHARLES O. STONES ELEMENTARY

FULTON ST (8,391 VPD)







# Demographics

1308 East Kansas Avenue, Garden City, KS 67846	0 - 1 mi.	0 - 3 mi.	0 - 5 mi.
<b>Population</b>			
2000 Population	10,909	31,679	35,694
2010 Population	10,524	29,278	32,295
2014 Population	10,484	29,472	32,510
2019 Population	10,488	29,758	32,832
<b>Households</b>			
2000 Households	3,981	10,275	11,432
2010 Households	3,861	9,903	10,907
2014 Total Households	3,875	10,036	11,057
2019 Total Households	3,911	10,210	11,252
2010-2014 Annual Rate	0.09%	0.31%	0.32%
<b>Race and Ethnicity</b>			
2014 White Alone	77.3%	72.6%	72.8%
2014 Black Alone	3.1%	3.8%	3.6%
2014 American Indian/Alaska Native Alone	0.9%	1.0%	1.0%
2014 Asian Alone	4.3%	4.9%	4.5%
2014 Pacific Islander Alone	0.0%	0.0%	0.0%
2014 Other Race	11.9%	14.8%	15.1%
2014 Two or More Races	2.5%	3.0%	3.0%
2014 Hispanic Origin (Any Race)	39.8%	49.9%	51.1%
2014 Median Household Income	\$51,903	\$51,020	\$50,859
2014 Average Household Income	\$62,757	\$60,052	\$60,127







# Stan Johnson Company

THE NET LEASE AUTHORITY®

**Ken Hedrick**

Managing Director

khedrick@stanjohnsonco.com

**Jerry Hopkins**

Senior Director

jhopkins@stanjohnsonco.com

**D. Andrew Ragsdale**

Associate Director

aragsdale@stanjohnsonco.com

**Scott Briggs**

Associate

sbriggs@stanjohnsonco.com

In Association With:

Les Burns

KS Broker # BR00030607

Stan Johnson Company

6120 South Yale Avenue | Suite 813

Tulsa, OK 74136

P: 918.494.2690 | F: 918.494.2692

The information contained herein was obtained from sources believed reliable, however, Stan Johnson Company makes no guaranties, warranties or representations as to the completeness thereof. The presentation of this property for sale, rent or exchange is submitted subject to errors, omissions, change of price or conditions, or withdrawal without notice.