

Charles Dunn

Pharmacy Group
Net Leased Investments



12200 BEE CAVE PARKWAY | BEE CAVE (AUSTIN), TX 78738

CHARLES DUNN COMPANY | 1925 Century Park East, Suite 2350, Los Angeles, CA 90067 | www.charlesdunn.com
In association with JDS Real Estate Services, Inc. | TX Real Estate Broker License No. 9004326

Walgreens

12200 BEE CAVE PARKWAY
BEE CAVE, (AUSTIN) TX 78738

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TABLE OF CONTENTS

- 1 THE OFFERING**
- 2 FINANCIAL OVERVIEW**
- 3 PROPERTY COMPARABLES**
- 4 INVESTMENT OVERVIEW**
- 5 PROPERTY OVERVIEW**
- 6 DEMOGRAPHICS**

THE OFFERING

Charles Dunn Company, Inc. in association with JDS Real Estate Services, Inc. is proud to bring new to the sales market a single-credit tenant Walgreens to be acquired in Fee Simple Ownership. This Walgreens is located at 12200 Bee Cave Parkway, Bee Cave (Austin), TX 78738.

The store was built in 2007, and the lease term commenced in 2008. It is an absolute net lease with zero landlord responsibilities. It is a prototypical free-standing building equipped with a drive-thru. The store sales have been strong.

Bee Cave (Austin) Texas, an extremely affluent area of Austin whereby the 2016 median income within one mile is \$148,627. The store is optimally located across the street from Hill Country Galleria, a 1.3 million square foot shopping center that finished its renovation in April 2017. Prized tenants include Dillard's, Whole Foods, Chilis and Dick's Sporting Goods, etc. Also in very close proximity is the Shops at The Galleria. Tenants include Home Goods, Lowe's, Marshalls and PetSmart. There are currently 298 homes for sale in Bee Cave with an average listed price of \$991,348.

THIS PROPERTY IS BEING OFFERED AT A PURCHASE PRICE OF \$7,060,000



FINANCIAL ANALYSIS

PROPERTY DETAILS

Price	\$7,060,000
Cap Rate	4.90%
Gross Leasable Area	14,689 SF
Price/SF	480.63
Net Operating Income	\$346,000
Year Built	2007
Lot Size	2.13 Acres / 92,783 Square Feet
Type of Ownership	Fee Simple
Financing	No Current Debt on Property

LEASE SUMMARY

Tenant	Walgreens
Lease Type	NNN
Lease Term	25 Years
Rent Commencement	March 31, 2008
Lease Expiration	March 31, 2083
Term Remaining	66 Years (16 Yrs. W/O Termination Option)
Increases	Percentage Rent
Options	Beginning 12 Months prior to the end of the 25th Year of the Lease, Walgreens can give a 12 month notice to terminate lease or any month thereafter as long as Walgreens provides the 12 month prior notice to Landlord.
First Right of Refusal	Yes, 10 Business days



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FINANCING

SALE PRICE \$7,060,000	NOI \$346,000	18 MONTHS I/O BANK 7+3	18 MONTHS I/O BANK 5+5	FULL TERM I/O CMBS 10/30	BANK 10/30	BANK 7/30
LTV:		64%	65%	60%	65%	65%
Loan Amount:		\$4,518,400	\$4,589,000	\$4,236,000	\$4,589,000	\$4,589,000
Rate*:		4.46%	4.32%	4.62%	4.33%	4.15%
Term (years):		10	10	10	10	7
Amortization (years)		30	30	30	30	30
Monthly Payment		\$22,953.02	\$22,925.74	\$16,308.00	\$22,953.20	\$22,461.46
Cash Flow		\$70,563.74	\$70,891.17	\$150,304.00	\$70,561.66	\$76,462.45
Cash on Cash Return		2.78%	2.87%	5.32%	2.86%	3.09%
Pre-Payment Penalty		None	None	Yield Maintenance	Declining	Declining
Recourse		None	None	None	Partial	Partial
Tax & Insurance Escrows:		No	No	No	No	No
Replacement Reserves		No	No	Maybe	No	No
3rd Parties:		\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
BMC Origination Fee:		1% or \$10,000 minimum	1% or \$10,000 minimum	1% or \$10,000 minimum	1% or \$10,000 minimum	1% or \$10,000 minimum
Legal/Closing Fees		\$10,000	\$10,000	\$35,000	\$10,000	\$10,000
Rate Spread		7 Yr UST Swap + 2.50	5 Yr UST Swap + 2.50	10 yr UST + 2.50	10 Yr UST + 2.15	7 yr UST Swap + 2.15

* Rates represent preliminary quotes and represent no legal obligation.






**The conduit 3rd party report fee includes appraisal, phase I environmental, property condition report and lender legal.

This property is being sold on an "all cash" basis. On April 24, 2017, Charles Dunn Company, Inc. in association with JDS Real Estate Services, Inc. obtained loan quotes from a third party mortgage broker, Jada Jordan of BMC Capital. Charles Dunn Company Inc., in association with JDS Real Estate Services, Inc. do not make any representations as to the loan quotes and Charles Dunn Company, Inc., in association with JDS Real Estate Services, Inc. are only introducing potential purchasers to Jada Jordan of BMC Capital. Jada Jordan of BMC Capital contact information is as follows:



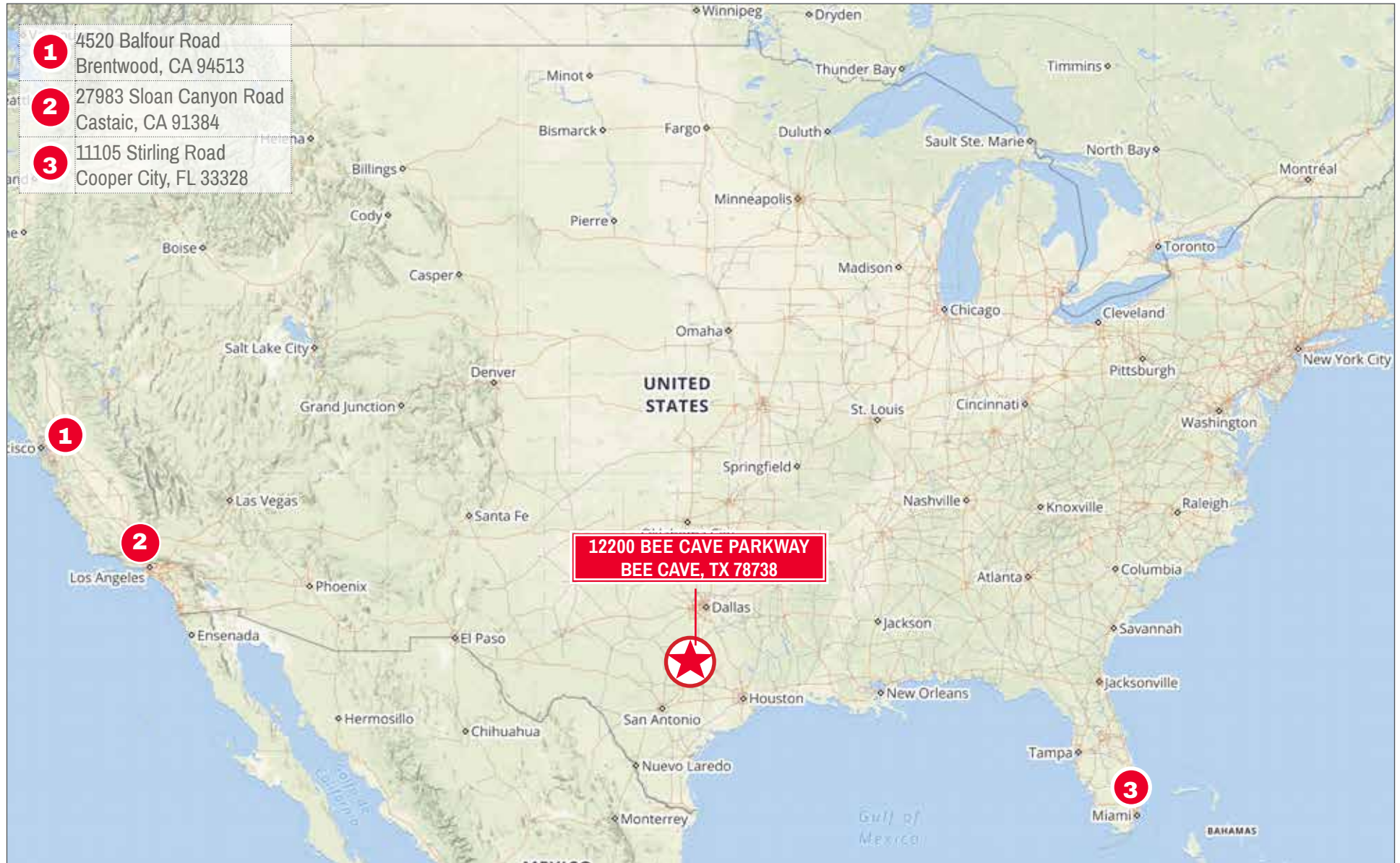
Jada Jordan, BMC Capital
400 Chesterfield Center, Suite #400
Chesterfield, MO 63017
Phone: 913.439.8040

COMPARABLES SOLD

PROPERTY	NUMBER	PROPERTY ADDRESS	BUILT	BUILDING SF	LAND SF	CAP RATE	YEARS LEFT ON TERM	SALE PRICE	PRICE PSF	SOLD DATE
	1	Walgreens 4520 Balfour Road Brentwood, CA 94513	2003	14,490	91,694	5.00%	11 Years	\$8,000,000	\$552.10	9/13/2016
	2	Walgreens 27983 Sloan Canyon Road Castaic, CA 91384	2005	13,566	52,446	5.00%	13 Years	\$6,150,000	\$453.34	02/03/2017
	3	Walgreens 11105 Stirling Road Cooper City, FL 33328	2001	15,120	112,385	5.00%	9 Years	\$6,680,000	\$441.80	12/22/2016
		Averages Of Sales Comparables	2003	14,392	85,508	5.00%	11 Years	\$6,943,333	\$482.41	—
		12200 Bee Cave Parkway Bee Cave, TX 78738 <i>Subject Property</i>	2007	14,689	92,792	4.90%	16 Years	\$7,060,000	\$480.63	—

**Photos from Loopnet*

COMPARABLES MAP



INVESTMENT OVERVIEW

OVERVIEW

The three (3) primary reasons to acquire Bee Cave (Austin) Walgreens are as follows:

1. An A+ Location with superb underlying real estate
2. An investment grade tenant on a long-term lease with excellent sales
3. Outstanding financing options including a positive leveraged deal structure option.

The purchase of Bee Cave (Austin) Walgreens will ideally benefit the following four (4) types of real estate investors:

1. Buyers who own credit single tenant net leased properties in prime locations
2. An exchange Buyer who is currently in a 1031 or 1033 Tax Deferred Exchange
3. Those who acquire real estate for wealth preservation
4. A real estate institution in the market to purchase a tenant with investment grade credit on a long-term lease in a prime location

Since the mid 90's Walgreens has had a massive national expansion. They've had either preferred developers or other developers build the properties and sign 20-25 Year NN or NNN Leases, plus 50 years of options. In comparison to the number of Walgreens stores, Walgreens purchased the real estate of a small percentage of its stores either from the developer when construction finished or as a first right of refusal on a sale of an existing store. Walgreens has had incredible demand because they are well located (usually on hard corners in the main part of town), investment grade credit and on long term leases. They have been the premier investment grade tenant of choice for the past twenty-five (25) years. Several lenders have put 100's of Walgreens in their portfolio; lenders of all types including CMBS, Life Insurance Companies and Banks. These lenders compete heavily for the business by offering low interest rates, interest only loans, etc. In the past six (6) years, Walgreens expansion of new stores has dramatically decreased. The demand to purchase Walgreens has always been greater than the supply. Consequently, there have been an increased velocity of sales of existing Walgreens. Sales of existing Walgreens have fallen into the following two (2) categories:

1. Poor performing stores, usually located in tertiary locations, with declining term have decreased in value.
2. Good underlying real estate, with solid demographics and strong store sales have increased in value.

In CoStar's Mid-Year 2017 Report, Austin showed a retail vacancy of 3.7%. The 2nd quarter resulted in 154,926 square feet in deliveries and positive 197,673 square feet in absorption. The current market Austin retail rental rate is \$21.27 per square foot, as compared to the Bee Cave Walgreens current rental rate of \$23.74 per square foot.

INVESTMENT OVERVIEW

CONCLUSION:

This Offering Memorandum clearly supports why the purchase for Walgreens Bee Cave (Austin) is a superlative buy at a Purchase Price of \$7,060,000, 4.90% Cap Rate, \$480.63 per square foot, largely for the following four (4) reasons:

1. Superb underlying real estate (See Demographic and Market Snapshot Sections)
2. Excellent store sales
3. There is no debt on the property. Seller and Buyer do not have to deal with an assumable loan that has a significant pre-payment penalty. Even though the property is being sold all cash, the buyer has several financing options (See Financing Section).
4. The Comparables Sold section of the Offering memorandum list only existing Walgreens that have closed escrow in the past 12 months with great demographics. Since price ranges are a factor in Cap Rates of sales comparables, the comparables sold used in this presentation were those sales of a price range between \$6,000,000–\$8,000,000. These comparables averaged a 5.00% Cap Rate, \$482.41 per square foot and an average purchase price of \$6,943,333. Bee Cave (Austin), in comparison to the aforementioned sales comparables can be purchased for \$7,060,000, 4.90% Cap Rate—only 10 basis points lower in Cap Rate and \$1.78 lower on a cost per foot. A tremendous advantage which also justifies the purchase of Bee Cave Walgreens is that it has 16 Years remaining on the original term of its lease as the Sales Comps had an average of 11 Years remaining on their original lease terms, equating to five (5) years longer of original term for Bee Cave Walgreens.



TENANT OVERVIEW



Walgreens—America's Premier Pharmacy

The Walgreen Company is an American company which operates as the second-largest pharmacy store chain in the United States behind CVS Health. The pharmacy specializes in filling prescriptions, health and wellness products, health information, and photo services. The Walgreens headquarters office is in the Chicago suburb of Deerfield, Illinois.

Walgreens began in 1901, with a drug store on the corner of Bowen Ave and Cottage Grove in Chicago. As a result of alcohol prohibition, the 1920s was a successful time for Walgreens. Although alcohol was illegal, prescription whiskey was available and sold by Walgreens. As of August 31, 2016, the company operated 8,175 stores in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

In 2014, the company agreed to purchase the remaining 55% of Switzerland-based Alliance Boots that it did not already own to form a global business. Under the terms of the purchase, the two companies merged to form a new holding company, Walgreens Boots Alliance Inc., on December 31, 2014. Walgreens became a subsidiary of the new company, which retains its Deerfield headquarters and trades on the Nasdaq under the symbol WBA.

WALGREENS	
OWNERSHIP	Walgreens Boots Alliance Inc
TENANT	Walgreens
LEASE GUARANTOR	Corporate
STOCK SYMBOL	Nasdaq: WBA
STANDARD AND POORS RATING	BBB, Stable
NUMBER OF LOCATIONS	8,175
HEADQUARTERED	Deerfield, Illinois
WEBSITE	Walgreens.com

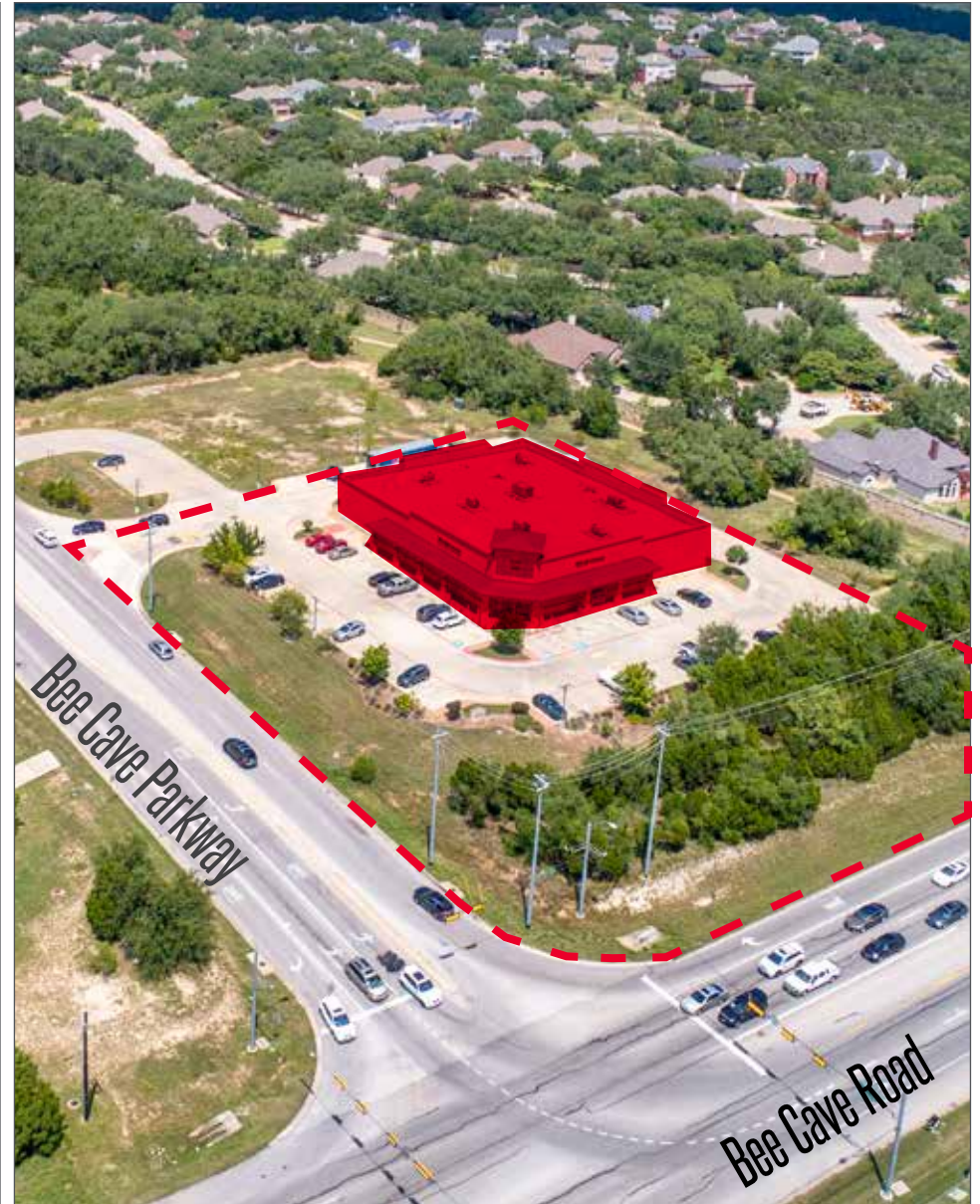
PROPERTY PHOTOS



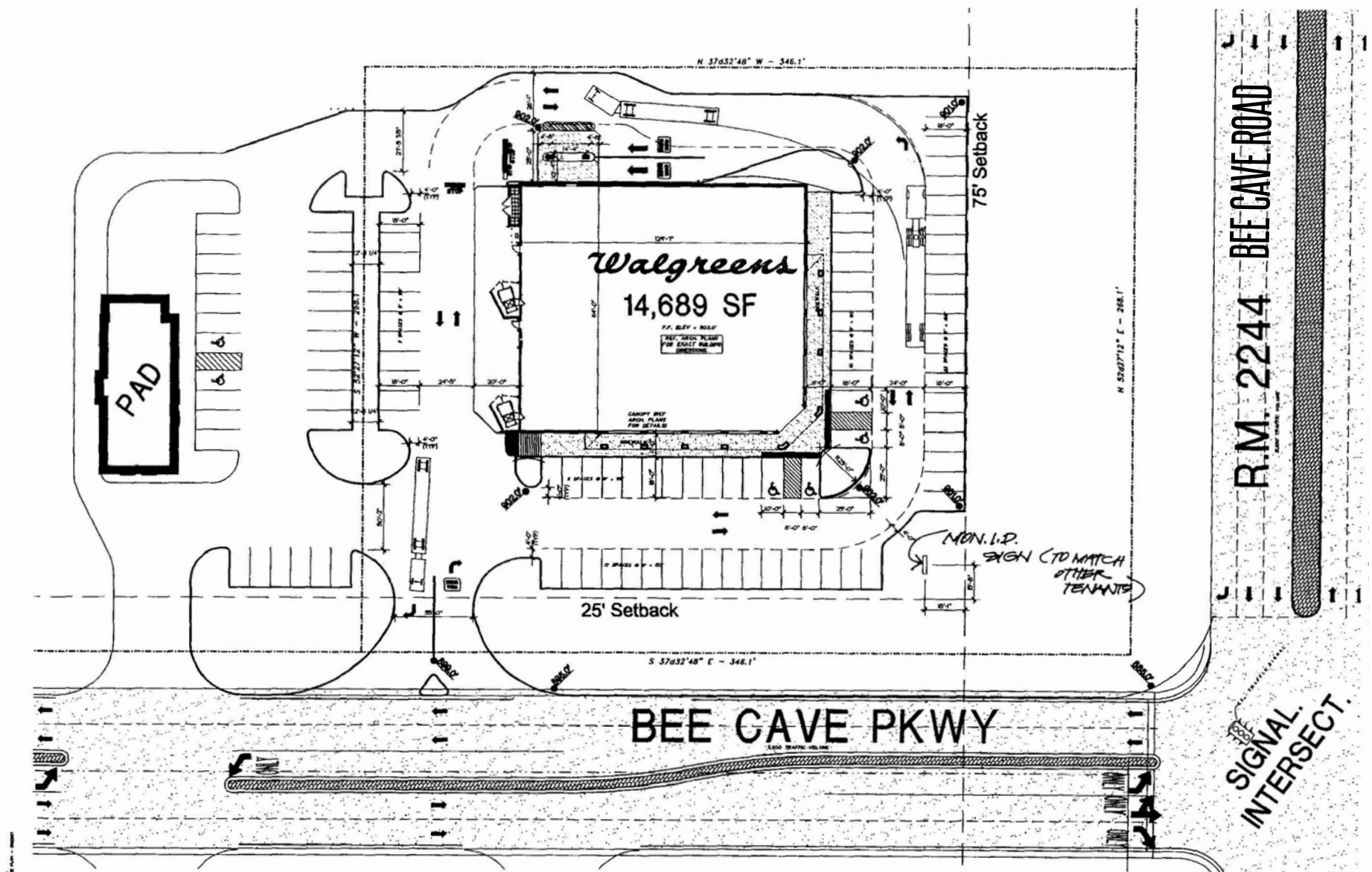
PROPERTY PHOTOS



PROPERTY MAPS



SITE PLAN



SURROUNDING AREA



NEARBY TENANTS



NEARBY TENANTS

HILL COUNTRY GALLERIA

Hill Country Galleria is Bee Cave's newest lifestyle center—152 acres of expansive natural beauty mixed with eclectic shopping, dining and entertainment, as well as first-class office and residential space. Wrapped in a verdant nature preserve cloaked with wildflowers, native trees and rocky streams, Hill Country Galleria is more than a fashion icon, more than a thriving business district or residential utopia—it's a social evolution.



SHOPS AT THE GALLERIA

The Shops at The Galleria is a 532,000 SF regional retail destination anchored by Lowe's and Best Buy. Nestled across from the Hill Country Galleria, The Shops pull from an affluent trade area and has an extensive assortment of national, regional and local tenants; current retailers benefit from this attractive and exceptional tenant mix.



The Lone Star Farmers Market features 50+ booths overflowing with Austin's finest LOCAL produce and LOCAL-ly inspired artisan foods. Every Sunday at The Shops at the Galleria.



MARKET SNAPSHOT

Location Evaluation **Bee Cave, Texas**

Derived from the colonies of Mexican honeybees that lived in the banks of Barton Creek, the City of Bee Cave is located 14 miles northwest of Austin. The population has grown significantly in the last 15 years and is projected to reach about 4,000 housing units at “build out” including land within the city, based on data extrapolated from the LTISD housing projections prepared by Population and Survey Analysts (PASA).

Bee Cave residents are mostly affluent, highly educated households. The city's housing inventory, high-performing schools and community amenities attract households with significant choice in where they live and work. Bee Cave households are more likely to be made up of families than in Austin, and overall the median age is higher.

RESIDENTIAL MARKET BEE CAVE

Current Residential Listings	288
Average Home Price	\$991,348
Average Size (Sq Ft)	3,870
Average Price/Sq Ft	\$238
Average Year Built	2012

Population (2016)

6,772

Population Change

403.1% (2000 to 2016)

Area

5.23 square miles

Median Income (2016)

\$138,547

Median Age (2016)

39.1

Education (25+)

No High School Diploma.....2.2%

High School Graduate.....12.3%

Some College.....17.3%

College Degree+.....68.2%



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DEMOGRAPHICS

BEE CAVE, TEXAS // 1 MILE DEMOGRAPHICS

38.8
MEDIAN AGE

\$148,627
2016 MEDIAN INCOME

73.4%
COLLEGE OR
ADVANCED DEGREE

EXCEPTIONAL
DEMOGRAPHICS & EXPOSURE

137%
2000 TO 2016
POPULATION CHANGE

\$600,461
AVERAGE HOME VALUE

DEMOGRAPHICS

Bee Cave, Texas

1 Mile Ring 3 Mile Ring 5 Mile Ring

Population Trend

2010 Total Population	2,352	11,730	46,761
2016 Total Population	3,395	17,991	61,693
2021 Total Population	4,261	22,711	75,611
Population Change 2000 to 2010	64.2%	122.3%	95.1%
Population Change 2000 to 2016	137.1%	240.9%	157.4%
Population Change 2010 to 2021	81.2%	93.6%	61.7%
Population Change 2016 to 2021	25.5%	26.2%	22.6%

2016 Race and Ethnicity

White alone	83.7%	82.8%	84.6%
Black or African American alone	1.2%	1.2%	1.3%
Asian alone	10.4%	10.7%	7.4%
Other Race	4.7%	5.3%	6.7%
Hispanic	8.5%	10.1%	12.6%

2016 Age

Median Age	38.8	38.5	40.1
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2016 Occupation

Civilian employed population 16 years and over	1,607	8,255	28,875
White collar	85.6%	84.5%	83.1%
Blue collar	14.4%	15.5%	16.9%

2016 Educational Attainment

Population 25 years and over	2,166	11,710	42,654
No High School Diploma	1.7%	2.0%	2.7%
High school graduate, GED, or alternative	10.4%	10.9%	11.1%
College No Degree	14.5%	15.6%	17.1%
College or Advanced Degree	73.4%	71.4%	69.1%

2016 Marital Status

Married	69.1%	68.9%	66.1%
Not Married	30.9%	31.1%	33.9%

2016 Household Size

Average Household Size	3.1	3.1	2.9
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Bee Cave, Texas

1 Mile Ring 3 Mile Ring 5 Mile Ring

Household Trend

2000 Households	460	1,630	8,538
2010 Households	883	3,970	16,898
2016 Households	1,243	5,855	20,937
2021 Households	1,522	7,204	24,919
Household Change 2000 to 2010	92.0%	143.6%	97.9%
Household Change 2000 to 2016	170.2%	259.2%	145.2%
Household Change 2010 to 2021	72.4%	81.5%	47.5%
Household Change 2016 to 2021	22.4%	23.0%	19.0%

Household Income Trend

2000 Median Income	\$136,363	\$118,360	\$89,979
2010 Median Income	\$139,505	\$137,534	\$109,629
2016 Median Income	\$148,627	\$141,843	\$115,395
2021 Median Income	\$157,948	\$152,537	\$121,030
Median Income Change 2000 to 2010	2.3%	16.2%	21.8%
Median Income Change 2000 to 2016	9.0%	19.8%	28.2%
Median Income Change 2010 to 2021	13.2%	10.9%	10.4%
Median Income Change 2016 to 2021	6.3%	7.5%	4.9%

2016 Household Income

up to \$24,999	4.7%	6.0%	8.8%
\$25,000 to \$49,999	8.0%	8.5%	10.5%
\$50,000 to \$74,999	10.8%	11.3%	12.4%
\$75,000 to \$124,999	20.3%	19.9%	22.9%
\$125,000 to \$199,999	20.6%	21.7%	19.8%
\$200,000 or more	35.6%	32.6%	25.7%

2016 Home Value

Median Home Value	\$497,282.60	\$473,409.40	\$413,625.70
Average Home Value	\$600,461.90	\$556,075.40	\$525,470.70

2016 Occupancy

Households	1,243	5,855	20,937
Owner Occupied	77.6%	76.8%	77.0%
Renter Occupied	22.4%	23.2%	23.0%

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