



Walgreens

706 South Main Street | Adrian, Michigan

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This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property

will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or CBRE, Inc, nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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# Executive Summary

**CBRE**

**INVESTMENT HIGHLIGHTS**

**Corporate Guaranty, Investment Grade Tenant**

Walgreens carries a Standard and Poor’s credit rating of BBB / Stable.

Asking Price.....\$5,370,000  
CAP Rate.....6.50%  
Price Per Square Foot.....\$393

**Long Term, Stable Investment**

Walgreens has just under 63 years remaining on their original 75 year lease with just under 12 years of firm lease term remaining before their first option to terminate.

**Zero Landlord Responsibilities**

Walgreens is on an absolute NNN lease in which they are responsible for procuring and paying for all operating expenses as well as repairs and replacement to the roof and structure.

**Great Location on Hard Corner with Drive Thru**

Walgreens sits on a hard corner with entrances from Main Street, a heavy retail corridor, and Beecher Street.

**Located Less Than One Mile from Adrian Mall**

Walgreens is located less than one mile north of Adrian Mall, a 373,000 square foot enclosed mall anchored by Hobby Lobby and Elder-Beerman.



## THE OFFERING

CBRE, Inc. has been retained by current ownership as the exclusive marketing advisor for the disposition of the Walgreens (the "Property") located at 706 South Main Street in Adrian, Michigan 49221.

## INVESTMENT OVERVIEW

The property is a freestanding, Walgreens Drug Store and is equipped with a drive-thru lane. Walgreens is a Standard & Poor's BBB rated company. This Walgreens property is on a 75 year lease expiring March 31, 2078. The lease calls for a termination option every five years starting in year 25; March 31, 2028 (11.83 years of firm lease term remaining). If Walgreens does not exercise their termination option in March, 2028, they will continue their lease at the same terms and rental rate. The tenant is responsible for procuring and paying for all operating expenses as well as repair and replacement of the roof and structure.

This is a true NNN opportunity perfect for investors in a 1031 exchange looking for a low risk, low maintenance property.



Walgreen Company, founded in Chicago, Illinois in 1901, operates retail drugstore chains that are engaged in the retail sale of prescription and non-prescription drugs and general merchandise. Walgreens is the largest drug retailing chain in the United States.

This Walgreens sits on the south-west corner of Main Street and Beecher Street enjoying traffic counts of over 35,000 vehicles per day. Adrian is approximately 70 miles south-west of Detroit, 35 miles south of Ann Arbor and just over 35 miles north-west of Toledo, Ohio.

## FREE AND CLEAR OF EXISTING FINANCING

This asset is being offered free and clear of existing financing. This marketing package proposes the financing option of an all cash transaction.



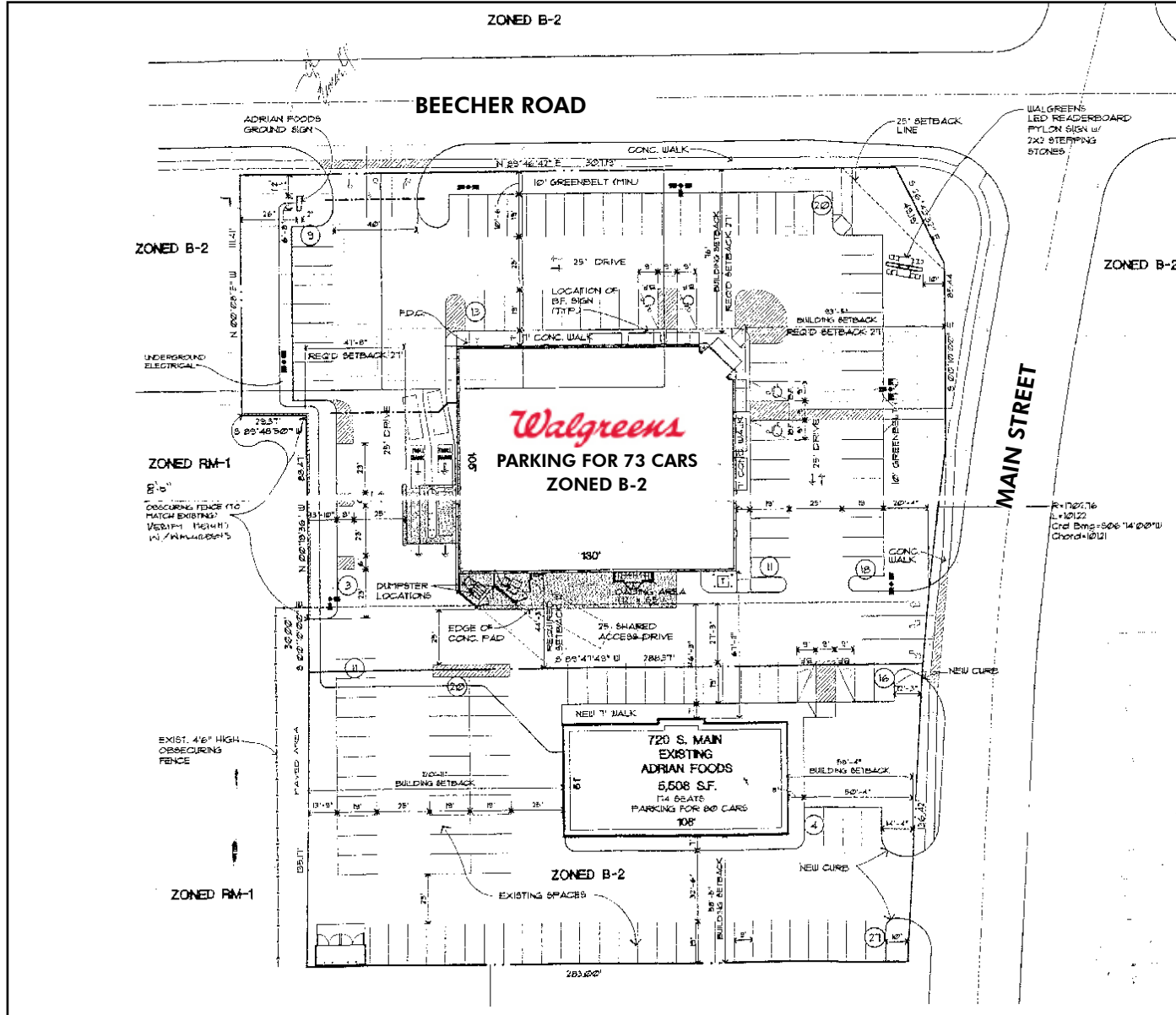
**Walgreens** | 706 South Main Street | Adrian, Michigan 49221

Asking Price.....\$5,370,000  
 CAP Rate.....6.50%  
 Price Per Square Foot.....\$393

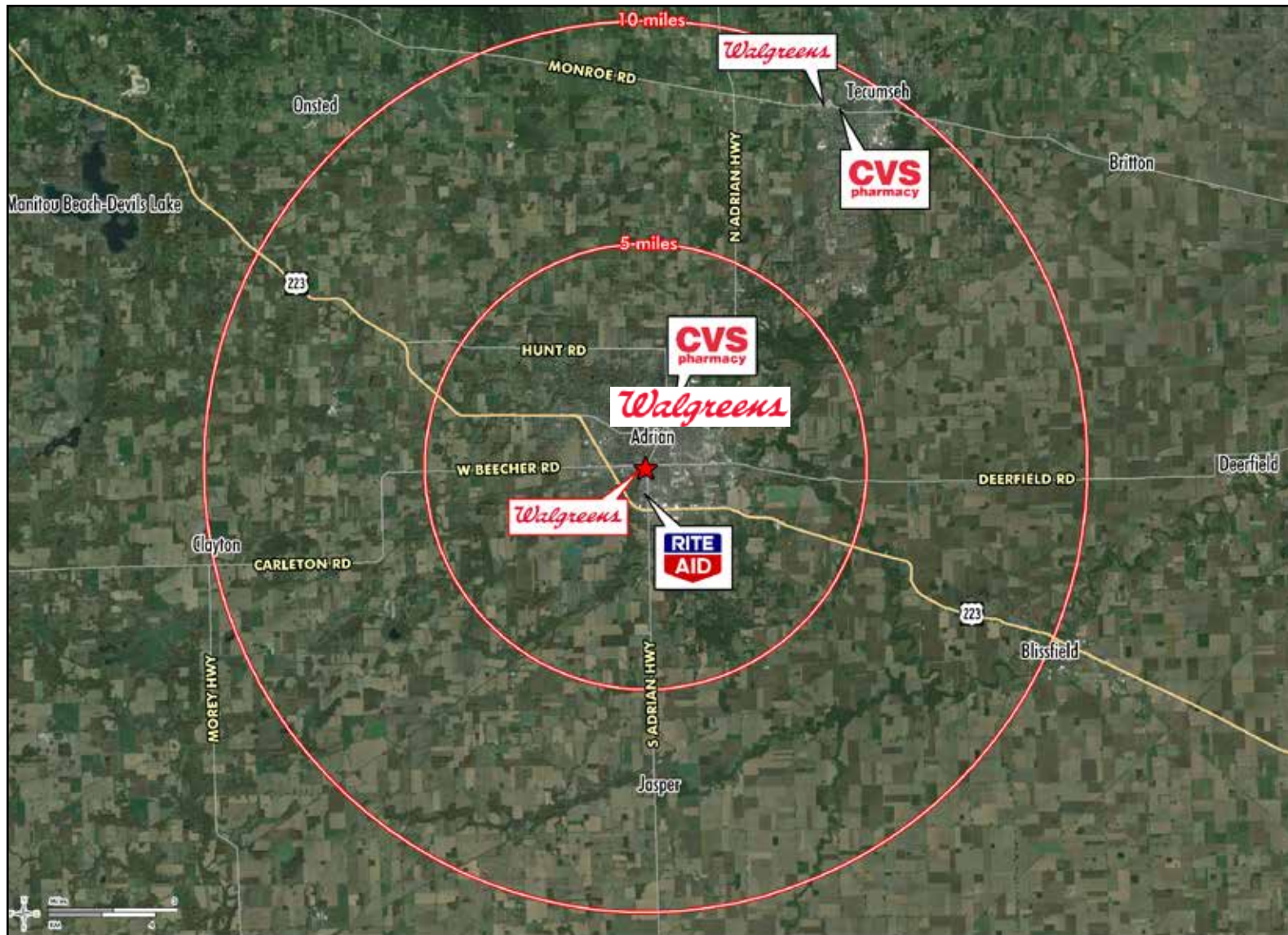
<b>COUNTY:</b>	Lenawee County	<b>NUMBER OF FLOORS:</b>	One
<b>PARCEL NUMBER:</b>	XA0-246-0005-01	<b>PARKING:</b>	Asphalt Paved
<b>BUILDING SIZE / LAND AREA:</b>	13,650 Square Feet / 1.63 Acres	<b>FRONTAGE:</b>	Direct Frontage Along South Main Street (US-223) and West Beecher Street
<b>OCCUPANCY:</b>	100%	<b>EXTERIOR WALLS:</b>	Brick
<b>YEAR BUILT:</b>	2003	<b>ROOF:</b>	Rubber Membrane
<b>NUMBER OF TENANTS:</b>	One	<b>STRUCTURE:</b>	Structural Steel Columns
<b>PROPERTY TYPE:</b>	Single Tenant Retail	<b>FOUNDATION:</b>	Poured Concrete
<b>ZONING:</b>	B-2	<b>HVAC:</b>	Roof Mounted Units
<b>TYPE OF OWNERSHIP:</b>	Fee Simple		



**SITE PLAN**

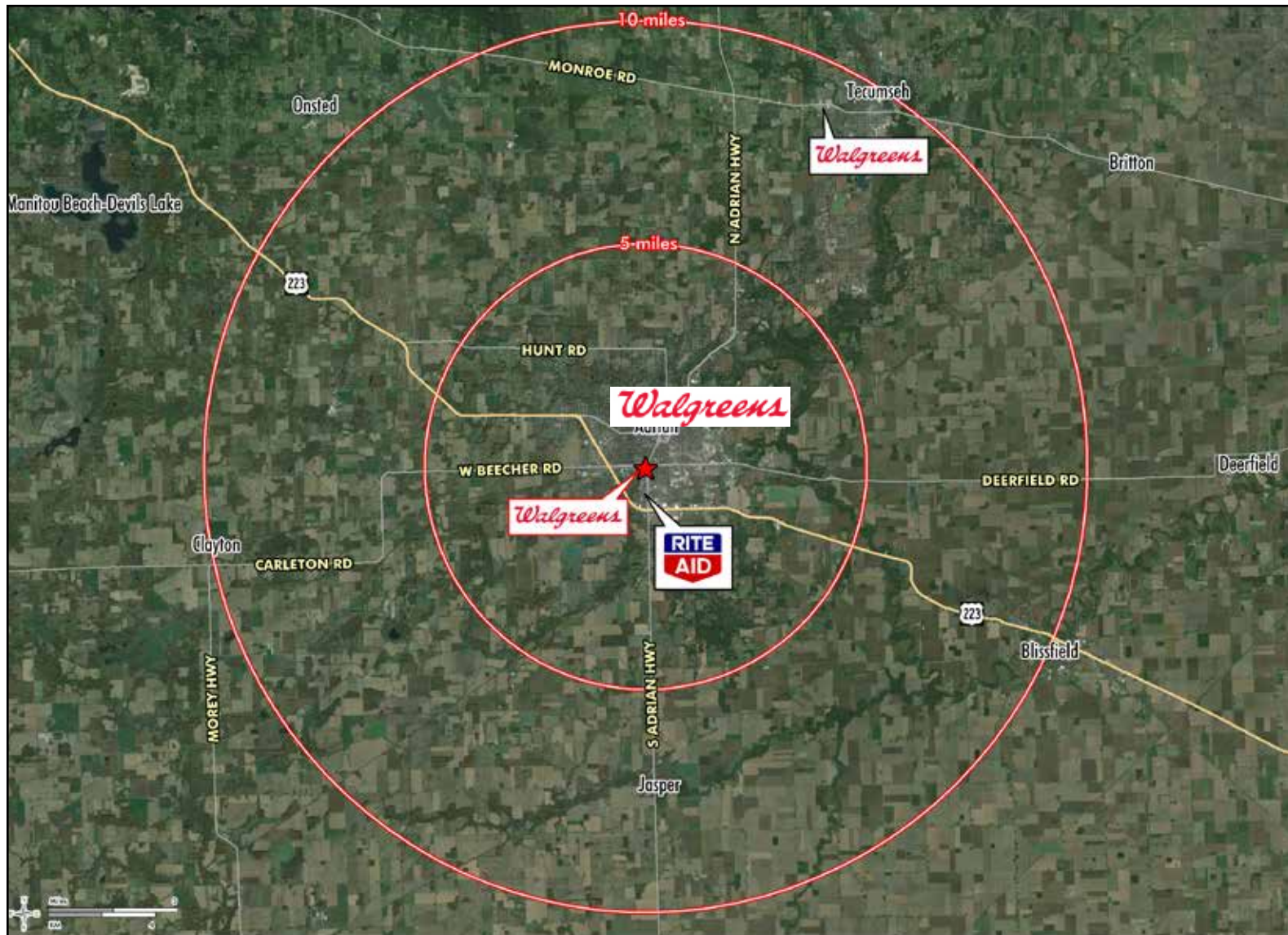


COMPETITION MAP - WALGREENS, CVS AND RITE AID - 10 MILE RADIUS





### COMPETITION MAP - WALGREENS AND RITE AID - 10 MILE RADIUS





Market Overview  
**CBRE**

## LOCATION OVERVIEW

### Adrian, Michigan

Adrian is the county seat of Lenawee County. Consisting of just over eight square miles, Adrian is home to approximately 20,000 people. Bixby Medical Center is a public hospital in Adrian that employs nearly 1,500 people. Adrian is also home to Adrian College, Siena Heights University and Jackson Community College.

Adrian College is a four-year, private, liberal arts college granting Bachelor's degrees in 40 academic majors and programs with over 1,600 students. Siena Heights University is a medium-sized, four-year, private university and liberal arts college with approximately 2,500 students.

### Area Overview

Walgreens sits on the hard corner of South Main Street (US-223) and West Beecher Street in Adrian, Michigan. This busy intersection enjoys traffic counts of approximately 35,000 vehicles per day. Adrian is just 70 miles south-west of Detroit, 35 miles south of Ann Arbor, and just over 35 miles north-west of Toledo, Ohio.

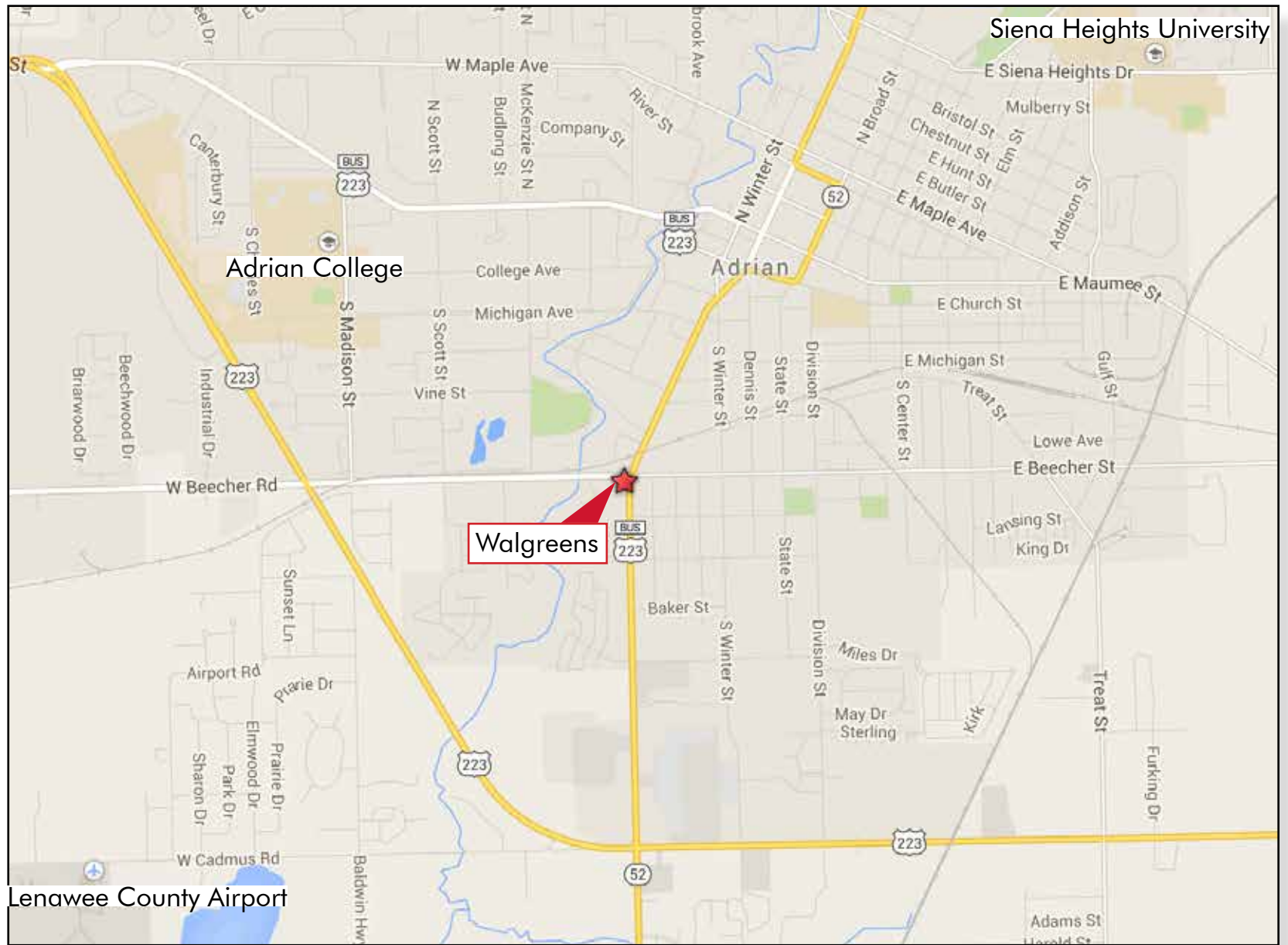
South Main Street is a heavy retail area populated by national retailers such as Taco Bell, Tim Hortons, Arby's, Burger King, McDonald's and more. Less than one mile south of the subject property is the Adrian Mall, a 373,000 square foot enclosed shopping mall anchored by Hobby Lobby and Elder-Beerman.



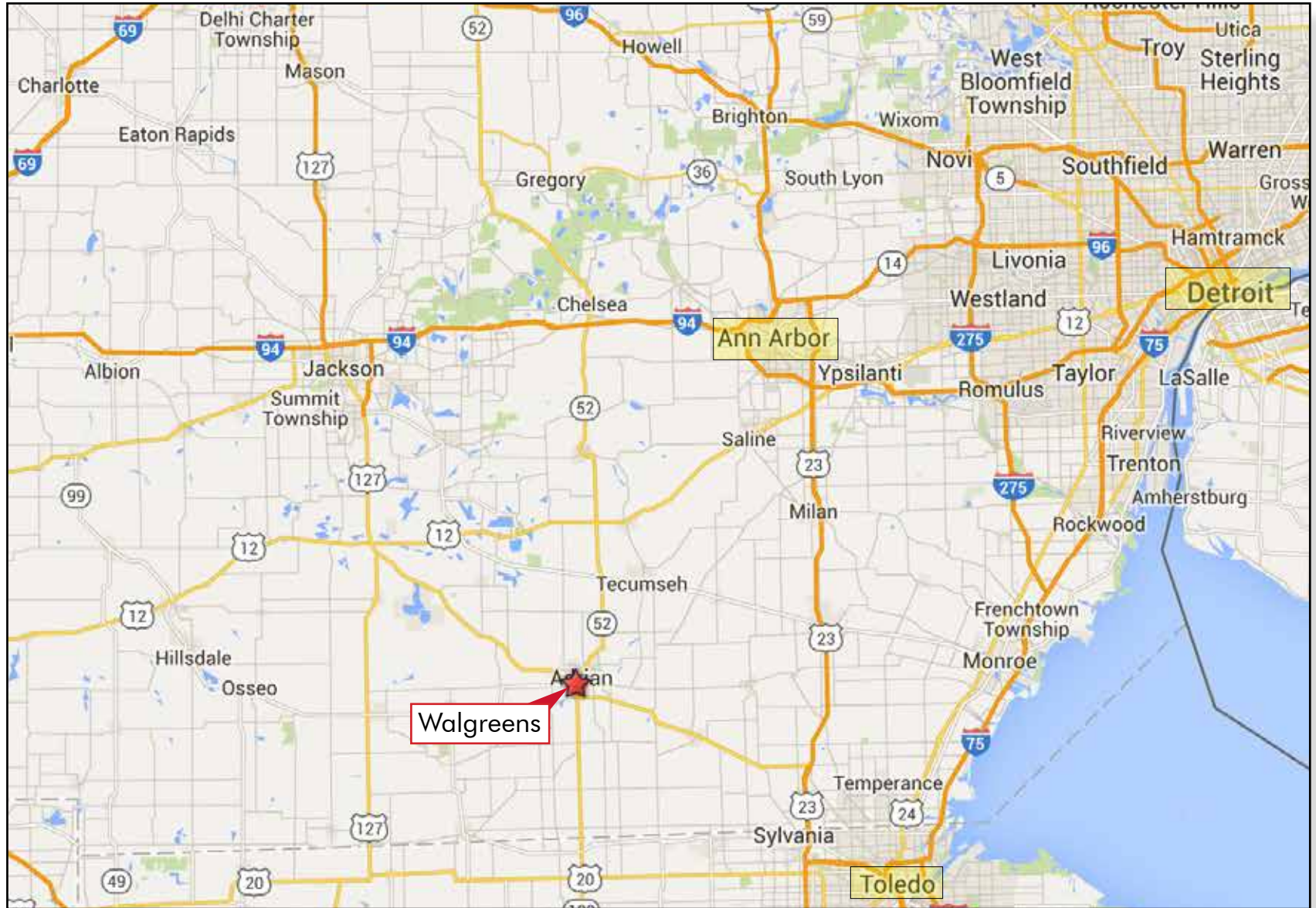
# LOCATION MAP



**LOCATION MAP**










## LOCATION MAP



## DEMOGRAPHICS

### 706 S MAIN ST

	1 Mile	3 Miles	5 Miles
 <b>POPULATION</b>			
2016 Population	9,307	30,563	36,614
2021 Population	9,155	30,403	36,478
2010 Population	9,633	31,032	37,075
2000 Population	10,188	30,883	36,710
Percent Pop Change: 2010 to 2016	-3.4%	-1.5%	-1.2%
Percent Pop Change: 2016 to 2021	-1.6%	-0.5%	-0.4%
 <b>AGE</b>			
2016 Median Age	33.7	36.8	37.8
2016 Average Age	36.6	39.0	39.5
 <b>HOUSEHOLDS</b>			
2016 Households	3,968	10,796	13,071
2021 Households	3,946	10,810	13,103
2010 Households	4,026	10,832	13,089
2000 Households	4,262	10,604	12,683
Percent HH Change: 2010 to 2016	-1.5%	-0.3%	-0.1%
Percent HH Change: 2016 to 2021	-0.6%	0.1%	0.3%
Average Household Size	2.3	2.4	2.4
 <b>INCOME</b>			
2016 Median Household Income	\$29,403	\$38,845	\$41,069
2016 Average Household Income	\$38,882	\$49,103	\$51,281
2016 Per Capita Income	\$16,575	\$17,345	\$18,307
 <b>HOUSING UNITS</b>			
2016 Housing Units	4,647	12,276	14,756
2016 Occupied Housing Units	3,968	10,796	13,071
2016 Vacant Housing Units	679	1,480	1,685
2016 Owner-Occupied Housing Units	2,130	6,827	8,779
2016 Renter-Occupied Housing Units	1,837	3,969	4,291
 <b>EDUCATION</b>			
2016 Population Age 25 and Over	5,756	19,968	24,216
High School thru Associates	3,736 64.9%	13,339 66.8%	16,327 67.4%
Bachelor's Degree	622 10.8%	2,197 11.0%	2,772 11.4%
Graduate Degree	280 4.9%	1,463 7.3%	1,789 7.4%
 <b>PLACE OF WORK</b>			
Total Businesses	722	1,598	1,862
Daytime Employment (Total Employees)	7,176	18,918	20,449



Sale Comparables

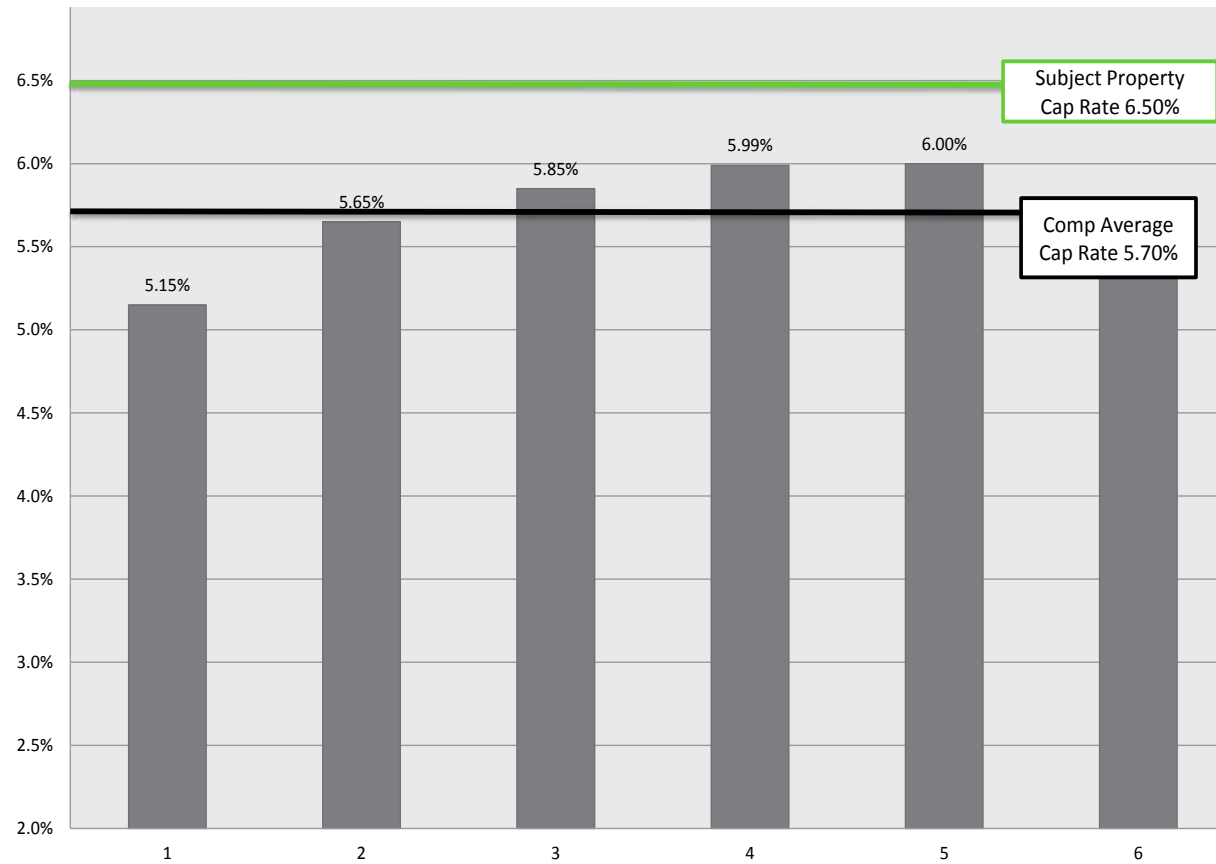
**CBRE**



## SALES COMPARABLES

	Building Name Address	Year Built	Building Size (SF)	Sale Date	Sales Price	Price/SF	Occupancy at Sale	Cap Rate	Term Remaining	Comments
★	Walgreens (S&P BBB) 706 South Main Street Adrian , MI	2003	13,650		\$5,370,000	\$393	100%	6.50%	12.83	Walgreens is on an initial 75 year lease with termination options every five years commencing March, 2028 , with just under 12 years remaining on the current term.
1	Walgreens 2355 Jackson Avenue Ann Arbor, MI	2010	13,650	On Market	\$11,941,748	\$875	100%	5.15%	19.00	This Walgreens is operating under a absolute triple-net lease that commenced on September 3, 2010 and currently has 19years left on the base term with ten, five-year options to renew.
2	Walgreens 6421 W. Saginaw Lansing, MI	2004	14,557	On Market	\$6,789,300	\$466	100%	5.65%	14.00	This is a free-standing store on a hard corner. This is a strong performing store with approximately 14 years remaining on their current lease term.
3	Walgreens 16741 Canal Road Clinton Township, MI	2000	15,120	12/12/2015	\$6,151,385	\$407	100%	5.85%	15.00	This property was part of a sale/leaseback transaction in which Walgreens signed a 15-year absolute net lease. The lease is for 15 years with twelve, five-year options. The base rent includes 5% rental increases every five years and each option includes a 5% rental increase.
4	Walgreens 5020 West Main Street Kalamazoo, MI	2002	13,575	6/30/2015	\$5,550,000	\$409	100%	5.99%	12.75	The property is a freestanding, 24-Hour Walgreens Drug Store and is equipped with a drive-thru. This store has reported strong sales which are increasing annually. This Walgreens property is on a 75 year lease expiring February 28, 2078. The lease calls for a termination option every five years starting in year 25; March 1, 2028 (12.75 years of firm lease term remaining).
5	Walgreens 4360 Bells Ferry Rd Kennesaw, GA	2004	13,600	12/11/2014	\$5,590,000	\$411	100%	6.00%	15.00	This 14,820 square foot Walgreens is located in the Atlanta (MSA) with a drive-thru. There were 15 years remaining on an original 25-year lease. This lease was absolute (NNN) with a corporate guarantee.
6	Walgreens 207 N Fayetteville Asheboro, NC	2005	14,452	11/26/2014	\$6,015,000	\$416	100%	5.53%	15.00	This lease with Walgreens was a true absolute NNN lease. This was an initial 25 year lease through 2030. At the time of sale, the lease had 15 years remaining.
<b>Comparable Averages</b>						<b>\$497</b>	<b>100%</b>	<b>5.70%</b>	<b>15.13</b>	

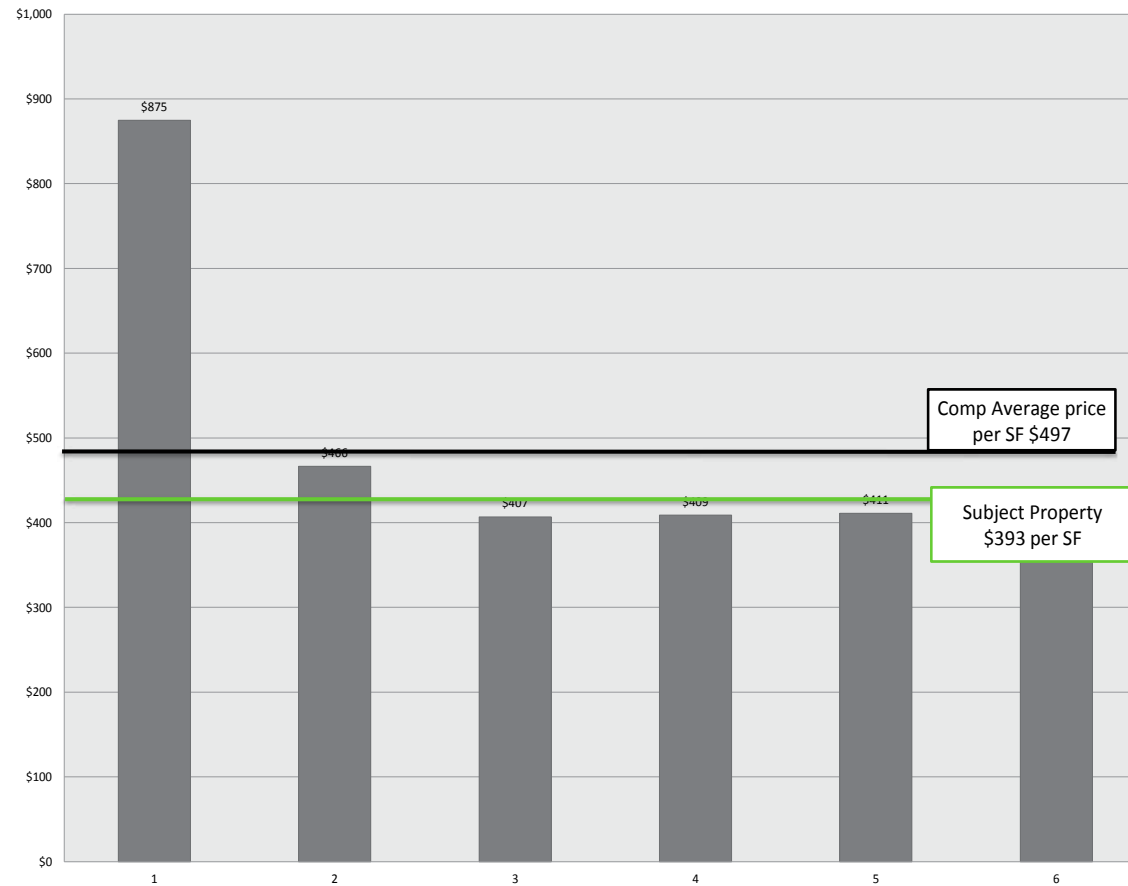
## SALES COMPARABLES



## CAP RATE ANALYSIS

The average cap rate for the comparable pharmacy sales is 5.70%; therefore, the subject property, at an asking cap rate of 6.50%, is priced more competitively than the market average.

## SALES COMPARABLES



## PRICE PER SQUARE FOOT ANALYSIS

The average price for the comparable pharmacy sales is \$497 per square foot; therefore, the subject property, at an asking price of \$393 per square foot, is priced in line with the market average.



Financials

**CBRE**

## TENANT OVERVIEW

Walgreen Company, founded in Chicago, Illinois in 1901, operates retail drugstore chains that are engaged in the retail sale of prescription and non-prescription drugs and general merchandise. Walgreens is the largest drug retailing chain in the United States. As of May 2014, the company operated over 8,000 stores in all 50 states as well as the District of Columbia, Puerto Rico and the U.S. Virgin Islands. The company's revenue has been trending upward with revenue reported at over \$76.39 billion in 2014.



### TENANT INFORMATION

**TENANT TRADE NAME:** Walgreens

**TENANT OWNERSHIP:** Public

**CREDIT RATING:** BBB according to Standard & Poor's

**STOCK SYMBOL:** WBA (Nasdaq)

**REVENUE:** \$76.39 billion (2014, trending upward)

**NUMBER OF LOCATIONS:** 8,000+ stores in 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands

**HEADQUARTERS:** Deerfield, Illinois

## FINANCIALS - LEASE ABSTRACT

	CAP RATE	PRICE PER SQUARE FOOT
ASKING PRICE \$5,370,000	6.50%	\$393

<b>TENANT:</b>	Walgreens
<b>GUARANTOR:</b>	Walgreen Co.
<b>LEASE TYPE:</b>	NNN
<b>COMMENCEMENT DATE:</b>	3/6/2003
<b>EXPIRATION DATE:</b>	3/31/2078 with first option to terminate on 3/31/2028 (11.83 years remaining)
<b>LEASE TERM:</b>	75 years with option to terminate in year 25 and every five years thereafter
<b>CURRENT RENT:</b>	\$349,000 / \$25.57 PSF
<b>RENT ESCALATIONS:</b>	None
<b>RENEWAL OPTIONS:</b>	None
<b>RIGHT OF FIRST REFUSAL:</b>	In the event the Landlord shall receive a Bona Fide Offer to Purchase the Leased Premises at any time, Landlord shall notify Tenant. Tenant has 15 days to review offer and respond. Tenant's election not to exercise its right of first refusal shall not prejudice Tenant's rights hereunder as to any further Bona Fide Offer.

### TERMINATION OPTION:

Tenant shall have the right and option, at Tenant's election, to terminate the Lease effective as of the last day of the 300th full calendar month of the Term, as well as the 360th, and every five years thereafter. If Tenant shall elect to exercise such option, Tenant shall send notice thereof to Landlord at least six months prior to the date this Lease shall so terminate.

### PARKING AREA:

Tenant, at Tenant's cost and expense, shall maintain, repair, and replace the parking areas of the Leased Premises for the entire Term of the Lease. However, and without limitation, Tenant shall have no obligation to perform nor pay any costs in connection with the following: (i) any damages caused by the acts or omissions of Landlord; and (ii) any defects in the construction of the leased premises by Landlord.

### UTILITIES:

Tenant shall pay, when due, all bills for water, sewer rents, sewer charges, heat, gas and electricity used in the Building or on the Leased Premises. Landlord shall furnish to the Building and to the Leased Premises, at all times, sufficient gas and water service lines, sewer lines and sewer connections.

### REPAIRS:

Tenant, at Tenant's sole cost and expense, shall maintain the leased premises and make all necessary repairs and replacements, whether interior or exterior, to all parts of the same during the term of the lease.

### REAL ESTATE TAXES:

Tenant shall pay, when due and before delinquency, the ad valorem, real estate taxes. Landlord shall change the mailing address to go directly to the Tenant. Tax Bill is to be mailed directly to the Tenant.

FINANCIALS

Walgreens (S&P BBB)				
Year One Cash Flow Estimates				
Assumes an All Cash Transaction				
	Price		\$5,370,000	
	Financing		All Cash Transaction	
	Rentable Square Feet		13,650	
	Price per Square Foot		\$393.41	
	CAP Rate		6.50%	
Income			6/2016 - 5/2017	Per Month Per SF
Base Rent				
Walgreens (S&P Rated BBB)				
3/2003 - 3/2028				
11.83 Years Remain	100%	13,650 SF	\$349,000	\$29,083 \$25.57
Total Base Rent			\$349,000	\$29,083 \$25.57
Scheduled Base Rental Revenue			\$349,000	\$29,083 \$25.57
Expense Reimbursement Revenue				
Common Area Maintenance - Tenant Procures and Pays Direct			\$0	\$0 \$0.00
Real Estate Taxes - Tenant Procures and Pays Direct			\$0	\$0 \$0.00
Insurance - Tenant Procures and Pays Direct			\$0	\$0 \$0.00
Total Expense Reimbursement Revenue			\$0	\$0 \$0.00
Gross Potential Income			\$349,000	\$29,083 \$25.57
Vacancy/Collection Allowance		0.0%	\$0	\$0 \$0.00
Effective Gross Income			\$349,000	\$29,083 \$25.57
Operating Expense Estimates				
Common Area Maintenance - Tenant Procures and Pays Direct			\$0	\$0 \$0.00
Real Estate Taxes - Assumes the Tenant Procures and Pays Direct			\$0	\$0 \$0.00
Insurance - Tenant Procures and Pays Direct			\$0	\$0 \$0.00
Total Common Area Expenses (Estimates)			\$0	\$0 \$0.00
Management Fee	0.0%		\$0	\$0 \$0.00
Replacement Reserve	\$0.00		\$0	\$0 \$0.00
Total Expenses			\$0	\$0 \$0.00
<b>Net Operating Income</b>			<b>\$349,000</b>	<b>\$29,083 \$25.57</b>



For More Information Please Contact:

**BILL O'CONNOR**

Senior Vice President

+1 248 351 2045

Bill.OConnor@cbre.com

**DAVID HESANO**

Vice President

+1 248 351 2014

David.Hesano@cbre.com

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This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.