

Walgreens

5675 Michigan Road | Indianapolis, IN

OFFERING MEMORANDUM



SANDS INVESTMENT GROUP



KESSLER BLVD

MICHIGAN ROAD



RETAIL DEVELOPMENT

RETAIL DEVELOPMENT



Investment Summary

Offering Price	\$1,995,000
Cap Rate	7.04%
NOI	\$140,400
Total Building Area	13,522 SF
Cost/Building SF	\$147.54
Lease Term / Years Remaining	5.5 Years

Investment Highlights

Established High Credit Tenant

- 100% leased single-tenant **NN fee simple lease** with Walgreens Corporate
- **Corporate Guaranteed lease** with Walgreens (NYSE: WAG) with an S&P Credit Rating of BBB
- **20 years of Walgreens occupancy** at site since 1994
- **Drive thru location** with superior points of Ingress & Egress



- Walgreens **prototype development** (1990's) – Lease Commenced June 4, 1994 and goes until December 31, 2043.
- Walgreens recently **exercised a 5.5 year extension** to renew providing proof of their confidence in the location
- Very **strong rent to sales** ratio of 6.65% based on reported sales, not including third party prescription
- **Extremely below market** – only \$10.38 PSF / YR

Walgreens

1-HR PHOTO

PHARMACY



Property Overview

ADDRESS

5675 Michigan Road, Indianapolis, IN

LOCATION

The property is located on the NEC of Michigan Rd. and Kessler Blvd. W. Dr.

PARCEL

Tax assessor parcel is 49-06-03-115-005.000-800

LAND AREA

The subject property's land area is approximately 101,512 SF (2.33 Acres)

BUILDING AREA

The subject site consists of a single-story Walgreens Building.

INGRESS/EGRESS

Access to the property is available via one (1) entrance, on Michigan Rd.

ZONING

The site is zoned as Commercial.

SIGNAGE

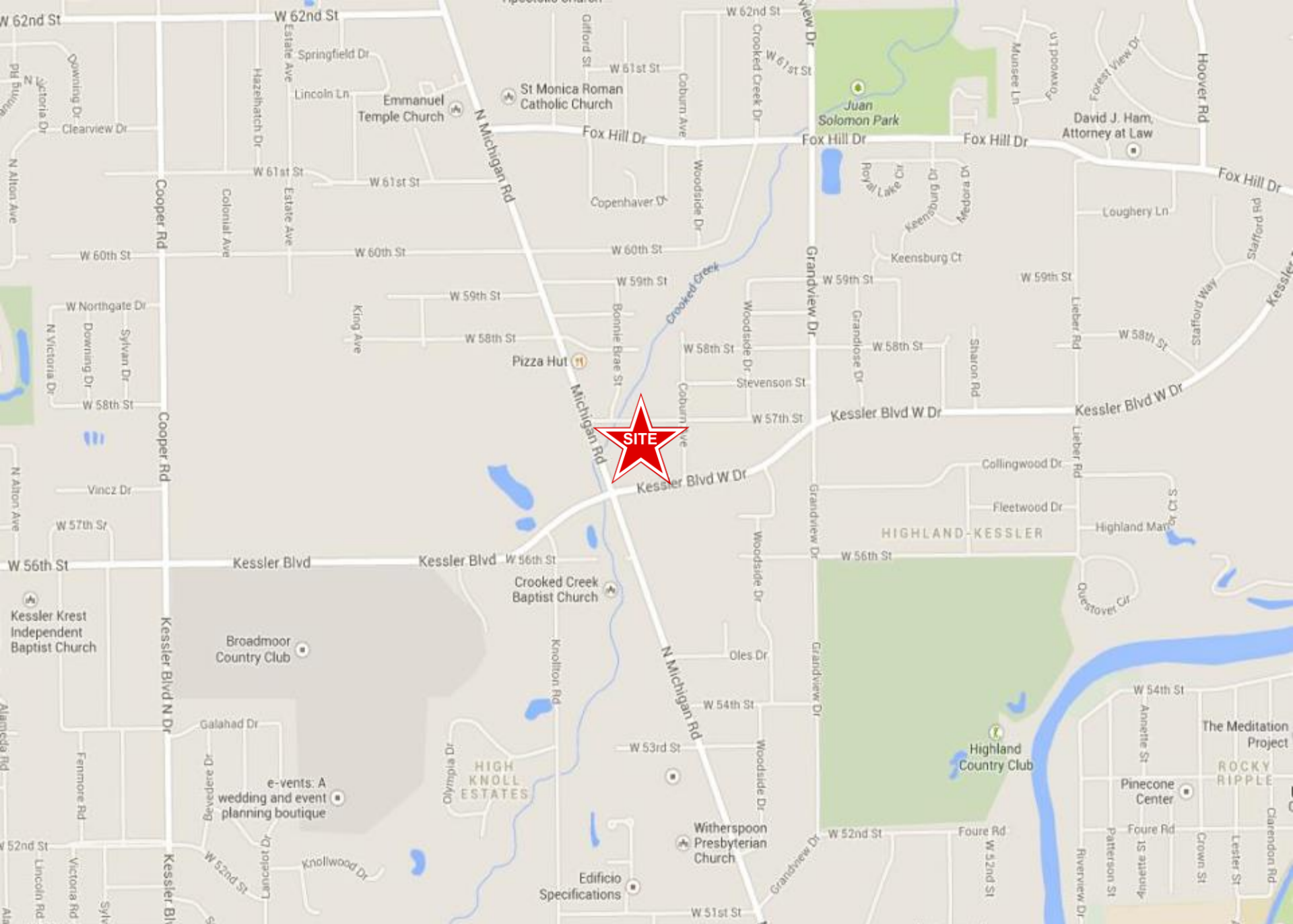
There is tenant signage on two sides of the building and on a sign viewable from Michigan Rd and Kessler Blvd. W. Dr.

YEAR BUILT

The subject property was built in 1994.







2013 Traffic Count

26,297

Michigan Road Daily Average

971,381

I-65 Daily Average





Walgreens



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RETAIL
DEVELOPMENT

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DEVELOPMENT

BRAND NEW WAL-MART
NEIGHBORHOOD CENTER

City Overview

Indianapolis of Marion County is the thirteenth largest city in the United States, and it is by-far one of our country's most livable big cities. Indianapolis is the capital and most populous city of the state of Indiana. For those who reside and work here, Indianapolis has a quality about it that makes even the heart of a bustling downtown feel like home. Visitors are drawn from all over the globe to enjoy top-notch professional sports venues, a thriving convention industry and numerous cultural attractions. And when they arrive, they too experience the Hoosier character and hospitality that make Indianapolis special.

Historically, Indianapolis has oriented itself around government (a byproduct of its state capital function) and industry, particularly manufacturing. Over the late decades of the 20th century, the city's consolidated city-county government, Unigov, began a long process to revitalize the downtown area. Today, Indianapolis has a much more diversified economy, contributing to the fields of education, health care, and finance. Tourism is also a vital part of the economy of Indianapolis, with the city playing host to numerous conventions and sporting events. Of these, perhaps the most well known are the annual Indianapolis 500, Brickyard 400, and NHRA U.S. Nationals. Other major sporting events include the annual Big Ten Conference football championship, Men's and Women's NCAA basketball tournaments. Indianapolis also hosted the Pan American Games in 1987 and Super Bowl XLVI in 2012.

Both Forbes and Livability.com rank Indianapolis as one of the best downtowns in the United States citing "more than 200 retail shops, more than 35 hotels, nearly 300 restaurants and food options, movie theaters, sports venues, museums, art galleries and parks" as attractions. Greater Indianapolis has seen moderate growth among U.S. cities. The population of the metropolitan statistical area was 1,756,241 according to the 2010 Census, making it the 34th-largest in the United States. The 2010 population of the Indianapolis combined statistical area, a larger trade area, was 2,080,782, the 23rd-largest in the country. Indianapolis is considered a gamma global city by the Globalization and World Cities Research Network. In 2013, the city won Sister Cities International's 2013 Best Overall Program award for jurisdictions of population 500,000 and above.



City Overview (cont'd)

Location

Located at the "Crossroads of America," Indianapolis (latitude: 39°46'N longitude: 86°09'W) is the capital city of the state of Indiana. While most American state capitals tend to be located in the central region of their respective states, Indianapolis is the closest capital to being placed in the exact center of its state. Located along the White River, Indianapolis has a total area of 372.1 square miles.

Population

As of 2010, the total population of Indianapolis is 820,445, which is 4.93% more than it was in 2000. The population growth rate is lower than the state average rate of 6.63% and is lower than the national average rate of 9.71%. The Indianapolis population density is 2,229.32 people per square mile, which is much higher than the state average density of 178.03 people per square mile and is much higher than the national average density of 81.32 people per square mile. The most prevalent race in Indianapolis is white, which represent 61.80% of the total population. The average Indianapolis education level is about the same as the state average and is about the same as the national average.

Transportation

Traveling to and around Indianapolis is easy, convenient and affordable. Known as the Crossroads of America, Indy is within a day's drive of over half of the country's population. For those arriving by air, the LEED-certified Indianapolis International Airport is a short, low-traffic 15 minutes from downtown. The airport has racked up tons of accolades for its smart design and customer service and is a fitting welcome to a city known for hospitality and visitor experience.

Recreation

Tourism is a vital part of the economy of Indianapolis, playing host to numerous conventions and sporting events such as the Indy Jazz Fest, Indiana State Fair, Heartland Film Festival, and Indianapolis Theatre Fringe Festival. Of these, perhaps the most well known is the annual Indianapolis 500. Indianapolis has a wide variety of museums and galleries which appeal to art lovers, car enthusiasts, sports fans, history buffs and people interested in science and technology.

Indianapolis Demographics

2012 Estimated Population	834,852
2010 Population	820,445
Growth 2010-2012	1.80%
Growth 2000-2010	4.93%
2010 Estimated Median Age	33.7
2010 Estimated Households	332,199

Indianapolis' Top 10 Employers

Rank	Company	Employees
1.	Eli Lilly and Company	14,000
2.	Clarian Health Partners Inc.	7,503
3.	Community Health Network	7,500
4.	Indiana University Purdue University Indianapolis	7,066
5.	FedEx	6,311
6.	St. Vincent Hospital & Health Services	6,000
7.	WellPoint Inc.	4,200
8.	Allison Transmission/Division of GMC	4,000
9.	Rolls-Royce	4,000
10.	AT&T	3,500

Tenant Profile

WALGREENS

Walgreens is one of the leading American chain of drugstores with 8,876+ locations throughout all 50 states including Puerto Rico. Walgreens sells everything from prescription and non-prescription drugs to household products, personal care, food vitamins, beauty care, and more. Founded in 1901,

Walgreens goal is to be consumers' first choice for health and daily living across the nation, and a central part of people's lives and the communities where they live and work. The company provides the most convenient, multi-channel access to goods and services, and pharmacy, health and wellness services while developing a new customer experience.

Walgreens remains among the fastest growing retailers in the country with an anticipated organic growth rate of between 1.5 and 2.5 percent in 2013. Walgreen health clinics and growing specialty pharmacy business complement Walgreen drugstores. Walgreen now operates more than 700 health and wellness clinics in their stores and on employer worksites. Walgreen health centers on or near employer campuses offer diverse services including primary and acute care; wellness, pharmacy and disease management services; and health and fitness programming. Employers recognize the significant value and cost savings these centers can provide.

Walgreens completed the acquisition of Kerr Drug Retail Drugstores and Specialty Pharmacy Business in November of 2013.

Walgreens Awards & Recognition

- *Fortune Magazine World's Most Admired Companies (2012)*
- *Walgreens Among 65 Employers Recognized for Promoting Healthy Workplaces and Lifestyles*
- *Human Rights Campaign (HRC) Best Place to Work for LGBT Equality (2013)*
- *Walgreens was awarded a perfect score of 100 percent on the (HRC) Corporate Equality Index.*
- *Walgreens ranked No. 4 among food and drug stores and has been listed for the past 19 consecutive years.*
- *Fast Company magazine "Fast 50" issue (2012)*
- *Walgreens ranked as the 3rd most innovative health care company for leadership in health care services – like its national network of Take Care Clinics and its burgeoning efforts in health and wellness services and chronic care management.*
- *Careers & the disABLED magazine Top 50 Employers (2012)*
- *Walgreens is ranked #14 in the readers' survey of employers they believe provide a progressive working environment for people with disabilities.*

Public:	NYSE: WAG
Corporate Location:	Deerfield, IL
Founded:	1901
Industry Sector:	Services
Website:	www.walgreens.com

Financial Highlights

Fiscal Year End:	30-Aug
Revenues:	\$73.15B
Market Capitalization:	\$27.05B
S&P Rating:	BBB
No. of Locations:	8,876
No. of Employees:	176,000

Top Competitors

CVS Caremark Corporation	NYSE: CVS	BBB S&P
Rite Aid Corp.	NYSE: RAD	B- S&P
Walmart Stores Inc.	NYSE: WMT	AA S&P

Lease Abstract

TENANT	Walgreens
PREMISES	A building of approximately 13,522 SF in Indianapolis, IN lease to Walgreens.
LEASE COMMENCEMENT	June 4, 1994
LEASE EXPIRATION	December 31, 2043
LEASE TERM	50 Years – (*5.5 Years Remaining on Current Extension)
RENEWAL OPTIONS	None
LEASE TYPE	Double Net (NN)
RENT INCREASES	None
USE	Drug Store
PROPERTY TAXES	Tenant Pay's Directly
UTILITIES	Tenant Pay's Directly
ROOF & STRUCTURE	Landlord Responsible

INSURANCE	Tenant shall obtain and keep in force during the term of the Lease a Commercial General Liability policy of insurance protecting Tenant against claims for bodily injury, personal injury and property damage.
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REPAIRS & MAINTENANCE	Tenant shall, at Tenant's sole cost and expense and at all times, keep the Premises and every part thereof in the state of condition and repair existing upon delivery of possession, reasonable wear and tear and permitted alterations where excepted, whether structural or non-structural including, without limiting the generality of the foregoing, all equipment or facilities exclusively serving the Premises, such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire sprinkler and/or standpipe and hose or other automatic fire extinguishing system, fixtures, walls (interior & exterior), foundations, ceilings, roofs, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, and sidewalks located in on or about the Premises.
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TENANT ASSIGNMENT & SUBLETTING	Tenant, with Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, may assign, mortgage, hypothecate, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Demised Premises or Tenant's possession thereof.
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Financials



Assumptions

GLOBAL

ANALYSIS PERIOD

START DATE	May 25, 2014
END DATE	May 25, 2024
TERM	10 Years

AREA MEASURES

BUILDING SQUARE FEET (NRSF)	13,522 SF
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GROWTH RATES

CONSUMER PRICE INDEX (CPI)	3.00%
OTHER INCOME GROWTH RATE	3.00%
OPERATING EXPENSES	3.00%
REAL ESTATE TAXES	1.00%

MARKET GROWTH RATE

CY 2014	3.00%
CY 2015	3.00%
CY 2016	3.00%
CY 2017	3.00%
CY 2018	3.00%
CY 2019	3.00%
CY 2020	3.00%
CY 2021	3.00%
CY 2022	3.00%
CY 2023+	3.00%

GENERAL VACANCY LOSS	0.00%	(1)
CAPITAL RESERVES (CY 2012)	\$0.00 PSF	(2)

VACANT SPACE LEASE UP

OCCUPANCY & ABSORPTION

PROJECTED VACANT AT 1/1/14	0%
CURRENTLY VACANT AS OF 5/25/13	0%
PERCENTAGE VACANT AS OF 5/25/13	0.00%
ABSORPTION PERIOD	Month(s)
ABSORPTION PERIOD START DATE	May 1, 2014
FIRST ABSORPTION OCCURS ON	May 1, 2014
LAST ABSORPTION OCCURS ON	May 1, 2014

FINANCIAL TERMS

2012 MONTHLY MARKET RENT	
RENT ADJUSTMENT	NONE
LEASE TERM	5 Years
EXPENSE REIMBURSEMENT TYPE	Double Net (NN)
RENT ABATEMENTS	0 Months(s)
TENANT IMPROVEMENTS (\$ / NRSF)	\$20 PSF (new)
COMMISSIONS	6.00% N / 3.00% R (5)

NOTES:

All market rates are stated on calendar-year basis.

1) No General Vacancy Loss modeled.

2) Capital Reserves do not inflate over term.

3) Operating Expenses are based on the 2014 Projected Budget and grown 3% annually.

4) Real Estate Taxes have been reassessed at the estimated purchase price based on millage rate of 1.032000%.

5) Leasing Commissions are calculated by applying 6.0% over the initial lease term and 3.0% over the renewal terms.

EXPENSES

OPERATING EXPENSE SOURCE	2014 Projected	(3)
MANAGEMENT FEE (% OF EGR)	NONE	
REAL ESTATE TAXES REASSESSED	Yes	(4)
MILLAGE RATE	1.032000%	

10 Year Cash Flow

FISCAL YEAR ENDING – DECEMBER 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
SCHEDULED BASE RENT										
Gross Potential Rent	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400
Absorption & Turnover Vacancy	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
TOTAL SCHEDULED BASE RENT	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400
TOTAL GROSS REVENUE	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400
EFFECTIVE GROSS REVENUE	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400
OPERATING EXPENSES (NNN)										
Common Area Maintenance (NNN)	0	0	0	0	0	0	0	0	0	0
Management Fees (NNN)	0	0	0	0	0	0	0	0	0	0
Insurance (NNN)	0	0	0	0	0	0	0	0	0	0
Property Taxes (NNN)	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	0	0	0	0	0	0	0	0	0	0
NET OPERATING INCOME	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400
UNLEVERAGED CASH FLOW	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400	\$140,400
UNLEVERED CASH ON CASH RETURN	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%
UNLEVERED IRR										7.04%

Rent Roll

TENANT NAME	SQUARE FOOTAGE	% OF PROPERTY	LEASE TERM		RENTAL RATES			PSF	MARKET RATE NNN – (PSF/MO.)
			BEGIN	END	ANALYSIS BEGIN	MONTHLY	ANNUALLY		
Walgreens	13,522 SF	100%	7/1/2004	12/31/2043	Current-June 2024	\$11,700.00	\$140,400.00	\$10.38	\$3.25
TOTALS / AVERAGES	13,522	100%				\$11,700.00	\$140,400.00	\$10.38	\$3.25
OCCUPIED SF	13,522	100%							
VACANT SF	0	0.00%							
TOTAL SF	13,522	100%							



Confidentiality Agreement

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Sands Investment Group and should not be made available to any other person or entity without the written consent of Sands Investment Group.

This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property.

The information contained herein is not a substitute for a thorough due diligence investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, Sands Investment Group has not verified, and will not verify, any of the information contained herein, nor has Sands Investment Group conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose its contents in any manner detrimental to the interest of the Owner. You also agree that by accepting this Memorandum you agree to release Sands Investment Group and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this property.

DOWNTOWN
INDIANAPOLIS

MICHIGAN ROAD



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KESSLER BLVD



Exclusively Marketed By: **SANDS INVESTMENT GROUP**

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