



Walgreens

1045 South Gratiot Avenue | Clinton Township, MI

# Affiliated Business Disclosure and Confidentiality Agreement

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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.

**Long Term, Stable Investment**

Walgreens has been a tenant since 1999 with proven store sales and their current term has just under four years firm remaining on the original 60 year lease.

**24-Hour Store with Drive Thru**

This is a 24-hour store featuring a drive-thru lane.

**Great Location and Frontage Along Three Streets**

Walgreens sits directly between northbound and southbound Gratiot Avenue with access points from both sides as well as an access point from the cross road, Wellington Crescent. This site benefits from frontage along all three streets.

**Excellent Traffic Counts**

The site benefits from high traffic counts of nearly 40,000 vehicles per day.

**Near Mt. Clemens, County Seat**

Walgreens is approximately one mile south of Mt. Clemens, the county seat of Macomb County.

Asking Price.....	\$4,967,000
CAP Rate.....	7.00%
Price Per Square Foot.....	\$357.21



## 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 1045 South Gratiot Avenue in Clinton Township, Michigan 48036.

## INVESTMENT OVERVIEW

The property is a freestanding, 24-hour 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 60 year lease expiring February 28, 2059. The lease calls for a termination option every five years starting in year 20, February, 2019, and has 3.42 years of firm lease term remaining. If Walgreens does not exercise their termination option in February, 2019, they will continue their lease at the same terms and rental rate. The tenant is responsible to maintain the parking areas to include striping, maintenance and landscaping as well as HVAC, property insurance and paying for real estate taxes directly.



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 8,200 stores in all 50 states as well as the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

Walgreens benefits from three points of ingress with its position along a major regional thoroughfare. The Property sits between North and South Gratiot Avenue with entrances from both sides of Gratiot Avenue as well as the cross street, Wellington Crescent. Gratiot Avenue enjoys traffic counts of nearly 40,000 vehicles per day.

## FREE AND CLEAR OF EXISTING FINANCING

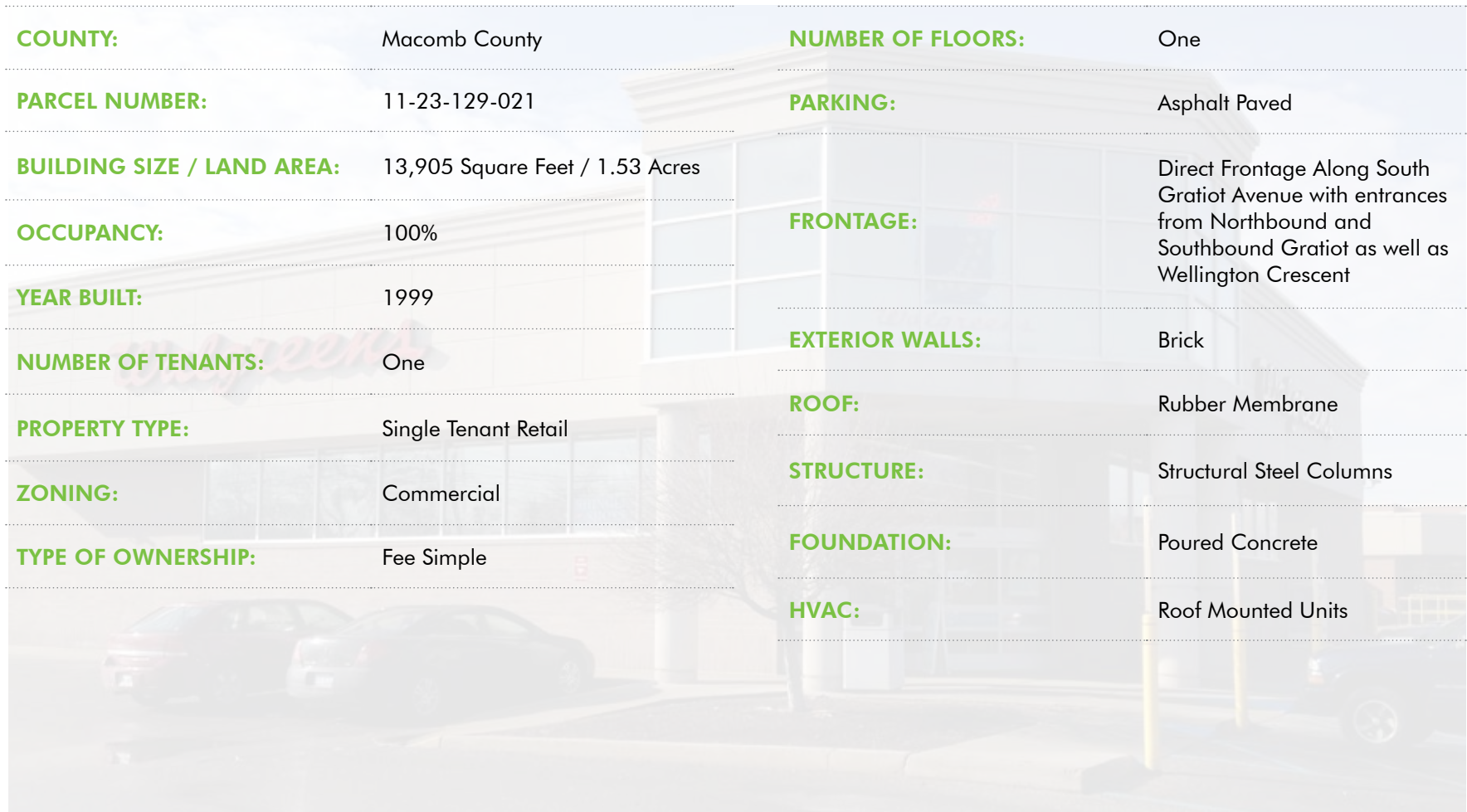
This asset is being offered free and clear of existing financing. This marketing package proposes the financing option of an all cash transaction.



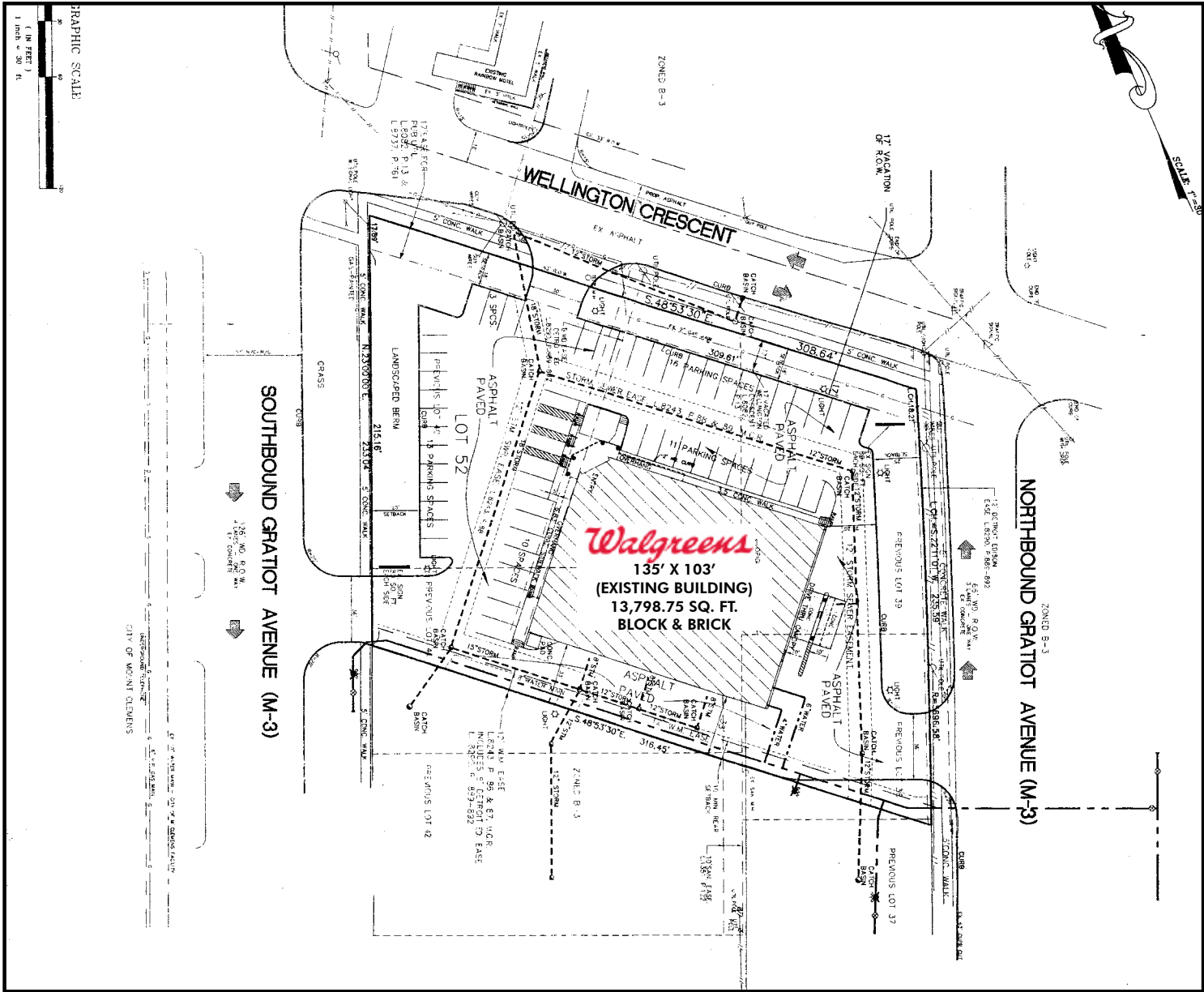
**Walgreens** | 1045 South Gratiot Avenue | Clinton Township, MI 48036

Asking Price.....\$4,967,000  
 CAP Rate.....7.00%  
 Price Per Square Foot.....\$357.21

<b>COUNTY:</b>	Macomb County	<b>NUMBER OF FLOORS:</b>	One
<b>PARCEL NUMBER:</b>	11-23-129-021	<b>PARKING:</b>	Asphalt Paved
<b>BUILDING SIZE / LAND AREA:</b>	13,905 Square Feet / 1.53 Acres	<b>FRONTAGE:</b>	Direct Frontage Along South Gratiot Avenue with entrances from Northbound and Southbound Gratiot as well as Wellington Crescent
<b>OCCUPANCY:</b>	100%	<b>EXTERIOR WALLS:</b>	Brick
<b>YEAR BUILT:</b>	1999	<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>	Commercial	<b>HVAC:</b>	Roof Mounted Units
<b>TYPE OF OWNERSHIP:</b>	Fee Simple		



# SITE PLAN





Walgreens

Walgreens

Walgreens  
The Pharmacy

1045

Market Overview  
**CBRE**



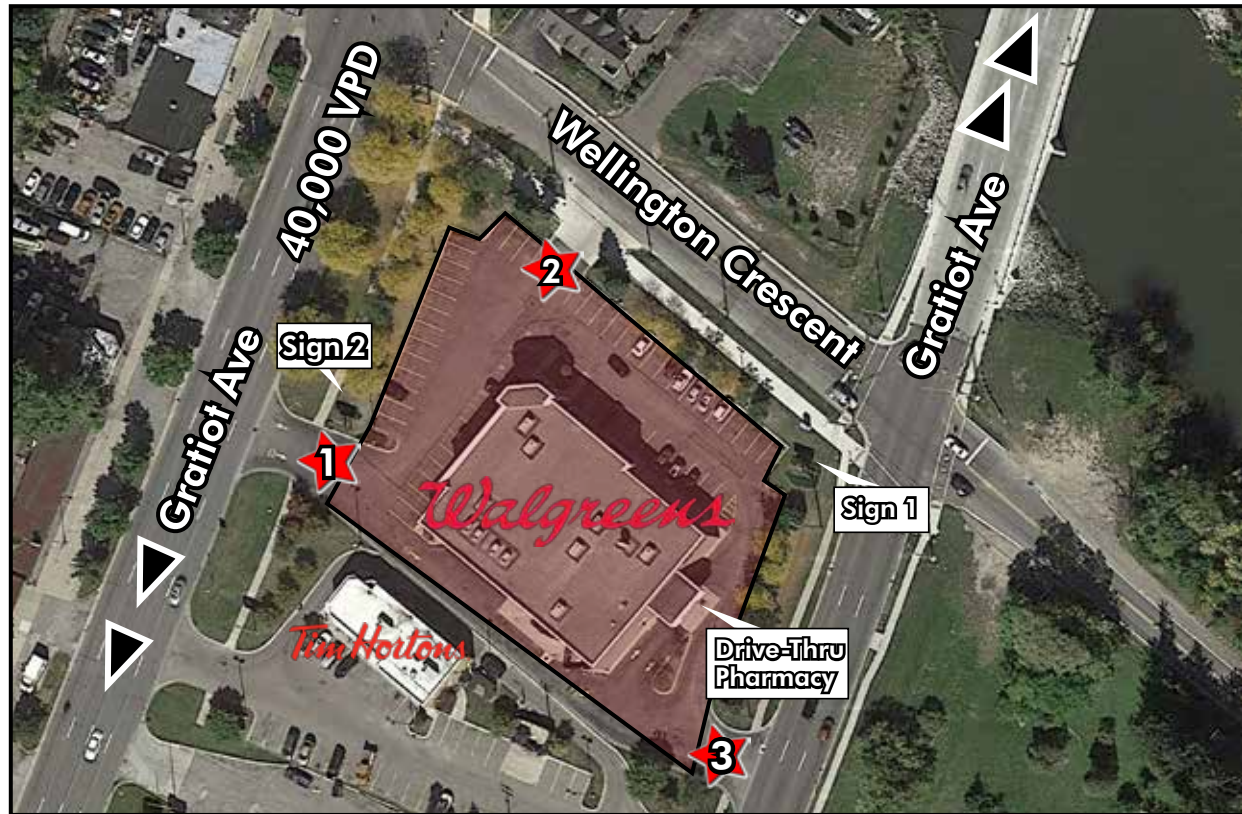
## Macomb County, Michigan

Macomb County is a county located in the eastern portion of Michigan. With just over 570 square miles of area, Macomb County is home to nearly 900,000 residents. It is just over 25 miles north of Detroit and approximately 65 miles north-east of Ann Arbor.

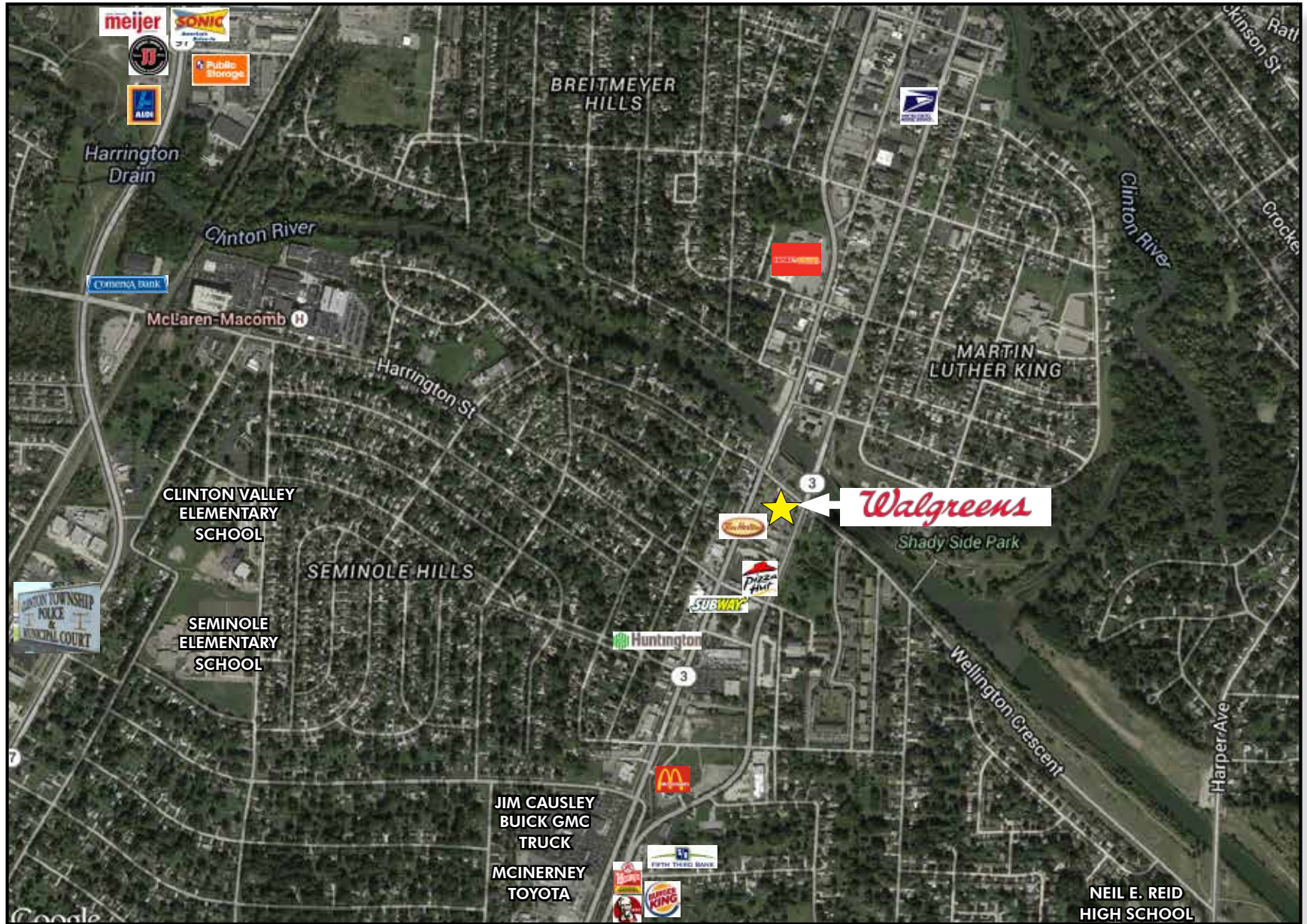
### Area Overview

Walgreens benefits from three points of ingress with its position along a major regional thoroughfare. The Property sits between North and South Gratiot Avenue with entrances from both sides of Gratiot Avenue as well as the cross street, Wellington Crescent. Gratiot Avenue enjoys traffic counts of nearly 40,000 vehicles per day.

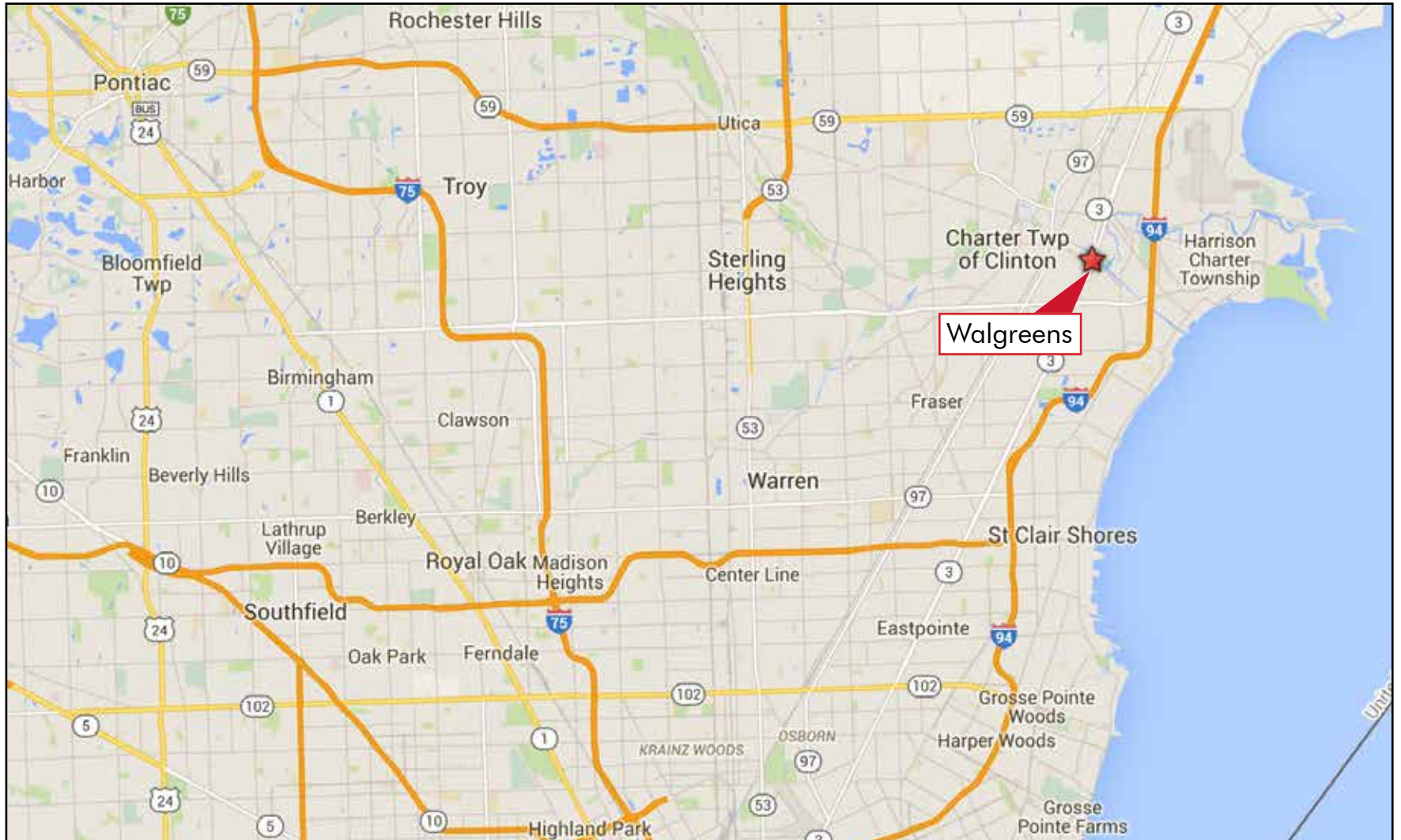
Walgreens is just over one mile west of I-94, a major east-west artery for Michigan and is just over one mile south of downtown Mt. Clemens which is the county seat of Macomb County. This is a dense residential area with over 85,000 people within a three mile radius.



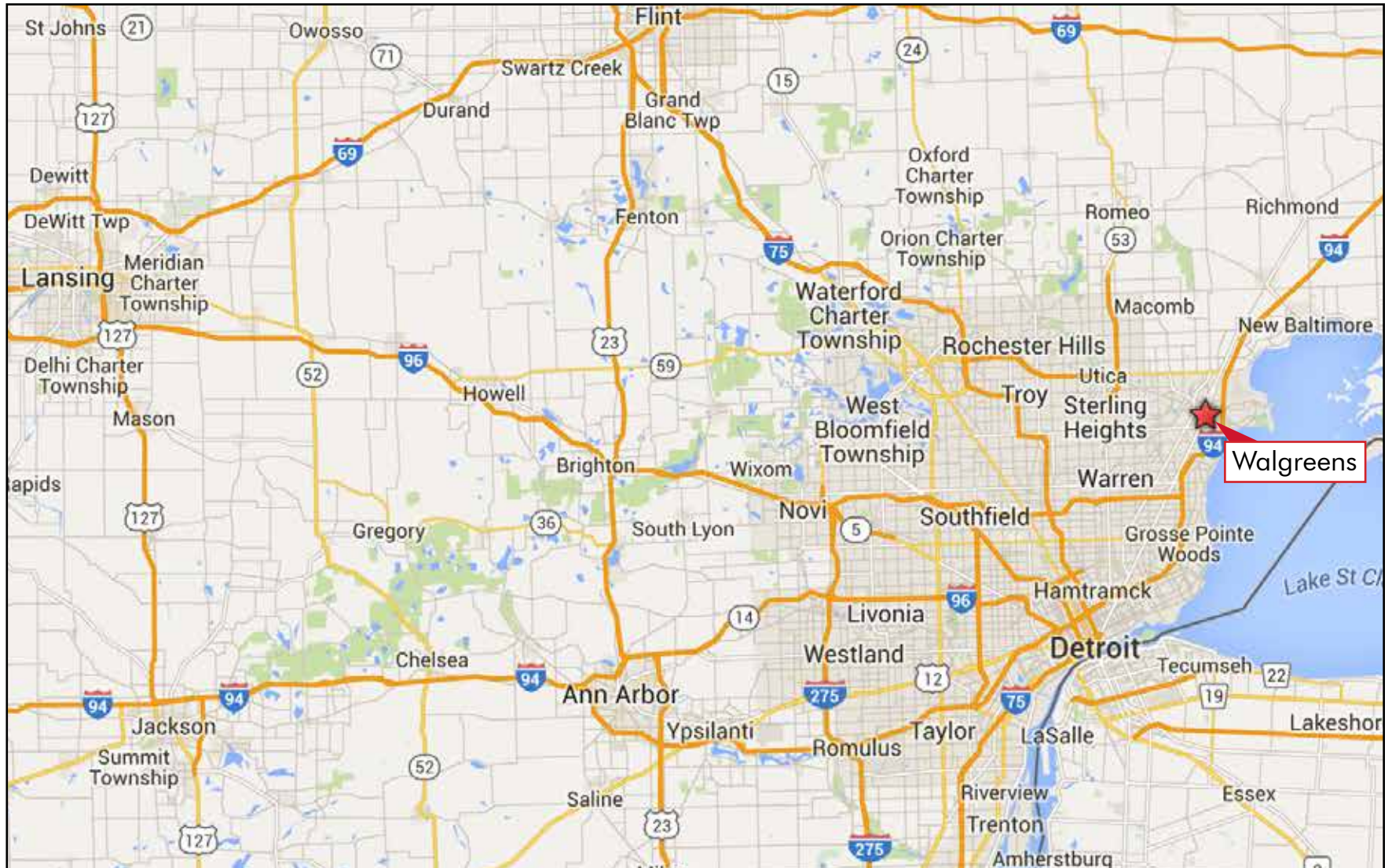
LOCATION MAP



## LOCATION MAP



## LOCATION MAP



## DEMOGRAPHICS

	1 MILE	3 MILES	5 MILES
<b>POPULATION</b>			
2015 Population	10,139	85,898	204,882
2020 Population	10,126	87,104	209,076
2010 Population	10,182	84,744	200,419
2000 Population	10,867	86,040	194,897
Percent Pop Change: 2010 to 2015	-0.4%	1.4%	2.2%
Percent Pop Change: 2015 to 2020	-0.1%	1.4%	2.1%
<b>AGE</b>			
2015 Median Age	43.0	40.8	41.9
2015 Average Age	42.0	40.6	41.3
<b>HOUSEHOLDS</b>			
2015 Households	4,617	36,627	86,683
2020 Households	4,659	37,458	88,890
2010 Households	4,565	35,680	84,230
2000 Households	4,764	35,651	80,416
Percent HH Change: 2010 to 2015	1.2%	2.7%	2.9%
Percent HH Change: 2015 to 2020	0.9%	2.3%	2.6%
Average Household Size	2.2	2.3	2.3
<b>INCOME</b>			
2015 Median Household Income	\$42,418	\$43,117	\$50,497
2015 Average Household Income	\$57,013	\$58,565	\$65,068
2015 Per Capita Income	\$25,963	\$24,972	\$27,530
<b>HOUSING UNITS</b>			
2015 Housing Units	5,091	40,176	93,904
Occupied Units	4,617	36,627	86,683
Vacant Housing Units	473	3,549	7,221
2015 Owner-Occupied Housing Units	3,067	23,988	61,571
2015 Renter-Occupied Housing Units	1,550	12,639	25,113
<b>EDUCATION</b>			
2015 Population Age 25 and Over	7,449	60,579	145,574
High School thru Associates	4,986 66.9%	41,745 68.9%	98,961 68.0%
Bachelor's Degree	887 11.9%	6,947 11.5%	19,780 13.6%
Graduate Degree	629 8.4%	4,281 7.1%	11,104 7.6%



Walgreens

Walgreens  
The Pharmacy

Walgreens

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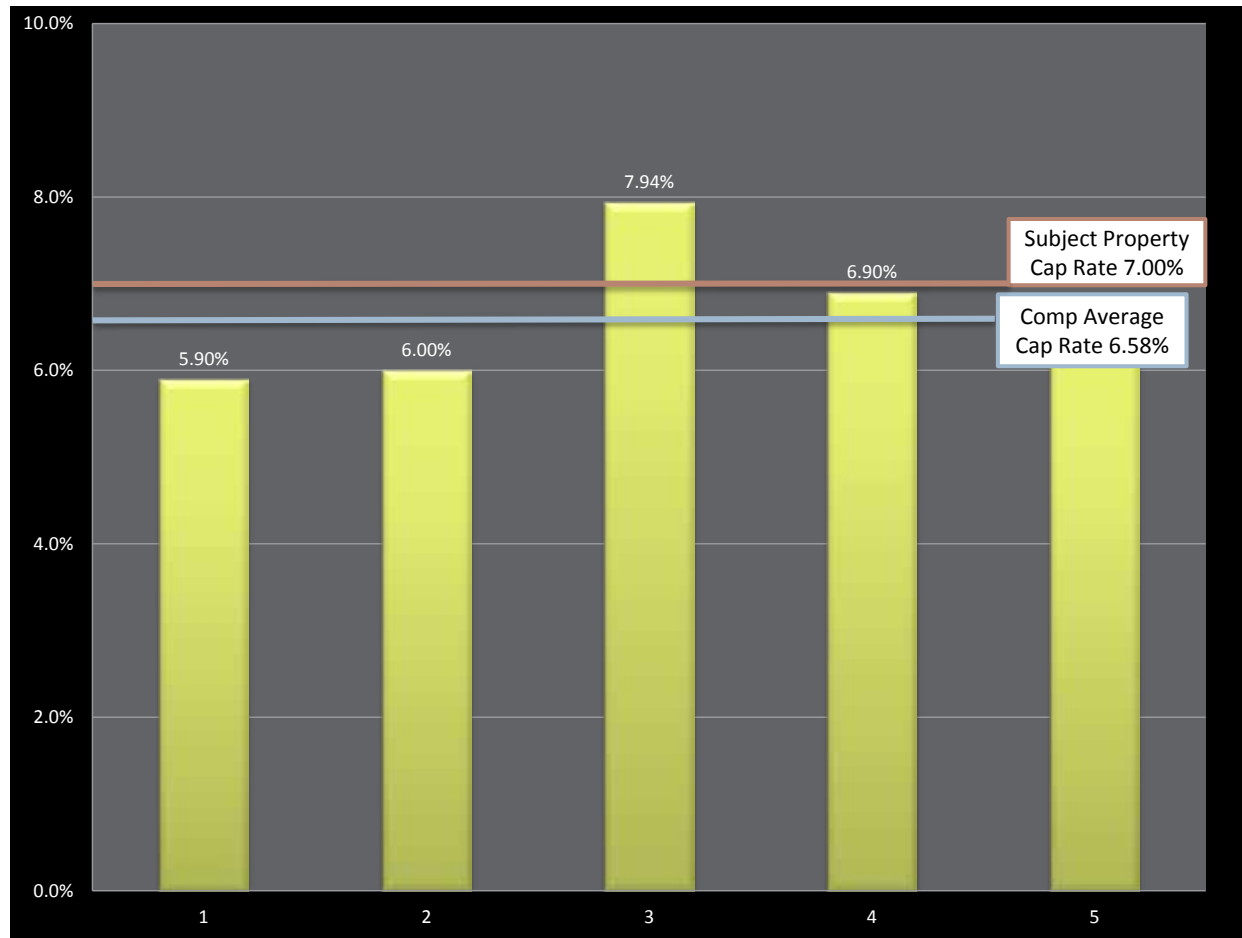
Sale Comparables

**CBRE**

## SALES COMPARABLES

	Building Name Address	Year Built	Building Size (SF)	Sale Date	Sales Price	Price/SF	Cap Rate	Term Remaining	Comments
★	Walgreens (S&P BBB) 1045 South Gratiot Avenue Clinton Township, MI	1999	13,905		\$4,967,000	\$357	7.00%	4	Walgreen's is on an initial 60 year lease with termination options every five years commencing February, 2019 (3.42 years remain).
1	Walgreens 8800 W 95th St Hickory Hills, IL	2000	15,120	On Market	\$6,000,000	\$397	5.90%	5	This build-to-suit Walgreens opened in 2000. It is on an original 20 year lease with eight, five-year options. Walgreens is willing to extend.
2	Walgreens 984 New York Ave Huntington Station, NY	1997	13,905	On Market	\$6,667,000	\$479	6.00%	3	This building is lease to and guaranteed by Walgreen Co. The initial lease term has three years remaining and is double-net. Walgreens has eight, five-year options with the rent remaining flat.
3	Walgreens 2921 N 83rd Ave Phoenix, AZ	1998	13,968	1/5/2015	\$3,070,000	\$220	7.94%	3	There were three and a half years left on the original 20 year lease with eight, five-year options beginning in June 2018.
4	Walgreens 4071 Lee Road Cleveland , OH	2002	13,905	11/24/2014	\$5,385,000	\$387	6.90%	7	Walgreens is on a 20-year, corporately guaranteed, Triple Net (NNN) Lease with approximately 7 years of original term remaining. The Walgreens is strategically positioned in the main retail corridor and is surrounded by a heavy concentration of residential homes, national retailers, schools, hospitals and entertainment.
5	Walgreens 7211 Federal Blvd Westminster, CO	1999	13,714	11/13/2014	\$5,950,000	\$433.86	6.16%	7	This absolute NNN lease is guaranteed by Walgreen Co. At the time of sale, this lease had seven years remaining.
<b>Comparable Averages</b>						<b>\$383</b>	<b>6.58%</b>	<b>5</b>	

## SALES COMPARABLES - AVERAGE CAP RATE

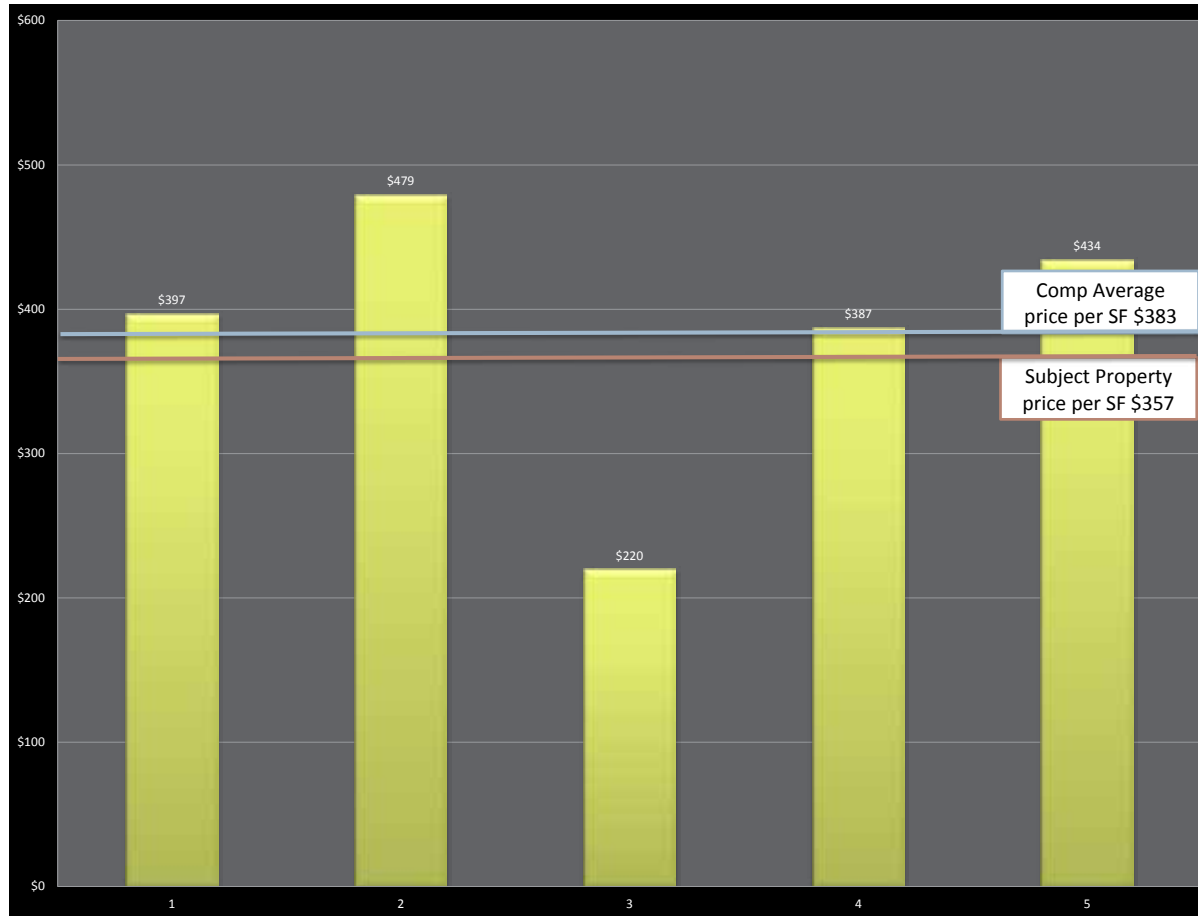


## CAP RATE ANALYSIS

The average cap rate for the comparable pharmacy sales is 6.58%; therefore, the subject property, at an asking cap rate of 7.00%, is priced more competitively than the market average.



## SALES COMPARABLES - AVERAGE PRICE PER SQUARE FOOT



## PRICE PER SQUARE FOOT ANALYSIS

The average price for the comparable pharmacy sales is \$383 per square foot; therefore, the subject property, at an asking price of \$357 per square foot, is priced competitively with the market on a price per square foot basis.



Walgreens

Walgreens

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 8,200 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

<b>TENANT TRADE NAME:</b>	Walgreens
<b>TENANT OWNERSHIP:</b>	Public
<b>CREDIT RATING:</b>	BBB according to Standard & Poor's
<b>STOCK SYMBOL:</b>	WBA (Nasdaq)
<b>REVENUE:</b>	\$76.392 billion (2014, trending upward)
<b>NUMBER OF LOCATIONS:</b>	8,217+ stores in 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands
<b>HEADQUARTERS:</b>	Deerfield, Illinois

## FINANCIALS - LEASE ABSTRACT

	CAP RATE	PRICE PER SQUARE FOOT
ASKING PRICE \$4,967,000	7.00%	\$357.21

<b>TENANT:</b>	Walgreens
<b>GUARANTOR:</b>	Walgreen Co.
<b>LEASE TYPE:</b>	NN (Landlord responsible for roof, parking lot capital expenses and structure)
<b>COMMENCEMENT DATE:</b>	3/1/1999
<b>EXPIRATION DATE:</b>	2/28/2059 with first option to terminate on 2/28/2019
<b>LEASE TERM:</b>	3.42 years of firm lease term remain
<b>CURRENT RENT:</b>	\$347,625 Annual / \$25.00 PSF
<b>RENTAL ESCALATIONS:</b>	None
<b>TERMINATION OPTIONS:</b>	The lease is for an initial 60 year term; however, the lease grants the tenant the right and option to terminate the lease every five years beginning in February 2019.

### RIGHT OF FIRST REFUSAL:

Tenant is granted a first right of refusal to purchase the property and has 10 days to notify the seller once an offer has been made.

### REIMBURSEMENT METHOD:

Taxes: Tenant is responsible for paying for the real estate tax expense directly.

Parking: Tenant, at tenant's cost and expense, shall maintain the parking areas of the premises, which maintenance obligations shall include the striping of parking areas, maintenance of landscaping and signage. However, tenant shall have no obligation of the replacement of the light poles, parking areas or improvements or any items that are classified as a capital expense.

Utilities: Tenant shall pay directly. Landlord shall furnish to the building all utility lines.

HVAC: Tenant shall repair and replace heating and cooling equipment in the building.

Insurance: Tenant shall carry all insurance on the premises including public liability and property damage.

### ROOF AND STRUCTURE:

Landlord, at landlord's cost and expense, shall maintain and make all repairs to the exterior and structural portions of the building, roof and all utility lines as well as the replacement of the light poles, parking areas, or improvements or any items that are classified as a capital expense.

FINANCIALS

Walgreens (S&P BBB)					
Year One Cash Flow Estimates					
As Is Analysis, 3.42 Years Remaining					
	Price			\$4,967,000	
	Proposed Financing			All Cash Transaction	
	Rentable Square Feet			13,905	
	Price per Square Foot			\$357.21	
	CAP Rate			7.00%	
Income				10/2015 - 9/2016	Per Month Per SF
Base Rent					
	Walgreens (S&P Rated BBB)				
	3/1999 - 2/2019				
	3.42 Years Remain	100%	13,905 SF	\$347,625	\$28,969 \$25.00
Total Base Rent				\$347,625	\$28,969 \$25.00
Scheduled Base Rental Revenue				\$347,625	\$28,969 \$25.00
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				\$347,625	\$28,969 \$25.00
Vacancy/Collection Allowance			0.0%	\$0	\$0 \$0.00
Effective Gross Income				\$347,625	\$28,969 \$25.00
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>\$347,625</b>	<b>\$28,969 \$25.00</b>



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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.