

Ackerman & Co.



OFFERING MEMORANDUM

# Net Leased CVS/Advance Auto Parts

3129 Grant Line Road, New Albany, Indiana 47150  
(Louisville, Kentucky MSA)

## CONFIDENTIAL INFORMATION

### INFORMATION NOT WARRANTED

This Offering Memorandum and any subsequent evaluation material you may be provided (collectively known as the "Offering Memorandum") is intended solely for your limited use in considering whether to pursue negotiations to acquire CVS/Advance Auto Parts (the "Property") located in New Albany, Indiana. The Property is being marketed for sale by Ackerman & Co. ("Broker").

The Offering Memorandum contains brief, selected information pertaining to the business and affairs of the Property and has been prepared by Broker. It does not, however, purport to be all-inclusive or to contain all of the information that a prospective purchaser may desire. Broker makes no representation or warranty, express or implied, as to the accuracy or completeness of the Offering Memorandum or any of its contents, and no legal liability is assumed to be implied with respect thereto.

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## 01 EXECUTIVE SUMMARY

- Investment Summary
- Location and Demographics
- Property Aerials
- Property Overview

## 02 TENANT OVERVIEW

- Tenant Overview
- Rent Roll
- Site Plan

## 03 MARKET OVERVIEW

- New Albany, IN (Louisville-Kentucky MSA)
- Competitive Property Survey
- Detailed Demographics

## 04 FINANCIAL OVERVIEW

- Financial Summary

## CONTACTS

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# 01

## EXECUTIVE SUMMARY

- Investment Summary
- Location and Demographics
- Property Aerials
- Property Overview

## INVESTMENT SUMMARY

*The Ackerman & Co.'s retail investment sales team is pleased to exclusively present for sale a net-leased CVS property subleased to Advance Auto Parts, Inc. The property was originally constructed in 1997 and has close to five years remaining on its initial twenty year lease term. The building totals 10,722 SF and provides investors with cash flow from an investment-grade tenant.*

The asset is located in New Albany, Indiana (part of the Louisville-Jefferson County, KY-IN MSA). The property is situated in a major retail corridor near Super Wal-Mart and Aldi.

### Investment Highlights:

**Superior Credit Tenant:** CVS originated in 1963, is the second largest U.S. Pharmacy chain and presently has more than 7,352 drugstores in the United States and Puerto Rico. For the fiscal year ending December 31, 2011, CVS reported revenues of \$107 billion, with net income of \$3.424 billion. CVS employs more than 202,000 people and has a BBB+ investment-grade rating from Standard & Poor's.

Advance Auto Parts, Inc. (AAP), the subtenant, operates over 3,400 stores across 39 states. AAP is one of the largest specialty retailers of automotive parts and accessories in the United States. AAP aims to service the do-it-yourself (DIY) customer. As of September 2012, AAP has a market capitalization of \$5.29 billion and an S&P Credit rating of BBB-. The Automotive parts business has been on the rise as consumers have been holding on to automobiles for a longer period of time in an effort to reduce household expenses.

**Above Market Yield/Not Encumbered by Debt:** This investment offers the opportunity to purchase a net-leased property with an investment grade tenant at a higher-than-market cap rate due to the current point

within the initial lease term. In addition, an investor can purchase this asset free and clear of existing debt, thus providing the ability to obtain market debt and interest rates.

**Submarket/Demographic Strength:** New Albany, Indiana is a suburb of Louisville, Kentucky. The area includes a population count in excess of 100,000 within a five-mile radius. The demographic income profile is also conducive to an automotive parts store. The property is approximately 15 miles from the Louisville International Airport.

**Net Lease Structure/Limiting Managerial Responsibilities:** This offering includes a net-leased structure where the tenant is responsible for all operating expenses. The asset would require none to little management responsibilities.

### INVESTMENT SUMMARY

<b>Square Footage:</b>	10,722 SF
<b>Acreage:</b>	1.15 AC
<b>Offering Price:</b>	\$1,500,000 (\$139/SF)
<b>CAP Rate:</b>	10.0%
<b>Debt Structure:</b>	Market (free and clear)
<b>Initial Lease Term:</b>	7/1/1997 - 7/1/2017



# 01 Executive Summary

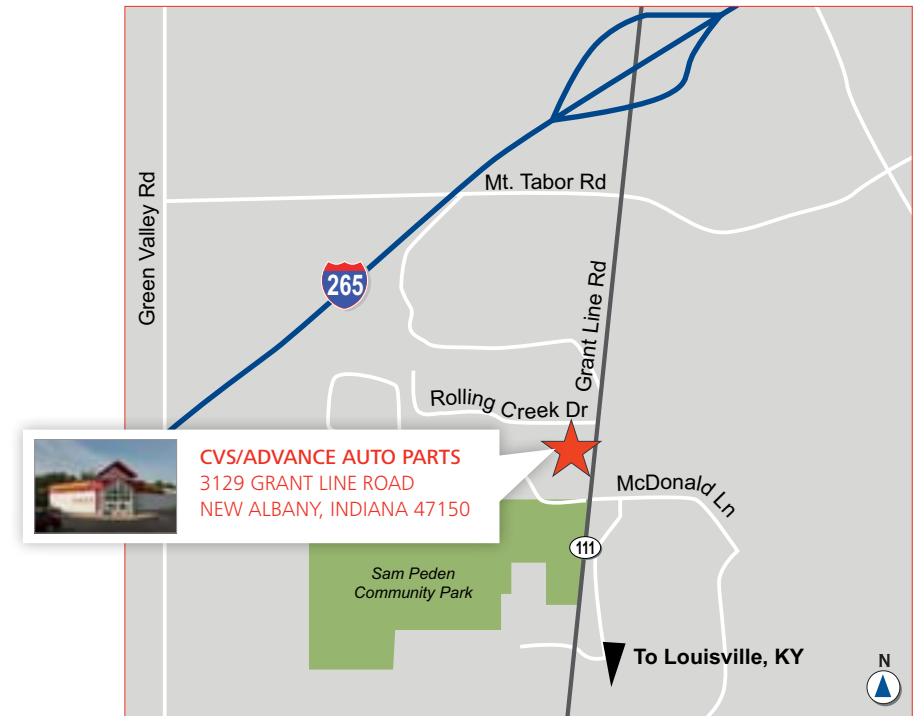
## LOCATION AND DEMOGRAPHICS

*The subject CVS/Advance Auto Parts, located in New Albany, Indiana was built in 1997 and is in excellent physical condition. The store fronts Grant Line Road and Rolling Creek Road and has two points of ingress / egress on the site. The site offers ample parking.*

*In 2011, total population within five miles was 112,455 and average household income within the five miles was \$52,284.*

### DEMOGRAPHIC SUMMARY

	1 MILE	3 MILES	5 MILES
Population 2011	8,470	52,606	112,455
Total Households	3,580	22,525	45,979
Average Household Income	\$55,067	\$52,144	\$52,284



### TRAFFIC COUNTS

**23,091 VEHICLES PER DAY ON GRANT LINE ROAD**

Source: 2011 MPSI Systems Inc. d.b.a. DataMetrix®

# 01 Executive Summary

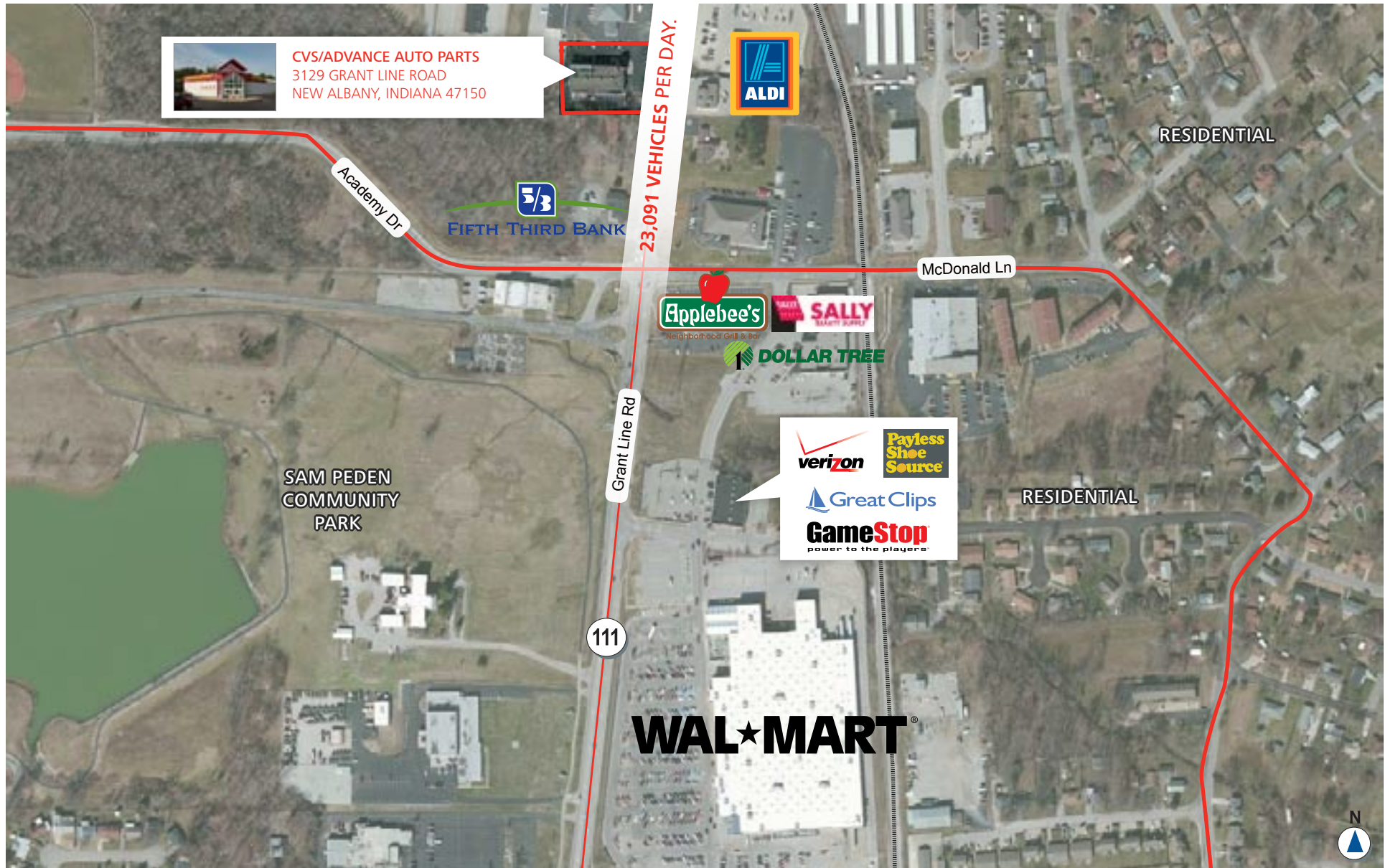
CLOSE-UP AERIAL VIEW OF THE SITE





# 01 Executive Summary

AERIAL VIEW CAPTURING THE SITE AND SURROUNDING RETAIL





# 01 Executive Summary

## PROPERTY OVERVIEW



Address:	3129 Grant Line Road New Albany, Indiana 47150 (Louisville MSA)
County:	Floyd
MSA:	Louisville-Jefferson County, KY-IN
Municipality:	New Albany Township
Building Size:	10,722 square feet / one-story building
Land Area	1.15 acres
Parcel ID:	22-05-02-300-009
Year Built:	1997
Construction:	Steel structure with concrete block
Zoning:	Commercial
Parking:	Approximately 35 spaces
Signage:	Pylon Sign off Grant Line Road
Access:	There are two points of ingress/egress via Grant Line Road and two points of ingress/egress via Rolling Creek Drive through a shared easement with the adjacent parcel.
Store Number:	6149

# 02

## TENANT OVERVIEW

- Tenant Overview
- Rent Roll
- Site Plan

## TENANT SUMMARY

### CVS/pharmacy

<b>SIZE</b> One-Story Building
<b>SQUARE FOOTAGE</b> 10,722
<b>LEASE EXPIRATION</b> 2017

#### CVS PHARMACY

CVS Caremark Corporation (NYSE: CVS) operates as a pharmacy services company in the United States. Founded in 1963, it is the nation's second largest Pharmacy company. The company's Pharmacy Services segment provides a range of pharmacy benefit management services, including mail order pharmacy services, specialty pharmacy services, plan design and administration, formulary management, and claims processing; and drug benefits to eligible beneficiaries under the Federal Government's Medicare Part D program. This segment primarily serves employers, insurance companies, unions, government employee groups, managed care organizations and other sponsors of health benefit plans, and individuals.

As of December 31, 2011, CVS had over 7,352 retail locations and it operated 44 retail specialty pharmacy stores, 13 specialty mail order pharmacies, and 4 mail service pharmacies located in 44 states, Puerto Rico, and the District of Columbia. This segment operates business under the CVS Caremark Pharmacy Services, Caremark, CVS Caremark, CarePlus CVS/pharmacy, CarePlus, RxAmerica, Accordant, and TheraCom names. For the fiscal year ended December 31, 2011, CVS Caremark Corporation reported revenue of over \$107 billion with net income of \$3.424 billion.

CVS Caremark Corporation Common (NYSE: CVS)  
S&P Rating: BBB+  
Headquarters: Woonsocket, Rhode Island USA  
Store Locations: 7,352

Year Founded: 1963  
Employees: 201,000  
2011 Revenue: \$107 B  
[www.info.cvscaremark.com](http://www.info.cvscaremark.com)



#### SUBLEASE TENANT – ADVANCE AUTO PARTS, INC.

Originally founded in 1929, Advance Auto Parts, Inc. (AAP), the subtenant, operates over 3,400 stores across 39 states. AAP is one of the largest specialty retailers of automotive parts and accessories in the United States. AAP aims to service the do-it-yourself (DIY) customer. The automotive parts business has been on the rise as consumers have been holding on to automobiles for a longer period of time in an effort to reduce household expenses. The average age of vehicles on the road is the most important driver within the automotive parts industry. From 2001 to 2011, the average age of a car in the United States has increased from 9.3 years to 11.1 years. During that period, the average age of light trucks has increased from 8.4 years to 10.4 years. As of September 2012, AAP had a market capitalization of \$5.29 billion and an S&P Credit rating of BBB-.

Advance Auto Parts, Inc. (NYSE: AAP)  
S&P Rating: BBB-  
Headquarters: Roanoke, Virginia USA  
Store Locations: 3,434

Year Founded: 1929  
Employees: 52,002  
2012 Market Cap: \$5.29 B  
[www.advanceautoparts.com](http://www.advanceautoparts.com)



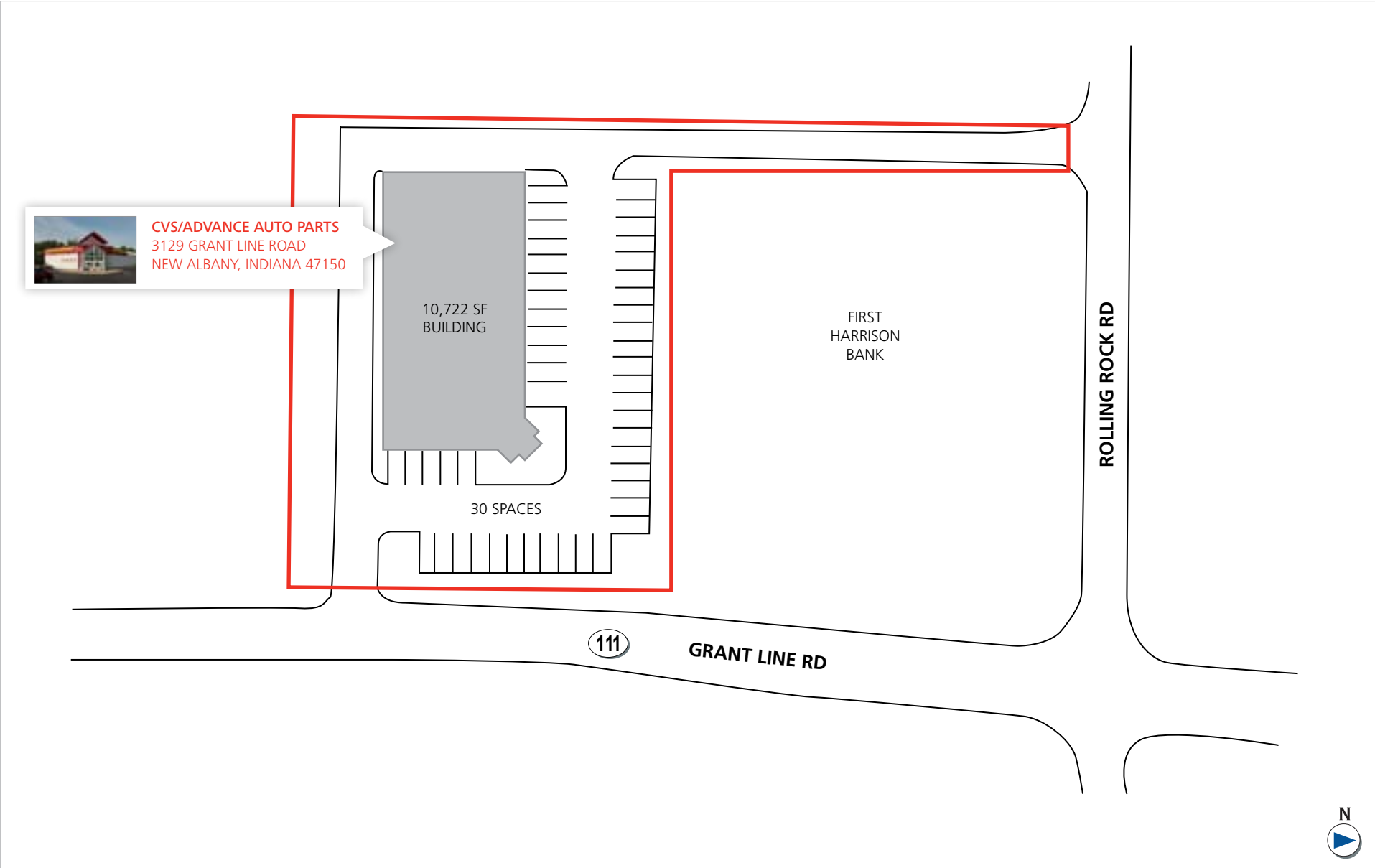
# 02 Tenant Overview

RENT ROLL

SUITE	TENANT	START DATE	EXPIRATION DATE	RSF	ANNUALIZED RENT	MONTHLY RENT	RENEWAL TERM	RENEWAL INCREASE	COMMENTS
1	CVS	7/1/1997	7/1/2017	10,722	\$151,501	\$12,625	Four (4) x five (5) Year	Three and one half percent (3.50%) during each five (5) year option.	Tenant is currently subleasing to Advance Auto Parts through the remainder of the current term.

# 02 Tenant Overview

## SITE PLAN



# 03

## MARKET OVERVIEW

- New Albany, Indiana  
(Louisville, Kentucky MSA)
- Competitive Property Survey
- Detailed Demographics



# 03 Market Overview

## NEW ALBANY, INDIANA (LOUISVILLE, KENTUCKY MSA) OVERVIEW

*New Albany is a city in Floyd County, Indiana, situated along the Ohio River, situated along the Ohio River opposite Louisville, Kentucky. The city is the county seat of Floyd County in Indiana. It is bounded by I-265 to the north and the Ohio River to the south, and is considered part of the Louisville, Kentucky Metropolitan Statistical Area (MSA).*

### The Louisville MSA Working Class

New Albany is nicknamed the “Sunny Side of Louisville” and has over 37,000 residents that make up the working class of Louisville MSA. Both cities offer the best of both worlds — big city amenities and small-town charm. The Southern Indiana counties offer a complete intermodal transportation system. The converging of three major interstates (I-65, I-64 and I-71) provides the area with the best access to markets across the country. Clark and Floyd Counties are part of a seven-county Southern Indiana region that comprises a “Labor Market” as defined by the Indiana Department of Workforce Development. These counties are made up of small communities with traditional agrarian roots. As a result, the labor force adheres to traditional values and outstanding work ethics. These labor force characteristics offer employers a real competitive advantage as wage rates are generally lower than other regions of the country, as well as those in the metropolitan area of Louisville. These rates still allow for a high quality of life for the workers as the cost of living in the region is proportionately less. Southern Indiana is the home of many progressive businesses seeking the values, attitudes and work ethic that are found there. A well-educated workforce with a “get to work on time” attitude is an easy to recruit.



View of Louisville, Kentucky skyline from across the Ohio River

### ▶ MAJOR EMPLOYERS IN LOUISVILLE MSA

Company	Description of Services	# Employees
United Parcel Service (UPS)	Transportation and distribution of goods	20,153
Humana	Health benefits, life and dental insurance	10,096
Norton Healthcare	Healthcare	8,142
Jewish Hospital & St. Mary's	Healthcare	8,142
Ford Motor Company	Automotive manufacturer	5,624
The Kroger Company	Retail grocer	5,263
GE Appliances	Manufacturer	4,000
Baptist Healthcare System	Healthcare	3,305
University of Louisville Hospital	Nonprofit Healthcare	2,573
Catholic Archdiocese of Louisville	Churches, agencies, schools, newspapers and cemeteries	2,343
Kindred Healthcare	Healthcare	2,153
LG&E and KU Energy	Utility	1,902
Manna Inc	Quick-service restaurants	1,820

## 03 Market Overview

NEW ALBANY, INDIANA (LOUISVILLE, KENTUCKY MSA) OVERVIEW, CONT'D.

### Transportation and distribution of goods

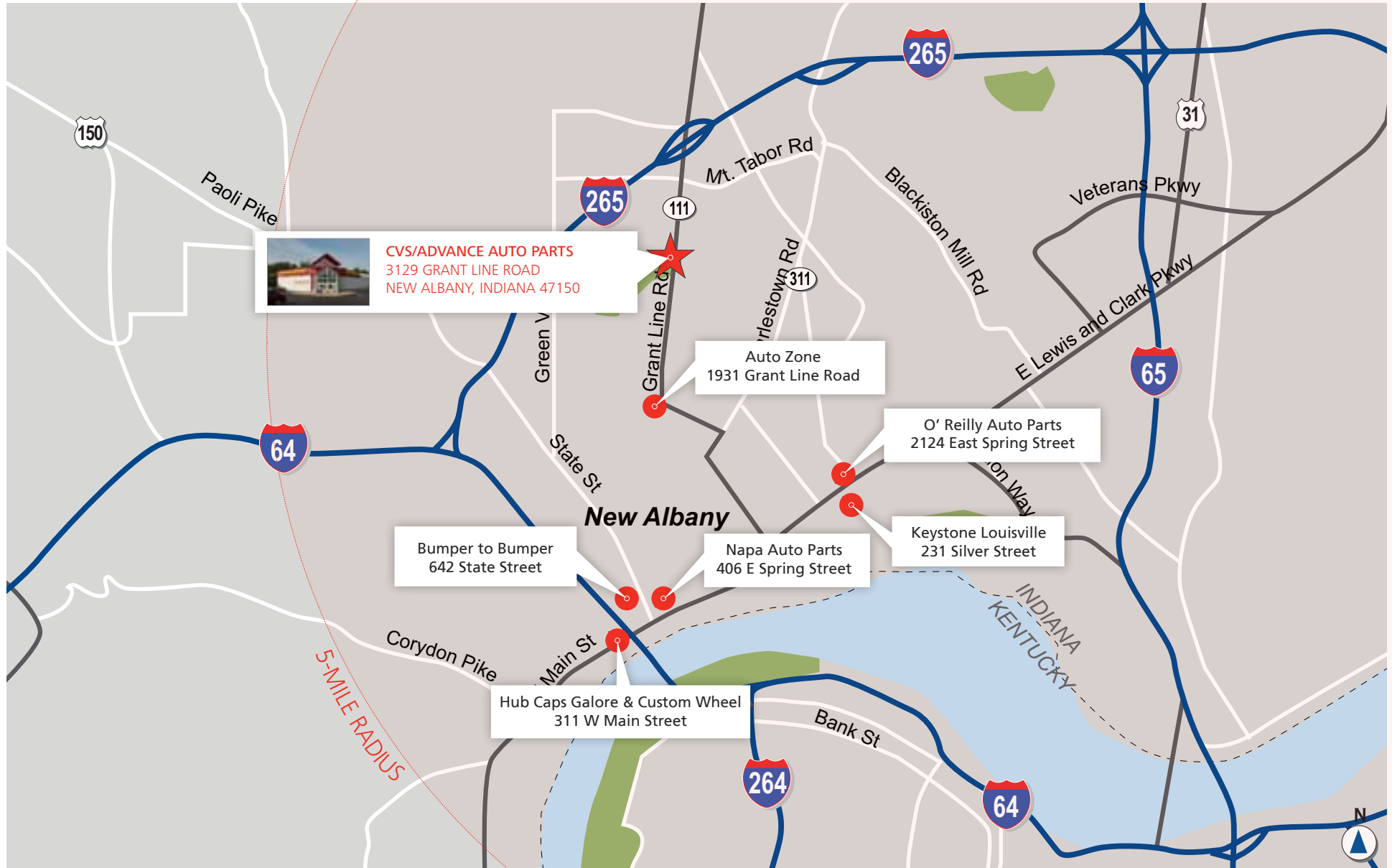
General aviation services to Louisville International Airport (SDF), with approximately 100 daily non-stop flights, is one of the largest airports serving a city of Louisville's size, accommodating 3.7 million passengers in 2005. It is located within minutes of southern Indiana and is serviced by 8 airlines. Louisville is home to the international air-freight hub of United Parcel Service (UPS). United Parcel Service just completed Hub 2000, a \$1 billion, automated sorting facility, at Louisville International Airport. The 2.7 million square foot building is the largest single investment in UPS' history and will nearly double its sorting capacity. The Ohio River is a major freight mover, and the Port of Indiana – Jeffersonville provides full port facilities and stevedoring services. Many industrial firms have located at the Port of Indiana – Jeffersonville to take advantage of this excellent port facility. Rail providers CSX, Norfolk Southern and Louisville Indiana Railroad provide rail service.



UPS Plane at Louisville International Airport

# 03 Market Overview

COMPETITIVE PROPERTY SURVEY (WITHIN A 5-MILE RADIUS)





# 03 Market Overview

## DETAILED DEMOGRAPHICS

DEMOGRAPHICS	1-MILE	3-MILES	5-MILES
2011 Population	8,470	52,606	112,455
2016 Projected Population	8,393	52,827	113,071
2000 Census Population	8,602	51,992	111,392
1990 Census Population	8,383	51,153	106,852
Growth 2000 - 2011	-1.53%	1.18%	0.95%
Growth 2011 - 2016	-0.91%	0.42%	0.55%
2011 Median Age	40.56	38.36	37.21
Total Employees	6,910	41,463	87,882
2011 Households	3,580	22,525	45,979
2016 Projected Households	3,572	22,763	46,517
2000 Census Households	3,520	21,541	44,114
1990 Census Households	3,224	20,334	40,634
Growth 2000 - 2011	1.70%	4.57%	4.23%
Growth 2011 - 2016	-0.22%	1.06%	1.17%
2011 Average Household Size	2.31	2.29	2.40
2011 Median Household Income	\$45,868	\$40,968	\$40,001
2011 Average Household Income	\$55,067	\$52,144	\$52,284
2011 Per Capita Income	\$23,513	\$22,638	\$21,676
2011 Housing Units	3,580	22,525	45,979
2011 Owner Occupied Units	66.62%	61.62%	64.34%
2011 Renter Occupied Units	33.38%	38.38%	35.66%

# 04

## FINANCIAL OVERVIEW

• Financial Summary

# 04 Financial Overview

## FINANCIAL SUMMARY

### FINANCIAL OVERVIEW

Sales Price	\$1,500,000
Square Feet	10,722
Price Per Square Feet	\$139.90
CAP Rate	10.0%
Financing	Property is offered free and clear of existing debt

### BUILDING INFORMATION

Address	3129 Grant Line Road, New Albany, Indiana 47150
Property Type	Single-tenant retail
Year Built	1997
Parcel Size	1.15 acres
Current Occupancy	100%

### LEASE DETAILS

Commencement Date	7/1/1997
End Date	7/1/2017
Lease Term	20 years
Annual Rent	\$151,501
Rent Escalations (Current Term)	None
Rent Per Month	\$12,625
Lease Type	NN - Landlord is responsible for roof and structure
Options	Four (4) x five (5) year
Rent Escalations (Options)	Three and a half percent (3.50%) during each five (5) year option

# Ackerman & Co.



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