

FAMILY DOLLAR - SALEM, INDIANA

308 S. Main Street
Salem, IN 47167

For more information contact:

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PROPERTY HIGHLIGHTS

- Tenant has assumed responsibility for common area maintenance
- Recent Lease Extension showing commitment to this site
- 9,120 SF Prototype
- Excellent Visibility
- Located in County Seat of Washington County, Indiana



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INVESTMENT DETAILS

Family Dollar - Salem, Indiana
308 S. Main Street | Salem, IN 47167

ANALYSIS

Analysis Date November 2018

PROPERTY

Property Family Dollar - Salem, Indiana
Property Address 308 S. Main Street
Salem, IN 47167

Year Built 2008



PURCHASE INFORMATION

Property Type Commercial
Purchase Price \$565,000
Fair Market Value \$565,000
Tenants 1
Total Rentable Sq. Ft. 9,120
Resale Valuation 1.5% (annual appreciation)
Resale Expenses 6.0%

FINANCIAL INFORMATION

Down Payment \$113,000
Closing Costs \$8,100
LT Capital Gain 15.00%
Federal Tax Rate 28.0%
Discount Rate 8.00%

LOANS

Type	Debt	Term	Amortization	Rate	Payment	LO Costs
Fixed	\$452,000	20 years	20 years	5.35%	\$3,071	

INCOME & EXPENSES

Gross Operating Income	\$69,805
Monthly GOI	\$5,817
Total Annual Expenses	(\$23,805)
Monthly Expenses	(\$1,984)

EXECUTIVE SUMMARY

Family Dollar - Salem, Indiana
308 S. Main Street | Salem, IN 47167

Acquisition Costs

Purchase Price, Points and Closing Costs	\$573,100
Investment - Cash	\$121,100
First Loan	\$452,000

Investment Information

Purchase Price	\$565,000
Price per Tenant	\$565,000
Price per Sq. Ft.	\$61.95

Income, Expenses & Cash Flow

Gross Scheduled Income	\$69,805
Total Vacancy and Credits	\$0
Operating Expenses	(\$23,805)
Net Operating Income	\$46,000
Debt Service	(\$36,853)
Cash Flow Before Taxes	\$9,147

(After Tax Results)

Total Interest (Debt Service)	(\$23,867)
Depreciation and Amortization	(\$12,087)
Taxable Income (Loss)	\$10,046
Tax Savings (Costs)	(\$2,813)
Cash Flow After Taxes	\$6,334

Financial Indicators

Cash on Cash Return Before Taxes	7.55%
Optimal Internal Rate of Return (yr 5)	12.27%
Debt Coverage Ratio	1.25
Capitalization Rate	8.14%
Gross Income / Square Feet	\$7.65
Gross Expenses / Square Feet	(\$2.61)
Operating Expense Ratio	34.10%

PROPERTY DESCRIPTION

Family Dollar - Salem, Indiana
308 S. Main Street | Salem, IN 47167



Family Dollar is located on State Road 135 (Main Street) 1.5 blocks south of the courthouse square. The tenant is wholly owned subsidiary of Dollar Tree, a publicly traded company (NASDAQ: DLTR) and the largest single-price-point retailer in North America. Family Dollar recently executed a lease amendment showing their commitment to the location. The property has excellent visibility located in the heart of Salem, Indiana adjacent to Goodwill and situated across from a neighborhood retail center.

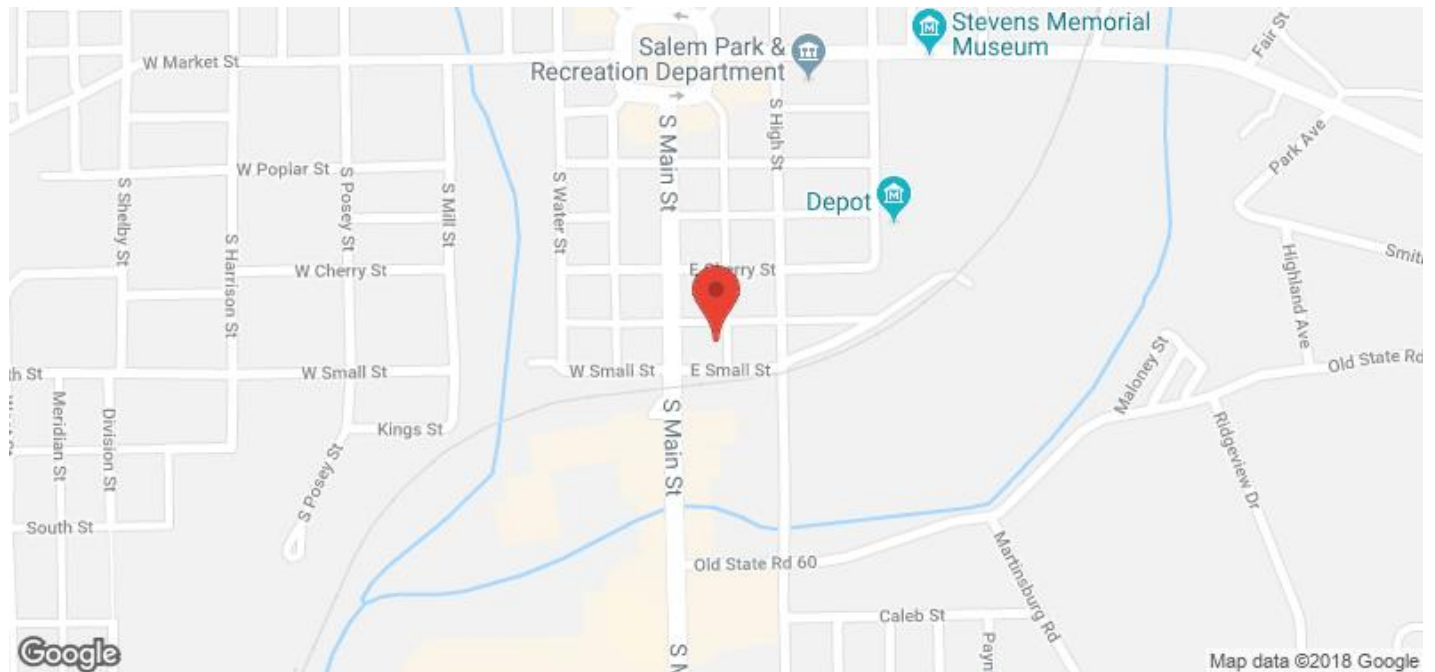
Salem, Indiana is located 35 miles Northwest of Louisville, Kentucky and is the county seat for Washington County with a population of 27,920. The population is comprised of 77% rural population and 23% urban, the median household income is \$42,840. Salem is the center of commerce for Washington County, businesses located there includes Walmart, Jay-C Food Store, Ruler Foods, Tractor Supply, McDonalds, KFC, Taco Bell, Burger King and other national and local restaurants.

Largest employers include Kimball Office, Flexcel, GKN Center Metals, Netshape, Tecumseh Power, St. Vincent Hospital, Jeans Extrusions, Fabriform, International Wood, Greenbanner Publications, Eddie Gilstrap Motors, John Jones, Blue River Cabinetry, Frank Miller Lumber, Hoosier Precast, Leader Publishing, Mold-Right, Salem Hardwood Lumber, Saroyan Hardwoods, United Producers and Speedflex and Walmart.

The building was built in 2008 and is 9120 SF.

LOCATION MAP

Family Dollar - Salem, Indiana
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AERIAL MAP

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DEMOGRAPHICS

Family Dollar - Salem, Indiana
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<u>Population Characteristic</u>	<u>1 Mile</u>	<u>3 Mile</u>	<u>5 Mile</u>	<u>Household Income</u>	<u>1 Mile</u>	<u>3 Mile</u>	<u>5 Mile</u>
Ages 0-4	147	450	530	Median Household Income	\$35,448	\$42,678	\$43,091
Ages 5-9	196	618	725	< \$10000	208	382	416
Ages 10-14	202	646	756	\$10000-\$14999	86	243	243
Ages 15-19	194	638	755	\$15000-\$19999	86	243	257
Ages 20-24	186	611	734	\$20000-\$24999	51	189	227
Ages 25-29	193	588	699	\$25000-\$29999	132	443	464
Ages 30-34	191	571	665	\$30000-\$34999	94	322	322
Ages 35-39	203	580	674	\$35000-\$39999	60	245	279
Ages 40-44	199	587	682	\$40000-\$44999	163	299	431
Ages 45-49	199	625	734	\$45000-\$49999	33	183	191
Ages 50-54	196	637	750	\$50000-\$60000	131	259	342
Ages 55-59	195	629	736	\$60000-\$74000	47	320	435
Ages 60-64	169	573	668	\$75000-\$99999	114	376	454
Ages 65-69	130	477	553	\$100000-\$124999	15	160	169
Ages 70-74	92	368	416	\$125000-\$149999	N/A	9	9
Ages 75-79	67	273	303	\$150000-\$199999	7	41	41
Ages 80-84	42	160	172	> \$200000	10	44	44
<u>Race Characteristic</u>	<u>1 Mile</u>	<u>3 Mile</u>	<u>5 Mile</u>	<u>Characteristic Housing</u>	<u>1 Mile</u>	<u>3 Mile</u>	
Non Hispanic White	2,865	9,248	10,784	Housing Units	1,575	4,384	
Population Black	N/A	N/A	N/A	Occupied Housing Units	1,378	3,963	
Population Am In/AK Nat	N/A	N/A	N/A	Owner Occupied Housing Units	875	2,780	
				Renter Occupied Housing Units	503	1,183	
				Vacant Housing Units	197	421	

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ANNUAL PROPERTY OPERATING DATA

Family Dollar - Salem, Indiana
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Description	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Income	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Expense Reimbursements	\$19,805	\$19,805	\$19,805	\$19,805	\$19,805
GROSS SCHEDULED INCOME	\$69,805	\$69,805	\$69,805	\$69,805	\$69,805
GROSS OPERATING INCOME	\$69,805	\$69,805	\$69,805	\$69,805	\$69,805
Expenses					
Property Management Fee	(\$1,500)	(\$1,500)	(\$1,500)	(\$1,500)	(\$1,500)
Building Insurance	(\$2,915)	(\$2,915)	(\$2,915)	(\$2,915)	(\$2,915)
Reserves	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)
Taxes - Real Estate	(\$16,890)	(\$16,890)	(\$16,890)	(\$16,890)	(\$16,890)
TOTAL OPERATING EXPENSES	(\$23,805)	(\$23,805)	(\$23,805)	(\$23,805)	(\$23,805)
NET OPERATING INCOME	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000

CASH FLOW ANALYSIS

Family Dollar - Salem, Indiana
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Description	Year 1	Year 2	Year 3	Year 4	Year 5
GROSS SCHEDULED INCOME	\$69,805	\$69,805	\$69,805	\$69,805	\$69,805
Total Operating Expenses	(\$23,805)	(\$23,805)	(\$23,805)	(\$23,805)	(\$23,805)
NET OPERATING INCOME	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
Loan Payment	(\$36,853)	(\$36,853)	(\$36,853)	(\$36,853)	(\$36,853)
NET CASH FLOW (b/t)	\$9,147	\$9,147	\$9,147	\$9,147	\$9,147
Cash On Cash Return b/t	7.55%	7.55%	7.55%	7.55%	7.55%
NET OPERATING INCOME	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
Depreciation	(\$12,087)	(\$12,614)	(\$12,614)	(\$12,614)	(\$12,095)
Loan Interest	(\$23,867)	(\$23,155)	(\$22,403)	(\$21,611)	(\$20,775)
TAXABLE INCOME (LOSS)	\$10,046	\$10,232	\$10,983	\$11,775	\$13,130
Income Taxes	(\$2,813)	(\$2,865)	(\$3,075)	(\$3,297)	(\$3,676)
CASH FLOW (a/t)	\$6,334	\$6,282	\$6,072	\$5,850	\$5,471
Cash On Cash Return a/t	5.23%	5.19%	5.01%	4.83%	4.52%

* b/t = before taxes;a/t = after taxes

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FINANCIAL INDICATORS

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Description	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Rent Multiplier	8.22	8.34	8.46	8.59	8.72
Capitalization Rate	8.14%	8.14%	8.14%	8.14%	8.14%
Cash On Cash Return b/t	7.55%	7.55%	7.55%	7.55%	7.55%
Cash On Cash Return a/t	5.23%	5.19%	5.01%	4.83%	4.52%
Debt Coverage Ratio	1.25	1.25	1.25	1.25	1.25
Gross Income per Sq. Ft.	\$7.65	\$7.65	\$7.65	\$7.65	\$7.65
Expenses per Sq. Ft.	(\$2.61)	(\$2.61)	(\$2.61)	(\$2.61)	(\$2.61)
Net Income Multiplier	12.47	12.65	12.84	13.04	13.23
Operating Expense Ratio	34.10%	34.10%	34.10%	34.10%	34.10%
Loan To Value Ratio	76.55%	73.07%	69.54%	65.97%	62.36%

* b/t = before taxes; a/t = after taxes

INTERNAL RATE OF RETURN ANALYSIS

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BEFORE TAX IRR

TIME	CASH FLOWS
Initial Investment	(\$121,100)
End of Year 1	\$9,147
End of Year 2	\$9,147
End of Year 3	\$9,147
End of Year 4	\$9,147
End of Year 5*	\$201,746

IRR = 16.12%

* (\$9,147 + \$192,599)

AFTER TAX IRR

TIME	CASH FLOWS
Initial Investment	(\$121,100)
End of Year 1	\$6,334
End of Year 2	\$6,282
End of Year 3	\$6,072
End of Year 4	\$5,850
End of Year 5*	\$182,803

IRR = 12.27%

* (\$5,471 + \$177,332)

RESALE REPORT

Family Dollar - Salem, Indiana
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NET PROCEEDS FROM SALE

Adjusted Basis

Basis At Acquisition	\$573,100
-Depreciation	(\$62,023)
Adjusted Basis at Sale	\$511,077

Capital Gain

Sale Price	\$608,665
-Sale Expenses	(\$36,520)
-Adjusted Basis at Sale	(\$511,077)
Gain or (Loss)	\$61,069
-Depreciation (limited to gain)	(\$61,069)
Capital Gain from Appreciation	

Sales Proceeds After Tax

Sale Price	\$608,665
-Sale Expenses	(\$36,520)
-Mortgage Balance	(\$379,546)
Sale Proceeds Before Tax	\$192,599
-Tax On Depreciation	(\$15,267)
-Tax On Capital Gain	
Sale Proceeds After Tax	\$177,332

PROPERTY RESALE ANALYSIS

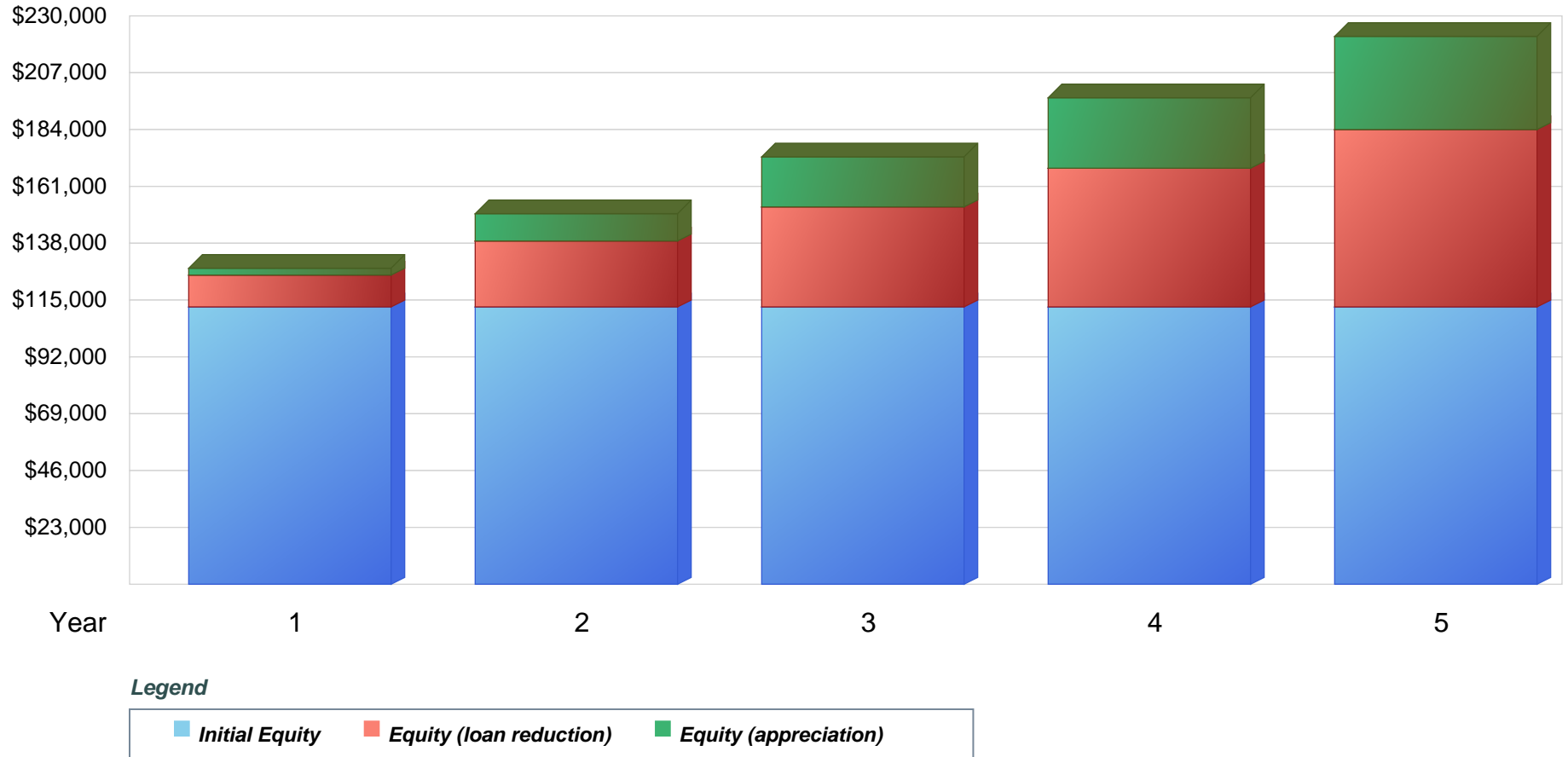
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Description	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Property Value	\$573,475	\$582,077	\$590,808	\$599,670	\$608,665
Resale Expenses	(\$34,409)	(\$34,925)	(\$35,448)	(\$35,980)	(\$36,520)
Proceeds b/f Debt Payoff	\$539,067	\$547,152	\$555,360	\$563,690	\$572,146
Basis at Acquisition	\$573,100	\$573,100	\$573,100	\$573,100	\$573,100
Depreciation	(\$12,087)	(\$24,701)	(\$37,315)	(\$49,928)	(\$62,023)
Adjusted Tax Basis	\$561,013	\$548,399	\$535,785	\$523,172	\$511,077
Resale Tax Gain (Loss)	(\$21,946)	(\$1,247)	\$19,574	\$40,519	\$61,069
Resale Tax Benefit (Cost)	\$0	\$0	(\$4,894)	(\$10,130)	(\$15,267)
Loan Principal Balance	(\$439,014)	(\$425,315)	(\$410,866)	(\$395,624)	(\$379,546)
Net Resale Proceeds	\$100,053	\$121,837	\$139,600	\$157,937	\$177,332

* b/f = before

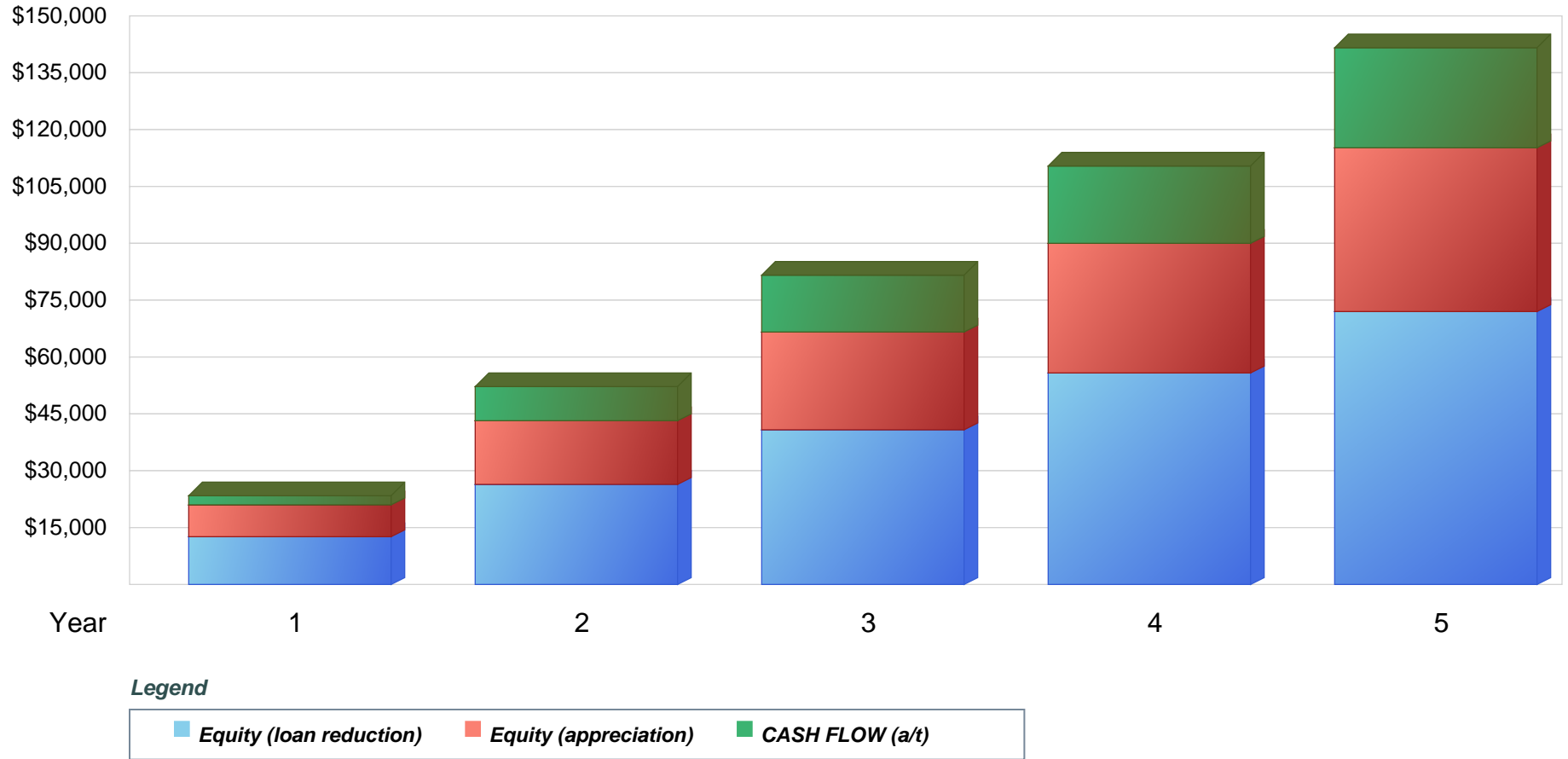
PROPERTY EQUITY ANALYSIS

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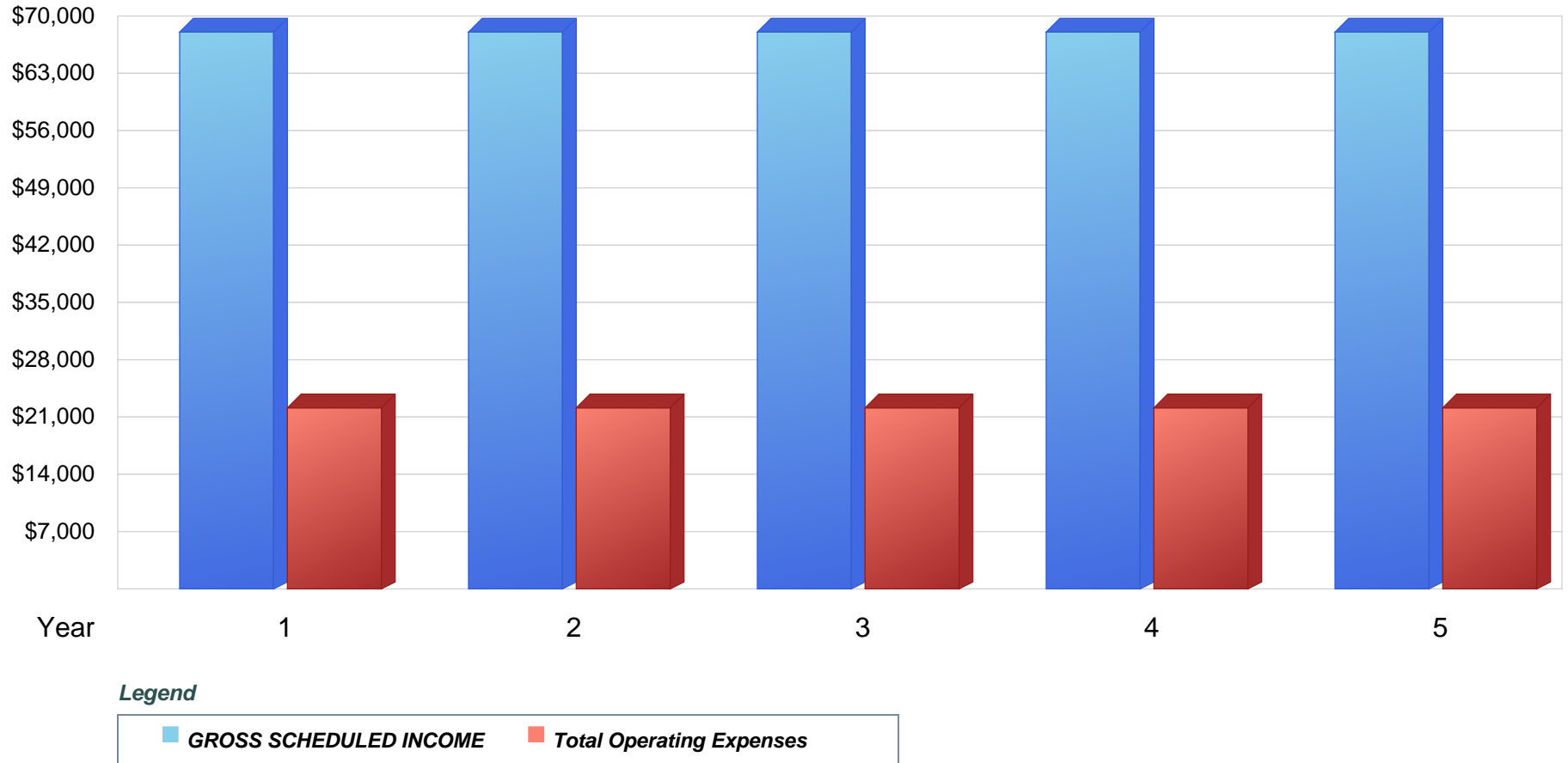
CUMULATIVE WEALTH ANALYSIS

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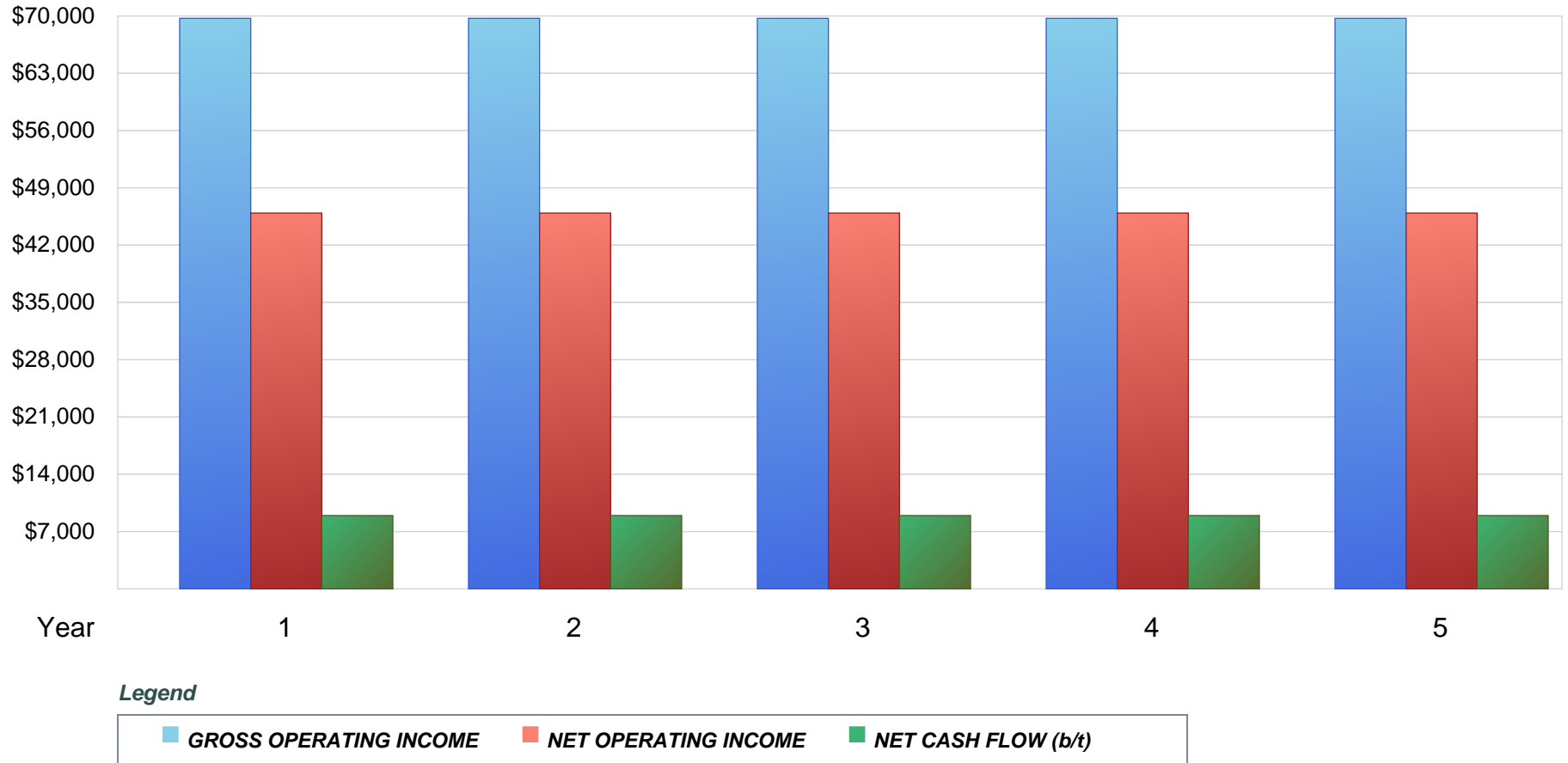
GROSS INCOME VS. OPERATING EXPENSES

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OPERATING INCOME ANALYSIS

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PROFESSIONAL BIO

Family Dollar - Salem, Indiana
308 S. Main Street | Salem, IN 47167

Rob Millman has 27 years of sales experience and works in the Indiana Marketplace focused primarily with commercial real estate sales and leasing. His business philosophy is to provide all his clients a high degree of professionalism and expertise. His mission is to provide spectacular customer service and a mutual respect level creating the basis for long term relationships.

QUALIFICATIONS

He is a Real Estate Broker and principal for Millman Realty Partners working as Realtor for nearly 20 years. He has worked as a successful residential and commercial broker in the South Central Indiana marketplace. Rob has specialized in new construction, was named Jackson County Realtor of the Year in 2003, Rob has a high sales

success rate and has closed over 950 real estate transaction in the past 19 years, formerly with Berkshire Hathaway, he was recognized with the Chairman Gold Circle Receipt 2014-2017. Rob is a member of the Indiana Commercial Board of Realtors.

SPECIALIZATIONS

Rob specializes in assisting real estate developers and investors with income producing properties particularly retail, office and multi-family projects. He emphasizes the importance of evaluating the financial feasibility, basic economics and suitability to each client's risk level, sophistication and expertise.

EDUCATION

Bachelor of Science, Purdue University
Associate of Science, Vincennes University

AFFILIATIONS

Indiana Board of Commercial Realtors
CCIM Certified Commercial Investment Member
Indiana Chapter of CCIM Institute
National and Indiana Association of Realtors
Jackson County Board of Realtors, Past President
Member of Various Chamber Chamber of Commerces
Seymour Industrial Corporation, Board Member

