

NET LEASE INVESTMENT OFFERING



Sherwin-Williams Distribution Center
Zero Cash Flow | Mission-Critical Facility
711 W Wabash Avenue
Effingham, IL 62401



TABLE OF CONTENTS

I. Executive Profile

- Executive Summary
- Loan Overview
- Property Overview
- Investment Highlights
- Building Overview

II. Location Overview

- Photographs
- Interior Photographs
- Drone Photographs
- Aerial
- Site Plan
- Maps

III. Market & Tenant Overview

- Demographic Report
- Market Overview
- Tenant Overview
- Company Profile



**DISCLAIMER
STATEMENT:**

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 The Boulder Group and should not be made available to any other person or entity without the written consent of The Boulder 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. The Boulder Group has not made any investigation, and makes no warranty or representation.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, The Boulder Group has not verified, and will not verify, any of the information contained herein, nor has The Boulder 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. The owners or direct family members are licensed real estate brokers in the State of Illinois.



EXECUTIVE SUMMARY:

The Boulder Group is pleased to exclusively market for sale a zero cash flow, 1.28 million square foot, single tenant, net leased Sherwin-Williams distribution center located in Effingham, Illinois. Effingham is located in the core of central Illinois and ideal for logistics operations and distribution centers. The property is located near the intersection of two cross-country interstates and Class 1 rail, making it easy to move goods in and out of the area in a timely manner. In the immediate area, there are multiple FedEx distribution buildings, Pinnacle Foods and numerous other industrial and distribution warehouses.

The 1.28 million square foot distribution center has been occupied by Sherwin-Williams since 1985 and Sherwin-Williams expanded the facility four times while recently investing an additional \$8.3 million into the property over the past five years. Over the next five years, Sherwin-Williams is budgeted to invest another \$11.6 million into the property. This property is Sherwin-Williams' largest distribution center and a mission-critical facility for their business. Sherwin-Williams distributes all product lines to approximately 1,000 stores and dealers in the Midwest and Inter-Mountain states. The property serves 314 Lowe's and the entire Menard's network across the Mid-West. Sherwin-Williams had approximately \$15,000,000,000 in sales for 2017 and is rated investment grade by S&P (BBB).

Sherwin-Williams has approximately 11 years remaining on their absolute triple net lease. There is a 2% rental escalation in June 2019 and a 9% increase in June 2024. There is also a 9% rental escalation in the one 5-year renewal option. There is a readily assumable, zero cash flow structure, non-recourse loan in place.



**LOAN
OVERVIEW:**

Price:	\$49,661,203
Loan Balance:	\$42,481,782 (As of November 2018)
Equity Requirement:	\$7,179,421
% Over Debt:	16.90%
Annual Debt Service:	\$2,928,024
Loan Commencement:	October 2016
Loan Maturity:	May 2029
Interest Rate:	A1 Note: 3.67%/Fully Amortizing A2 Note: 4.41%/Interest Only
Balloon:	\$25,000,000
Recourse:	Financing in non-recourse to the borrower
Paydown/Re-advance:	Borrow has the ability to utilize the paydown/re-advance feature as provided in the existing debt

**PROPERTY
OVERVIEW:**

Rent Schedule:	<u>NOI</u>	<u>Escalation Date</u>
	\$2,992,584	
	\$3,053,658	6/1/2019
	\$3,328,487	6/1/2024
	\$3,628,050	6/1/2029 (Renewal Option)
Lease Expiration Date:	May 31, 2029	
Renewal Options:	One 5-Year	
Tenant:	Sherwin-Williams	
Lease Type:	NNN – No Landlord Responsibilities	
Building Size:	1,283,360 SF	
Land Size:	71.6 Acres	



INVESTMENT HIGHLIGHTS:

Industry Leader

- Sherwin-Williams is a global leader in the manufacturing, distribution, and sale of paints, coatings and related products to professional, industrial, commercial, and retail customers primarily in North and South America and Europe
- Sherwin-Williams had approximately \$15,000,000,000 in sales for 2017
- Investment grade rated tenant (S&P: BBB)

Mission Critical Facility

- Sherwin-Williams has occupied the property since 1985, expanding the facility four times, and recently invested an additional \$8.3 million and is budgeted to invest another \$11.6 million into the property over the next five years
- The subject property is Sherwin-William's largest distribution center
- Mission critical facility where Sherwin-Williams distributes all product lines across the Midwest and Inter-Mountain States
- Property serves 314 Lowe's and the entire Menard's network across the Mid-West

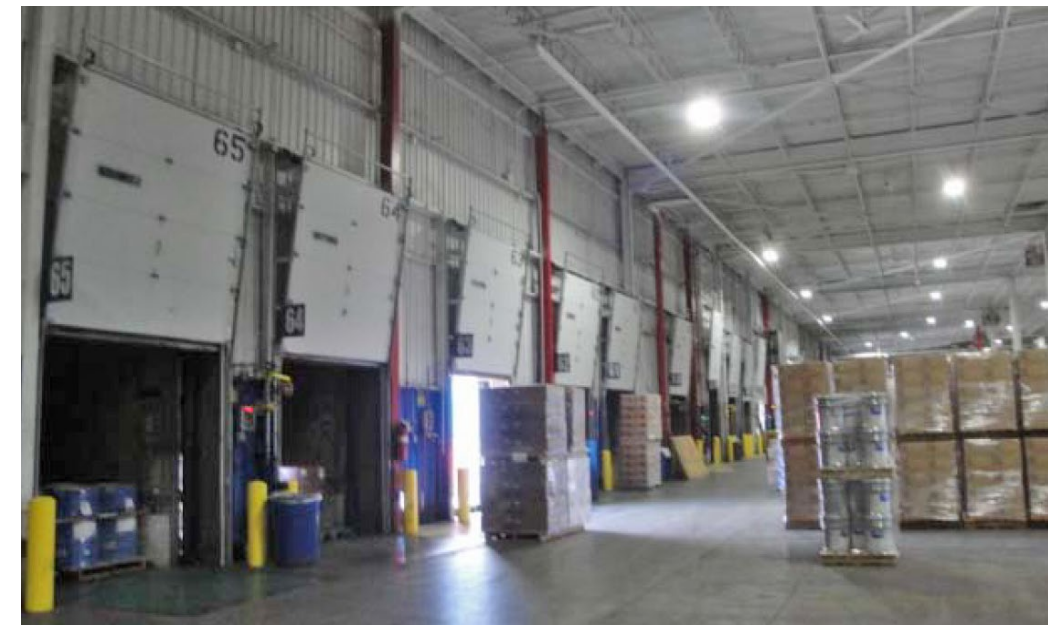
Strategic Location

- Near the intersection of two cross-country interstates and Class 1 rail, making it easy to move goods in and out of the area in a timely manner
- Ability to reach the majority of the country in one day's drive
- Zero Cash Flow Structure
- Readily assumable, non-recourse loan in place
- Paydown/re-advance features available

**BUILDING
OVERVIEW:**

Building	Square Footage	Ceiling Height	Year Constructed / Remodeled
Arch General Warehouse	477,074	26' 9" / 28' 9"	1971 ,1972
Arch General Warehouse Expansion	248,800	26' 7" / 29' 1"	1996
Arch Aerosol Room	20,000	26' 2" / 26" 10"	1987
Arch Aero Building Connecting Tunnel	900		1987
Pump House 1	460		1996
Pump House 2	460		1987
Office (built off of Arch General Warehouse)	6,000		1987 / 2010
Office (inside of Arch General Warehouse)	7,463		1987 / 2010
Drum Building	67,463	30" 6" / 32' 6"	1996
Aero Building North Cell	127,500	29' 10" / 32' 0"	1996
Aero Building Center Cell	127,500	29' 10" / 32' 0"	1996
Aero Building South Cell	127,500	29' 10" / 32' 0"	1996
Aero Building South Cell Extension	60,000	29' 6" / 32" 0"	1992
CTS Trailer Repair Shop	3,600		1990
Office (inside of North Cell of Aero Building)	8,640		1996

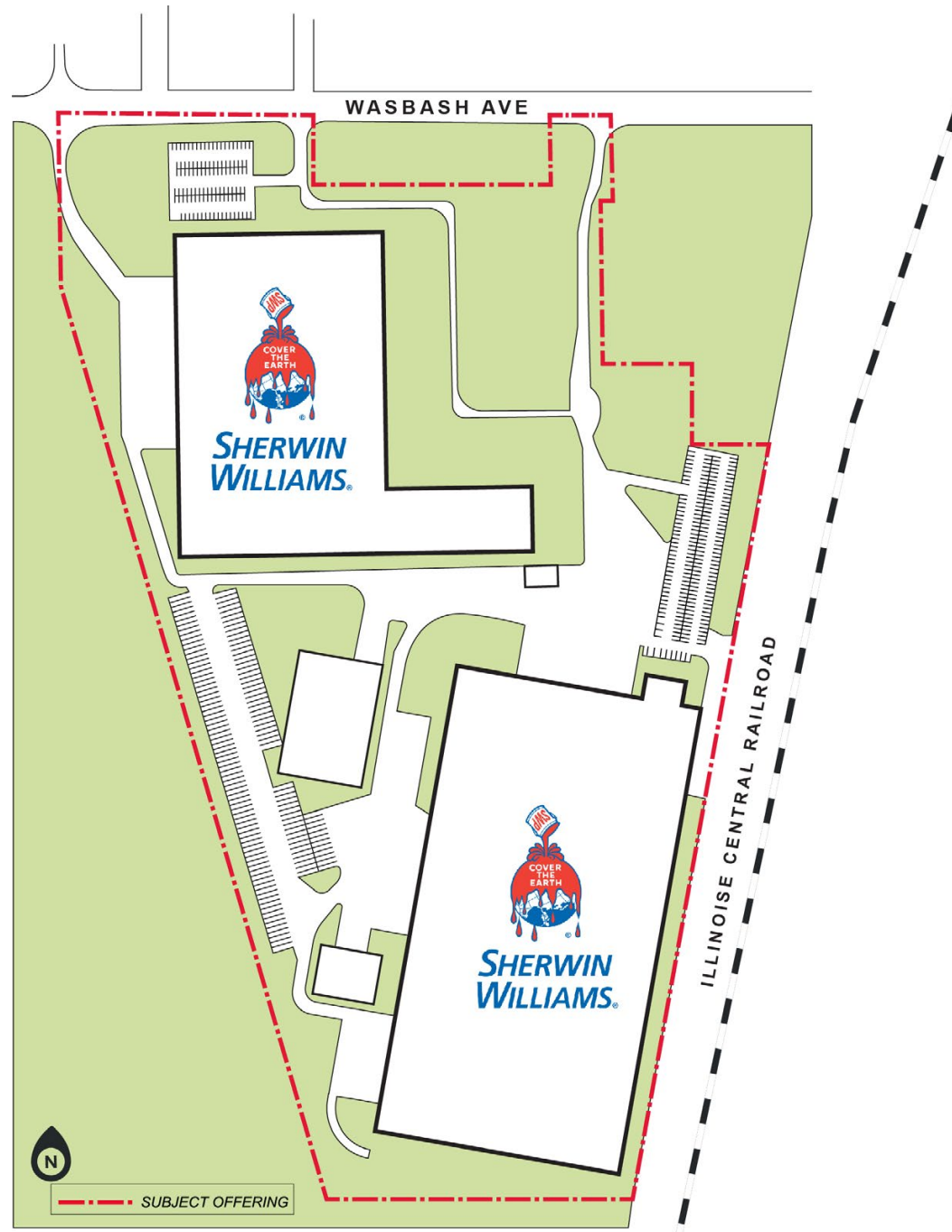


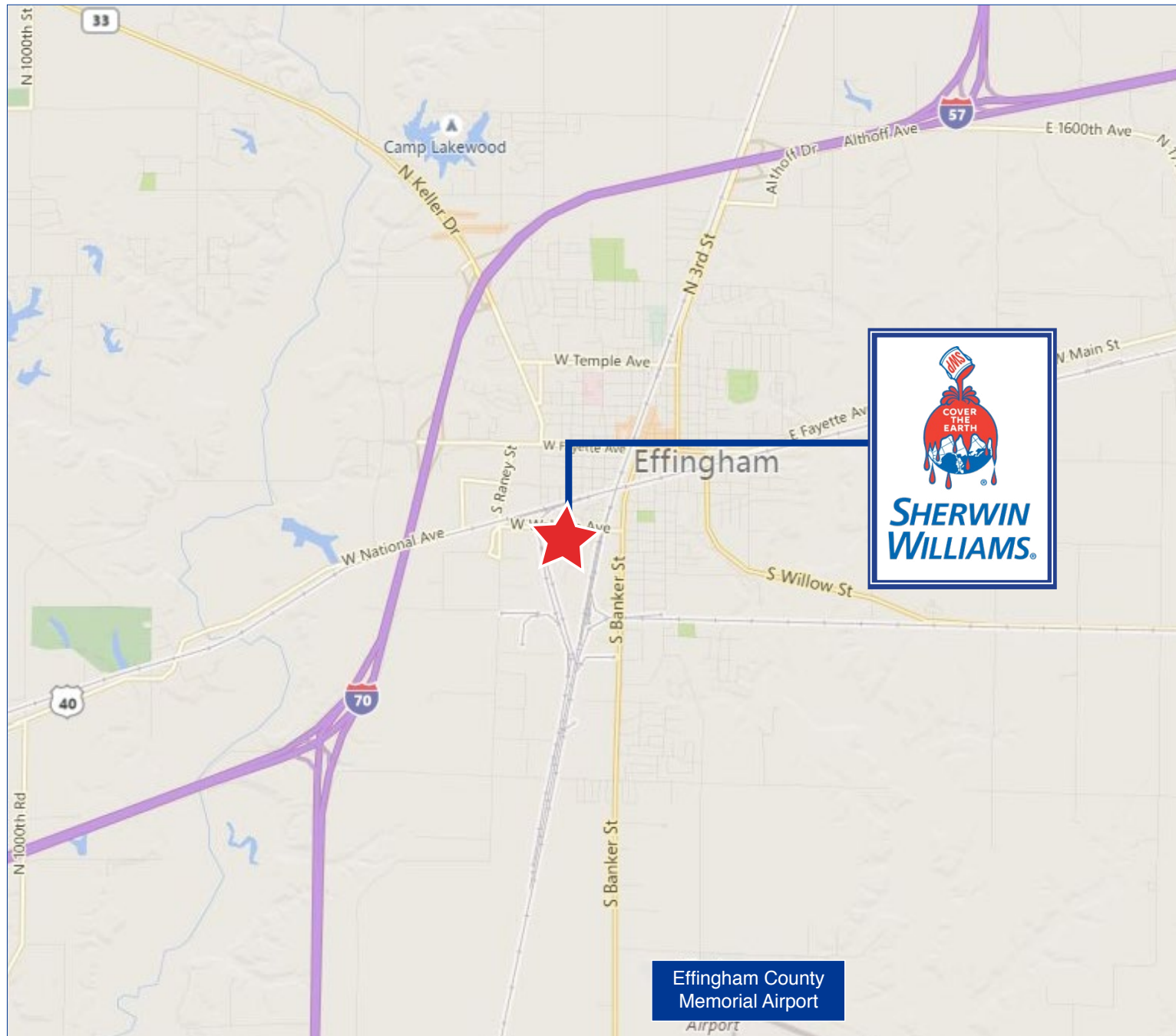


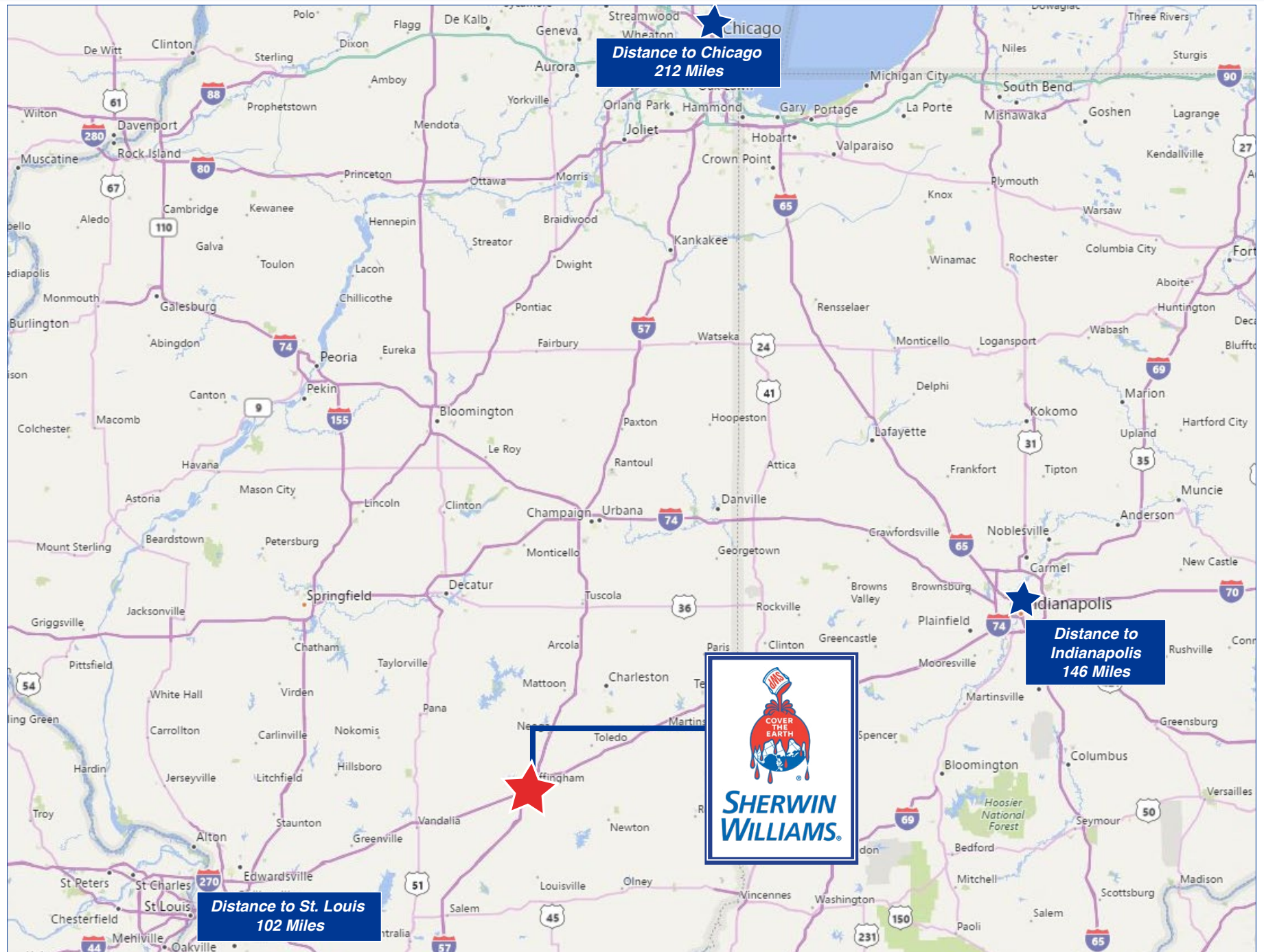












**DEMOGRAPHIC
REPORT:**

Population	1-Mile	3-Mile	5-Mile
------------	--------	--------	--------

Total Population 4,766 14,382 19,992

Total Households 2,144 6,131 8,253

Income	1-Mile	3-Mile	5-Mile
--------	--------	--------	--------

Average Household Income \$50,580 \$66,168 \$71,057



MARKET OVERVIEW:

Effingham, Illinois

Effingham is a city in and the county seat of Effingham County, Illinois, United States. It is in the northern part of Southern Illinois. Its population was 12,604 at the 2015 census estimate. The city bills itself as “The Crossroads of Opportunity” because of its location at the intersection of two major Interstate highways: I-57 running from Chicago to Miner, Missouri, and I-70 running from Utah to Maryland. It is also served by U.S. Route 45, which runs from Ontonagon, Michigan to Mobile, Alabama, U.S. Route 40, the historic National Road, which stretches from Atlantic City, New Jersey to Summit, Utah, and Illinois routes 32 and 33 also run through the city. It is also a major railroad junction, the crossing of the Illinois Central main line from Chicago to Memphis with the Pennsylvania Railroad line from Indianapolis to St. Louis. Thus, Effingham has a broad range of restaurants, and lodging facilities.



Due to its geographic location, Effingham is an ideal location for logistics operations and distribution centers. The region has established several TIF (tax increment financing) districts to ease the development of infrastructure for companies. The State of Illinois has also designated Enterprise Zones within Effingham County, giving companies additional incentives to choose specific locations, which lower the costs of starting and operating facilities. Among the various incentives are property tax abatement, sales tax exemption on building materials, waiver of building permit fees, dividend income deduction, investment tax credit and jobs tax credit.



TENANT OVERVIEW:

Sherwin-Williams

Sherwin-Williams Company is an American based company in the general buildings material industry. Founded in 1866, Sherwin-Williams manufactures products under well-known brands such as Sherwin-Williams, HGTV HOME, Dutch Boy, Krylon, Minwax, Thompson's Water Seal, and many more. With global headquarters in Cleveland, Ohio, Sherwin-Williams branded products are sold exclusively through a chain of more than 4,620 company-operated stores and facilities, while the company's other brands are sold through leading mass merchandisers, home centers, independent paint dealers, hardware stores, automotive retailers, and industrial distributors. Sherwin-Williams distributes a wide range of products in more than 115 countries around the world.

On March 20, 2016, Sherwin-Williams announced the acquisition of Valspar Paint for approximately \$9 billion. The acquisition enhances Sherwin-Williams' global paints and coating business primarily in the Asia-Pacific region and Europe.

Website:	www.sherwin-williams.com
Number of Locations:	4,620
Year Founded:	1866
Credit Rating (S&P):	BBB
Stock Symbol:	SHW (NYSE)
Headquarters:	Cleveland, OH



The Americas Group

The Americas Group operates the exclusive outlets for Sherwin-Williams® branded paints, stains, supplies, equipment and floor covering in the United States, Canada and the Caribbean. The Group also manufactures and sells a wide range of architectural paints, industrial coatings and related products across Latin America through company-operated stores, dedicated dealers and selected retailers.



60.9%
of total sales

PRODUCTS SOLD

Paints, stains, coatings, caulks, applicators, wallcovering, floor covering, spray equipment and related products in the United States, Canada and the Caribbean. Architectural paints, stains, coatings, varnishes, protective and marine products, wood finishing products, applicators, aerosols, OEM product finishes and related products in Latin America

Consumer Brands Group

Our Consumer Brands Group combines our previous Consumer Group with Valspar's legacy Paints segment to sell one of the industry's most recognized portfolios of branded and private-label products through retailers across North America and in parts of Europe, China, Australia and New Zealand. The Group also operates a highly efficient global supply chain for paint, coatings and related products.



14.4%
of total sales

Branded, private-label and licensed brand paints, stains, varnishes, industrial products, wood finishing products, wood preservatives, applicators, corrosion inhibitors, aerosols, caulks and adhesives, and related products

Performance Coatings Group

The Performance Coatings Group sells a broad range of coatings and finishing solutions to general industrial, industrial wood, protective and marine, automotive, packaging and coil & extrusion customers in more than 110 countries.



24.7%
of total sales

Asset protection products, wood finishes, powder coatings, coatings for plastic and glass, aerosols, high-performance interior and exterior coatings for the automotive, aviation, fleet, packaging, heavy truck, material handling, agriculture and construction, and building products markets



NET SALES⁽¹⁾
millions of dollars



NET INCOME FROM CONTINUING OPERATIONS⁽²⁾
millions of dollars



DILUTED NET INCOME PER SHARE FROM CONTINUING OPERATIONS⁽²⁾



NET OPERATING CASH
millions of dollars





Randy Blankstein
President
847.562.0003
randy@bouldergroup.com

Jimmy Goodman
Partner
847.562.8500
jimmy@bouldergroup.com

3520 Lake Avenue, Suite 203
Wilmette, IL 60091

www.bouldergroup.com

THE
Boulder
GROUP