



CVS/pharmacy[®]

DALLAS . TEXAS



Representative Photo

NATIONAL NET LEASE GROUP

OFFERING MEMORANDUM

CVS/pharmacy[®]

150 EAST ILLINOIS AVENUE
DALLAS . TEXAS 75224



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35E

DOWNTOWN DALLAS
5 MILES

CVS/pharmacy®



01

OFFERING

Executive Summary Investment Highlights

The subject property is a 13,054 square foot CVS located in Dallas, Texas. CVS signed a 25 year lease which commenced in October 2016, **leaving 23 years remaining on the Tenant's initial lease term.**

The lease provides for **10% rent increases** between each of the six, 5-year renewal options. The lease is absolute net providing for **zero landlord responsibilities**. CVS, which is publicly traded on the New York Stock Exchange under the ticker symbol "CVS", has a current **BBB+ credit rating** by Standard & Poor's and reported **annual revenues in excess of \$184 billion in 2017.**

The property is situated adjacent to Oak Cliff, which is one of Dallas's most established and densely populated neighborhoods, with over **148,000 residents in a three mile radius** and just **5 miles south of downtown Dallas**. The site is ideally positioned at the **signalized intersection** of East Illinois Avenue and South Beckley Avenue, and benefits from its visibility along the areas main traffic artery with **combined traffic counts in excess of 43,750 vehicles per day**. The site also benefits from its close proximity (two blocks) from **Interstate 35**, which is the main thoroughfare leading into downtown Dallas experiencing **daily traffic counts in excess of 182,590.**

CVS is located less than a half mile from **Wynnewood Village, a 443,681 square foot regional shopping center** anchored by Kroger, Ross Dress for Less, Fallas Paredes, Dollar Tree and many more. Wynnewood Village is one of the oldest shopping centers in Dallas, and serves a large segment of Oak Cliff and Sothern Dallas. Brixmor property Group, who is the current landlord and one of the nation's largest owners of open-air shopping centers is in the process of completely **redeveloping the 65 acre shopping center with an estimated project cost of \$30 million**. Other national retailers in the immediate area include O'Reilly Auto, 7-11, Aldi, McDonalds, AutoZone and numerous others.

NO RENT HOLIDAY



ABSOLUTE NET LEASE STRUCTURE

Zero landlord responsibilities for operating or capital expenses



CORPORATE BACKED LONG-TERM LEASE

CVS signed a 25 year lease in October of 2016 leaving 23 years remaining on the initial lease term



BBB+ CREDIT RATING BY STANDARD & POOR'S

Tenant is publicly traded on the NYSE and reported annual revenues in excess of \$184 billion in 2017



POSITIONED TWO BLOCKS FROM INTERSTATE 35

A main thoroughfare leading into downtown Dallas, experiencing daily traffic counts in excess of 182,000 past Illinois Ave



ADJACENT TO WYNNEWOOD VILLAGE

A 443,681 square foot retail center anchored by Kroger, which is currently undergoing a \$30 million dollar redevelopment by Brixmor Properties



SIGNALIZED HARD CORNER LOCATION WITH DRIVE-THRU

Combined daily traffic counts exceed 43,750 vehicles

WYNNEWOOD VILLAGE
443,681 SQ FT





**FIVE MILES FROM
DOWNTOWN DALLAS**

Over 148,000 residents within three mile radius and over
318,000 residents within five mile radius



CVS/pharmacy®

02 FINANCIALS

Lease & Pricing Summary

150 EAST ILLINOIS AVENUE
DALLAS . TEXAS



YEAR BUILT
2016



OWNERSHIP TYPE
FEE SIMPLE



BUILDING SIZE
13,054 SQUARE FEET



LOT SIZE
2.06 +/- ACRES



ASKING PRICE

\$8,982,000



CAP RATE

5.00%



NOI
\$449,076

LEASE TERM
25 YEARS

LEASE GUARANTOR
CORPORATE

LEASE COMMENCEMENT / EXPIRATION
10/10/2016 / 1/31/2042

TERM REMAINING
23 YEARS

RENEWAL OPTIONS
SIX 5-YEAR OPTIONS

RENT INCREASES
10% BETWEEN OPTIONS

RENT SCHEDULE

| PERIOD | ANNUAL BASE RENT | MONTHLY BASE RENT |
|---------------------|------------------|-------------------|
| CURRENT - 1/31/2042 | \$449,076.00 | \$37,423.00 |
| OPTION 1 | \$493,983.60 | \$41,165.30 |
| OPTION 2 | \$543,381.96 | \$45,281.83 |
| OPTION 3 | \$597,720.16 | \$49,810.01 |
| OPTION 4 | \$657,492.17 | \$54,791.01 |
| OPTION 5 | \$723,241.39 | \$60,270.12 |
| OPTION 6 | \$795,565.53 | \$66,297.13 |






E. ILLINOIS AVE.




S. BECKLEY AVE.

< DAILY TRAFFIC COUNT: 43,750 >

2018 DEMOGRAPHICS

| | 1 Mile | 3 Miles | 5 Miles | 7 Miles |
|--|----------|----------|----------|----------|
|  POPULATION | | | | |
| Total Population | 20,074 | 148,944 | 318,093 | 541,568 |
| Median Age | 29.8 | 32.4 | 32.2 | 31.9 |
|  HOUSING | | | | |
| Total Housing Units | 6,226 | 51,504 | 114,077 | 216,721 |
| Occupied Housing Units | 92.9% | 92.2% | 91.2% | 90.6% |
| Vacant Housing Units | 7.1% | 7.8% | 8.9% | 9.4% |
|  INCOME | | | | |
| Income \$0 - \$49,999 | 69.34% | 64.53% | 62.02% | 57.63% |
| \$50,000 - \$99,999 | 22.94% | 25.11% | 26.28% | 26.86% |
| \$100,000 + | 7.72% | 10.35% | 11.69% | 15.52% |
| Avg Household Income | \$42,238 | \$52,105 | \$55,478 | \$64,866 |

2023 PROJECTED DEMOGRAPHICS

| | 1 Mile | 3 Miles | 5 Miles | 7 Miles |
|--|----------|----------|----------|----------|
|  POPULATION | | | | |
| Total Population | 19,670 | 146,084 | 320,047 | 555,564 |
| Median Age | 30.8 | 33.1 | 33.0 | 32.9 |
|  HOUSING | | | | |
| Total Housing Units | 6,280 | 52,030 | 118,515 | 229,555 |
| Occupied Housing Units | 92.8% | 92.1% | 91.0% | 90.5% |
| Vacant Housing Units | 7.3% | 7.9% | 9.0% | 9.5% |
|  INCOME | | | | |
| Income \$0 - \$49,999 | 64.96% | 60.15% | 57.10% | 52.63% |
| \$50,000 - \$99,999 | 24.65% | 26.45% | 27.66% | 27.90% |
| \$100,000 + | 10.40% | 13.39% | 15.24% | 19.48% |
| Avg Household Income | \$51,175 | \$58,800 | \$63,197 | \$73,997 |



\$55,478
AVERAGE INCOME

WITHIN A 5-MILE RADIUS
OF THE PROPERTY

POPULATION
318,093



NORTH

DOWNTOWN DALLAS
5 MILES

METHODIST DALLAS
MEDICAL CENTER
585 BEDS

DALLAS ZOO
106 ACRES IN
MARSHALLS PARK

BISHOP ARTS
DISTRICT
60 INDEPENDENT RETAILERS

149,000
RESIDENTS
WITHIN 3 MILES

< DAILY TRAFFIC COUNT: 182,590 >

S. BECKLEY AVE.



< DAILY TRAFFIC COUNT: 43,750 >

E. ILLINOIS AVE.



CVS/pharmacy®

EAST

DALLAS
EXECUTIVE
AIRPORT



< DAILY TRAFFIC COUNT: 182,590 >



S. BECKLEY AVE.

< DAILY TRAFFIC COUNT: 43,750 >

CVS/pharmacy®

E. ILLINOIS AVE.

WYNNWOOD VILLAGE
443,681 SQ FT



ROSS
DRESS FOR LESS



SALLY
BEAUTY SUPPLY



CHASE



H&R BLOCK

boostmobile

65 ACRES UNDERGOING
\$30 MILLION REDEVELOPMENT

AutoZone

SOUTH



SOUTH EAST



CVS/pharmacy[®]

MARKET CAP

\$61.98BILLION

REVENUE

\$184.77BILLION



CVS/pharmacy

03

TENANT

Tenant Overview

CVS Health Corporation, together with its subsidiaries, provides integrated pharmacy health care services.

www.cvshealth.us

CVS operates through Pharmacy Services and Retail/LTC segments. The Pharmacy Services segment offers pharmacy benefit management solutions, such as plan design and administration, formulary management, Medicare Part D services, mail order and specialty pharmacy services, retail pharmacy network management services, prescription management systems, clinical services, disease management programs and medical pharmacy management services. This segment serves employers, insurance companies, unions, government employee groups, health plans, managed Medicaid plans and plans offered on public and private exchanges, other sponsors of health benefit plans and individuals under the CVS Caremark Pharmacy Services, Caremark, CVS Caremark, CarePlus CVS Pharmacy, CVS Specialty, Accordant, SilverScript, NovoLogix, Coram, Navarro Health Services and Advanced Care Scripts names.

As of December 31, 2015, CVS operated 24 retail specialty pharmacy stores, 11 specialty mail order pharmacies and 5 mail order dispensing pharmacies, and 83 branches for infusion and enteral services. The Retail/LTC segment sells prescription drugs, over-the-counter drugs, beauty products and cosmetics, personal care products, convenience foods, seasonal merchandise and greeting cards, as well as provides photo finishing services. CVS operates 9,655 retail stores in 49 states, the District of Columbia, Puerto Rico and Brazil primarily under the CVS Pharmacy, CVS, Longs Drugs, Navarro Discount Pharmacy and Drogeria Onofre names, online retail pharmacy Websites, and 32 onsite pharmacy stores, long-term care pharmacy operations and retail health care clinics.

The company was formerly known as CVS Caremark Corporation and changed its name to CVS Health Corporation in September 2014. CVS Health Corporation was founded in 1892 and is headquartered in Woonsocket, Rhode Island.





04

MARKET

Area Overview

Dallas, a modern metropolis in north Texas, is a commercial and cultural hub of the region. It is the **most populous city in the Dallas–Fort Worth metroplex**, which is the fourth most populous metropolitan area in the United States.

The city's population ranks ninth in the U.S. and third in Texas after Houston and San Antonio. The city's prominence arose from its historical importance as a center for the oil and cotton industries, and its position along numerous railroad lines.

The city is the **largest economic center** of the 12-county Dallas–Fort Worth metroplex metropolitan area (commonly referred to as DFW), which had a population of 7,246,231 as of July 1, 2016, representing growth in excess of 807,000 people since the 2010 census.

Due to its central location and top notch transportation infrastructure, DFW is a major international gateway. The region excels in passenger air travel and air cargo operations with the **nation's third-busiest airport**, Dallas Fort Worth International Airport; Dallas Love Field Airport, home to the largest domestic airline in the country; and the world's first fully industrial airport, Fort Worth Alliance Airport. The roads and rail lines are remarkable for the volume and delivery speed they provide for transporting freight products across the country.

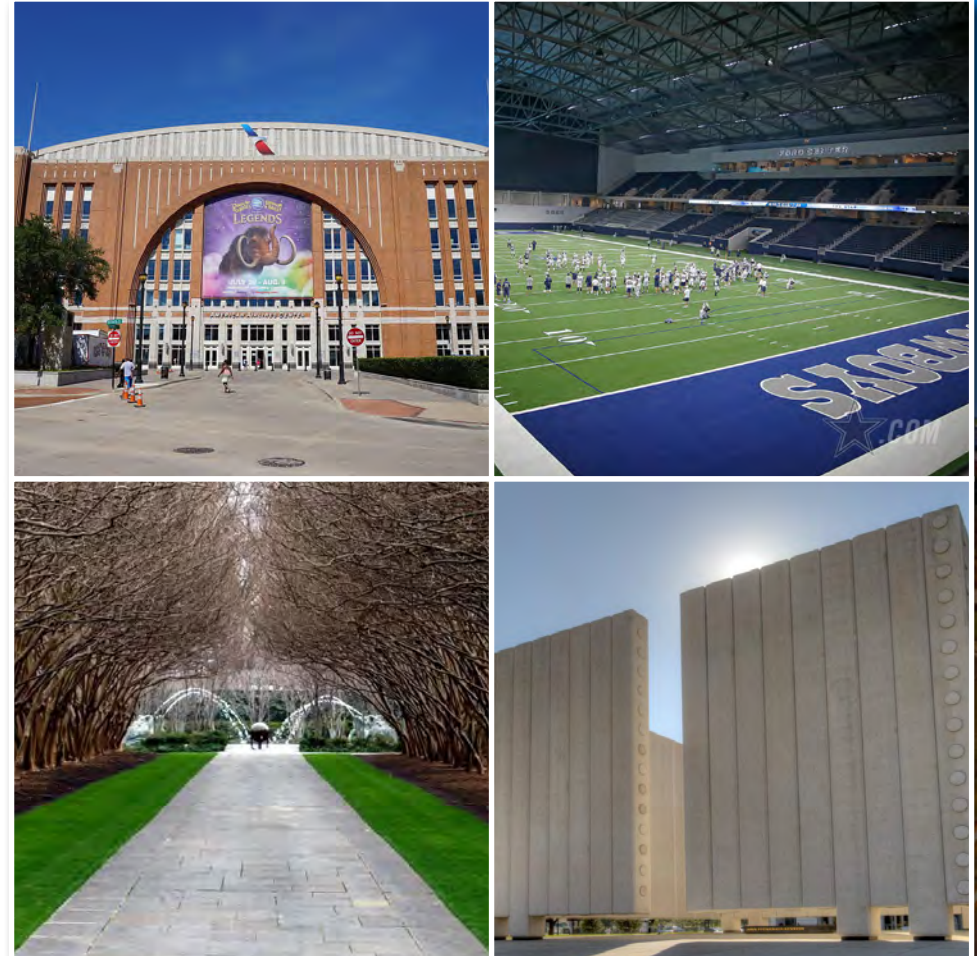
The Dallas-Fort Worth area is growing in leaps and bounds, and with every project expansion, it offers more to newcomers. It's the place to come if you're looking for a **thriving job market, a high quality of life, a supportive business community, and world-class entertainment.**

THE HUB

Downtown serves as the hub for Dallas, with key transportation links emanating like spokes from the center. It is also the cultural center of the city, with the 19-block Dallas Arts District and the city's major arts venues, including the AT&T Center for the Performing Arts. Dallas Fort Worth International Airport sits just northwest of the city. Dallas also is the home to major educational institutions such as UT Southwestern Medical Center, Southern Methodist University and the Dallas campus of the University of North Texas. Whether it's football, basketball, baseball or hockey, Dallas has a team and sports venue to entertain every fan (and rival). The Cowboys (NFL) and Rangers (MLB) play in nearby Arlington, while the Mavericks (NBA) and the Stars (NHL) play in Downtown's Victory Park. In addition, Dallas boasts multiple green spaces that cater to the outdoor enthusiasts interests.

FAST-GROWING REGION

The region ranks among the top three U.S. metropolitan areas for business expansions, relocations and employment growth. DFW's young, highly educated **workforce of over 3.5 million people** is growing quickly, providing companies with the abundance of talent they need to make their business a success. During the last decade, the Dallas-Fort Worth region was **among the nation's fastest-growing areas**, attracting significant job and population growth. The population growth has fueled real estate development, as retailers and service providers expand to meet increasing demand. This growth has pushed Dallas and Fort Worth to **redevelop and reenergize their downtowns**, creating mixed-use buildings with residential, office and retail space in a high-end urban environment.





CORPORATE HEADQUARTERS MAGNET

Dallas–Fort Worth has been a **magnet for corporate headquarters and major company operations**, attracting 20 Fortune 500 company headquarters and 39 headquarters among the Fortune 1000. A diverse group of household names such as ExxonMobil, Texas Instruments, AT&T, American Airlines, J.C. Penney, KimberlyClark and Fluor call the region home, reflecting the area's strong fundamentals when it comes to workforce, access, and cost of doing business.

RETAIL CLUSTERS

The DFW region has extensive retail development, with **17 centers or malls that have more than 1 million square feet** of space or more. Most major retail brands are represented, with developments focused on the largest population centers.



A photograph of a CVS/pharmacy building with a stone facade and large windows. A dark car is parked in front of the building. The sky is blue with white clouds. A semi-transparent dark blue box covers the right side of the image, containing the text.

STATEMENT OF CONFIDENTIALITY + CONDITIONS

This Offering Memorandum is confidential and is furnished to prospective purchasers of the Property described herein subject to the terms of the Confidentiality Agreement previously provided to and executed by such prospective purchasers. This Memorandum is intended solely to assist prospective purchasers in their evaluation of the Property and their consideration of whether to purchase the Property. It is not to be used for any other purpose or made available to any other person without the prior written consent of the Seller of the Property.

This Memorandum was prepared on the basis of information available to the Seller and to Cushman & Wakefield, the Seller's exclusive agent in connection with the sale of the Property. It contains pertinent information about the Property and the surrounding area but it does not contain all the information necessary for a complete evaluation of the Property. The projected cash flow and other financial information contained herein are for reference only.

Although the information contained in this Memorandum is believed to be accurate and reliable, neither the Seller nor its exclusive agent guarantees its accuracy or completeness. Because of the foregoing and because the Property will be sold on an "as is" basis, prospective purchasers should make their own independent assessments, investigations, and projections regarding the Property. Although additional material, which may include engineering, environmental, or other reports, may be provided to certain prospective purchasers as appropriate, such parties should confer with their own engineering and environmental experts, counsel, accountants and other advisors.

The Seller expressly reserves the right, in its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time, with or without notice. The Seller shall have no legal commitment or obligation to any prospective purchaser unless and until a written Purchase and Sale Agreement has been fully executed and delivered and any and all conditions to the Seller's obligations thereunder have been fully satisfied or waived.

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