

OFFERING MEMORANDUM

SINGLE TENANT

 **CVS pharmacy**[®]

42150 Jackson St, Bldg. A
Indio, CA 92203

14 Years Remaining
On The Lease

NNN

Under Market Rent

Outstanding Corner Location

Estimated Financing
of 50% LTV at 3.5%;
10-Year Interest Only

Best In Class Co-Tenants



BEST IN CLASS CO-TENANTS INCLUDING

WinCo
FOODS

24
HOURS
FITNESS

Burlington
coat factory

Marshalls

petco

ULTA
BEAUTY

PartyCity



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CVS/pharmacy

expect something
extra

**No-cost
flu shots**
High dose shots
available for \$0.
CVS/pharmacy

Handicapped
PARKING
ONLY

Handicapped
PARKING
ONLY



INVESTMENT SUMMARY

INVESTMENT SUMMARY

The NKF Capital markets team is pleased to present the opportunity to acquire an exceptional single tenant NNN asset located in one of the most dominant shopping centers in the Coachella Valley. The subject property features a 12,900 square foot building with a 1,500 square foot mezzanine on approximately 69,342 square feet of land, located at the Jackson Street on/off ramp to the I-10 Freeway in the City of Indio.

The property is located within the Indio Towne Center, a 600,000 square foot regional shopping center anchored by Home Depot, WinCo Foods, 24 Hour Fitness, Marshalls and Burlington Coat Factory. A final phase of the center is under development and will be comprised of an additional 43,575 square feet of tenants including Ulta (10,000 sf) and Five Below (9,022 sf), scheduled to open the first quarter of 2020. WinCo operates their only store in the Coachella Valley at this location enhancing the daily needs draw to the project. In addition, CVS pays under market rent of \$2.81/SF/YR allowing investors future upside opportunity given the hard, signalized-corner location and potential for redevelopment.

CVS has been operating this location since 2008 when it executed a 25-year deal with (6), five-year options to extend demonstrating their long term commitment to this location. Currently in the 11th year of their 25 year initial lease term, CVS features rental increases of 5% every five years through the remainder of the term. This location is one of the most dominant CVS Pharmacies in the Coachella Valley servicing a population base of more than 500,000.

The success of the pharmacy can be attributed in great part to the regionally accessible location and identity along the I-10 Freeway, excellent demographic characteristics of the primary trade area, and the valuable draw provided by Winco, the regions largest super market. There are over 140,000 residents with average household incomes of more than \$84,000 per year within a five-mile radius of the store. In addition, Indio is home to the region's largest full-time population base with over 90,000 permanent residents.

The CVS in Indio is an ideal property for a 1031 exchange buyer or private investor looking for credit, stability, strong yield, limited management, and predictable income growth. In addition, the tenant has a strong history of success at this location, and benefits from the regional draw provided by Winco.



INVESTMENT HIGHLIGHTS

Established & Successful Location

- CVS has successfully operated at this location since 2008 with another 14 year remaining on their initial term
- CVS is surrounded by “best in class” co-tenants including Home Depot, WinCo, 24 Hour Fitness, Marshalls and Burlington Coat Factory, enhancing the customer draw
- Indio Towne Center is the largest regional shopping center servicing the east end of the Coachella Valley
- CVS pays dramatically under market rent on high profile signalized corner
- Tremendous “daily needs” draw provided by Winco

Stable Credit Tenant

- CVS is the largest pharmacy chain in the United States by number of locations (9,800+ as of May 2018) and total prescription revenue
- It's parent company, CVS Health, is the 7th largest United States corporation by 2017 revenues in the Fortune 500 (\$194.579 billion, as of 2018)
- CVS features investment grade credit with a Baa2 rating from Moody's and BBB from Standard & Poor's

Great Trade Area Dynamics

- Stable year-round population base estimated to be +/- 90,000 residents, growing to an estimated 120,000 residents in the winter months
- Over 500,000 residents in the Coachella Valley
- Indio continues to experience stable residential growth and is one of the

fastest growing cities in the Coachella Valley, and currently has over 65% owner-occupied housing

- Indio is best known for being “The City of Festivals” with a very strong tourism base derived from such events as Coachella and Stagecoach. These two festivals alone are estimated to have an approximate financial impact of \$403,000,000 in the Coachella Valley

Exceptional Freeway Identity & Access

- CVS fronts the I-10 Freeway, carrying over 150,000 CPD, with over 600 feet of frontage
- Prominent pylon sign provides tremendous visibility and tenant identity
- Convenient east/west freeway on and off ramps that feed directly into Indio Towne Center
- Excellent ingress and egress to the shopping center

Favorable Lease Terms

- Absolute NNN lease
- Tenant's rent is dramatically under market as compared to typical drug store rents
- Strong future rental upside

Offered Free & Clear of Existing Debt

- Offered free and clear of debt allowing an investor to acquire all cash or cash to new loan
- Ideal 1031 Exchange opportunity

OFFERING SUMMARY

42150 Jackson St, Bldg. A, Indio, CA 92203

PRICE



\$3,900,000

NOI



\$195,000

CAP RATE



5.00%

OFFERED GLA



±12,900 SF *

OFFERED LAND



±1.58 Acres

YEAR BUILT



2007

* Building has add'l 1,500 SF mezzanine space





REGIONAL AERIAL



PALM DESERT

INDIAN WELLS

LA QUINTA

Walmart

Treasure Hunt
TRACTOR SUPPLY CO

verizon
CHASE
at&t SALLY BEAUTY SUPPLY

BIG LOTS! ROSS DRESS FOR LESS
DOLLAR TREE

Walgreens
Sally's Beauty Supply

TACO BELL
KFC

PIZZA HUT

usbank
Jack-in-the-Box
Chevron
McDonald's

Starbucks
SUBWAY

IHOP
Taco Time
Panda Express

CVS pharmacy

JACKSON ST.

INDIO TOWNE CENTER

THE HOME DEPOT

AVENUE 42

24 FITNESS

10

Durlington
Party City
WinCo FOODS

Marshalls
petco
five BELOW
ULTA

FUTURE RESIDENTIAL
82 Homes



PROJECT AERIAL



REGIONAL AERIAL



THE MADISON CLUB

EMPIRE POLO GROUNDS

HERITAGE PALMS GOLF CLUB

LA QUINTA

INDIAN WELLS

INDIO

Walmart



INDIO TOWNE CENTER



GENERATIONS HOUSING DEVELOPMENT



Hacienda pointe
137 unit gated community
by DR HORTON

FUTURE RESIDENTIAL
82 Homes



SITE PLAN





THE HOME DEPOT

Marshalls

Burlington
Coat Factory

WinCo
FOODS

petco

Party City

24 FITNESS

CVS pharmacy



AREA *OVERVIEW*

INDIO OVERVIEW

The City of Indio has historically been the center of commercial activity in the vibrant Coachella Valley which is approximately 130 miles east of the Greater Los Angeles Area. Supported by the highest population growth of all Coachella Valley cities, the City of Indio is a strong, dynamic, and vibrant market led by young families in the prime of their consumption cycle and a highly stable workforce. The City of Indio is also a top entertainment destination with a number of world renowned music and cultural festivals and sporting events.

KEY FACTS

- i** Indio, with an estimated 2018 base population of 89,793 residents, is the largest of the nine municipalities that comprise of the Coachella Valley region, one of the most vibrant and dynamic commercial destinations in Southern California.
- i** The Indio market features a well-balanced and diverse patronage base of regional, local and seasonal residents, international tourists and highway travelers.
- i** Indio hosts major cultural and music festivals annually, and serves as the focal point for 12 million visitors destined to Coachella Valley each year.
- i** Indio is the commercial epicenter of the high population growth areas projected for the East Coachella Valley region.
- i** Indio is projected to serve a regional trade area population base of 298,000 residents by the year 2025, a growth of 37% over the next decade.



COACHELLA VALLEY CITIES

POPULATION

Indio	76,036
Indian Wells	4,958
Rancho Mirage	17,218
Desert Hot Springs	25,938
La Quinta	37,467
Coachella	40,704
Palm Springs	44,552
Palm Desert	48,445
Cathedral City	51,200



- i** The Indio commercial patronage base is supplemented by 30,000 affluent seasonal residents annually.
- i** The Indio trade area retail and leisure spending exceeds \$1.78 billion in 2013 and is projected to grow to \$3.3 billion by 2025.
- i** The retail, commercial and hospitality sectors of Indio are also well positioned to benefit from the \$3.5 billion of annual tourism spending conducted within Coachella Valley.

COACHELLA VALLEY

The ultimate work/play destination, the Coachella Valley - also known as Greater Palm Springs - is the sweet spot of Southern California. Famous for its year round sunshine and idyllic quality of life, and powered by tourism, retail and agriculture, this bright region is proving itself as a fertile ground for innovation in clean energy, technology, healthcare, arts, media, and entertainment.

The region offers unparalleled quality of life, robust incentives, a ready workforce, and affordability. It's situated two hours from Los Angeles, Orange County and San Diego and within only a few hours of Las Vegas and Phoenix by car. Palm Springs International Airport offers direct flights to cities throughout the United States and Canada.

The Coachella Valley has a population of 346,000. State projections estimate that the valley's population will pass 500,000 by the year 2020 and 1 million by 2066. Demographers believe the total population already surpassed the 500,000 mark, plus 100,000 temporary seasonal residents known as "snowbirds" arriving to stay during the winter months (from the end of October to the end of April).



DEMOGRAPHICS

Within 5 Miles

POPULATION



140,920

DAYTIME POPULATION



39,683

AVERAGE HH INCOME



\$84,991

MEDIAN AGE



34

FAMILIES



33,892

HOME OWNERS



28,633



JACKSON ST. & ATLANTIC AVE.

18,951

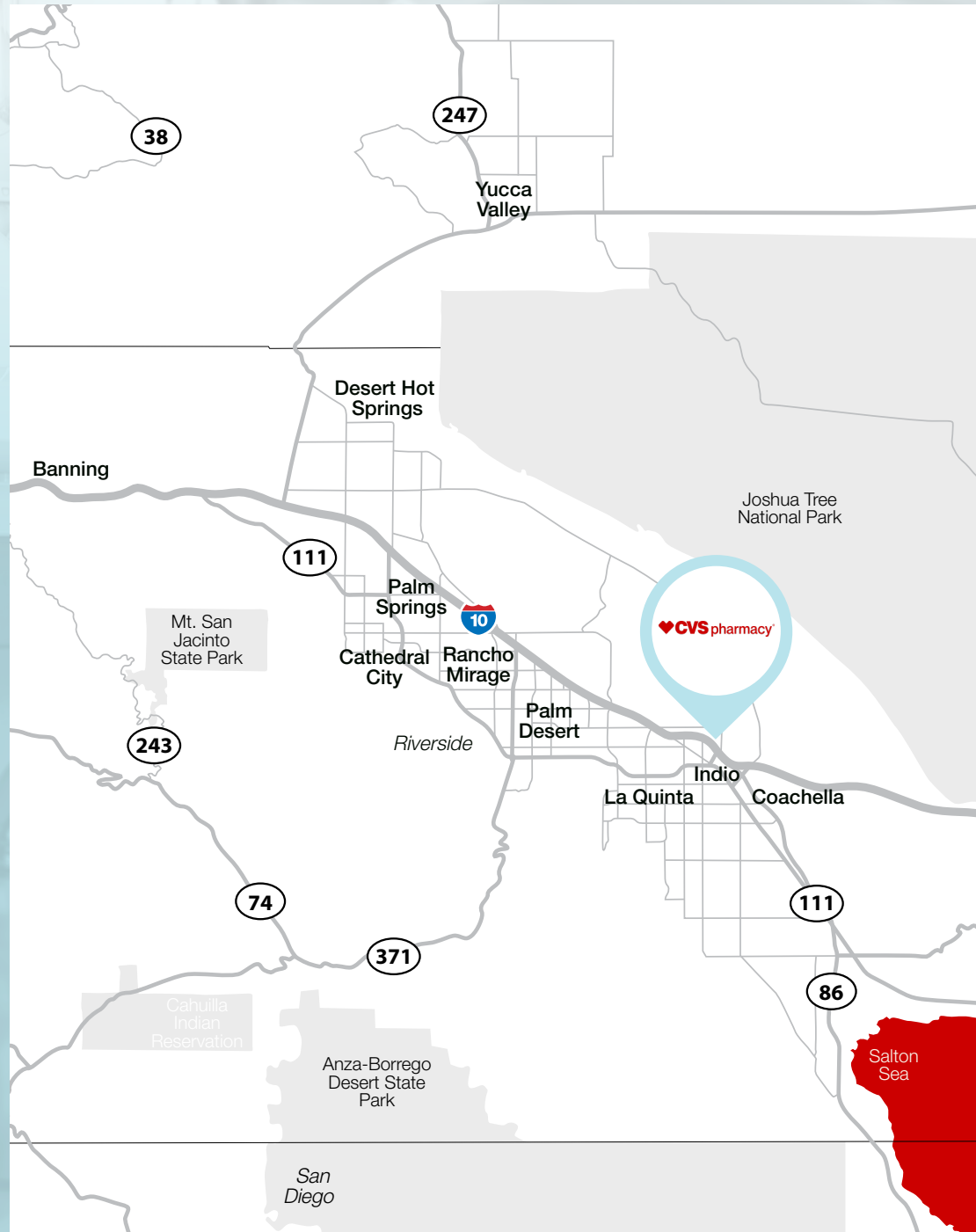
Cars per day



I-10 & JACKSON ST.

60,000

Cars per day



CVS / pharmacy





PROPERTY

DESCRIPTION



PROPERTY OVERVIEW

42150 Jackson St, Bldg. A, Indio, CA 92203

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INDIO
Towne Center

THE HOME DEPOT

TACO  **BELL**

PETCO

 **FITNESS**
SPORT

CVS/pharmacy

PARCEL MAP

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

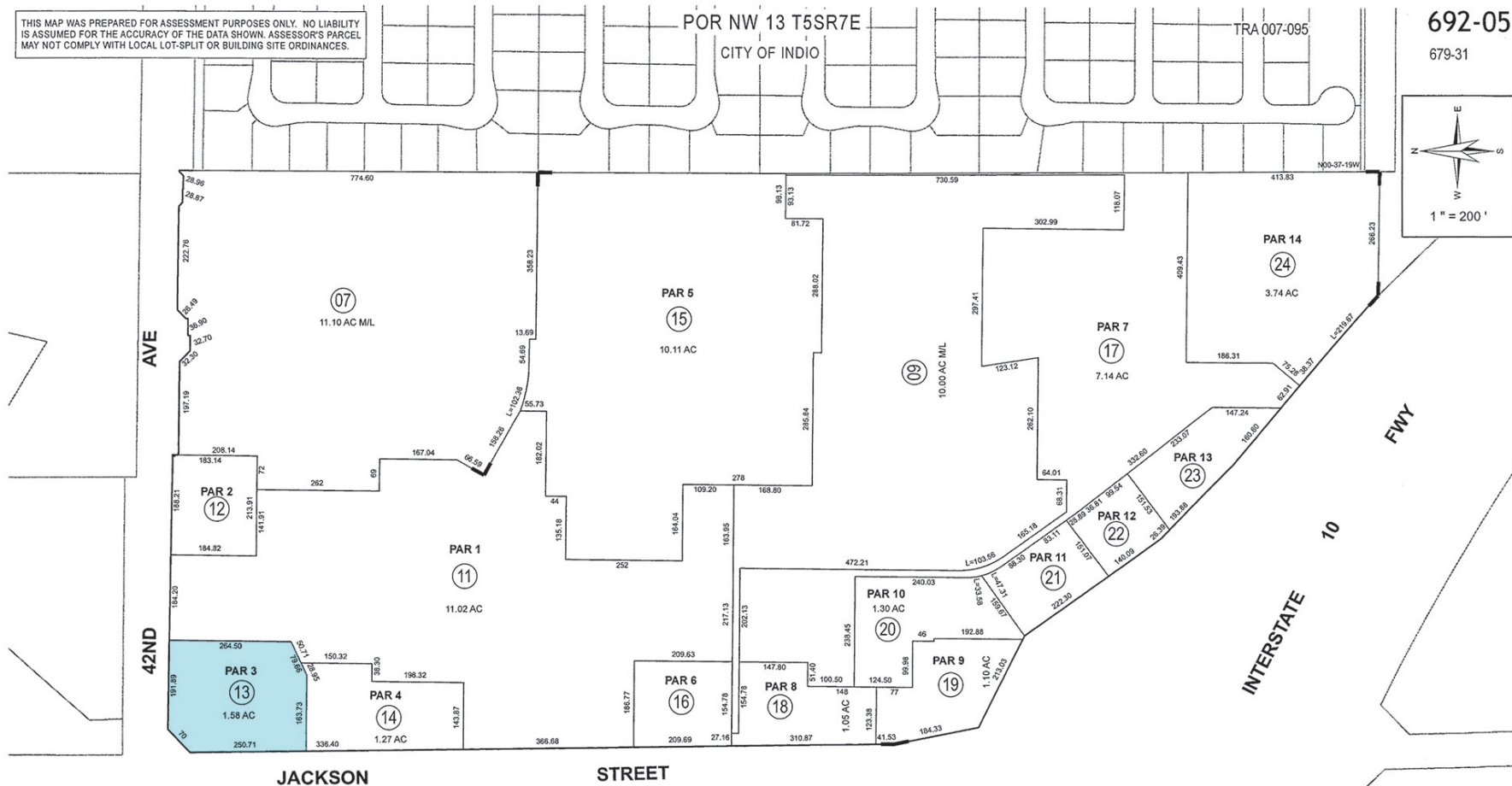
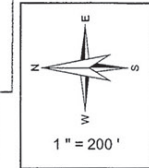
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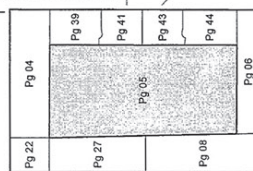
CITY OF INDIO



ASSESSOR'S MAP BK692 PG.05
Riverside County, Calif.

M. HILLIG

Data	
RS 847, 11/00, 13/34	
RS 1490, 35/81, 87/1	
S.L.O. PLAN	
C.V.C.V. D. RW	
MB 247	
60 FT RD PER INST. NO. 32892 4/89	



PM 225 / 191 -197 / PARCEL MAP 35029

August 2008

Date	Old Number	New Number
12/19/2006	4	PG-61-62
12/19/2006	5	PG-63-64
1/28/2008	3	6, 8F
1/28/2008	6	7-9
1/28/2008	1, 2, 8	10
8/18/2008	10	11-24





TENANT

OVERVIEW





No-cost
flu shots

NO LOITERING
IS ALLOWED
ON OR IN

PLAY NOW
calottery

beauty



CVS Health Corporation provides health services and plans in the United States. Its Pharmacy Services segment offers pharmacy benefit management solutions, such as plan design and administration, formulary management, retail pharmacy network management, mail order pharmacy, specialty pharmacy and infusion, Medicare Part D, clinical, disease management, and medical spend management services. The company's Retail/LTC segment sells prescription drugs and general merchandise, such as over-the-counter drugs, beauty products, cosmetics, and personal care products, as well as provides health care services through its MinuteClinic walk-in medical clinics. Its Health Care Benefits segment offers traditional, voluntary, and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, medical management, Medicare plans, PDPs, Medicaid health care management services, workers' compensation administrative services, and health information technology products and services. The company's customers include employers, insurance companies, unions, government employee groups, health plans, Medicare Part D prescription drug plans, Medicaid managed care plans, plans offered on public health insurance exchanges and private health insurance exchanges, other sponsors of health benefit plans, individuals, college students, workers, labor groups, and expatriates. As of December 31, 2018, it had approximately 40 leased on-site pharmacies, 25 leased retail specialty pharmacy stores, 20 specialty mail order pharmacies, and 90 branches for infusion and enteral services; and 9,900 retail locations and 1,100 MinuteClinic locations, as well as operated an online retail pharmacy Websites, LTC pharmacies, and onsite pharmacies. 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 1963 and is headquartered in Woonsocket, Rhode Island.



\$33.18 BILLION
Revenues



9,900+
Locations



1963
Founded



PRIVATE
Stock Ticker



WOONSOCKET, RI
Headquarters





FINANCIAL *SUMMARY*

RENT ROLL

TENANT	SF	MEZZ SF	LEASE TERM	LEASE START	LEASE EXP	RENT						
						BEGIN	MONTHLY	PSF	ANNUAL	PSF	RECOVERY	OPTIONS
CVS	12,900	1,500	25	8/17/2008	1/31/2034	Current	\$16,250	\$0.23	\$195,000	\$2.81	Ground Lease	Six (6) Five (5) Year
						Years 16-20	\$17,063	\$0.25	\$204,750	\$2.95		
						Years 21-25	\$17,916	\$0.26	\$214,988	\$3.10		
						Option 1	\$18,811	\$0.27	\$225,737	\$3.26		
						Option 2-6	105% Increase over prior base rent					



LEASE ABSTRACT

LEASE COMMENCEMENT 8/17/2008

LEASE EXPIRATION 1/31/2034

OPTIONS Six (6) Five (5) Year

BUILDING SIZE * 12,900 SF

RENTAL SCHEDULE

CURRENT \$195,000

YEARS 16-20 \$204,750

YEARS 21-25 \$214,988

OPTION 1 \$225,737

INCREASE SCHEDULE 5% at each option

PROPERTY TAXES Tenant pays direct

INSURANCE Tenant is responsible for building casualty and liability

CAM NNN + 10% Admin

UTILITIES TT pays direct to utility company

* Building has add'l 1,500 SF mezz space



All information furnished regarding property for sale, rental or financing is from sources deemed reliable. Seller and broker make no representation as to the accuracy thereof and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, or financing, or withdrawal without notice.

DISCLAIMER

Newmark Knight Frank, exclusive marketing representative of the Seller, is solely authorized to present this property investment offering (the "Offering"). 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").

Prior to submitting an offer to purchase the Property, interested parties should perform and rely upon their own investigations, analyses, estimates and projections and otherwise satisfy any concerns regarding material aspects of the proposed transaction including, but not limited to, legal, municipal, environmental, operational, seismic, financial and physical issues, and all other matters affecting or pertaining to the Property. The Seller will be offering the Property including all appurtenances and tenant improvements, solely on an "As-Is, With-All-Faults" basis, without any representations or warranties. No person is authorized to make any representations or warranties on behalf of the Seller regarding the Property. Any and all information regarding the Property provided to any interested party by the Seller or Newmark Knight Frank, including all information contained in the Offering, is provided without any representation or assurance, express or implied, regarding the accuracy, completeness or current status of applicability of such information. Each interested party is expected to undertake such reviews and investigations and make such inquiries as such party may believe to be necessary, appropriate or advisable for the purpose of forming a decision to make an offer to acquire the Property.

The Owner expressly reserves 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 an 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.

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Such analyses, estimates and projections are therefore subject to material variation, and may not be consistent with the views or assumptions held by other professionals.

PHOTOCOPYING OR OTHER DUPLICATION OF THIS OFFERING IS NOT AUTHORIZED

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