



OFFERING MEMORANDUM

CVS Pharmacy | Long-Term Absolute NNN Bond Lease



462 Elizabeth Avenue
Somerset, New Jersey

High Income New York Suburb





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Executive Summary

Offering Summary

Colliers' Retail Capital Markets Team is pleased to present the opportunity to acquire the freestanding CVS Pharmacy located at the signalized intersection of Elizabeth Avenue & School House Road in Somerset, New Jersey. There are approximately 15 years of term remaining on an NNN Bond lease with zero landlord responsibilities. The tenant is fully responsible for operating expenses, maintenance, repairs, and replacements for the entire building and site, without limitation. Surrounding retailers in the immediate vicinity include Rite Aid, Dollar Tree, Chase Bank, Wells Fargo, UPS, Subway, and Dunkin Donuts. There are currently over 171,115 residents within five miles of the property with an average household income of \$107,718. Seller to provide a full credit for a three-year rent holiday, thusly, buyer will secure the final three years of rent at close of escrow.

Investment Highlights



Long-term 25-year lease with 15 years remaining



Absolute NNN Bond lease with zero landlord responsibilities



Corporate guarantee with CVS Pharmacy



Desirable demographic profile



Eleven years of operating history at this store



Investment grade credit tenant (S&P rated BBB+) and Fortune 500 company



Prominent hard-corner retail location within the submarket



30 miles southwest of New York City



Investment Summary

Sale Price	\$10,070,000
Cap Rate	6.25%
Tenant	CVS Pharmacy
Lease Type	Absolute NNN Bond Lease
Net Operating Income	\$629,317
Lease Term Remaining	15 years
Lease Expiration	7/31/2034
GLA	12,900 SF
Site Area	2.25 acres

































462 Elizabeth Avenue
 Somerset, New Jersey

SCHOOL HOUSE ROAD



NEW BRUNSWICK ROAD





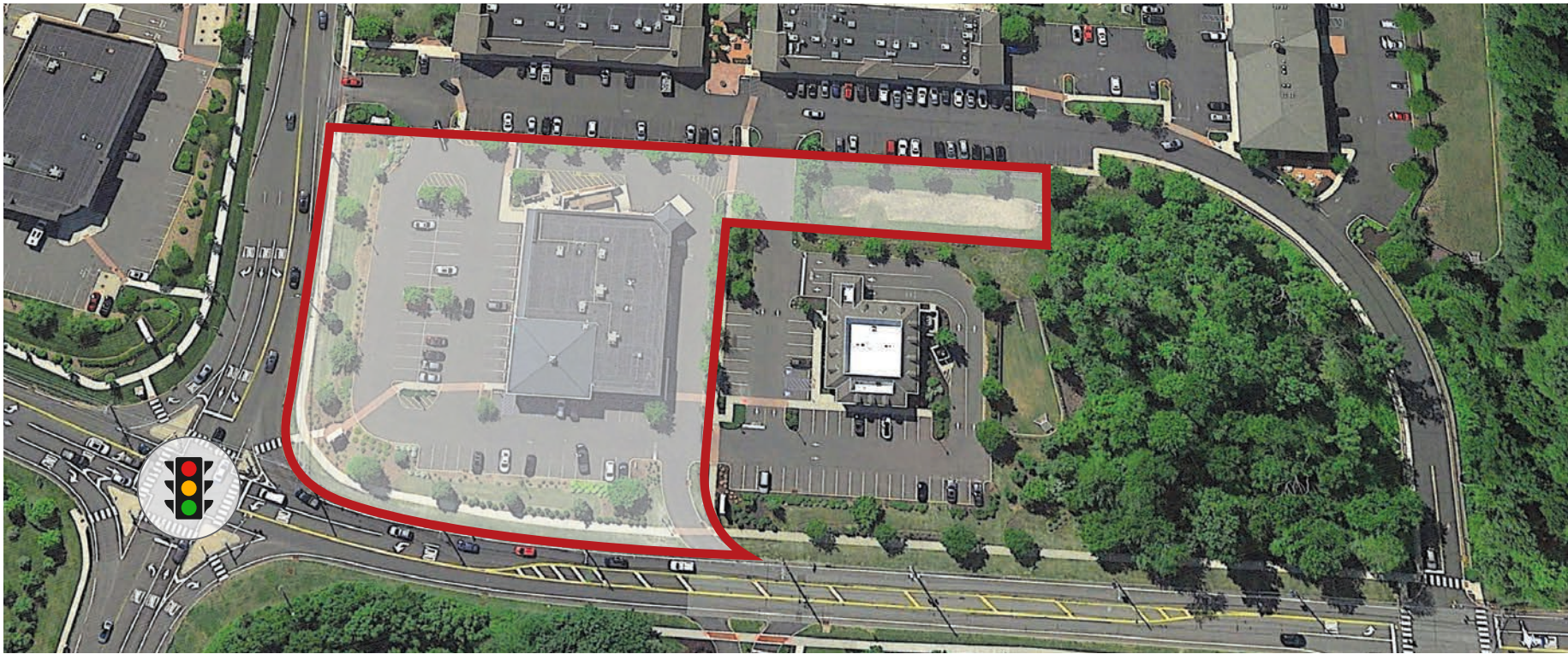


**SOMERSET RUN
 CONDOMINIUM COMPLEX**
 491 SINGLE-FAMILY HOMES
 264 CONDO

Property Description

Physical Description

Property Name	CVS, Somerset	Year Built	Aug-08
Address	462 Elizabeth Ave, Somerset, NJ 08873	Property Type	STNL
Square Footage (GLA)	12,900 SF	Type of Ownership	Fee Simple
Land Area	2.25 Acres	Landlord Responsibilites	None - Absolute NNN lease.
APN(s)	08-00521-02-00005-03, and -05	Parking Count	196 Surface Spaces



Financial Overview



CVS Lease Abstract

Tenant Name	New Jersey CVS Pharmacy, L.L.C.
Guarantor	CVS/Pharmacy Corporate Guarantee
Building Size	12,900
Lease Commencement Date	6/26/2009
Lease Term	25 Years
Remaning Lease Term (Current)	15 Years
Lease Expiration Date	07/31/2034
No. & Term of Options	10 x 5-year Options Remaining
Contractual Rental Rate (Current - July 2034)	\$629,317
Rental Holiday Credit (Security Bond)* Annual Payout Period (8/1/2031 - 7/31/2034)	\$629,317
Option 1	\$566,385
Option 2	\$566,385
Option 3 - 10	Fair Market Rent
Landlord Expenses	None - Absolute NNN Lease

*In lieu of Purchaser incurring a 3-year rent holiday over the final 3 years of the base lease term, Seller will provide a full rent credit at closing via security bonds which pay out \$629,317 annually over the course of the rent holiday. Thusly, Purchaser is guaranteed up-front to collect the full rent amount for the final 3 years of the base term.



Tenant Overview



CVS Health Corporation

www.cvs.com

CVS/Pharmacy is currently the largest pharmacy chain in the United States by number of locations (over 9,600 as of 2016) and total prescription revenue. CVS Health ranks as the 7th largest U.S. corporation by FY2017 revenues in the Fortune 500. The parent company of CVS Pharmacy's leading competitor (Walgreens) ranked 19th for the same time period. As of December 31, 2018, CVS Health has approximately 9,900 retail locations and 1,100 MinuteClinic locations. CVS Health is headquartered in Woonsocket, Rhode Island.



2.5B

Prescriptions managed or filled



+42M

MinuteClinic patient visits

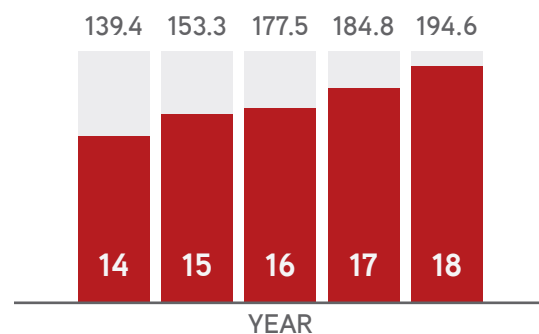


5M

Customers served daily

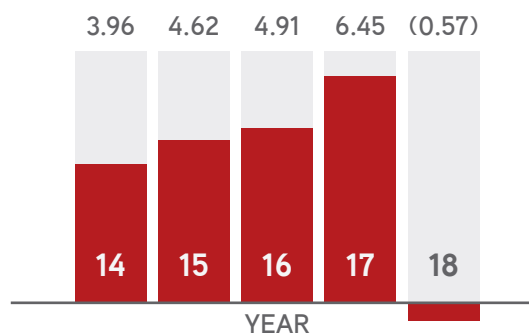
\$194.68

Net Revenues



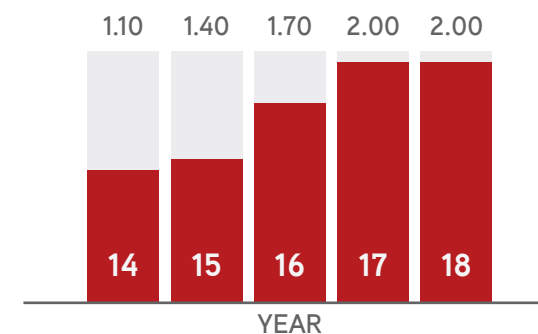
-\$0.57

Diluted EPS



\$2.00 per common share

Annual Cash Dividends





Area Overview

Somerset County Overview

Somerset is an affluent county located in north-central New Jersey approximately 40 miles southwest of Midtown Manhattan and 60 miles north of Philadelphia. Encompassing roughly 305 square miles and 21 municipalities, Somerset County is considered part of the southern portion of the New York/New Jersey metropolitan area. The interstate 78 and 287 are one of the most significant crossroads in the area. Situated within New Jersey's "wealth belt" with several wealthy municipalities, Somerset county includes: Far Hills, Peapack-Gladstone, Bernards Township and Basking Ridge. These communities offer excellent public-school systems and a high quality of life which is attractive to employees and employers.

Located in the heart of the nation's largest metropolitan area, Somerset County contains a balance between urban and suburban neighborhoods and rural country sides. Fine residential communities, beautiful parks, excellent shopping areas, extensive farmlands, numerous historic sites and outstanding business and industry all make Somerset County a desirable place to live, work, and play. Somerset County is known for its ability to attract and retain major corporations who chose locations within the county for headquarters facilities or major operations.

Somerset County is home to several pharmaceutical and health care research and development companies. Some of the world's largest pharmaceutical companies have major facilities in New Jersey and Somerset county is at the heart of New Jersey's pharma-belt. Companies such as Johnson & Johnson, Merck, GlaxoSmithKline, Pfizer/Wyeth, Sanofi-Aventis, and Valeant Pharmaceuticals have major facilities in the area.



335,432

Affluent County of Residents



\$159,600

1-Mile Average Household Income



175K

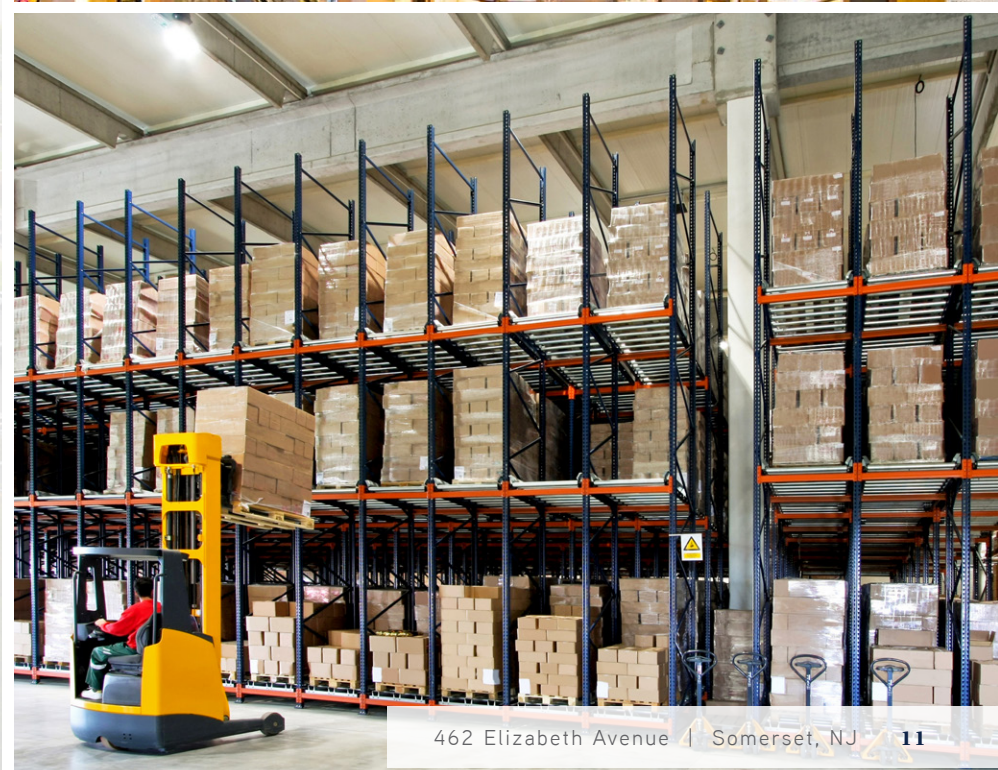
Employed in Somerset County

Amenities

- Bridgewater Commons Mall, a 984,000-square-foot regional Mall
- The Hills Village Center, includes retailers such as Kings and Starbucks
- Several golf courses in Bedminster including; New Jersey National Golf Club, Trump National and Hamilton Farms Golf Club.
- Hospitality and Lodging:
 - Hampton Inn & Suites – 133 room hotel
 - Courtyard Basking Ridge – 235 room hotel
 - Bridgewater Marriot – 344 room hotel

Economy

- Amazon has preleased a 625,000-square-foot warehouse from Bridge Development at 495 Weston Canal Road in Franklin Township. Bridge Development has proposed a three-building industrial park, which once completed will be 1,242,100 square feet. Bridge has two remaining buildings available, each totaling 308,550 square feet.
- The Somerset County industrial submarket currently has 15 proposed buildings totaling over 3,500 square feet, while having three buildings under construction for 1.3 MSF. The largest belonging to Crow Holdings Industrial which one completed will be 975,762 square feet on Veronica Avenue in Franklin Township.
- Madison Marquette has proposed a 300,000-square-foot regional shopping/entertainment development named Montgomery Promenade. The property will be located in Montgomery, and will be comprised of 95,000 square feet of shopping, 40,000 square-feet of entertainment, 30,000 square feet of dining and one acre of green space.
- Edgewood Properties has proposed approximately 150,000 square feet of new retail space in Franklin Township.



Somerset Demographics

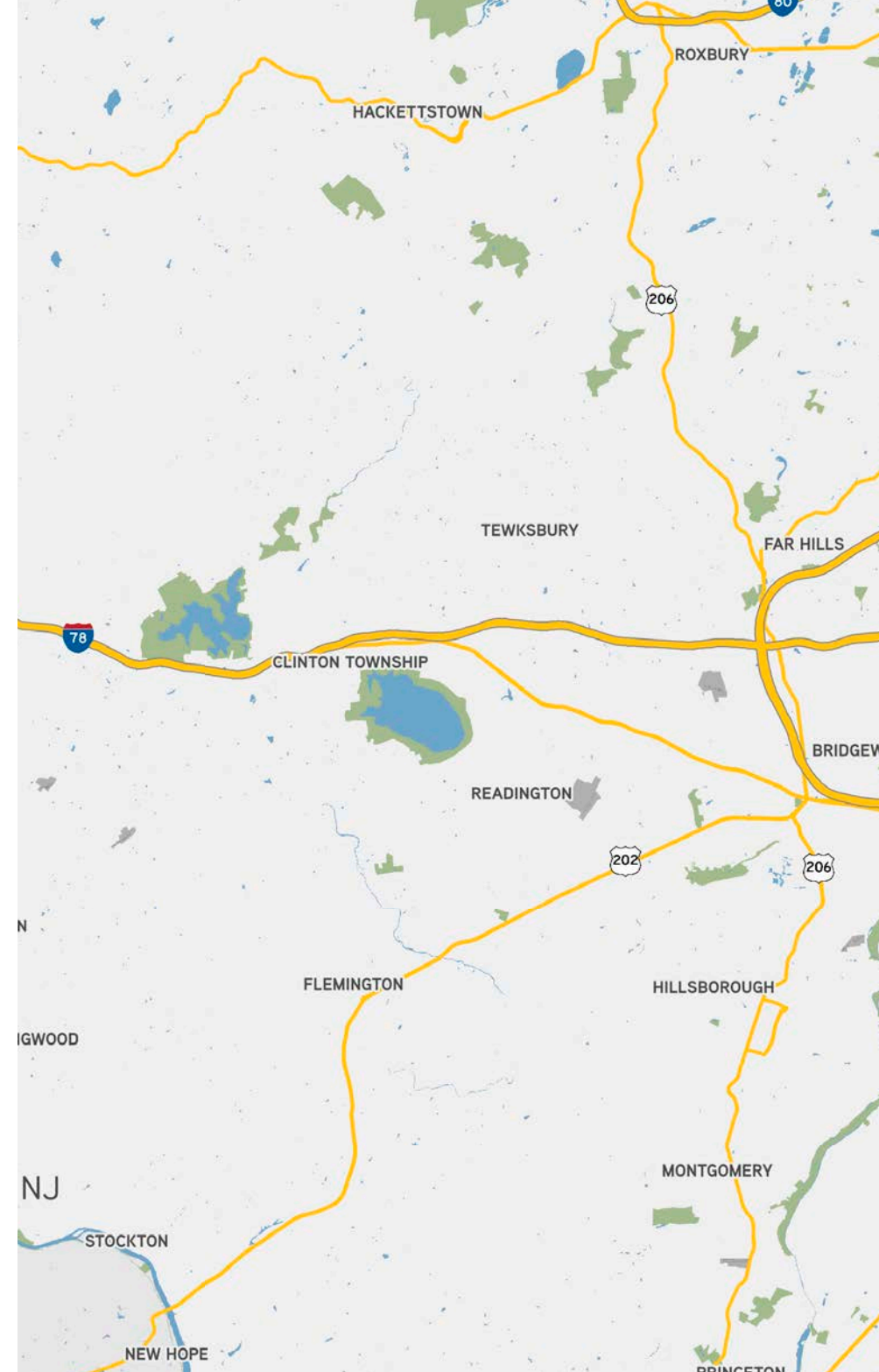
Population	1 Mile	3 Miles	5 Miles
2019 Estimate	3,431	54,665	158,798
2024 Projection	3,715	56,195	162,243
Growth 2019-2024	8.28%	2.80%	2.17%
Growth 2010-2019	27.88%	8.61%	5.42%
Households	1 Mile	3 Miles	5 Miles
2019 Estimate	1,102	14,127	38,415
2024 Projection	1,178	14,552	39,268
Growth 2019-2024	6.90%	3.01%	2.22%
Growth 2010-2019	22.58%	9.69%	5.77%
Household Income	1 Mile	3 Miles	5 Miles
Average Household Income	\$159,600	\$120,976	\$122,283
Median Housing Value	\$441,087	\$343,392	\$346,102



Somerset County

Wealthiest in New Jersey

by per capita income





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