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Not Actual Location

OFFERING MEMORANDUM

CVS PHARMACY

6435 CAROLINA BEACH ROAD | WILMINGTON, NC 28412

CBRE



INVESTMENT OVERVIEW

The CBRE Net Lease Property Group is pleased to exclusively offer a 10,880-square-foot free standing CVS situated on 1.70 acres in Wilmington, North Carolina. The City of Wilmington (MSA Population: 383,902), the county seat of New Hanover County, is nestled between the Cape Fear River and the Atlantic Ocean and was the state's fastest growing city over the last decade. With a continued positive growth forecast, a low cost of living and the exceptional quality of life that the beach community offers, Wilmington has also become a desirable destination for a growing number of residents, companies and industries. Built in 2006, the property is ideally positioned with excellent visibility at the signalized intersection of Halyburton Memorial Parkway and Carolina Beach Road (Traffic Count: 29,000 VPD), the MSA's preeminent north-south artery. The property is also located just 1.5 miles from access to the Atlantic Ocean and approximately 9 miles south of Downtown Wilmington. CVS is also situated within a significant retail corridor with more than 1.5 million square feet of retail within a 3-mile radius. Other major retailers with a presence in the immediate vicinity include: Food Lion, Harris Teeter, Planet Fitness, Walgreens, McDonald's, Exxon, BP, HESS, Papa John's, Papa Murphy's, Firehouse Subs, Edward Jones, State Employees' Credit Union, Tengu and Great Clips. In addition, the property is located directly across from access to a municipal complex which is occupied by Ashley High School, Murray Middle School, Anderson Elementary School, Minnie Evans Arts Center and Veterans Park. The property is also located just 1 mile south of the Beau Rivage Golf Resort and is surrounded by a myriad of local retailers and residential communities.

INVESTMENT SUMMARY

NOI: **\$224,073**

PRICE: **\$3,735,000**

CAP: **6.00%**

INVESTMENT HIGHLIGHTS

- **Concept:** CVS Caremark Corporation (NYSE CVS; S&P: BBB+), boasts annual revenues of over \$126B and operates more than 7,600 stores
- **Corporate Guarantee:** The Tenant under the Lease Revco Discount Drug Centers, Inc. and it is corporately guaranteed by CVS Corporation
- **Long-Term Absolute Lease:** 13.5 years of remaining rental payments (Lease Expiration: 1/31/2031) with ten 5-year renewal options
- **Attractive Price Point:** Compared to other NNN drug stores, subject property offers a small price point at ±\$3.7M
- **Absolute NNN Lease:** No Landlord responsibilities
- **Market:** Wilmington, North Carolina (MSA Population: 383,902), the county seat of New Hanover County, is nestled between the Cape Fear River and the Atlantic Ocean and was the state's fastest growing city over the last decade. With a continued positive growth forecast, a low-cost of living and the exceptional quality of life that the beach community offers, Wilmington has also become a desirable destination for a growing number of residents, companies and industries.
- **Hard Corner Location:** Positioned with excellent visibility on a hard corner at the signalized intersection of Halyburton Memorial Parkway and Carolina Beach Road (Traffic Count: 29,000 VPD), the MSA's preeminent north-south artery
- **Substantial Retail Corridor:** The property is located in the heart of one of the area's preeminent retail nodes highlighted by the presence shopping centers anchored by Harris Teeter and Food Lion – 1.5 MSF of retail within a 3-mile radius

DEMOGRAPHICS

| | 1-MILE | 3-MILE | 5-MILE |
|--------------------------|-----------------------------------|----------|----------|
| Population | 7,214 | 23,381 | 50,793 |
| Average Household Income | \$73,579 | \$72,459 | \$69,516 |
| Traffic Count | 29,000 VPD on Carolina Beach Road | | |



PROPERTY OVERVIEW

| | |
|-------------------|--|
| ADDRESS: | 6435 Carolina Beach Road Wilmington, NC 28412 |
| TENANT: | Revco Discount Drug Centers, Inc. |
| GUARANTEE: | CVS Corporation |
| BUILDING SIZE: | 10,880 SF |
| PARCEL SIZE: | 1.70 Acres |
| YEAR BUILT: | 2006 |
| PARKING: | 55 Spaces |
| DRIVE-THRU LANES: | 2 Drive-Thru Lanes |

LEASE SUMMARY

| | |
|-------------------------|--|
| LEASE COMMENCEMENT: | February 1, 2006 |
| LEASE EXPIRATION: | January 31, 2031 |
| LEASE TERM: | 25 Years |
| TERM REMAINING: | 16.5 Years |
| RENT REMAINING: | 13.5 Years* *Excluding the 3-year rent holiday at the end of the primary lease term |
| LEASE TYPE: | Absolute NNN |
| BASE RENT: | \$224,073 |
| INITIAL TERM INCREASES: | Flat during initial term |
| OPTIONS: | Ten 5-Year Options |
| OPTION INCREASES: | First 2 Option Periods: \$201,665 Option 3-10: Fair Market Value |

| | |
|------------------------|--|
| NET LEASE: | This is an absolute net lease and Fixed Rent, Additional Rent and all other sums payable hereunder by Tenant shall be paid without notice or demand, and without setoff, counterclaim, recoupment, abatement, suspension, reduction or defense. |
| TAXES: | Tenant shall pay and discharge, before any interest or penalties are due thereon, all taxes, charges, assessments, levies and other items, even if unforeseen or extraordinary. |
| INSURANCE: | Tenant, in its name and at its own expense, shall procure and continue in force during the term or any extensions of this Lease (i) commercial general liability insurance against damages occurring in the Leased Premises in an amount not less than \$5,000,000 general aggregate limit for bodily injury and property damage, and (ii) all-risk insurance for the Building for 100% of its replacement value. |
| REPAIRS & MAINTENANCE: | Tenant shall keep maintain and repair, at its sole cost and expense, the Premises, including, without limitation, the roof, walls, footings, foundations, HVAC, mechanical and electrical equipment and systems of the Premises, parking areas, sidewalks, roadways and landscaping in good repair and appearance, and shall make all repairs and replacements of every kind and nature, whether foreseen or unforeseen, which may be required to be made in order to keep and maintain the Premises in as good repair and appearance as they were when originally constructed, except for ordinary wear and tear. |



TENANT OVERVIEW

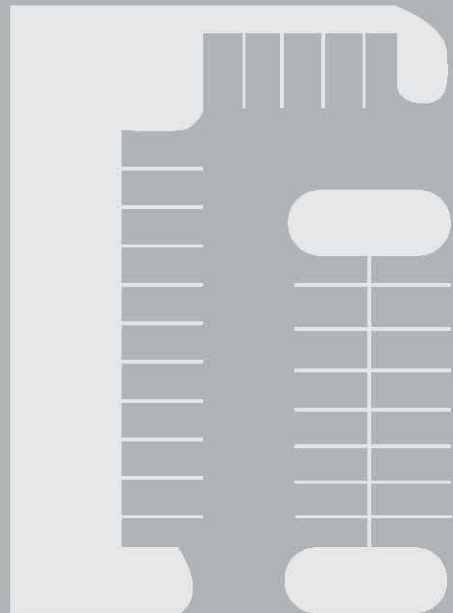
CVS/pharmacy®

With access to more than 65,000 pharmacies nationwide CVS Caremark Corporation (NYSE: CVS; S&P: BBB+) is not just a drug store, but rather the largest pharmacy health care provider in the United States with integrated offerings across the entire spectrum of pharmacy care. CVS is a market leader in mail order pharmacy, retail pharmacy, specialty pharmacy, and retail medical clinics, company is a leading provider of Medicare Part D Prescription Drug Plans and one of the country's largest pharmacy benefits managers (PBMs). As of December 31, 2013, CVS employed approximately 200,000 people in 45 states, the District of Columbia, and Puerto Rico and operated more than 7,660 retail stores, 800 MinuteClinic retail health care clinics, 792 CVS/pharmacy stores, 25 retail specialty pharmacy stores, 11 specialty mail order pharmacies, and 4 mail order pharmacies, as well as the online retail pharmacy Websites, CVS.com and Onofre.com.br. Under the CVS Caremark umbrella are two operating units: CVS/pharmacy, the domestic pharmacy chain and Caremark Pharmacy Services, which operates the domestic pharmaceutical services division of the company. The company was ranked 13th in the Fortune 500 for 2013 and produced more than \$126 billion in revenue in 2013.





CAROLINA BEACH ROAD



Drive thru





Bellamy Elem. School

Beau Rivage
Golf Resort

State Hwy 1100

Ashley High School

Anderson Elem. School

Minnie Evans
Art Center

Veterans Park

Murray Middle School

New Hanover
County Schools

dp
HESS

Harris
Teeter
FIREHOUSE
SUBS
Great Clips
Papa Murphy's
Edward Jones
INVESTMENTS
Tengu

State Employees' Credit Union

Sanders Rd

CVS

421

McDonald's
FOOD LION

EXXON
PAPA JOHN'S
Maxi
Storage

421

Martin Self Storage

North State Storage

State Hwy 1524

County Place Rd

LT Congleton Rd

State Hwy 1492

State Hwy 1564

State Hwy 1695

Intracoastal Waterway

Carolina Beach

Atlantic Ocean

AREA OVERVIEW

WILMINGTON, NORTH CAROLINA

Wilmington, North Carolina, the county seat of Hanover County, is nestled between the Cape Fear River and the Atlantic Ocean. The Wilmington MSA has a current population of 383,902 and was the state's fastest growing city over the last Decade. With a continued positive growth forecast, a low cost of living and the exception quality of life this beach community has to offer, Wilmington has become a desirable destination for a growing number of residents, companies and industries. Large corporations with a substantial presence in the city include GE Hitachi Nuclear Energy, Verizon Wireless, PPD and Corning, Inc..

Wilmington's economy is also bolstered by a significant industrial base highlighted by the electrical, medical, electronic and telecommunications equipment, clothing and apparel, food processing, paper products, nuclear fuel and pharmaceuticals industries. Industrial users are attracted to the city because of its substantial seaport, which features a number of private terminals and the North Carolina State Port Authority's Port of Wilmington.

Tourism is also vital to the city's economy as it is home to three separate beach communities, a historic downtown Riverwalk and vibrant shopping and nightlife. EUE Screen Gems Studios, the largest domestic television and movie production facility outside of California, is also headquartered in Wilmington. The company's facilities include the third largest soundstage in the US and the largest special effects water tank in North America. Since the studio's opening in 1984, Wilmington has become a major center for American film and television production. Wilmington's economic viability was verified when *Forbes* recently rated the city as on of the country's 15 best cities for business and careers.

Wilmington is also home to the University of North Carolina at Wilmington (UNCW) which has an enrollment of over 13,000 students. UNCW offers 52 undergraduate majors and is consistently ranked among the top public, master's-focused universities in the South. Cape Fear Community College, which is the fifth largest community college in the state with more than 27,000 students, is also located in the city. These institutions of higher learning combine to provide the MSA's businesses with a large, highly educated workforce.



Affiliated Business Disclosure, Confidentiality Agreement & Disclaimer

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CONFIDENTIALITY AGREEMENT

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.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real

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Neither the Owner or CBRE, Inc. nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserved 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 any 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. By receipt of this Memorandum, you agree that this

Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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