

OFFERING MEMORANDUM.

**CVS Pharmacy**  
Fremont, CA (Bay Area)



The **Maffia**Team



**\$5,702,000**  
5.70% CAP Rate

- ◆ Infill Location with High Barriers to Entry
- ◆ Drive-Thru Component
- ◆ Established Drugstore Location Since 1999 (Former Longs Drugs)
- ◆ Anchor to Mission Ranch Center
- ◆ Rental Increases in Option Periods

**Newmark Knight Frank**  
**Cornish & Carey Commercial**  
Leased Investment Group

[www.maffiateam.com](http://www.maffiateam.com)



## Confidentiality & Disclosure

Cornish & Carey Commercial Newmark Knight Frank (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

**Vincent Aicale**  
Vice President  
415.373.4057  
vaicale@ccareynkf.com  
Lic #01728696

**Michael Maffia**  
Managing Director  
415.445.5144  
mmaffia@ccareynkf.com  
Lic #01340853



# Table of Contents

- ◆ Property Overview ..... 1
- ◆ About the Tenant..... 2
- ◆ About the Area..... 3
- ◆ Site Plan ..... 4
- ◆ Ground Photos..... 5
- ◆ Aerials..... 6-8
- ◆ Location Maps ..... 9-11
- ◆ Demographics ..... 12-13



## Property Overview

Location	The property is located at 2000 Driscoll Road in Fremont, California, within the Mission Ranch Center at the northeast corner of Paseo Padre Parkway and Driscoll Road.		
Lot Size	Approximately 0.37 acres, or 16,224 square feet.		
Improvements	Construction was completed in 2000 of an approximately 16,224 square foot drugstore for <b>Longs Drugs</b> . It was rebranded to <b>CVS Pharmacy</b> in 2009. There is a prescription drive-thru component. <i>The subject property is a condominium interest.</i>		
Lease	Originally leased to <b>Longs Drug Stores California, Inc.</b> , a subsidiary of <b>CVS Caremark Corporation</b> that has been converted into <b>Longs Drug Stores California, L.L.C.</b> , for approximately 15.5 years from August 9, 2000, to February 29, 2016, at a current annual rent of \$325,000. There are three five-year options to renew followed by one four-year option to renew at rents as outlined below. Additionally, the tenant is potentially liable for percentage rent, see “Percentage Rent.” The lease is net, with the tenant responsible for taxes, insurance, and maintenance, except for roof and structure, which remain the landlord’s responsibility.		
Rent Schedule	<u>Term</u>	<u>Annual Rent</u>	<u>Return</u>
	Current	\$325,000	5.70%
	03/16 - 02/21 (Option 1)	\$337,081	5.91%
	03/21 - 02/26 (Option 2)	\$360,677	6.33%
	03/26 - 02/31 (Option 3)	\$385,924	6.77%
	03/31 - 02/35 (Option 4)	\$412,939	7.24%
Price	<b>\$5,702,000 (5.70% Return)</b>		
Financing	The property will be delivered free and clear of permanent financing.		
Note	The above net income is an estimate and does not provide for all potential costs and expenses (i.e., maintenance, repair, etc.) that may be required of the owner. Any reserves set forth herein are merely estimates and not based on any experience, physical inspection, or prior knowledge. All prospective purchasers are strongly advised to make an independent investigation to determine their estimate of costs and expenses prior to entering into an agreement to purchase.		



## Property Information

**Percentage Rent** If an amount equal to the combined total of two percent (2%) of gross sales from the sale of general merchandise and one-half of one percent (0.5%) of gross sales from prescription items during any lease year is greater than the current annual rent, the tenant agrees to pay this difference as additional rent.



## About the Tenant



**CVS Caremark Corporation** (NYSE: “CVS”), operates as a pharmacy services company in the United States.

The company’s Pharmacy Services segment provides a range of pharmacy benefit management services, including mail order pharmacy services, specialty pharmacy services, plan design and administration, formulary management, and claims processing; and drug benefits to eligible beneficiaries under the Federal Government’s Medicare Part D program. This segment primarily serves employers, insurance companies, unions, government employee groups, managed care organizations and other sponsors of health benefit plans, and individuals. As of December 31, 2010, it operated 44 retail specialty pharmacy stores, 18 specialty mail order pharmacies, and 4 mail service pharmacies located in 25 states, Puerto Rico, and the District of Columbia. This segment operates business under the CVS Caremark Pharmacy Services, Caremark, CVS Caremark, CarePlus CVS/pharmacy, CarePlus, RxAmerica, Accordant, and TheraCom names.

The company’s Retail Pharmacy segment sells prescription drugs, over-the-counter drugs, beauty products and cosmetics, seasonal merchandise, greeting cards, and convenience foods through its pharmacy retail stores and online, as well as offers film and photo finishing, and health care services. As of December 31, 2010, this segment operated 7,182 retail drugstores located in 41 states, Puerto Rico, and the District of Columbia; and 560 retail health care clinics in 26 states and the District of Columbia under the MinuteClinic name. It has a strategic alliance with Alere, L.L.C. for the management of disease management program offerings that cover chronic diseases, such as asthma, diabetes, congestive heart failure, and coronary artery disease.

For the fiscal year ended December 31, 2010, CVS Caremark Corporation reported revenue of \$96.413 billion with net income of \$3.424 billion and total stockholder equity of \$37.700 billion. CVS Caremark Corporation has an investment-grade rating of “BBB+” from Standard & Poor’s.

In 2008, **Longs Drug Stores Corporation** merged with CVS Caremark Corporation. As a result of the merger, CVS acquired a 100% interest in all Longs stores. In addition, **Longs Drug Stores California, Inc.**, which was the original tenant under the lease and a subsidiary of Longs Drug Stores Corporation, became a subsidiary of CVS Caremark Corporation and was converted into **Longs Drug Stores California, L.L.C.**



## About the Area

### Site Overview

The property is located in the infill, primarily residential Mission San Jose neighborhood of Fremont. As the neighborhood was built out years ago, there are very high barriers to entry. There is also minimal competition for CVS Pharmacy, with the closest competing drugstore being located 2.3 miles away. CVS Pharmacy is the anchor tenant of the Mission Ranch Center, which is further tenanted by US Bank, Subway, Chevron, and several local retailers. The traffic count on Driscoll Road south of Paseo Padre Parkway is 12,861 vehicles per day and 12,020 vehicles per day on Paseo Padre Parkway east of Driscoll Road, for a combined traffic count of 24,881 vehicles per day at the intersection.

### General Overview

Located in the southeastern portion of the Bay Area, Fremont has a population of 215,000, making Fremont the fourth-largest city in the Bay Area and the fifth-largest in the state. The city has an average household income of \$123,000 with an estimated annual household spending potential of \$2.7 billion. Fremont is served by Interstate 880 (the Nimitz Freeway) and Interstate 680 (the Sinclair Freeway). Although the two interstates do not intersect, they are connected in the Warm Springs district via a very busy one-mile segment of Mission Boulevard (State Route 262). In addition, Fremont is served by State Route 84 and the segment of Mission Boulevard which is State Route 238. The city is the eastern terminus of the Dumbarton Bridge. The City Council continues to focus on the development of transportation infrastructure improvements. This is evident by major upgrades being made to I-880, which aim at reducing congestion, increasing safety, and facilitating the extension of BART to the Warm Springs district. This BART extension is currently under construction, and plans are being made to extend BART all the way to San Jose and potentially the Irvington District as well. Caltrain is planning a Dumbarton railway that would run between the Peninsula and Alameda County. This project would add four stations to the Caltrain system: Union City, Fremont-Centreville, Newark, and Menlo Park/East Palo Alto. Dumbarton Rail is currently undergoing environmental and engineering review.

Fremont is part of the Silicon Valley. As such, it is home to a broad variety of innovative firms including over 1,200 high tech, life science, and clean technology firms. Companies headquartered in Fremont include Ikanos Communications, Lam Research, Fremont Bank, Oplink Communications, Silicon Graphics International, SYNEX, S3 Graphics, and Volterra Semiconductor. Employers with 1,000 or more employees include Fremont Unified School District (3,000 employees), Washington Hospital (1,800), Boston Scientific (1,800), Western Digital (1,800), and Seagate Magnetics (1,050).



Site Plan

HARRINGTON STREET

DRISCOLL ROAD

PASEO PADRE PARKWAY

Retail  
Condominiums

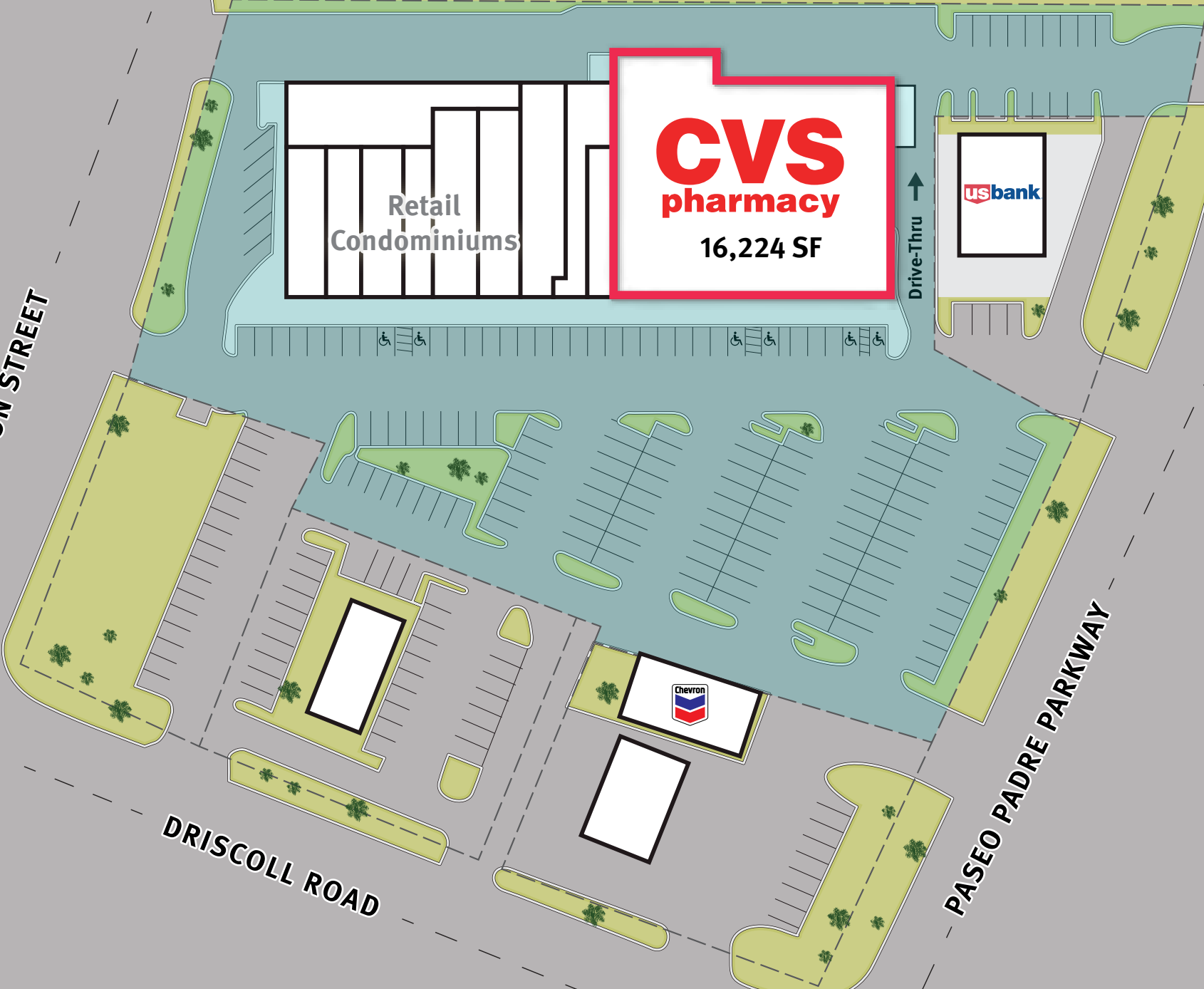
**CVS**  
pharmacy

16,224 SF

usbank

Drive-Thru

Chevron





# Ground Photos





Aerial | Close-Up View

**CVS**  
pharmacy

**usbank**

**Chevron**

**DRISCOLL ROAD**

**PASEO PADRE PARKWAY**

Century Village Apartments



WASHINGTON BOULEVARD

PASEO PADRE PARKWAY



Mission Valley Elementary



Chadbourne Elementary

Mission San Jose High School

DRISCOLL ROAD

William Hopkins Junior High



Aerial | South View



WASHINGTON BOULEVARD

Mission Valley Elementary



Century Village Apartments

Irvington Plaza

SAFeway  
SUBWAY  
CHASE  
BURGER KING

Chadbourne Elementary

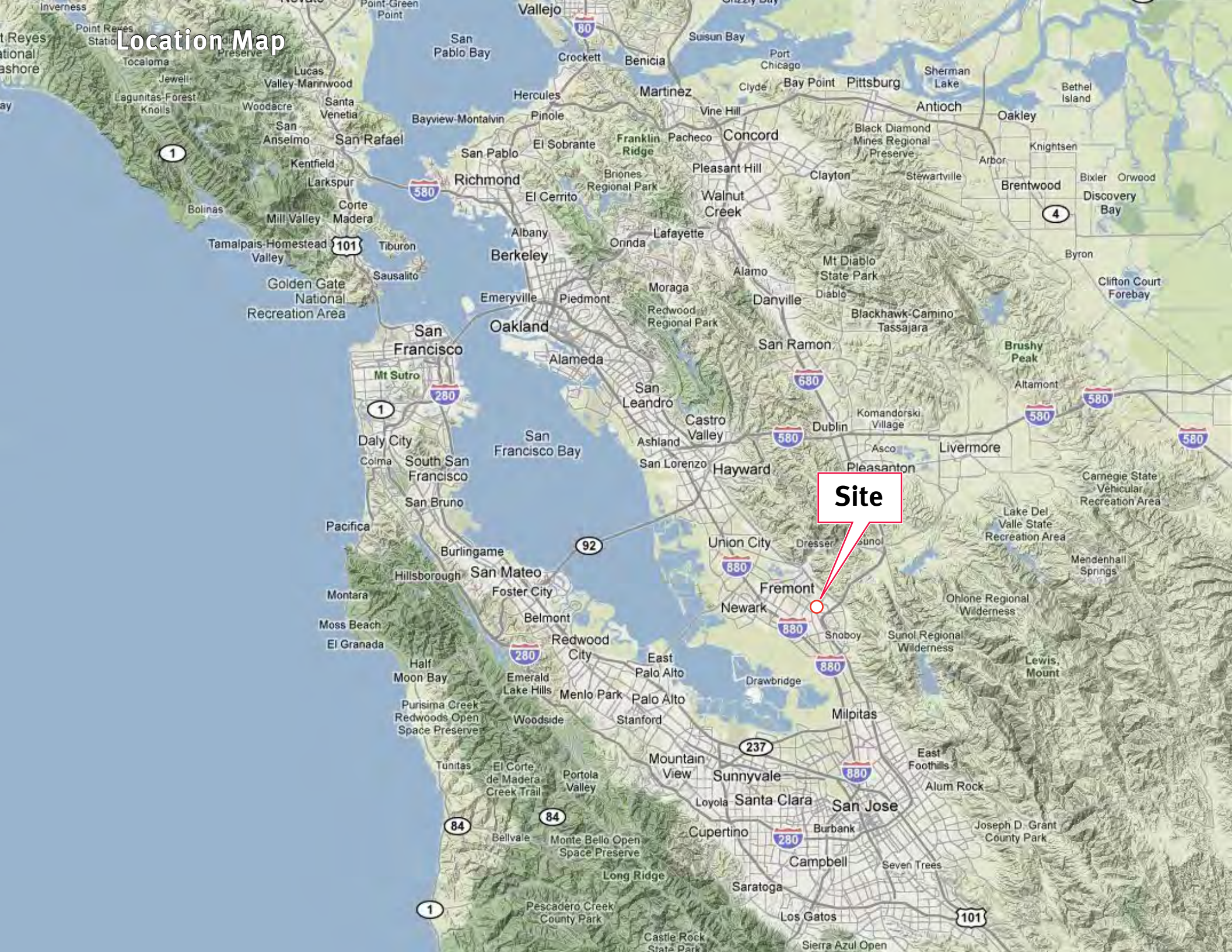
DRISCOLL ROAD

PASEO PADRE PARKWAY

William Hopkins Junior High



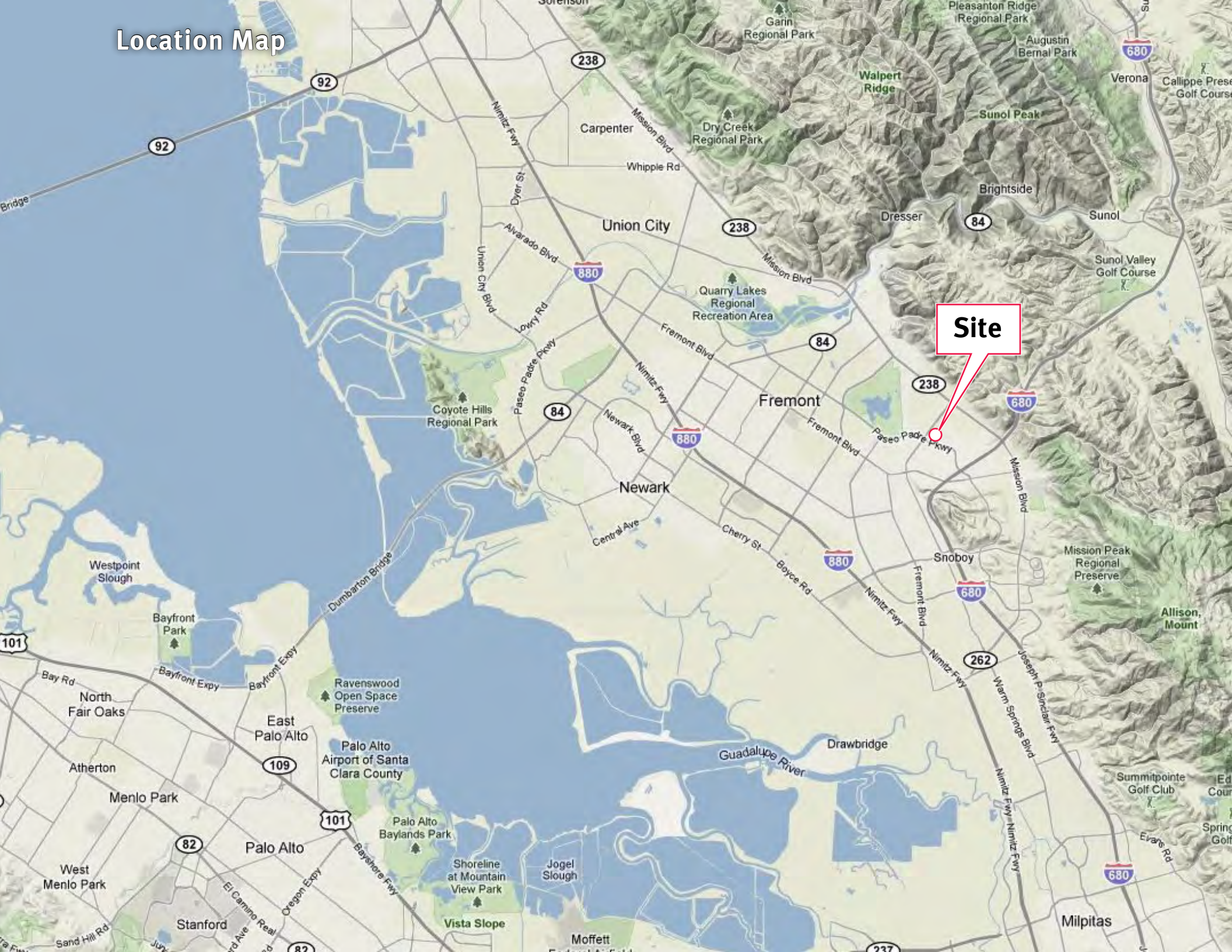
# Location Map



**Site**



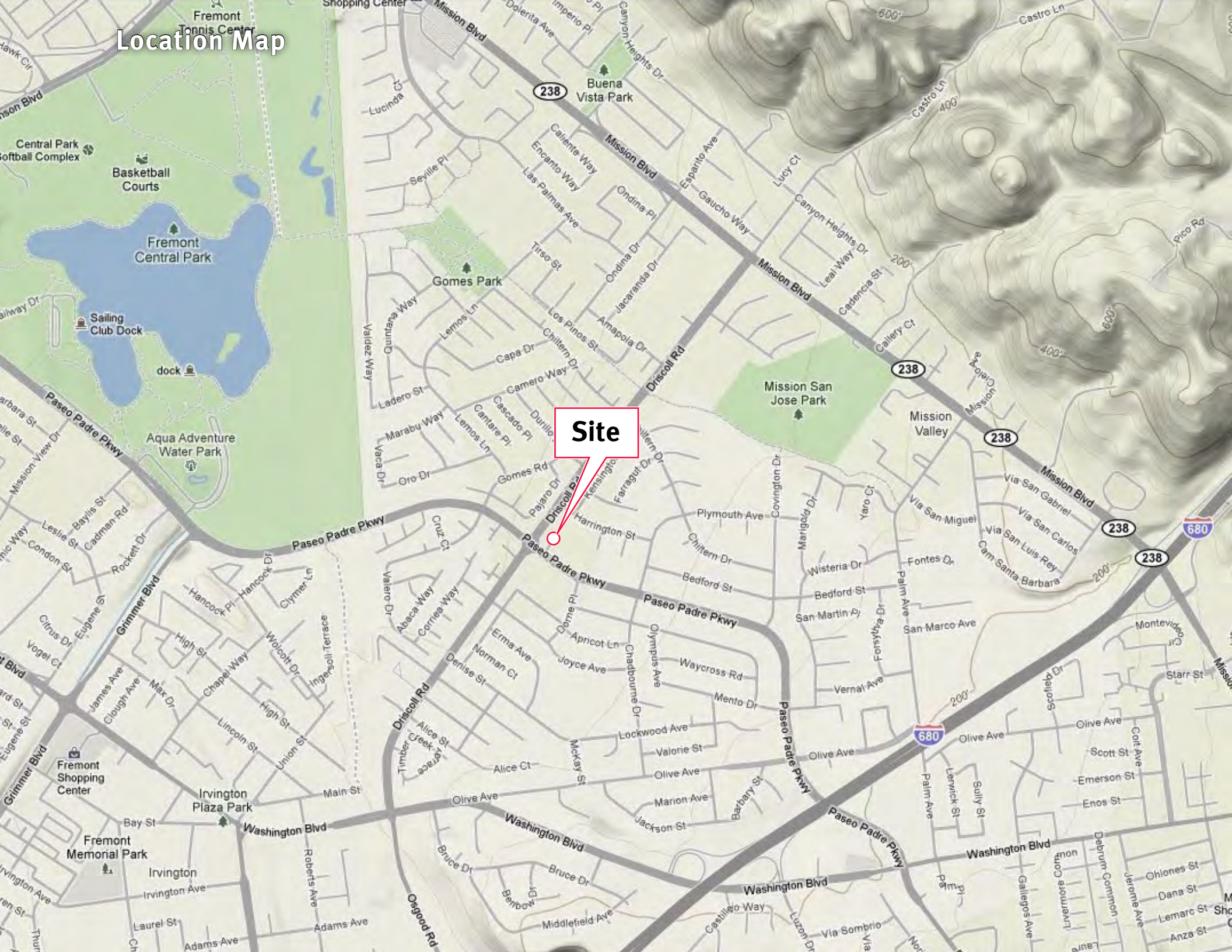
# Location Map



**Site**



# Location Map



**Site**







## Demographics

2000 Driscoll Road Fremont, CA 94539	1.0 Mile <i>3.14 sq/mi</i>	3.0 Mile <i>28.27 sq/mi</i>	5.0 Mile <i>78.54 sq/mi</i>
<b>POPULATION</b>			
1990 Total Population	15,072	94,716	167,446
2000 Total Population	16,708	113,734	196,813
2009 Total Population	16,994	116,059	202,678
2014 Total Population	17,687	121,678	213,023
% Population Change 1990-2000	10.85%	20.08%	17.54%
% Population Change 2000-2009	1.71%	2.04%	2.98%
% Population Change 2009-2014	4.08%	4.84%	5.10%
<b>HOUSEHOLDS</b>			
1990 Total Households	5,308	33,253	58,303
2000 Total Households	5,521	38,574	66,073
2009 Total Households	5,915	41,402	71,579
2014 Total Households	6,268	44,274	76,666
% Households Change 1990-2000	4.01%	16.00%	13.33%
% Households Change 2000-2009	7.14%	7.33%	8.33%
% Households Change 2009-2014	5.97%	6.94%	7.11%
<b>2009 RACE</b>			
2009 White Population	7,674	51,669	91,855
2009 Black Population	355	2,977	5,927
2009 American Indian/Alaska Native	96	681	1,273
2009 Asian/Hawaiian/Pacific Islander	7,612	48,071	79,434
2009 Other Population (Incl 2+ Races)	1,256	12,661	24,189
2009 Hispanic Population	1,969	19,332	37,336
2009 Non-Hispanic Population	15,025	96,727	165,342



## Demographics

2000 Driscoll Road Fremont, CA 94539	1.0 Mile <i>3.14 sq/mi</i>	3.0 Mile <i>28.27 sq/mi</i>	5.0 Mile <i>78.54 sq/mi</i>
<b>INCOME</b>			
2009 Per Capita Income	\$36,136	\$38,221	\$37,804
2009 Median Household Income	\$82,484	\$82,896	\$82,049
2009 Average Household Income	\$103,821	\$107,142	\$107,042
2009 Household Income < \$10,000	96	913	1,447
2009 Household Income \$10,000-\$14,999	104	982	1,581
2009 Household Income \$15,000-\$19,999	87	767	1,243
2009 Household Income \$20,000-\$24,999	156	839	1,354
2009 Household Income \$25,000-\$29,999	79	651	1,209
2009 Household Income \$30,000-\$34,999	155	867	1,612
2009 Household Income \$35,000-\$39,999	238	910	1,585
2009 Household Income \$40,000-\$44,999	206	1,071	1,945
2009 Household Income \$45,000-\$49,999	131	904	1,818
2009 Household Income \$50,000-\$59,999	269	2,211	4,301
2009 Household Income \$60,000-\$74,999	924	6,626	11,594
2009 Household Income \$75,000-\$99,999	1,710	12,537	21,634
2009 Household Income \$100,000-\$124,999	937	5,429	9,058
2009 Household Income \$125,000-\$149,999	484	2,938	5,074
2009 Household Income \$150,000-\$199,999	207	2,225	3,521
2009 Household Income \$200,000-\$249,999	34	594	985
2009 Household Income \$250,000-\$499,999	96	915	1,582
2009 Household Income \$500,000+	1	23	36
2009 Average Household Size	2.9	2.8	2.8
2009 Total Owner Occupied Housing Units	4,269	25,591	46,708
2009 Total Renter Occupied Housing Units	1,643	15,823	24,882
2009 Total Daytime Population	16,108	126,941	211,933
2009 Total Daytime Work Population	7,096	69,265	116,256
2009 Total Establishments	852	6,707	11,112