

**THOMASCOMPANY**  
NET LEASE CAPITAL MARKETS



BAY CITY, MI

**SINGLE TENANT  
NET LEASED PORTFOLIO\***

\*ALSO AVAILABLE INDIVIDUALLY



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NET LEASE CAPITAL MARKETS

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CVS Health



# Executive Summary

## THE OFFERING

Thomas Company is pleased to offer for sale a portfolio of unlevered CVS stores located in Illinois, Louisiana, Michigan, and Missouri. The properties are offered free and clear of debt. Each of the stores has a 25-year triple-net lease in place with no landlord responsibilities and no rent holidays. These assets may be sold individually or as a portfolio.

## INVESTMENT HIGHLIGHTS

### Secure Cash Flow

CVS Health Corporation (S&P: BBB+, NYSE: CVS) together with its subsidiaries is one of the largest pharmacy health providers in the United States operating more than 9,700 retail drugstores in the United States, Puerto Rico and Brazil. CVS has the strongest credit profile amongst the three largest drug stores (S&P Ratings for Walgreens and Rite Aid are BBB and B respectively).

### Long-Term Leases

Each store has a 25-year lease in place that recently commenced, providing the Landlord with consistent management-free cash flow during that time. There is no rent holiday in any of the leases.

### Recently Constructed

Each of the stores was recently constructed, ranging from June 2011 to August 2015. New 25-year leases were executed for each location in October of 2015.

### Passive Ownership

The Tenant has executed triple-net (NNN) leases with no Landlord responsibilities. The Tenant is responsible for all maintenance and repair, including the roof and structure.



Taylorville, IL

# Executive Summary

## THE PORTFOLIO

### PRICE

\$17,794,895

Assets are available individually or as a portfolio

### NOI

\$934,232

### OWNERSHIP

Fee Simple

### PROPERTY TYPE

Retail

### YEAR BUILT

2011-2015

## THE LEASES

### TENANT

Various CVS Corporate Subsidiaries

### GUARANTOR

CVS Health Corporation

S&P: BBB+

## THE LEASES (CONT.)

### LEASE TERM REMAINING

+/-24 Years

### LEASE COMMENCEMENT

10/16/15

### LEASE EXPIRATION

1/31/41

### LEASE STRUCTURE

Triple-Net (NNN)

### LANDLORD RESPONSIBILITIES

The Tenant is responsible for all repair and maintenance of the property, including the roof and structure.

### RENT HOLIDAY

None. There is no rent holiday.

### OPTIONS TO EXTEND

10 5-Year Options to Extend.

### OPTION RENT

The rent for the first two five-year option periods remains fixed at 100% of the primary term rent. The rent for each of the remaining eight five-year option periods is equal to 100% of Fair Market Rent as determined by an appraiser.

# Portfolio Overview

## PROPERTY LIST (Assets are available individually or as a portfolio)

Store Number	Address	City	State	Date Opened	Lease Commencement	Lease Expiration	Size	Annual Rent	Price	Cap Rate	Status
4501	1204 Elton Road	Jennings	LA	8/9/15	10/16/15	1/31/41	13,348	\$237,506	\$4,523,924	5.25%	Available
10152	1501 E. Ohio Street	Clinton	MO	4/13/13	10/16/15	1/31/41	13,275	\$234,789	\$4,472,171	5.25%	Available
6829	401 North Webster St.	Taylorville	IL	3/17/13	10/16/15	1/31/41	13,255	\$236,159	\$4,498,267	5.25%	Available
10626	101 North Euclid Ave.	Bay City	MI	7/11/15	10/16/15	1/31/41	12,051	\$225,778	\$4,300,533	5.25%	Available
<b>Total</b>							51,929	\$934,232	\$17,794,895		

# Portfolio Overview

## PROPERTY LOCATIONS

1. 1204 Elton Rd  
Jennings LA

2. 1501 E. Ohio St  
Clinton, MO

3. 401 North Webster St  
Taylorville, IL

4. 101 North Euclid Ave  
Bay City, MI



# Portfolio Overview

## PORTFOLIO DEMOGRAPHICS

Location	2017 Total Population (Estimate)					2017 Average Household Income (Estimate)					Percentage of Population 55+ (Estimate)					Population Growth 2000-2017 (Estimate)					Population Growth 2017-2022 (Estimate)					Notes
	1 Mi	3 Mi	5 Mi	7 Mi	10 Mi	1 Mi	3 Mi	5 Mi	7 Mi	10 Mi	1 Mi	3 Mi	5 Mi	7 Mi	10 Mi	1 Mi	3 Mi	5 Mi	7 Mi	10 Mi	1 Mi	3 Mi	5 Mi	7 Mi	10 Mi	
Taylorville, IL	8,816	11,699	15,318	17,264	22,068	\$51,915	\$55,212	\$59,242	\$59,230	\$60,864	34%	34%	34%	34%	33%	-8%	-6%	-4%	-3%	-3%	-1%	-1%	-1%	-1%	-1%	<ul style="list-style-type: none"> <li>• Hard signalized intersection</li> <li>• Half a mile to Taylorville Memorial Hospital</li> <li>• Nearby retailers: McDonald's, Circle K, Domino's Pizza, KFC, Family Dollar, Taco Bell</li> </ul>
Jennings, LA	5,360	11,430	13,959	17,533	26,385	\$55,002	\$52,346	\$54,393	\$56,340	\$56,289	33%	32%	31%	30%	30%	-1%	-3%	-1%	3%	5%	0%	0%	0%	0%	1%	<ul style="list-style-type: none"> <li>• Hard signalized intersection</li> <li>• .7 mi to Jennings American Legion Hospital</li> <li>• 1 mi to Interstate 10</li> </ul>
Bay City, MI	9,635	50,630	71,143	81,479	102,227	\$53,686	\$54,243	\$57,679	\$59,152	\$60,345	32%	32%	34%	34%	33%	-4%	-4%	-5%	-3%	-2%	-1%	0%	0%	0%	0%	<ul style="list-style-type: none"> <li>• Hard signalized intersection</li> <li>• Half a mile to Bay Special Care Hospital</li> <li>• Nearby retailers: McDonald's, Taco Bell, Wendy's, Little Caesars Pizza, Kroger</li> </ul>
Clinton, MO	2,595	9,478	10,594	11,250	13,991	\$68,222	\$57,151	\$58,567	\$59,024	\$59,232	42%	36%	37%	37%	38%	7%	-2%	-1%	0%	1%	0%	1%	0%	0%	0%	<ul style="list-style-type: none"> <li>• Hard signalized intersection</li> <li>• Nearby retailers: McDonald's, Wendy's, Subway, Taco Bell, Golden Corral, Ace Hardware</li> <li>• Adjacent to Westbridge Inn and Suites</li> </ul>



# Tenant Overview



## BUSINESS OVERVIEW

CVS Health Corporation (formerly CVS Caremark Corp.) together with its subsidiaries is one of the largest pharmacy health care providers in the United States; with integrated offerings across the entire spectrum of pharmacy care. CVS is unique among the big three retail drugstore chains (Walgreen's, Rite Aid, CVS), in that it operates its own pharmacy benefit management ("PBM"), and is thus, an integrated pharmacy health care provider. CVS's offerings include pharmacy benefit management services; mail order, retail and specialty pharmacy; disease management programs; and retail clinics. CVS operates drugstores throughout the U.S., the District of Columbia, and Puerto Rico.

The company has launched assertive growth plans in recent quarters. In June 2015, it announced the \$1.9 billion purchase of Target's pharmacy business, a deal which brings the total store count to 9,500 and adds sites in west coast metro areas CVS hadn't previously serviced—including Portland, Seattle, Denver, and Salt Lake City.

In August 2015 the company completed a \$12.9 billion acquisition of pharmacy services firm Omnicare, which helps manage specialty pharmaceutical distribution to long-term care facilities, among other medical environments. Currently, 77% of Omnicare's customers live within 3 miles of a CVS Pharmacy.

As of June 2017, CVS operated 9,700 retail locations in the U.S. and Brazil. Its stores sell prescription drugs, as well as other products such as nonprescription medications, health and beauty aids, and cosmetics. The company also operates the nation's largest medical care clinic, with 1,100 MinuteClinic® health care clinics throughout the country. MinuteClinics are staffed by nurse practitioners and physician assistants, who utilize nationally recognized protocols to diagnose and treat minor health conditions, perform health screenings, monitor chronic conditions, and deliver vaccinations. CVS expects to grow MinuteClinic® to 1,500 locations in more than 35 states by 2017.

## STRATEGY

Formerly known as CVS Caremark, the company rebranded as CVS Health in 2014—and in so doing announced it was eliminating the sale of tobacco products that year across its network of stores, in keeping with the "health" side of its corporate mission. CVS has four divisions—pharmacy, Caremark (pharmacy benefits management and mail service pharmacy), MinuteClinic walk-in clinics, and specialty pharmacy management. The company acquired Caremark in 2007, and now serves 75 million plan members via that division.

## STORE PROFILE

As of June 2017, CVS operated 9,700 retail stores in 49 states, the District of Columbia, Puerto Rico, and Brazil under the CVS pharmacy name. CVS/pharmacy stores sell prescription drugs and a wide assortment of general merchandise—front-end products. Typical retail stores range in size from approximately 5,000 to 25,000 square feet, although most new stores range in size from approximately

8,000 to 13,000 square feet and typically include a drive-thru pharmacy. In 2016, CVS filled or managed 2.4 billion prescriptions, representing the capture of 28% share of the market, leading their competitors by a wide margin.

## FINANCIAL SUMMARY

Total revenue for 2016 increased 16% to a record \$177.5 billion, up from \$153.3 billion in the year prior, while operating profit in 2016 rose 9.3% to \$10.3 billion. Adjusted earnings per share from continuing operations rose by 13% to \$4.62 from \$5.84. CVS generated \$8.1 billion in free cash flow in 2016, and the company's dividends per share rose in 2016 to \$1.70 from \$1.40.

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