

THOMASCOMPANY
NET LEASE CAPITAL MARKETS



Pooler, Georgia

ZERO CASH FLOW

CVS PHARMACY PROPERTIES

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CVS Health

EXECUTIVE SUMMARY



THE OFFERING

Thomas Company is pleased to offer for sale a portfolio of 20 well-located CVS stores across 15 states totaling +/- 236,136 square feet of retail space. The properties are offered as highly leveraged zero-cash-flow investments, with attractively priced loans on each property that fully-amortize prior to the expiration of each lease. The properties provide an investor with significant passive losses to help offset unsheltered cash flow from other real estate investments. Each property will be leased on an absolute net basis, with CVS responsible for all repair and maintenance. These assets may be sold individually or as a portfolio. The lease and loan for each property are currently being structured, with both expected to commence early this fall. The lease and loan terms used in this offering are estimates that are subject to change.

INVESTMENT HIGHLIGHTS

Strong Corporate Credit

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).

Favorable Debt Structure

The debt structure will require limited equity investment and will generate annual passive losses that work to offset taxable income from other investments.

Low Equity Investment

The credit of CVS and the fully amortizing nature of the loans allow lenders to underwrite the assets with much higher leverage ratios than typical real estate investments. The high amount of leverage will require much less equity to be invested.

Passive Ownership

The Tenant will execute a triple-net (NNN) lease with no Landlord responsibilities. The Tenant will be responsible for all maintenance and repair, including the roof and structure.

Ideal for Tax Deferred Exchange

The loan on each asset will contain the pay-down/re-advance feature, allowing an investor to meet a larger exchange requirement and purchase the asset for limited equity.

EXECUTIVE SUMMARY



THE PORTFOLIO

ESTIMATED PORTFOLIO PURCHASE PRICE
(Assets are available individually or as a portfolio)
\$119,977,491

ESTIMATED TOTAL PORTFOLIO LOAN BALANCE
(Assets are available individually or as a portfolio)
\$96,659,338

LOAN TO VALUE RATIO
79% - 82%

ESTIMATED EQUITY REQUIRED
\$23,318,153

THE LEASES

TENANT
Various CVS Corporate Subsidiaries

GUARANTOR
CVS Health Corporation (NYSE: CVS, S&P: BBB+)

OCCUPANCY
Fully-Leased

LEASE TERM REMAINING
+/- 25 Years

ANTICIPATED LEASE COMMENCEMENT
The leases are expected to commence on 9/27/2017

ANTICIPATED LEASE EXPIRATION
The leases are expected to expire on 1/31/2043

LEASE STRUCTURE
Absolute Triple-Net

THE LEASES (continued)

LANDLORD RESPONSIBILITIES
None. The Tenant is responsible for all repair and maintenance of the property, including the roof and structure.

RENT
The rent for each location is still being determined.

SECTION 467 RENT/LOAN
Each lease will be structured with an IRS Section 467 rent schedule. The actual money paid each month is different than the rent that is allocated to that month. The tenant accumulates a rent credit with the Landlord over time. The balance of this loan is then fully-amortized by applying it to the monthly rent during the final years of the lease, including the rent holiday period when no money is exchanged.

OPTIONS TO EXTEND
10 5-year extension options

OPTION RENT
Each asset has two fixed-rate extension options. The rent for the remaining eight option periods is based on Fair Market Rent as defined in the Lease. The rent for the first two years of the first fair market extension option is set at 101% of fair market. The rent then adjusts to 100% of fair market for the remaining term of that option and any additional option periods.

THE LOANS

LOAN TERMS
The loan amount, term, amortization rate, and interest rate for each loan is still being determined. The loans will be structured with the monthly debt service equal to the monthly rent.

PAY-DOWN/RE-ADVANCE
The loan for each property will include the pay-down/re-advance feature.

PORTFOLIO OVERVIEW



PROPERTY LIST

(Additional Properties Available*)

Store Number	Address	City	State	Estimated Size (SF)	Age of Store (In Years)	Anticipated Lease Commencement	Anticipated Lease Expiration	Estimated Loan Balance (Subject to Change)	Estimated Equity Requirement	Estimated Purchase Price	Loan to Value Ratio
10898	9917-A Spanish Fort Blvd	Spanish Fort	AL	9,000	0.7	9/27/17	1/31/43	\$4,755,566	\$1,141,336	\$5,896,902	81%
10666	110 Southwest Drive	Jonesboro	AR	13,225	1.0	9/27/17	1/31/43	\$4,811,726	\$1,058,580	\$5,870,306	82%
10816	1749 W. Walnut St	Rogers	AR	13,225	0.9	9/27/17	1/31/43	\$4,991,251	\$1,197,900	\$6,189,151	81%
10238	702 Naamans Rd.	Claymont	DE	13,225	2.1	9/27/17	1/31/43	\$6,292,075	\$1,510,098	\$7,802,173	81%
3227	795 W Granada Blvd	Ormond Beach	FL	13,013	1.1	9/27/17	1/31/43	\$6,626,694	\$1,722,941	\$8,349,635	79%
11017	500 Pooler Pkwy	Pooler	GA	11,945	0.6	9/27/17	1/31/43	\$4,230,398	\$1,015,295	\$5,245,693	81%
10470	3900 W Elm Street	McHenry	IL	13,225	1.7	9/27/17	1/31/43	\$5,076,791	\$1,218,430	\$6,295,220	81%
6116	3516 Dixie Hwy	Erlanger	KY	9,516	1.1	9/27/17	1/31/43	\$4,075,888	\$978,213	\$5,054,102	81%
10355	1550 S. New Florissant Road	Florissant	MO	13,225	2.9	9/27/17	1/31/43	\$5,360,555	\$1,286,533	\$6,647,088	81%
3356	265 East Erie Street	Painesville	OH	11,945	2.4	9/27/17	1/31/43	\$3,787,789	\$909,069	\$4,696,859	81%
6089	10534 Harrison Avenue	Harrison	OH	9,516	0.9	9/27/17	1/31/43	\$2,502,457	\$600,590	\$3,103,046	81%
10949	11563 Old Nashville Hwy	Smyrna	TN	9,000	1.1	9/27/17	1/31/43	\$3,583,735	\$860,096	\$4,443,831	81%
10642	1101 FM 2181	Corinth	TX	TBD	TBD	9/27/17	1/31/43	\$4,965,086	\$1,290,922	\$6,256,008	79%
10643	Andrews Hwy & Midland	Midland	TX	13,225	1.0	9/27/17	1/31/43	\$6,059,043	\$1,454,170	\$7,513,213	81%
10667	111 E. Hidalgo	Raymondville	TX	11,945	0.9	9/27/17	1/31/43	\$4,594,258	\$1,010,737	\$5,604,995	82%
11020	680 E Redd Rd.	El Paso	TX	11,945	0.7	9/27/17	1/31/43	\$4,880,847	\$1,171,403	\$6,052,250	81%
10992	17307 Hull Street Road	Mosely	VA	9,516	0.7	9/27/17	1/31/43	\$4,112,807	\$987,074	\$5,099,881	81%
10450	19507 Highway 99	Lynnwood	WA	12,000	1.4	9/27/17	1/31/43	\$8,472,395	\$2,202,823	\$10,675,217	79%
10419	1407 Egg Harbor Rd	Sturgeon Bay	WI	9,000	3.0	9/27/17	1/31/43	\$2,817,361	\$676,167	\$3,493,527	81%
6306	201 MacCorkle Ave	St Albans	WV	11,945	0.4	9/27/17	1/31/43	\$4,662,618	\$1,025,776	\$5,688,394	82%
TOTAL								\$96,659,338	\$23,318,153	\$119,977,491	

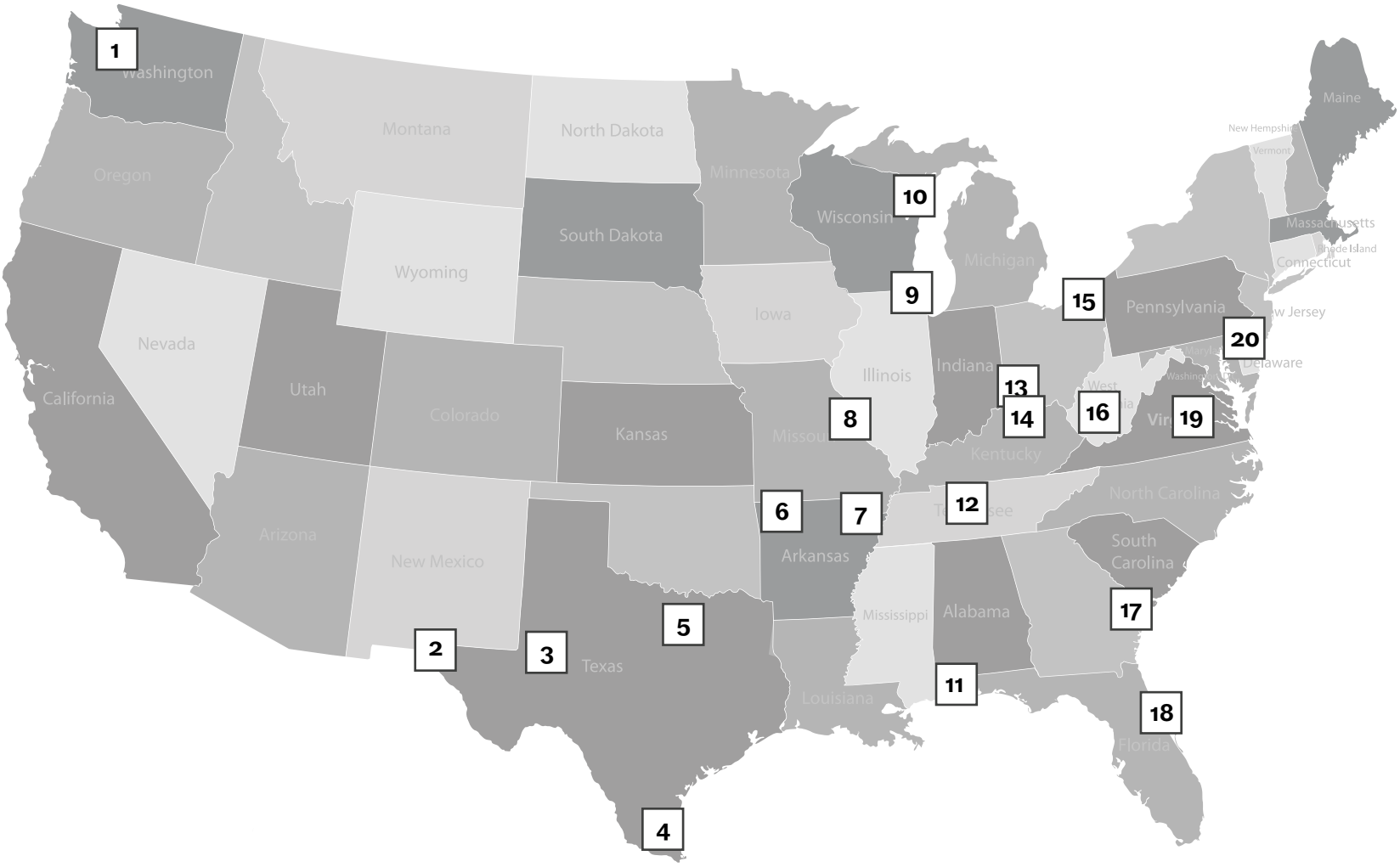
* There are additional properties available. The properties listed in this offering are part of a larger portfolio. Contact us for more information.

PORTFOLIO OVERVIEW



MAP OF PROPERTIES

- 1. Lynnwood, WA
- 2. El Paso, TX
- 3. Midland, TX
- 4. Raymondville, TX
- 5. Corinth, TX
- 6. Rogers, AR
- 7. Jonesboro, AR
- 8. Florissant, MO
- 9. McHenry, IL
- 10. Sturgeon Bay, WI
- 11. Spanish Fort, AL
- 12. Smyrna, TN
- 13. Harrison, OH
- 14. Erlanger, KY
- 15. Painesville, OH
- 16. Saint Albans, WV
- 17. Pooler, GA
- 18. Ormond Beach, FL
- 19. Mosely, VA
- 20. Claymont, DE



PORTFOLIO OVERVIEW



DEMOGRAPHICS

Location	Est. Population			Est. Avg HH Income			Est. Percentage of Population 55+			Est. Population Growth 2000-2017			Notes
	1MI	3MI	5MI	1MI	3MI	5MI	1MI	3MI	5MI	1 MI	3 MI	5 MI	
Spanish Fort, AL	2,141	15,433	36,072	\$99,081	\$94,399	\$85,676	28.8%	29.3%	29.5%	87.8%	66.4%	64.9%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Nearby retailers: Sherwin Williams, Sonic Drive In, Chick-Fil-A, UPS Store • 0.9 miles from Spanish Fort High School
Jonesboro, AR	8,467	52,403	73,289	\$62,468	\$58,412	\$64,565	39.2%	23.7%	23.8%	5.4%	25.3%	32.3%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Nearby retailers: KFC, McDonald's, Advanced Auto Parts, Dairy Queen • 2.5 mi to Arkansas State University (enrollment: 14,074)
Rogers, AR	10,728	53,862	93,524	\$56,198	\$65,752	\$77,683	25.4%	22.2%	21.0%	14.6%	34.1%	54.6%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Nearby retailers: Hobby Lobby, Pizza Hut, UPS Store • 2.5 mi from Interstate 49
Claymont, DE	13,040	67,385	157,267	\$80,859	\$98,807	\$104,641	28.1%	32.5%	32.8%	-3.2%	3.0%	4.1%	<ul style="list-style-type: none"> • Across the highway from Northtowne Plaza Shopping Center • Direct access off Delaware Route 92 • 1.6 mi from Interstate 95
Ormond Beach, FL	8,198	48,965	90,639	\$61,252	\$64,859	\$62,975	48.1%	44.5%	42.7%	7.1%	8.8%	8.1%	<ul style="list-style-type: none"> • 0.2 mi from planned 280-unit condo development • Nearby retailers: McDonald's, Publix, Auto Zone, Suntrust Bank
Pooler, GA	3,887	16,800	40,675	\$92,719	\$83,053	\$83,494	23.7%	20.9%	19.8%	167.7%	144.0%	177.7%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Nearby retailers: Dunkin' Donuts, Starbucks, Goodyear Auto Service Center, Little Caesars Pizza • 1 mi from Interstate 95
McHenry, IL	9,772	35,586	61,928	\$68,185	\$86,065	\$89,993	26.4%	27.9%	28.1%	16.4%	20.9%	18.8%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Nearby retailers: Taco Bell, Advanced Auto Parts, Boost Mobile • Lot is adjacent to city baseball field
Erlanger, KY	12,937	66,415	135,497	\$61,588	\$73,719	\$79,635	27.7%	28.4%	27.9%	1.0%	5.6%	10.1%	<ul style="list-style-type: none"> • Nearby retailers: White Castle, Wendy's, Kroger, McDonald's • 1 mi from Dixie Heights High School
Florissant, MO	14,736	99,960	238,717	\$58,683	\$60,180	\$59,897	27.4%	29.2%	28.8%	-2.1%	-3.8%	-4.3%	<ul style="list-style-type: none"> • Freeway visibility • Directly off Interstate 270 • 0.7 mi to McClure High School
Harrison, OH	6,955	16,268	28,922	\$76,982	\$76,384	\$79,948	26.3%	30.3%	31.9%	37.7%	21.4%	14.1%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Only stand alone national pharmacy in town • Nearby retailers: Kroger, McDonald's, Pizza Hut, Dunham Sports

PORTFOLIO OVERVIEW



DEMOGRAPHICS [continued]

Location	Est. Population			Est. Avg HH Income			Est. Percentage of Population 55+			Est. Population Growth 2000-2017			Notes
	1MI	3MI	5MI	1MI	3MI	5MI	1MI	3MI	5MI	1 MI	3 MI	5 MI	
Painesville, OH	9,516	40,855	71,691	\$43,836	\$64,242	\$76,574	21.5%	26.1%	31.1%	-0.6%	12.3%	10.0%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Direct access off US Route 20 • High visibility
Smyrna, TN	8,059	46,207	84,514	\$66,825	\$71,588	\$71,079	21.1%	22.3%	21.3%	49.8%	59.4%	63.3%	<ul style="list-style-type: none"> • Hard corner • 2.5 mi to State Route 24 • 1.3 mi to Smyrna High School
El Paso, TX	17,404	87,794	142,432	\$78,931	\$95,253	\$84,206	23.6%	24.7%	23.7%	5.2%	25.2%	30.3%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Across intersection from Franklin High School • Nearby retailers: Whataburger, McDonald's, Dunkin' Donuts
Corinth, TX	6,711	54,366	124,393	\$123,692	\$121,892	\$119,149	18.0%	20.0%	22.0%	181.0%	168.0%	98.0%	<ul style="list-style-type: none"> • 1 mi to John H. Guyer High School • 0.7 mi to Denton County Office of Emergency Services
Midland, TX	16,718	85,468	136,136	\$72,941	\$95,006	\$89,198	25.7%	25.4%	25.0%	24.0%	31.2%	38.1%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Nearby retailers: Subway, Pizza Hut, Taco Bell, Arby's • 2.8 miles to Grande Communications Football Stadium
Raymondville, TX	8,088	10,342	12,190	\$41,987	\$42,536	\$42,580	26.3%	27.0%	26.9%	-8.1%	-8.5%	-5.6%	<ul style="list-style-type: none"> • Across from City Hall • Nearby retailers: Church's Chicken, Dairy Queen, Pizza Hut
Mosely, VA	1,418	15,762	41,767	\$128,058	\$124,272	\$120,317	22.6%	20.9%	25.3%	550.5%	106.9%	65.7%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • 0.4 mi from Magnolia Green development, a planned community
Lynnwood, WA	18,127	121,104	279,226	\$66,760	\$89,602	\$97,604	28.2%	30.0%	29.7%	3.8%	11.4%	22.1%	<ul style="list-style-type: none"> • 1 mi to Kaiser Permanente Medical Center • Nearby retailers: Hobby Lobby, Five Guys, Safeway, Bank of America • 0.7 mi to Edmonds Community College (enrollment: 13,000)
Sturgeon Bay, WI	4,236	10,389	12,474	\$55,952	\$63,765	\$64,928	39.9%	40.6%	41.3%	-2.0%	-1.5%	-0.5%	<ul style="list-style-type: none"> • Signalized intersection, hard corner • Turn lane adjacent to property • Nearby retailers: Auto Zone, Subway, McDonald's • 1 mi to WI Highway 42
St Albans, WV	6,441	28,672	47,280	58,819	57,546	60,478	37.0%	35.3%	34.7%	-5.3%	-5.1%	-4.8%	<ul style="list-style-type: none"> • Hard corner • Nearby retailers: Taco Bell, Tim Hortons, Sonic Drive In, Auto Zone • Located on major arterial road

TENANT OVERVIEW



NYSE: CVS; S&P: BBB+

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 brought the total store count to 9,500 and added 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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Exclusively Marketed By

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NET LEASE CAPITAL MARKETS

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