



 **CVS**Health | Lawton, Oklahoma

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Executive Summary

THE OFFERING

Thomas Company is pleased to offer for sale an unlevered CVS store located in Lawton, Oklahoma. The store was newly constructed and opened for business in 2014. A new 25-year lease was executed in October of 2015. The property is offered free and clear of debt. The store has a 25-year triple-net lease in place with no landlord responsibilities and no rent holidays.

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 9,600 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

The 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.

Recently Constructed

The store was recently constructed in November 2014. A new 25-year lease was executed in October of 2015.

Passive Ownership

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

Executive Summary

THE PROPERTY

PRICE

\$6,678,819

NOI

\$350,638

CAP RATE

5.25%

OWNERSHIP

Fee Simple

PROPERTY TYPE

Retail

YEAR BUILT

2014

ESTIMATED SIZE

13,275 SF

THE LEASE

TENANT

CVS Corporate Subsidiary

GUARANTOR

CVS Health Corporation

S&P: BBB+

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.

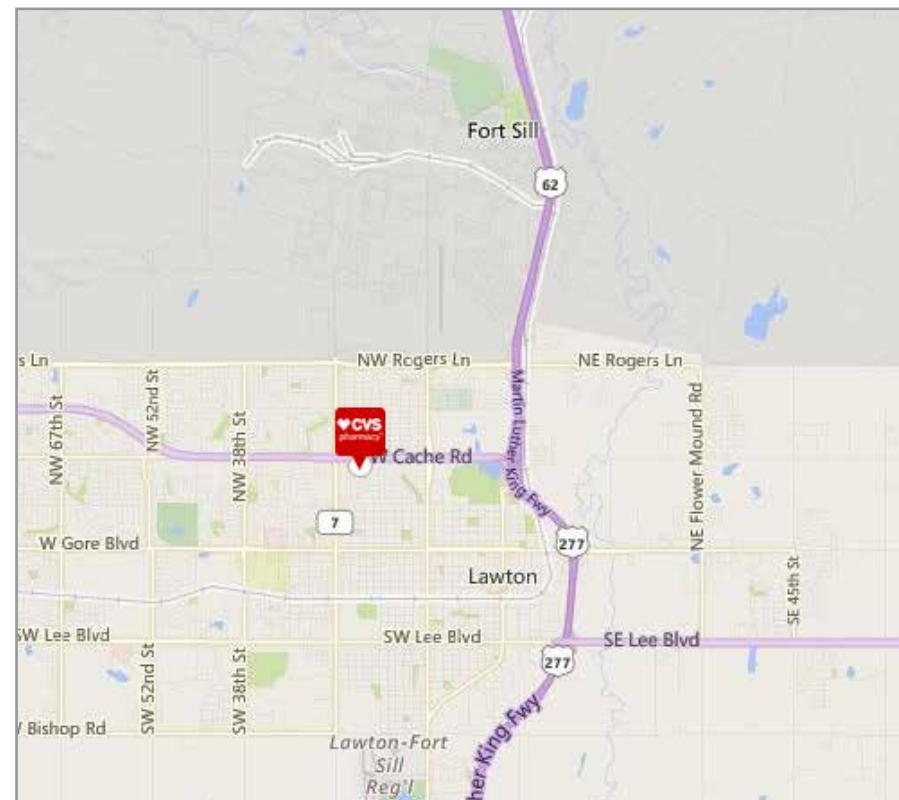
OPTION RENT

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.

Property Overview

AREA MAP/DEMOGRAPHICS

2015 Est. Population					2015 Est. Average HH Income					Est. Percentage Population 55+					Est. Population Growth 2000-2015					Est. Population Growth 2015-2020				
1mi	3mi	5mi	7mi	10mi	1mi	3mi	5mi	7mi	10mi	1mi	3mi	5mi	7mi	10mi	1mi	3mi	5mi	7mi	10mi	1mi	3mi	5mi	7mi	10mi
12,260	75,651	115,206	130,533	142,631	\$35,812	\$46,453	\$52,601	\$53,890	\$54,529	29%	25%	27%	27%	27%	2%	16%	24%	26%	28%	0%	1%	2%	2%	2%



Property Overview

SITE MAP



Property Overview

MARKET OVERVIEW

LAWTON, OKLAHOMA

Lawton is the county seat of Comanche County, Oklahoma. The city is located in the southwestern portion of the state approximately 87 miles from Oklahoma City. It is the principal city of the Lawton, Oklahoma Metropolitan Statistical Area. According to the 2010 census, Lawton's population was 96,867, making it the fifth-largest city in the state.

Lawton is best known for its proximity to Fort Sill Military Reservation, designated as a National Historic Landmark. It serves as home of the United States Army Field Artillery School, the Marine Corps Field Artillery School, United States Army Air Defense Artillery School, the 31st Air Defense Artillery Brigade and the 75th Fires Brigade. Fort Sill is also one of the four locations for Army Basic Combat Training. It has played a significant role in every major American conflict since 1869. Fort Sill was annexed by Lawton in 1998, and the reservation was expanded in 2005. Fort Sill is expected to continue to be expanded and developed over the next 20 years.

The city's close connection with Fort Sill has provided with Lawton economic and population stability for over a hundred years. However,

Lawton has expanded and diversified its economy by developing its manufacturing capabilities and service sector jobs including healthcare, higher education and retail. Fort Sill is the largest employer in Lawton, with over 5,000 full-time employees. In the private sector, the largest employer is Goodyear Tire and Rubber Company with 2,400 full-time employees. Major employers in the Lawton area also include: Lawton Public Schools, Comanche County Memorial Hospital, City of Lawton, and Cameron University. The city includes two major industrial parks.

The Lawton MSA has experienced one of the largest upturns in real GDP growth in the Plains region since 2013. This is due to growth in real estate, rental and leasing and nondurable-goods manufacturing. Lawton's growth improved to 1.7 percent in 2013 from -3.5 percent in 2012 (5.2 percentage points). Currently, the city is encouraging business growth by redesigning its downtown to increase visual appeal and pedestrian access.

Lawton celebrates its heritage with a number of museums. The Museum of the Great Plains is dedicated to the natural history and

settlement of the region. The Fort Sill Museum allows visitors to tour several historic buildings at the military site. The Comanche National Museum and Cultural Center, operated by the Comanche Nation Tribe, focuses on exhibits and art relating to the tribe's culture. The museum hosts traveling exhibitions from the Smithsonian Institution, Michigan State University Museum, and Chicago's Field Museum. The city benefits from 80 parks and recreation areas. It is near three major lakes, Lake Lawtonka, Lake Ellsworth, and Elmer Thomas Lake, where boating, swimming, camping, and fishing are popular. The Lawton Country Club maintains an 18-hole golf course.

The city is home to Cameron University, the largest four-year state university in southwest Oklahoma. Founded in 1909, Cameron has an average fall enrollment of 6,000 students. Lawton is also home to Comanche Nation College and the Great Plains Technology Center. Lawton is served by three major hospitals: Comanche County Memorial Hospital, Southwestern Medical Center and the US Public Health

Lawton Indian Hospital.

Lawton enjoys excellent access to I-44, which provides direct connections to Oklahoma City to the northeast and Wichita Falls, Texas, to the south. Other major thoroughfares include US Highways 62, 277 and 281 and State Highway OK-7. The Lawton Area Transit System (LATS) provides five major routes throughout the city. City Data ranked Lawton #7 in shortest commutes in the country. The Lawton-Fort Sill Regional Airport offers daily American Eagle flights to Dallas/Fort Worth International Airport.

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 9,600 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.

As of April 2017, CVS operated 9,600 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 more than 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 in 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 April 2017, CVS operated 9,600 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 39% of the past 5-year U.S. market prescription growth.

FINANCIAL SUMMARY

Total revenue for 2016 increased 15.8% 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 more than 6% to \$4.91 from \$4.62. CVS generated USD \$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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