

\$100,000 Fee to Buyer's Broker



Representative photo

CVS/pharmacy®

CVS Store #5301

Mountain West

\$2,599,000

**8.50%
CAP Rate**

- Rare rent increases!
- Important strategic location for CVS
- Dense, urban infill with 15,313 residents in one mile
- Largest city for 500 miles
- Growing population
- Epicenter for oil & gas industries involved in the Bakken Oil Field (Largest ever in US)
- Healthcare hub for the entire region



John Giordani
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Investment Summary

Price \$2,599,000

CAP Rate 8.50%

Annual Income \$220,896

Years Guaranteed 3.2+ years

Debt Offered free & clear. Attractive new loans available; please call to discuss.

This CVS store is strongly positioned at the corner of Grand Ave (21,669 cars per day) and 13th St West (6,701 cars per day), on the main retail corridor for the trade area, just outside downtown Billings.

Other notable national retailers share the retail corridor, including Starbucks, Albertsons, Lucky's, Harbor Freight, and Express, Walgreens, McDonalds ... etc. The store also benefits from excellent demographics, with over 15,000 people in a one mile radius, with excellent incomes of \$66k+.

Property Details and Lease Summary

Address 1311 Grand Ave, Billings, MT

Year Built 2002

Building Size 12,240 sf

Lot Size 1.69 acres

Tenant CVS Pharmacy, Inc. (NYSE:CVS)

Lease Start Date 11/7/2002

Lease End Date 11/6/22

Renewal Options 5 years at \$251,576 for Option 1 and then the greater of 3% or CPI annually for last 5 years

Infill Location with Dense Population

	1 Mile	3 Mile	5 Mile
Population	15,313	71,862	110,656
Average Household Income	\$65,930	\$65,270	\$71,237

Aerial



Regional Map / About Billings

Billings, is the largest city in the U.S. state of Montana, with a population estimated at 110,000. It's at the core of the Billings Metro, population 180,000 and a trade area of over 500,000.

Billings was nicknamed the "Magic City" because of its rapid growth from its founding as a railroad town in March 1882...and that Growth continues today, largely due to it's proximity to the Bakken Oil Field, the largest discovery of oil in US history. Billings is the trade and distribution center for much of Montana east of the Continental Divide, Northern Wyoming, and western portions of North Dakota and South Dakota. Billings is also the largest retail destination for much of the same area...in no small part to Montana having no sales tax and attracting wise consumers from Wyoming and the Dakotas.

The city is experiencing rapid growth and a strong economy; it has had and is continuing to have the largest growth of any city in Montana. Parts of the metro area are seeing hyper growth, which seems poised to continue.

Billings is also home to two-state-of-the-art hospitals, Billings Clinic, and St. Vincent Healthcare. Billings Clinic, a member of the Mayo Clinic Health Network, and St. Vincent Healthcare were recently awarded by Healthgrades™ for excellence in patient safety. These hospitals are among the largest employers in the community and make Billings a great place for healthcare and a destination for those seeking treatment from the more rural surrounding areas.



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We are transforming health care.

We are lowering costs.

We are making it simple.

We are doing even more.

We are improving engagement.

We are supporting communities.

We are CVS Health.



Approximately
60%
of American adults
live with a chronic
condition



Nearly
90%
of health care
spend is on
people with a
chronic condition



Up to
25%
of chronic
care spend is
preventable

Aetna had
470,000
hospital discharges in 2017;
47,000
were readmitted at an
average cost of
\$14,000.
If readmissions were
reduced by 50%,
we'd remove
\$300 million
in costs and create a better
patient experience.

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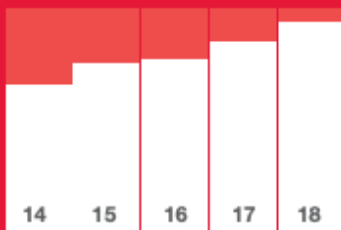
Financial highlights

(in millions, except per share figures)	2018	2017	% change
Revenues	\$ 194,579	\$ 184,786	5.3 %
Operating income	\$ 4,021	\$ 9,538	(57.8)%
Net income (loss)	\$ (596)	\$ 6,623	(109.0)%
Diluted EPS from continuing operations	\$ (0.57)	\$ 6.45	(108.8)%
Free cash flow*	\$ 6,828	\$ 6,354	7.5 %
Stock price at year-end	\$ 65.52	\$ 72.50	(9.6)%
Market capitalization at year-end	\$ 84,843	\$ 73,456	15.5 %

* Free cash flow is a non-GAAP financial measure that is defined as net cash provided by operating activities less net additions to properties and equipment (i.e., additions to property and equipment plus proceeds from sale-leaseback transactions). A reconciliation of net cash provided by operating activities to free cash flow can be found on page 115 of this report.

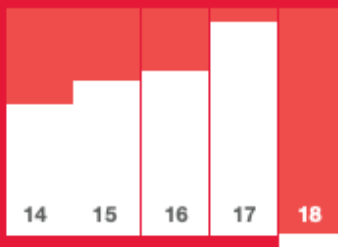
Revenues in billions of dollars

139.4 153.3 177.5 184.8 194.6



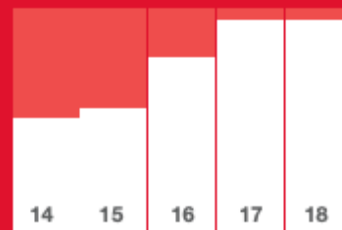
Diluted EPS from continuing operations in dollars

3.96 4.62 4.91 6.45 (0.57)



Annual cash dividends in dollars per common share

1.10 1.40 1.70 2.00 2.00



Larry J. Merlo
President and Chief Executive Officer

Results of Operations

Summary of Consolidated Financial Results

In millions	Year Ended December 31,			Change			
	2018	2017	2016	2018 vs. 2017		2017 vs. 2016	
				\$	%	\$	%
Revenues:							
Products	\$ 183,910	\$ 180,063	\$ 173,377	\$ 3,847	2.1 %	\$ 6,686	3.9 %
Premiums	8,184	3,558	3,069	4,626	130.0 %	489	15.9 %
Services	1,825	1,144	1,080	681	59.5 %	64	5.9 %
Net investment income	660	21	20	639	3,042.9 %	1	5.0 %
Total revenues	194,579	184,786	177,546	9,793	5.3 %	7,240	4.1 %
Operating Costs:							
Cost of products sold	156,447	153,448	146,533	2,999	2.0 %	6,915	4.7 %
Benefit costs	6,594	2,810	2,179	3,784	134.7 %	631	29.0 %
Goodwill impairments	6,149	181	—	5,968	3,297.2 %	181	— %
Operating expenses	21,368	18,809	18,448	2,559	13.6 %	361	2.0 %
Total operating costs	190,558	175,248	167,160	15,310	8.7 %	8,088	4.8 %
Operating income	4,021	9,538	10,386	(5,517)	(57.8) %	(848)	(8.2) %
Interest expense	2,619	1,062	1,078	1,557	146.6 %	(16)	(1.5) %
Loss on early extinguishment of debt	—	—	643	—	— %	(643)	(100.0) %
Other expense (income)	(4)	208	28	(212)	(101.9) %	180	642.9 %
Income before income tax provision	1,406	8,268	8,637	(6,862)	(83.0) %	(369)	(4.3) %
Income tax provision	2,002	1,637	3,317	365	22.3 %	(1,680)	(50.6) %
Income (loss) from continuing operations	(596)	6,631	5,320	(7,227)	(109.0) %	1,311	24.6 %
Loss from discontinued operations, net of tax	—	(8)	(1)	8	(100.0) %	(7)	700.0 %
Net income (loss)	(596)	6,623	5,319	(7,219)	(109.0) %	1,304	24.5 %
Net (income) loss attributable to noncontrolling interest	2	(1)	(2)	3	(300.0) %	1	(50.0) %
Net income (loss) attributable to CVS Health	\$ (594)	\$ 6,622	\$ 5,317	\$ (7,216)	(109.0) %	\$ 1,305	24.5 %

Commentary – 2018 compared to 2017

Revenues

- Total revenues increased \$9.8 billion or 5.3% in 2018 compared to 2017. The increase in total revenues was due to a 2.7% increase in Pharmacy Services segment revenue, a 5.8% increase in Retail/LTC segment revenue and the impact of the Aetna Acquisition (primarily reflected in the Health Care Benefits segment) which occurred in November 2018.
- Please see “Segment Analysis” later in this document for additional information about the revenues of the Company’s segments.

Operating expenses (including goodwill impairments)

- Operating expenses increased \$8.5 billion or 44.9% in 2018 compared to 2017. The increase in operating expenses was primarily due to higher operating expenses in the Retail/LTC segment including increased goodwill impairment charges in 2018, the impact of the Aetna Acquisition and an increase in acquisition-related transaction and integration costs. The increase was partially offset by a lack of charges associated with store closures in 2018.

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Five-Year Financial Summary

In millions, except per share amounts

	2018 ⁽²⁾	2017	2016	2015	2014
Statement of operations data:					
Total revenues ⁽¹⁾	\$ 194,579	\$ 184,786	\$ 177,546	\$ 153,311	\$ 139,382
Operating income ⁽¹⁾	4,021	9,538	10,386	9,496	8,837
Income (loss) from continuing operations	(596)	6,631	5,320	5,230	4,645
Net income (loss) attributable to CVS Health	(594)	6,622	5,317	5,237	4,644
Per common share data:					
Basic earnings (loss) per common share:					
Income (loss) from continuing operations attributable to CVS Health	\$ (0.57)	\$ 6.48	\$ 4.93	\$ 4.65	\$ 3.98
Income (loss) from discontinued operations attributable to CVS Health	\$ —	\$ (0.01)	\$ —	\$ 0.01	\$ —
Net income (loss) attributable to CVS Health	\$ (0.57)	\$ 6.47	\$ 4.93	\$ 4.66	\$ 3.98
Diluted earnings (loss) per common share:					
Income (loss) from continuing operations attributable to CVS Health	\$ (0.57)	\$ 6.45	\$ 4.91	\$ 4.62	\$ 3.96
Income (loss) from discontinued operations attributable to CVS Health	\$ —	\$ (0.01)	\$ —	\$ 0.01	\$ —
Net income (loss) attributable to CVS Health	\$ (0.57)	\$ 6.44	\$ 4.90	\$ 4.63	\$ 3.96
Dividends per common share	\$ 2.00	\$ 2.00	\$ 1.70	\$ 1.40	\$ 1.10
Balance sheet and other data:					
Total assets	\$ 196,456	\$ 95,131	\$ 94,462	\$ 92,437	\$ 73,202
Long-term debt	\$ 71,444	\$ 22,181	\$ 25,615	\$ 26,267	\$ 11,630
Total shareholders' equity	\$ 58,543	\$ 37,695	\$ 36,834	\$ 37,203	\$ 37,963
Number of stores (at end of year)	9,967	9,846	9,750	9,681	7,866

(1) Effective for the fourth quarter of 2018, interest income was reclassified from interest expense, net to net investment income within revenues to conform with insurance company presentation. Accordingly, a retrospective reclassification of \$21 million, \$20 million, \$21 million and \$15 million was made for years ended December 31, 2017, 2016, 2015 and 2014, respectively, to increase revenues and increase interest expense.

(2) On November 28, 2018, the Company acquired Aetna. Aetna's operations are included in the Company's consolidated financial statements for the period from November 28, 2018 to December 31, 2018 and the period then ended. See Note 2 "Acquisition of Aetna" of Notes to Consolidated Financial Statements for additional information.

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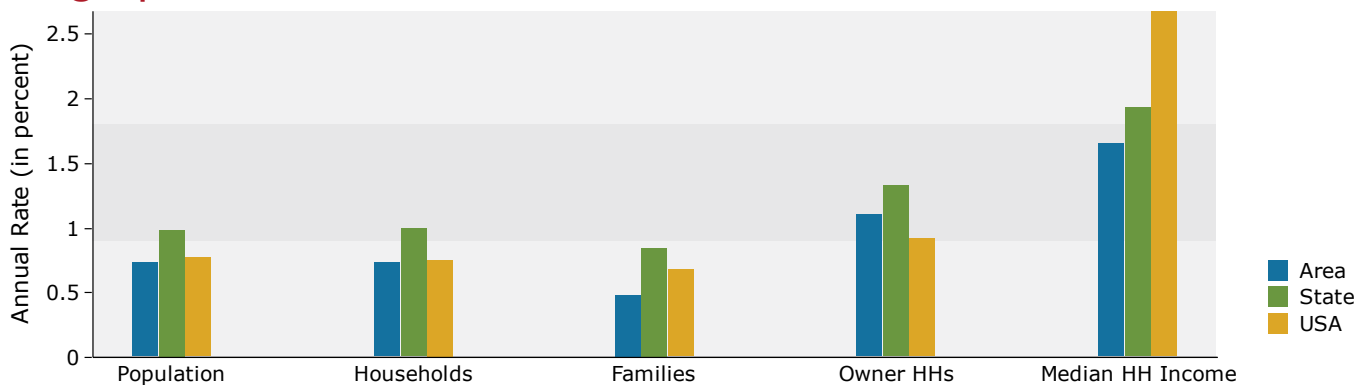
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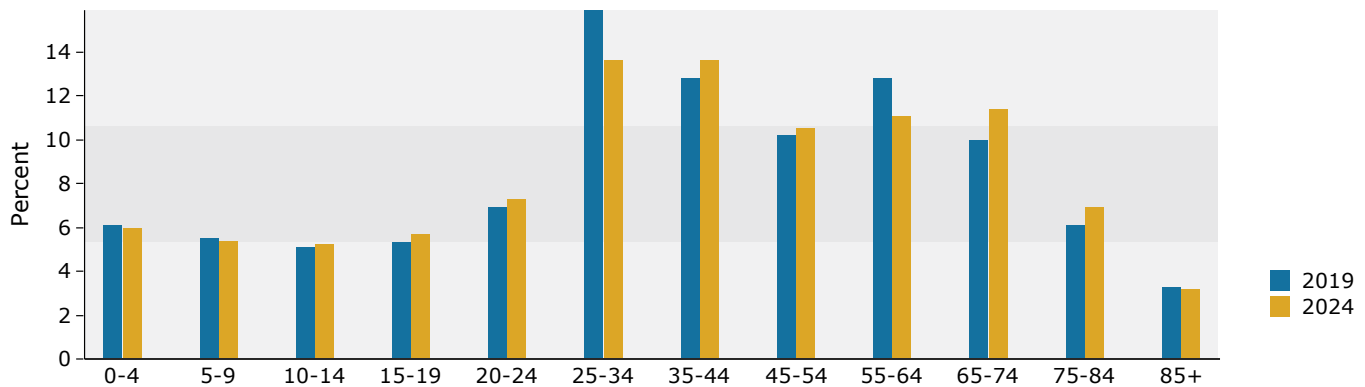
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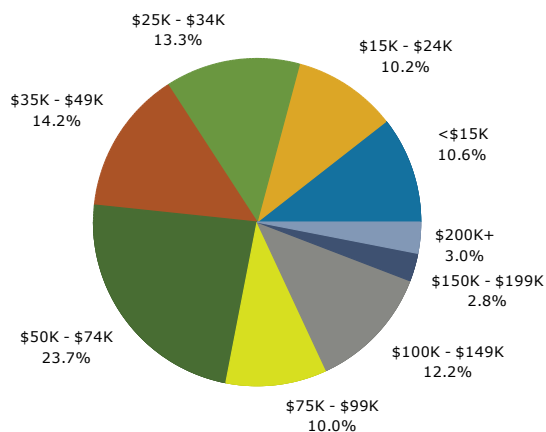
Demographics - 1 Mile Radius



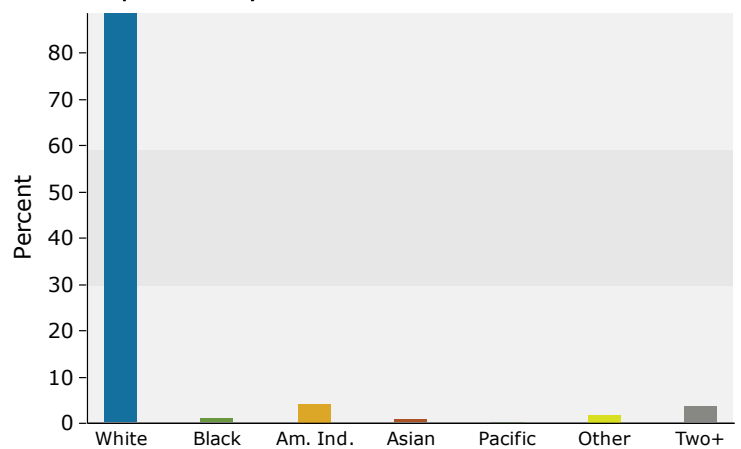
Population by Age



2019 Household Income



2019 Population by Race



2019 Percent Hispanic Origin: 6.2%

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Demographics - 1 Mile Radius

Summary	Census 2010		2019		2024			
Population	14,457		15,313		15,885			
Households	6,602		6,965		7,226			
Families	3,521		3,574		3,660			
Average Household Size	2.14		2.15		2.15			
Owner Occupied Housing Units	4,019		3,995		4,221			
Renter Occupied Housing Units	2,583		2,970		3,006			
Median Age	36.6		38.7		39.9			
Trends: 2019 - 2024 Annual Rate	Area		State		National			
Population	0.74%		0.99%		0.77%			
Households	0.74%		1.00%		0.75%			
Families	0.48%		0.85%		0.68%			
Owner HHs	1.11%		1.33%		0.92%			
Median Household Income	1.66%		1.94%		2.70%			
			2019		2024			
Households by Income			Number	Percent	Number	Percent		
	<\$15,000		737	10.6%	579	8.0%		
	\$15,000 - \$24,999		713	10.2%	656	9.1%		
	\$25,000 - \$34,999		929	13.3%	910	12.6%		
	\$35,000 - \$49,999		987	14.2%	941	13.0%		
	\$50,000 - \$74,999		1,653	23.7%	1,708	23.6%		
	\$75,000 - \$99,999		695	10.0%	833	11.5%		
	\$100,000 - \$149,999		847	12.2%	1,036	14.3%		
	\$150,000 - \$199,999		196	2.8%	288	4.0%		
	\$200,000+		208	3.0%	275	3.8%		
Median Household Income			\$51,097		\$55,468			
Average Household Income			\$65,930		\$76,084			
Per Capita Income			\$30,219		\$34,872			
			2019		2024			
Population by Age	Census 2010		2019		2024			
	Number	Percent	Number	Percent	Number	Percent		
	0 - 4	978	6.8%	929	6.1%	959	6.0%	
	5 - 9	756	5.2%	836	5.5%	857	5.4%	
	10 - 14	682	4.7%	780	5.1%	824	5.2%	
	15 - 19	797	5.5%	816	5.3%	905	5.7%	
	20 - 24	1,338	9.3%	1,055	6.9%	1,158	7.3%	
	25 - 34	2,422	16.8%	2,428	15.9%	2,164	13.6%	
	35 - 44	1,522	10.5%	1,962	12.8%	2,156	13.6%	
	45 - 54	1,898	13.1%	1,560	10.2%	1,664	10.5%	
	55 - 64	1,677	11.6%	1,966	12.8%	1,765	11.1%	
	65 - 74	1,057	7.3%	1,532	10.0%	1,818	11.4%	
	75 - 84	925	6.4%	936	6.1%	1,103	6.9%	
	85+	405	2.8%	512	3.3%	511	3.2%	
				2019		2024		
Race and Ethnicity	Census 2010		2019		2024			
	Number	Percent	Number	Percent	Number	Percent		
	White Alone	13,166	91.1%	13,578	88.7%	13,846	87.2%	
	Black Alone	119	0.8%	166	1.1%	200	1.3%	
	American Indian Alone	465	3.2%	621	4.1%	733	4.6%	
	Asian Alone	110	0.8%	121	0.8%	127	0.8%	
	Pacific Islander Alone	13	0.1%	22	0.1%	26	0.2%	
	Some Other Race Alone	186	1.3%	261	1.7%	301	1.9%	
	Two or More Races	398	2.8%	544	3.6%	653	4.1%	
	Hispanic Origin (Any Race)			681	4.7%	957	6.2%	1,145

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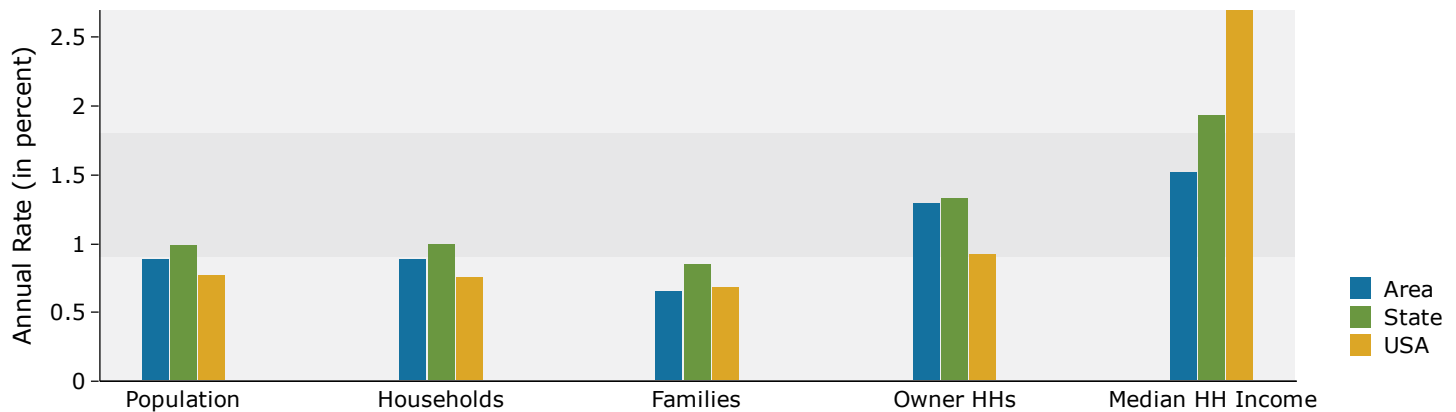
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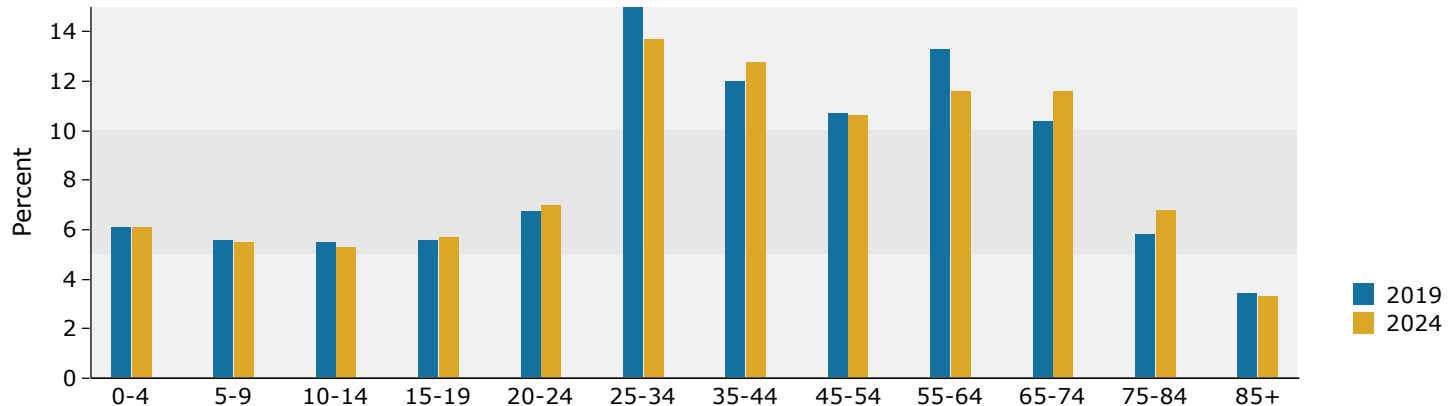


Demographics - 3 Mile Radius

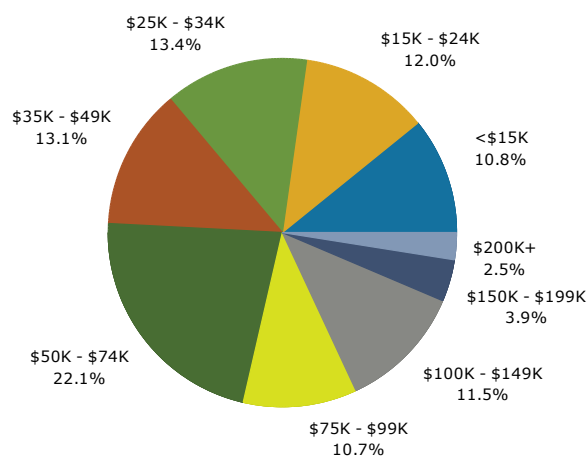
Trends 2019-2024



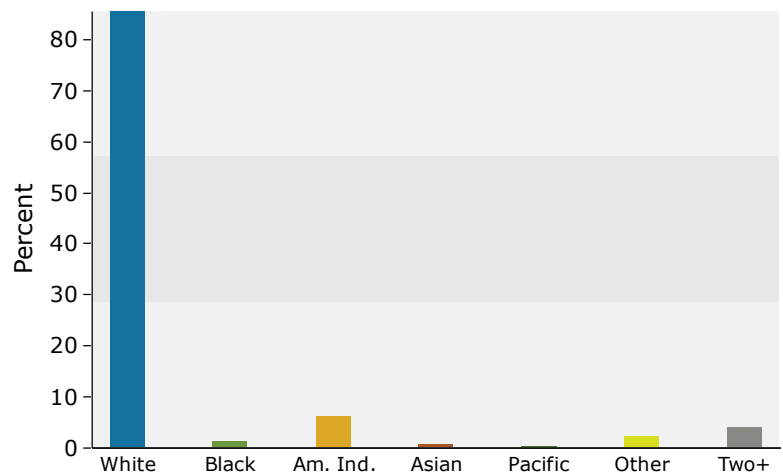
Population by Age



2019 Household Income



2019 Population by Race



2019 Percent Hispanic Origin: 7.8%

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Demographics - 3 Mile Radius

Summary	Census 2010		2019		2024	
Population	67,202		71,862		75,072	
Households	29,092		31,017		32,402	
Families	16,192		16,680		17,229	
Average Household Size	2.21		2.22		2.23	
Owner Occupied Housing Units	17,265		17,641		18,807	
Renter Occupied Housing Units	11,827		13,376		13,595	
Median Age	37.8		39.1		40.1	
Trends: 2019 - 2024 Annual Rate	Area		State		National	
Population	0.88%		0.99%		0.77%	
Households	0.88%		1.00%		0.75%	
Families	0.65%		0.85%		0.68%	
Owner HHs	1.29%		1.33%		0.92%	
Median Household Income	1.52%		1.94%		2.70%	
Households by Income	2019		2024			
	Number	Percent	Number	Percent		
<\$15,000	3,336	10.8%	2,738	8.5%		
\$15,000 - \$24,999	3,712	12.0%	3,564	11.0%		
\$25,000 - \$34,999	4,162	13.4%	4,148	12.8%		
\$35,000 - \$49,999	4,062	13.1%	3,920	12.1%		
\$50,000 - \$74,999	6,843	22.1%	7,130	22.0%		
\$75,000 - \$99,999	3,334	10.7%	3,937	12.2%		
\$100,000 - \$149,999	3,573	11.5%	4,243	13.1%		
\$150,000 - \$199,999	1,224	3.9%	1,752	5.4%		
\$200,000+	771	2.5%	968	3.0%		
Median Household Income	\$50,541		\$54,503			
Average Household Income	\$65,270		\$74,182			
Per Capita Income	\$28,304		\$32,136			
Population by Age	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	4,518	6.7%	4,366	6.1%	4,581	6.1%
5 - 9	3,866	5.8%	4,022	5.6%	4,123	5.5%
10 - 14	3,549	5.3%	3,927	5.5%	3,984	5.3%
15 - 19	3,941	5.9%	4,059	5.6%	4,287	5.7%
20 - 24	5,473	8.1%	4,822	6.7%	5,260	7.0%
25 - 34	10,159	15.1%	10,758	15.0%	10,311	13.7%
35 - 44	7,341	10.9%	8,655	12.0%	9,586	12.8%
45 - 54	9,495	14.1%	7,723	10.7%	7,937	10.6%
55 - 64	8,112	12.1%	9,533	13.3%	8,687	11.6%
65 - 74	5,005	7.4%	7,438	10.4%	8,729	11.6%
75 - 84	3,791	5.6%	4,141	5.8%	5,113	6.8%
85+	1,953	2.9%	2,417	3.4%	2,473	3.3%
Race and Ethnicity	Census 2010		2019		2024	
	Number	Percent	Number	Percent	Number	Percent
White Alone	59,327	88.3%	61,466	85.5%	62,948	83.9%
Black Alone	615	0.9%	848	1.2%	1,017	1.4%
American Indian Alone	3,428	5.1%	4,432	6.2%	5,147	6.9%
Asian Alone	450	0.7%	502	0.7%	536	0.7%
Pacific Islander Alone	73	0.1%	116	0.2%	135	0.2%
Some Other Race Alone	1,159	1.7%	1,582	2.2%	1,807	2.4%
Two or More Races	2,150	3.2%	2,916	4.1%	3,482	4.6%
Hispanic Origin (Any Race)	4,087	6.1%	5,629	7.8%	6,684	8.9%

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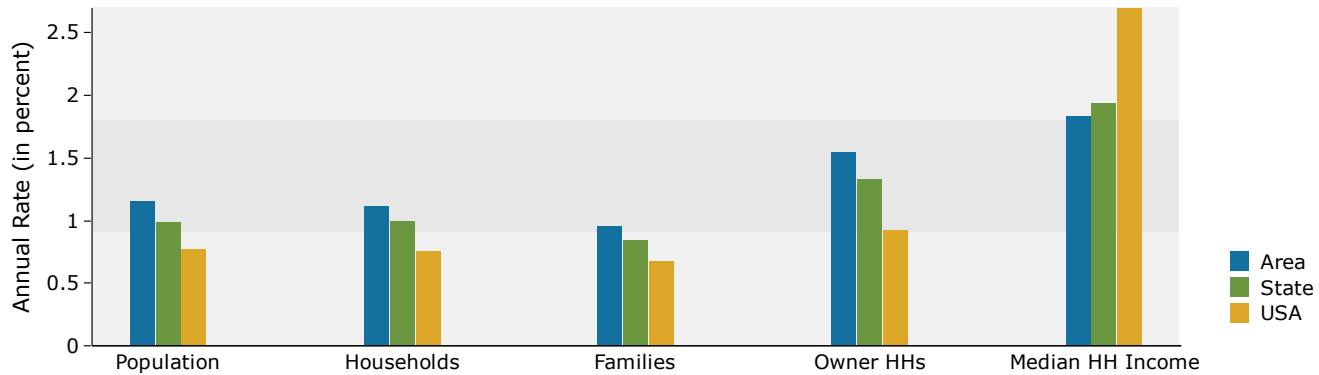
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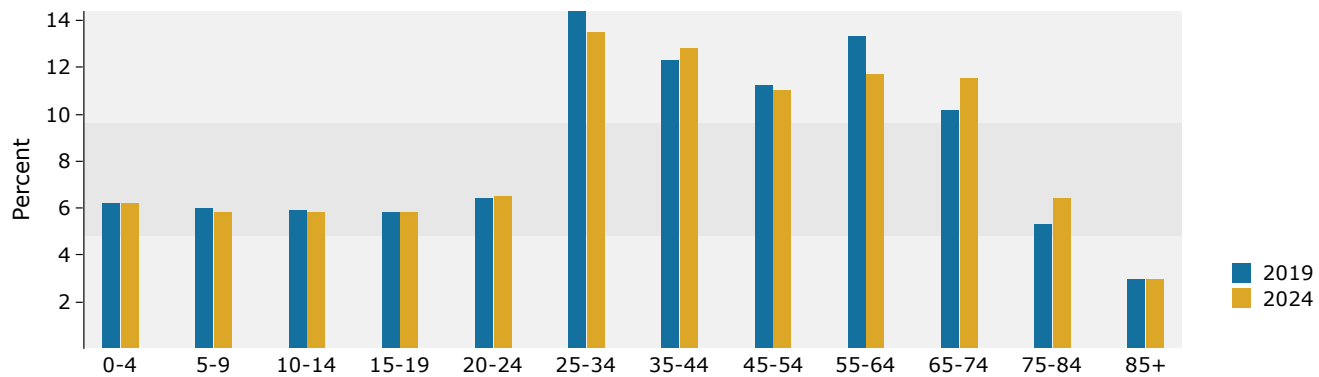


Demographics - 5 Mile Radius

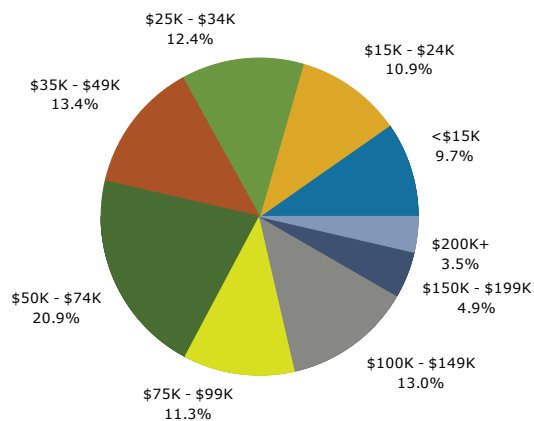
Trends 2019-2024



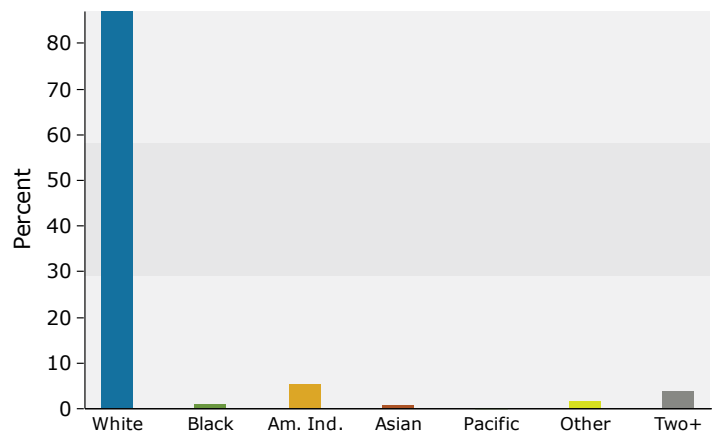
Population by Age



2019 Household Income



2019 Population by Race



2019 Percent Hispanic Origin: 6.9%

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Demographics - 5 Mile Radius

Summary		Census 2010		2019	2024
Population		99,362		110,656	117,190
Households		42,280		46,689	49,354
Families		24,891		26,869	28,190
Average Household Size		2.27		2.30	2.31
Owner Occupied Housing Units		26,569		28,357	30,624
Renter Occupied Housing Units		15,711		18,332	18,730
Median Age		37.7		39.0	39.9
Trends: 2019 - 2024 Annual Rate		Area		State	National
Population		1.15%		0.99%	0.77%
Households		1.12%		1.00%	0.75%
Families		0.96%		0.85%	0.68%
Owner HHs		1.55%		1.33%	0.92%
Median Household Income		1.83%		1.94%	2.70%
				2019	2024
Households by Income				Number	Percent
<\$15,000				4,530	9.7%
\$15,000 - \$24,999				5,067	10.9%
\$25,000 - \$34,999				5,803	12.4%
\$35,000 - \$49,999				6,252	13.4%
\$50,000 - \$74,999				9,768	20.9%
\$75,000 - \$99,999				5,283	11.3%
\$100,000 - \$149,999				6,078	13.0%
\$150,000 - \$199,999				2,276	4.9%
\$200,000+				1,632	3.5%
Median Household Income				\$52,953	\$57,983
Average Household Income				\$71,237	\$81,443
Per Capita Income				\$30,092	\$34,326
		Census 2010		2019	
Population by Age				2024	
		Number	Percent	Number	Percent
0 - 4		6,823	6.9%	6,896	6.2%
5 - 9		6,069	6.1%	6,594	6.0%
10 - 14		5,739	5.8%	6,552	5.9%
15 - 19		6,042	6.1%	6,372	5.8%
20 - 24		7,405	7.5%	7,063	6.4%
25 - 34		14,487	14.6%	15,968	14.4%
35 - 44		11,338	11.4%	13,562	12.3%
45 - 54		14,273	14.4%	12,341	11.2%
55 - 64		12,163	12.2%	14,758	13.3%
65 - 74		7,205	7.3%	11,303	10.2%
75 - 84		5,137	5.2%	5,919	5.3%
85+		2,680	2.7%	3,329	3.0%
		Census 2010		2019	
Race and Ethnicity				2024	
		Number	Percent	Number	Percent
White Alone		88,799	89.4%	96,317	87.0%
Black Alone		790	0.8%	1,117	1.0%
American Indian Alone		4,527	4.6%	6,015	5.4%
Asian Alone		714	0.7%	826	0.7%
Pacific Islander Alone		91	0.1%	151	0.1%
Some Other Race Alone		1,461	1.5%	2,060	1.9%
Two or More Races		2,980	3.0%	4,170	3.8%
Hispanic Origin (Any Race)		5,364	5.4%	7,615	6.9%

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