

SUBJECT PROPERTY

WALGREENS

37160 47th Street E
Palmdale, CA 93552



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This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the “Owner”), to be all-inclusive or

to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or CBRE, Inc, nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate

discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner’s obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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\$6,500,000
PURCHASE PRICE



5.80%
CAP RATE

THE OFFERING

CBRE is offering to qualified investors the opportunity to purchase the fee-simple interest in the Walgreens at 37160 47th Street E, Palmdale, California (the "Property").

The property is leased to Walgreen Co., part of Walgreens Boots Alliance ("Walgreens") under an Absolute NNN Lease. The lease has 11 years of primary term remaining, with tenant's option to cancel at the beginning of each five-year period thereafter. Walgreens provides consumer goods and services, pharmacy, and health and wellness services through drugstores, as well as through mail, and by telephone and online. Walgreens is the global leader in pharmacy-led, health and well-being retail with over 13,200 stores in 11 countries, including 277 stores in California.

Palmdale is located in northern Los Angeles County and is the 6th largest and fastest-growing city in the county and the 33rd most populous city in California. Within a 1-mile and 3-mile radius of the Property there are average household incomes of \$74,545 and \$70,489, respectively. The Property is located southeast of downtown Palmdale on the corner of 47th Street E and East Avenue W and is an outparcel to the Walmart Supercenter shopping center. Nearby retailers and businesses include Lowe's Home Improvement, Big 5 Sporting Goods, Jack in the Box, Panda Express, Stater Bros. Markets, Dollar Tree and Kaiser Permanente.

The Property is an ideal investment for an investor seeking to acquire a primary corner location in a market-dominant retail center in a growing California market, with long-term cash flow from a credit tenant and no landlord management obligations.



SUBJECT PROPERTY PHOTOS



INVESTMENT HIGHLIGHTS

- Investment-Grade Tenant, NNN Opportunity With Zero Landlord Responsibilities
- Industry-Leading Tenant (NASDAQ: WBA)
- Credit Tenant (S&P: BBB)
- Prominent Retail Location
- Strong & Diverse Retail Corridor w/ Minimal Competition
- Excellent Access & Visibility

PROPERTY SUMMARY

PROPERTY ADDRESS	37160 47th Street E, Palmdale, CA 93552
BUILDING SIZE (SF)	±14,742 Square Feet
LEASE TYPE	NNN
OWNERSHIP INTEREST	Fee Simple
ENCUMBRANCES	None, Delivered Free & Clear
NOI	\$376,740

PRICING OVERVIEW

37160 47TH STREET E, PALMDALE, CA 93552

OFFERING PRICE	\$6,500,000
OFFERING CAP RATE	5.80%
CURRENT ANNUAL RENT	\$376,740
RENTAL INCREASES	n/a
RENEWAL OPTIONS	Option for tenant to terminate lease effective as of the last day of the, 240th, 300th, 360th, 420th, 480th, and 540th full calendar month of the term.
TENANT	Walgreens
ENCUMBRANCES	None, Delivered Free & Clear
LEASE TYPE	Absolute NNN
OWNERSHIP	Fee Simple

PROPERTY OVERVIEW

BUILDING SIZE (SF)	±14,742 Square Feet
LAND AREA (ACRES)	±1.78 Acres
YEAR BUILT	2002
PROPERTY TYPE	Free-Standing, Single-Tenant Retail
PROPERTY USE	Retail Pharmacy, offering Health & Well-Being related products and services.



SUBJECT PROPERTY

LEASE ABSTRACT

TENANT	Walgreens Co.
PARENT COMPANY	Walgreens Boots Alliance, Inc.
LEASE DATE	September 21, 2001
LEASE TYPE	NNN
PROPERTY ADDRESS	37160 47th Street E, Palmdale, CA 93552
BUILDING SIZE (SF)	±14,742 Square Feet
YEAR CONSTRUCTED	2002
LAND AREA (ACRES)	1.78 Acres
RENT COMMENCEMENT	August 5, 2002
TERM EXPIRATION	August 31, 2022
PRIMARY TERM	60 Years
OPTIONS	Option for tenant to terminate lease effective as of the last day of the 240th, 300th, 360th, 420th, 480th, and 540th full calendar month of the term.
ANNUAL RENT/RENT SCHEDULE	Fixed rent of \$31,395.00 per month plus 2.0% of the gross sales (except for sale of food items and prescription items) and 0.5% of gross sales of food items and prescription items (excluding prescription items sold to third parties).
RENT INCREASES	n/a
ROFR/OFFER	None
SUBLET/ASSIGNMENT	Tenant may discontinue operation of its business and may assign to an affiliated corporation, or to another entity, for any lawful purpose not violating use restrictions subject to certain terms in the lease.

BUILDING USE	Tenant may use the building for any retail use that is not in violation of any use restriction named in the lease.
ROOF	Tenant Responsibility
PARKING, LIGHTING & LANDSCAPING	Tenant Responsibility
STRUCTURE	Tenant Responsibility
TAXES	Tenant Pays Directly
INSURANCE	Tenant Responsibility
HVAC	Tenant Responsibility
UTILITIES	Tenant Pays Directly
ALTERNATIONS AND IMPROVEMENTS	Subject to certain terms in the lease, Tenant may make structural and non-structural alterations and additions to the premises at tenant's cost and expense.
EXCLUSIVE USE	Tenant has the exclusive right, within 500 feet of the premises, to operate a drug store and sell certain other products or offer certain other services as defined in the lease.
CASUALTY	Subject to certain terms in the lease, Tenant shall repair and restore any portion of the premises damaged or destroyed by fire or other casualty at its own cost without abatement of rent.
ESTOPPEL	Landlord and Tenant agree to execute and deliver an estoppel certificate to the other within 20 days after receipt of such request.

TENANT OVERVIEW

Walgreens Boots Alliance, Inc. (NASDAQ: WBA), Walgreens Boots Alliance, along with its subsidiaries, operates a network of drugstores in the United States. It provides consumer goods and services, pharmacy, and health and wellness services through drugstores, as well as through mail, and by telephone and online. The company sells prescription and non-prescription drugs; and general merchandise, including convenience and fresh foods, household items, personal care, photofinishing and candy, and beauty care. It also provides specialty pharmacy services for managing complex and chronic health conditions; customers infusion therapy services consisting of administration of intravenous medications for cancer treatments, chronic pain, heart failure, and other infections and disorders; and clinical services, such as laboratory monitoring, medication profile review, nutritional assessments, and patient and caregiver education. In addition, the company manages in-store convenient care clinics (Healthcare Clinics). As of August 31, 2016 it operated 7,175 locations in 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The company also managed approximately 400 Healthcare Clinics and provider practice locations. The company was founded in 1901 and is based in Deerfield, Illinois.

The Company, with a presence in more than 25 countries, employs over 370,000 people and is the largest retail pharmacy, health and daily living destination in the USA and Europe, and (including equity method investments) is:

- ++ The global leader in pharmacy-led, health and well-being retail with over 13,200 stores in 11 countries
- ++ One of the largest global pharmaceutical wholesale and distribution networks with over 350* distribution centers delivering to more than 200,000+ pharmacies, doctors, health centers and hospitals each year in 19 countries
- ++ One of the world's largest purchasers of prescription drugs and many other health and well being products

For fiscal year ended December 31, 2017, Walgreens Boots Alliance reported total revenues of \$118.2 billion (a year-over-year increase of 0.7 percent), and a net income of \$5.5 billion. The company currently holds a S&P credit rating of BBB.



SUBJECT PROPERTY PHOTOS





Lockheed Martin Aeronautics | Palmdale, CA

LOCATION OVERVIEW

Today's **Palmdale** offers world-class engineering and state of-the art manufacturing facilities; plus, high-end housing developments, remarkable new medical facilities, a strong service sector, and a robust retail marketplace.

Palmdale, California is located in northern Los Angeles county, at the cultural, residential, retail, and medical hub of the Antelope Valley. Separated from Los Angeles (± 60 miles) by the San Gabriel Mountains, Palmdale has a population of nearly 162,000 people—making it the 6th largest and fastest-growing city in the county and the 33rd most populous city in California. Covering 106 square miles, Palmdale is also the second-largest city in Los Angeles County by area. Over the last 25 years, the city has consistently been ranked in the top 25 fastest growing cities in the United States (based on percentage change).

Commercial Development

Downtown Palmdale has revitalized itself with hundreds of new senior housing units, a new senior center, and expanded open space. Palmdale Regional Medical Center (157-bed), a first-class medical facility opened in 2010, includes a well-equipped emergency room, a helipad, medical office towers, and a senior housing complex. A voter-initiated and approved tax fund has allowed for park and recreation expansions, including the Palmdale Amphitheater with capacity of 10,000, two new pools, other recreation buildings, satellite library, and the Dry Town Water Park.

Transportation

Palmdale is located about an hour north of Los Angeles along CA 14 Freeway. This freeway connects with Interstate 5, while Interstates 10, 15, and 40 are reached via State Route 138, providing rapid access to all of Southern California and the entire Western US.

ECONOMIC ANALYSIS

With a workforce topping 60,000, Palmdale's labor base is skewed toward white collar professionals with about half employed in office, managerial, or professional jobs. Local employers draw from a regional pool of nearly 150,000. Almost half of all Antelope Valley workers commute long distances to work and provide a ready pool of talent that local businesses can quickly tap.

Palmdale's healthy economy is characterized by a broad range of is characterized by a vast mix of businesses of all sizes, including a strong presence of aerospace companies and an increasing number of high-tech manufacturers.

Noted as the Aerospace Capital of the World, Palmdale is home to some of the nation's largest and most successful aerospace companies. Prominent aerospace employers in the area include Lockheed Martin Aeronautics Company ($\pm 3,700$ employees), Northrop Grumman Corporation ($\pm 2,100$ employees), The Boeing Company (± 850 employees), and the AERO Institute.

As discussed on the following page, Palmdale is undergoing significant growth as a result of a recently-awarded contract between Northrop Grumman and the US Defense Department to manufacture up B-21 bombers utilizing the latest stealth technology.

LOCATION OVERVIEW

Several international and US-based corporations and manufacturing firms have major facilities in Palmdale. **Delta Scientific**, a manufacturer of high strength vehicle barrier systems and a major supplier to the US Government; **BYD**, which operates North America's largest electric bus manufacturing facility in Palmdale; **US Pole**, a manufacturer of street lighting poles; and, **Lance Camper**, a 50 year+ manufacturer of truck campers and travel trailers, are companies expanding and adding good paying jobs to the region.

Northrop Grumman

The biggest boost to the area's economy and job creations is the B-21 bomber contract won by **Northrop Grumman** in 2015. The Pentagon is aiming to buy 100 of the stealthy bat-winged jet over the next 20 years, at a total outlay exceeding \$80 billion. The aircraft will be assembled at the Air Force Plant 42 facility in Palmdale, where other weaponry is produced and assembled including the Air Force's Global Hawk and the Navy's Triton high-altitude surveillance drones, and the center fuselage for the F-35 Joint Strike Fighter.

The project will provide thousands of new jobs for the area, including over 1,000 construction jobs for the 1 million square foot plant expansion currently underway. Northrop currently has over 3,000 employees at the Palmdale plant and expects to have 5,200 employees at the site by late 2019 and continue adding jobs for several more years. The ripple effect is expected to create jobs among subcontractor and supporting employers.



Northrop Grumman Palmdale California Manufacturing Plant



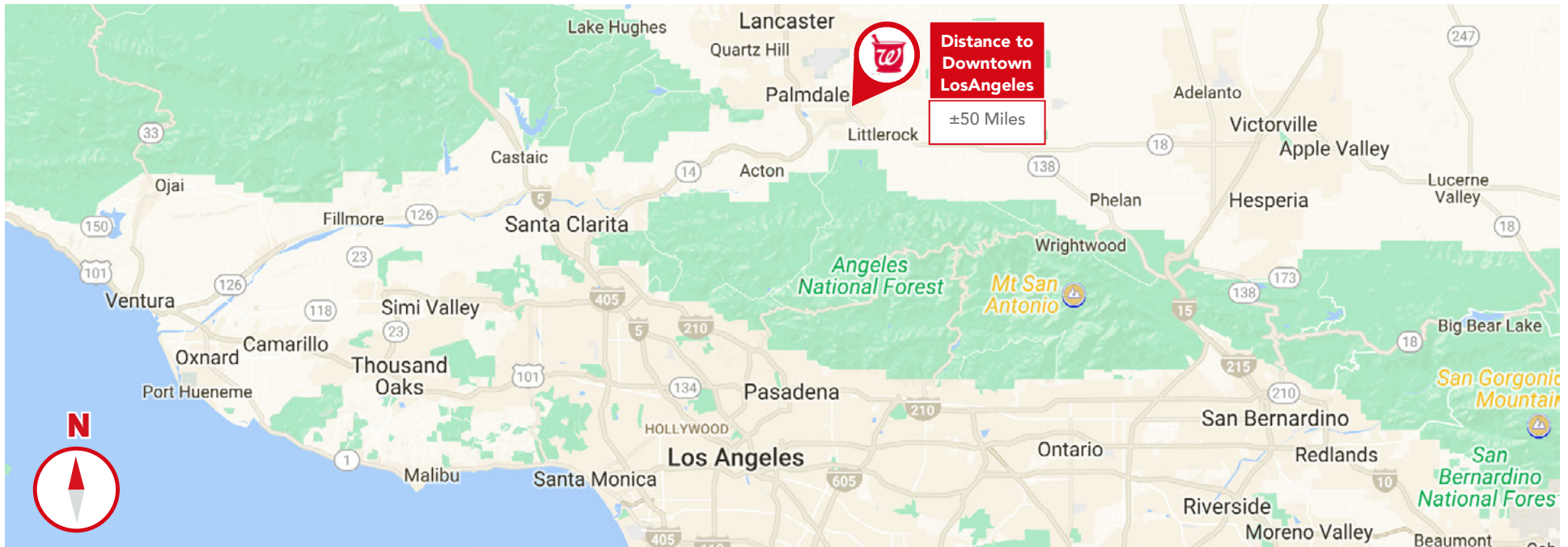
US AIR FORCE Joint Strike Fighter - Northrop Grumman



Artist' Rendering | B-21 Stealth Bomber - Northrop Grumman



US NAVY Triton Surveillance Drone - Northrop Grumman







DEMOGRAPHICS

	0-1 MI	0-3 MI	0-5 MI
Population			
2018 Population - Current Year Estimate	21,252	82,766	122,854
2023 Population - Five Year Projection	21,930	84,985	126,029
2010 Population - Census	19,912	78,108	115,905
2018-2023 Annual Population Growth Rate	0.63%	0.53%	0.51%

Households			
2018 Households - Current Year Estimate	5,304	21,415	32,526
2023 Households - Five Year Projection	5,426	21,797	33,079
2010 Households - Census	5,079	20,681	31,392
2018-2023 Annual Household Growth Rate	0.46%	0.35%	0.34%

Average Household Income			
2018 Average Household Income	\$74,545	\$70,489	\$64,313
2018 Median Household Income	\$59,283	\$56,809	\$51,312

2018 Business Employment			
2018 Businesses	153	755	1,758
2018 Employees	1,768	7,436	15,607



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