



WALGREENS

PHOENIX, ARIZONA

YURAS
AICALE
FORSYTH
CROWLE

Leased Investment Team

OFFERING MEMORANDUM

\$4,039,000 | 6.25% CAP RATE

- » Long-Term Net Lease to Investment Grade Tenant
 - » Recent 10-Year Lease Extension
 - » Walgreens Boots Alliance is Rated "BBB" by S&P and Ranked 19th in the Fortune 500
 - » Largest Drug Retailing Chain in the U.S.
- » Top-Performing Location With Long History of Tenancy
- » High-Traffic Location With Convenient Freeway Access
 - » Excellent Visibility and Access to 49,158 Vehicles Per Day at Signalized Hard Corner
- » Central Location Near Downtown Phoenix, Downtown Tempe, Sky Harbor Airport, and Arizona State University
- » Close Proximity to Major Employers, Tourist Attractions, and Significant Development Projects
- » Strong Customer Base with Robust Demographics
 - » 276,490 Residents and 241,348 Daytime Employees Within Five Miles
- » Newly Installed Roof

ACTUAL SITE



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DEMOGRAPHIC PROFILE

Cushman & Wakefield ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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**YURAS
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CROWLE**

Leased Investment Team

www.YAFteam.com

INVESTMENT SUMMARY

ADDRESS	3945 East Southern Avenue, Phoenix, Arizona
PRICE	\$4,039,000
CAP RATE	6.25% return
NOI	\$252,438
TERM	10 years remaining
RENT COMMENCEMENT	December 4, 1998
LEASE EXPIRATION	December 31, 2028
YEAR BUILT	1998
BUILDING SF	13,905 SF
PARCEL SIZE	2.50 acres (108,779 SF)
LEASE TYPE	Net, with tenant responsible for all taxes, insurance, and interior and non-structural maintenance

LONG-TERM NET LEASE TO INVESTMENT GRADE TENANT

- » Recent 10-year lease extension, demonstrating commitment to the location
- » Strong operating history at this location since 1998
- » Property features newly installed roof
- » Walgreens Boots Alliance, Inc. (NASDAQ: "WBA") is rated "BBB" by Standard & Poor's and is ranked 19th in the Fortune 500
- » Walgreens is the largest drugstore chain in the U.S. based on prescription sales
- » Walgreens recently acquired nearly 2,000 Rite Aid stores, making Walgreens the largest drugstore chain by number of locations

HIGH-TRAFFIC LOCATION AT SIGNALIZED HARD CORNER

- » Excellent visibility and access to 49,158 vehicles per day at the signalized hard corner of East Southern Avenue and South 40th Street
- » Both Southern Avenue and 40th Street provide nearby access to Interstate 10 (210,731 AADT), which provides access to downtown Phoenix

CENTRAL LOCATION WITH LARGE CUSTOMER BASE

- » Centrally located just minutes from downtown Phoenix; Phoenix Sky Harbor International Airport, which serves over 43 million passengers per year; downtown Tempe; and the Tempe campus of Arizona State University, which has an enrollment of 51,164 students
- » Supported by a strong customer base comprised of working professionals, residents, students, and tourists
- » Near a number of popular hotels and tourist attractions, including several golf courses, Phoenix Marriott Resort Tempe at The Buttes, and Tempe Diablo Stadium, which serves as the spring training home of the Los Angeles Angels baseball team
- » Close to Arizona Mills, the state's largest, indoor outlet, value-retail, and entertainment destination, with more than 185 retailers and unique entertainment and restaurant options like LEGOLAND Discovery Center, Sea Life Arizona, Rainforest Café, and the largest IMAX in the state of Arizona
- » 276,490 residents live and 241,348 daytime employees work within a five-mile radius
- » Located in the South Mountain neighborhood—an area undergoing significant development—and immediately adjacent to The Grove, a 17-acre office and commercial development



ACTUAL SITE



Walgreens



East Southern Avenue (25,958 AADT)

The Grove
(17-acre mixed-use development with
creative office and commercial space)

South 40th Street (23,200 AADT)





Honeywell
(6,265 employees)

intel
CHANDLER CAMPUS
(10,000 employees)

Interstate 10 / Interstate 10 (210,731 AADT)

INDUSTRIAL REGION



Nevitt Elementary School
(790 students)



The Grove
(17-acre mixed-use development with creative office and commercial space)

Walgreens

South 40th Street (23,200 AADT)



East Southern Avenue (25,958 AADT)

INDUSTRIAL REGION



The Marketplace



Legacy Village



INDUSTRIAL REGION

South Valley Prep and Arts School
(208 students)

RAVEN GOLF CLUB
(600+ acres)

Awakening Seed School
(149 students)



The Grove
(17-acre mixed-use development with creative office and commercial space)

East Southern Avenue
(25,958 AADT)

South 40th Street (23,200 AADT)

Villas at Town Center
(24 single-family homes)



DOWNTOWN PHOENIX
(6.8 miles)



PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

Brooks Academy
(450 students)



/ Interstate 10 (210,731 AADT)

INDUSTRIAL REGION



Walgreens

The Grove
(17-acre mixed-use development with creative
office and commercial space)

South 40th Street (23,200 AADT)



East Southern Avenue
(25,958 AADT)

Villas at
Town Center
(24 homes)





LabCorp
Laboratory Corporation of America

UnitedHealth Group
(4,827 employees)

DEL TACO

WHATABURGER **TACO BELL**

Pizza Hut

PANDA EXPRESS
SINCE 1983
JJ
GOURMET SANDWICHES

DOWNTOWN TEMPE
(5.5 miles)

ASU Arizona State University
TEMPE CAMPUS
(51,164 students)

INTERSTATE 10 / Interstate 10
(210,731 AADT)

DIABLO STADIUM
Tempe, Arizona
COMPLEX

L A Z B O Y
SERVICE & CLEARANCE CENTER

aetna
(1,376 employees)

MARRIOTT RESORT
PHOENIX TEMPE
THE BUTTES
(345 rooms and 8 suites on a 25-acre natural landmark, with 1,472 employees)

South 40th Street (23,200 AADT)

INDUSTRIAL REGION

VALLEY CHILD CARE & LEARNING CENTERS **K**

East Southern Avenue (25,958 AADT)

INDUSTRIAL REGION

Walgreens

The Grove
(17-acre mixed-use development with creative office and commercial space)

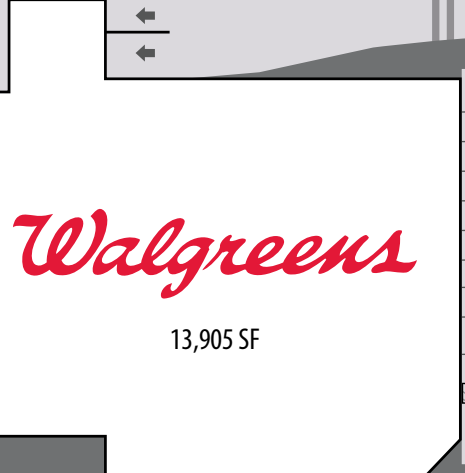
SUBWAY
Shell **ADH**

SITE PLAN

EAST SOUTHERN AVENUE



MONUMENT SIGN



13,905 SF

SOUTH 40TH STREET

TENANT SUMMARY



Walgreens is an American company which operates one of the largest pharmacy store chains in the United States. Walgreens sells prescription drugs and a range of other merchandise, including over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, food and beverages, greeting cards, seasonal merchandise, and other everyday and convenience products. As of June 28, 2018, the company operated 9,800 stores in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Walgreens is a subsidiary of Walgreens Boots Alliance (NASDAQ: "WBA"), the largest retail pharmacy, health, and daily living destination across the U.S. and Europe. The Walgreens Boots Alliance portfolio of retail and business brands includes Walgreens, Duane Reade, Boots, and Alliance Healthcare, as well as increasingly global health and beauty product brands, such as No7, Soap & Glory, Liz Earle, Sleek MakeUP, and Botanics. Walgreens Boots Alliance and its subsidiaries together have a presence in more than 25 countries and employ more than 415,000 people. The company operates one of the largest global pharmaceutical wholesale and distribution networks, with over 390 distribution centers delivering to more than 230,000 pharmacies, doctors, health centers, and hospitals each year in more than 20 countries. In addition, Walgreens Boots Alliance is one of the world's largest purchasers of prescription drugs and many other health and wellbeing products.

During the third quarter of 2018, Walgreens Boots Alliance completed the acquisition of 1,932 Rite Aid stores. The company expects to transition three distribution centers and related inventory beginning in fiscal 2019 and to complete the integration of acquired stores and related assets by the end of fiscal 2020. The stores are expected to be converted from Rite Aid stores into Walgreens stores, making Walgreens the largest drugstore chain by number of locations in the U.S., with over 11,700 stores.

For the fiscal year ended August 31, 2018, Walgreens Boots Alliance, Inc. reported revenue of \$131.5 billion. Walgreens Boots Alliance enjoys a Standard & Poor's rating of "BBB" and is ranked 19th in the Fortune 500.

For additional information, please visit www.walgreens.com.

TICKER	NASDAQ: "WBA"	LOCATIONS	11,700+
REVENUE	\$131.5B	HEADQUARTERS	Deerfield, IL

LEASE ABSTRACT

TENANT	Walgreen Arizona Drug Co.
GUARANTOR	Walgreen Co.
ADDRESS	3945 East Southern Avenue, Phoenix, Arizona
RENT COMMENCEMENT	December 4, 1998
LEASE EXPIRATION	December 31, 2028
RENEWAL OPTIONS	Eight (8) five (5) year options
PERCENTAGE RENT	If a sum equal to 2.0% of the Gross Sales, excluding Gross Sales of food and prescription items, plus 0.5% of the Gross Sales of food and prescription items made by Tenant in any lease year exceeds the total fixed rent for such lease year, then Tenant shall pay to Landlord the amount of such excess as additional percentage rent. However, in no event shall the total of fixed rent plus additional percentage rent payable by Tenant in any lease year exceed \$504,752.00.
REAL ESTATE TAXES	Tenant is responsible for taxes.
INSURANCE	Tenant is responsible for insurance.
REPAIR & MAINTENANCE	Tenant is responsible for maintaining and repairing the interior and nonstructural portions of the Building.
MAINTENANCE BY LANDLORD	Landlord is responsible for maintaining and repairing the exterior and structural portions of the Building.
RIGHT OF FIRST REFUSAL	Tenant has fifteen (15) days to exercise its Right of First Refusal.

PROPERTY OVERVIEW

LOCATION

The property is conveniently located at the signalized hard corner of East Southern Avenue and South 40th Street, with excellent visibility and access to 49,158 vehicles per day. Both Southern Avenue and 40th Street provide nearby access to Interstate 10 (210,731 AADT), which provides access to downtown Phoenix. The property is in a dense commercial region and is near several shopping centers and major national retailers. Less than three miles from the property is Arizona Mills, the state's largest, indoor outlet, value-retail, and entertainment destination, with more than 185 retailers and unique entertainment and restaurant options like LEGOLAND Discovery Center, Sea Life Arizona, Rainforest Café, and the largest IMAX in the state of Arizona. Other nearby retail centers include Legacy Village, featuring Target and Fry's Food and Drug, and the Marketplace at South Mountain, tenanted by Walmart Neighborhood Market and PetSmart.

The property is centrally located just minutes from downtown Phoenix; Phoenix Sky Harbor International Airport, which serves over 43 million passengers per year; downtown Tempe; and the Tempe campus of Arizona State University, which has an enrollment of 51,164 students. Due to its central location, the property is supported by a strong customer base comprised of working professionals, residents, students, and tourists. The property is near several major industrial parks, and 241,348 daytime employees work within a five-mile radius. Additionally, the property is located in a densely populated area, with 276,490 people living within five miles. Also nearby are a number of popular hotels and tourist attractions, including several golf courses, Phoenix Marriott Resort Tempe at The Buttes, and Tempe Diablo Stadium, the spring training home of the Los Angeles Angels baseball team. Significant development is planned or underway near the property, including The Grove, a 17-acre office and commercial development that is immediately adject to the property.

ACCESS

Access from Southern Avenue and 40th Street

TRAFFIC COUNTS

East Southern Avenue:	25,958 AADT
South 40th Street:	23,200 AADT
Interstate 10:	210,731 AADT

PARKING

75 parking stalls, including four (4) handicap stalls

YEAR BUILT

1998

NEAREST AIRPORT

Phoenix Sky Harbor International Airport (PHX)



ACTUAL SITE



75
PARKING
STALLS



49K
TRAFFIC
COUNT (AADT)



**NEAREST
AIRPORT**
PHOENIX
SKY HARBOR
INTERNATIONAL
AIRPORT

AREA OVERVIEW

Phoenix is the capital of and largest city in Arizona. With 1,626,078 residents as of 2017, Phoenix is the fifth most populous city nationwide, the most populous state capital in the United States, and the only state capital with a population of more than one million residents. Phoenix is the anchor of the Phoenix Metropolitan Statistical Area (MSA), also known as the Valley of the Sun. The metropolitan area is the 12th largest by population in the United States, with approximately 4.73 million people as of 2017. The MSA accounts for 65.5% of the total population of the state of Arizona. The Phoenix metropolitan area is the cultural center of Arizona and has historically been the center of the state's economy.

As of 2017, the Phoenix MSA had a Gross Domestic Product of just over \$242.95 billion. The top five industries were real estate, finance and insurance, professional and business services, manufacturing, and healthcare. Government, if it had been a private industry, would have been ranked fourth on the list, generating \$23.4 billion. Due to its climate, Phoenix and its neighbors have consistently ranked among the nation's top destinations in the number of five diamond and five star resorts. With more than 65,000 hotel rooms in over 500 hotels and 40 resorts, Greater Phoenix sees over 22.8 million visitors each year, the majority of whom are leisure travelers. Sky Harbor Airport, which serves the Greater Phoenix area, serves over 43 million passengers a year, ranking it among the ten busiest airports in the nation.

- » In 2016, Phoenix became the fastest growing city in the United States, adding approximately 88 people per day during the preceding year. The Phoenix MSA is one of the fastest growing major metropolitan areas, gaining nearly 400,000 residents from 2010 to 2015, and more than 1.3 million since 2000.
- » A young and diverse market with nearly 500,000 students, the region is home to several major universities and colleges. The largest of these is Arizona State University, the largest public university in the U.S., with a 2017 enrollment of over 100,000 students across multiple campuses in the Phoenix area.
- » Greater Phoenix's population is expected to nearly double in the next two decades. With an average age of 32.2, Phoenix is a young city with new development as well as more centralized urban redevelopment. Phoenix's physical infrastructure is sophisticated and robust, allowing the city to expand at a rapid pace, with plenty of capacity to support anticipated future growth.

MAJOR EMPLOYERS IN PHOENIX MSA	# OF EMPLOYEES
STATE OF ARIZONA	49,800
WALMART	30,634
BANNER HEALTH	24,825
CITY OF PHOENIX	15,100
WELLS FARGO	13,308
BANK OF AMERICA	13,300
MARICOPA COUNTY	12,792
ARIZONA STATE UNIVERSITY	11,185
APOLLO GROUP	11,000
JPMORGAN CHASE	10,600

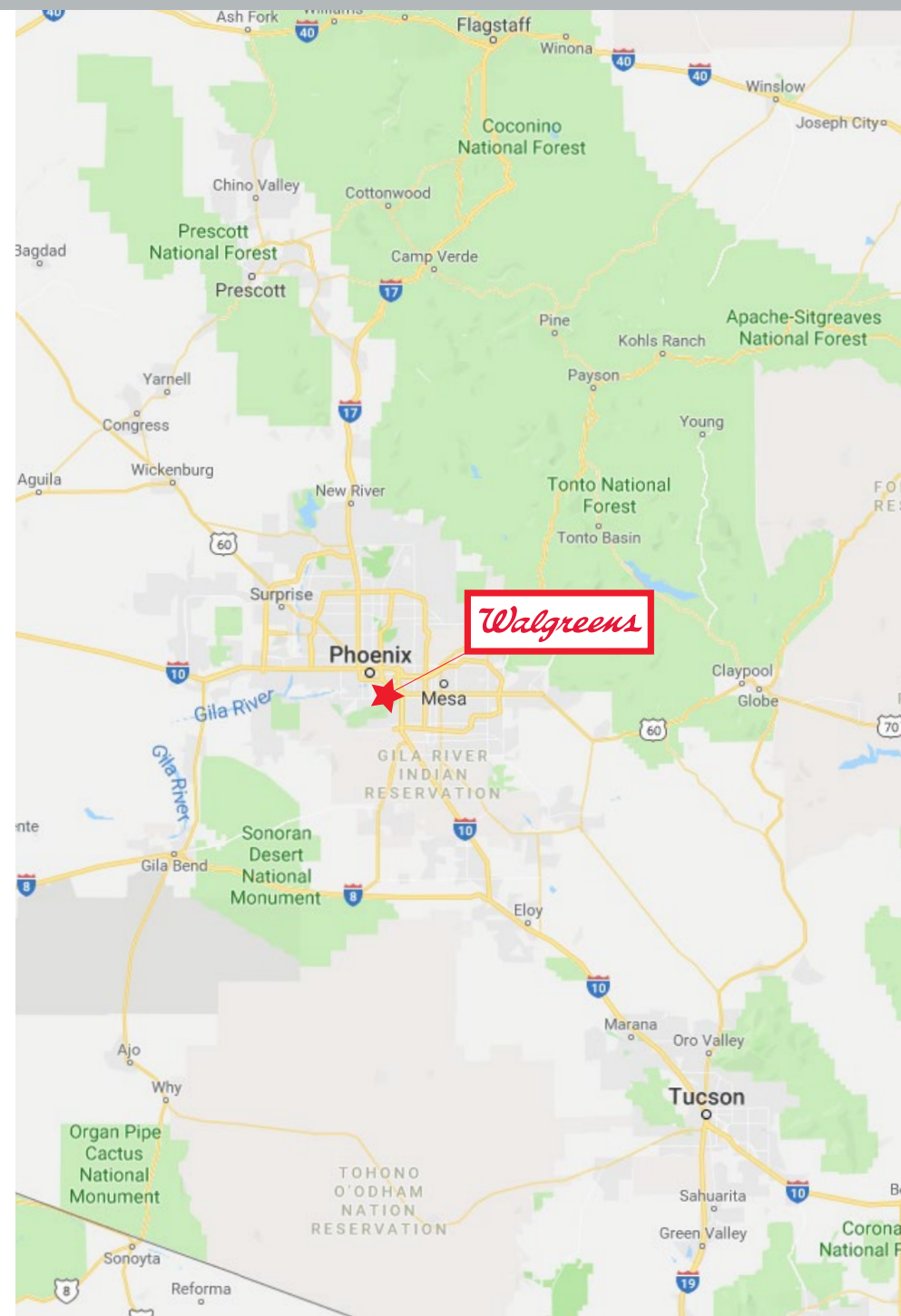


DEMOGRAPHIC PROFILE

2018 SUMMARY	1 Mile	3 Miles	5 Miles
Population	13,143	80,798	276,490
Households	4,157	29,316	101,801
Families	2,839	17,259	54,587
Average Household Size	3.16	2.74	2.58
Owner Occupied Housing Units	2,391	14,531	40,711
Renter Occupied Housing Units	1,766	14,785	61,090
Median Age	30.3	31.4	29.3
Average Household Income	\$59,740	\$64,063	\$63,506
2023 ESTIMATE	1 Mile	3 Miles	5 Miles
Population	13,754	86,043	297,288
Households	4,334	31,217	109,994
Families	2,953	18,277	58,430
Average Household Size	3.17	2.74	2.58
Owner Occupied Housing Units	2,598	16,031	45,224
Renter Occupied Housing Units	1,736	15,186	64,770
Median Age	31.2	32.0	29.9
Average Household Income	\$71,259	\$76,215	\$74,397



**POPULATION OF 276,490
WITHIN FIVE MILES**



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