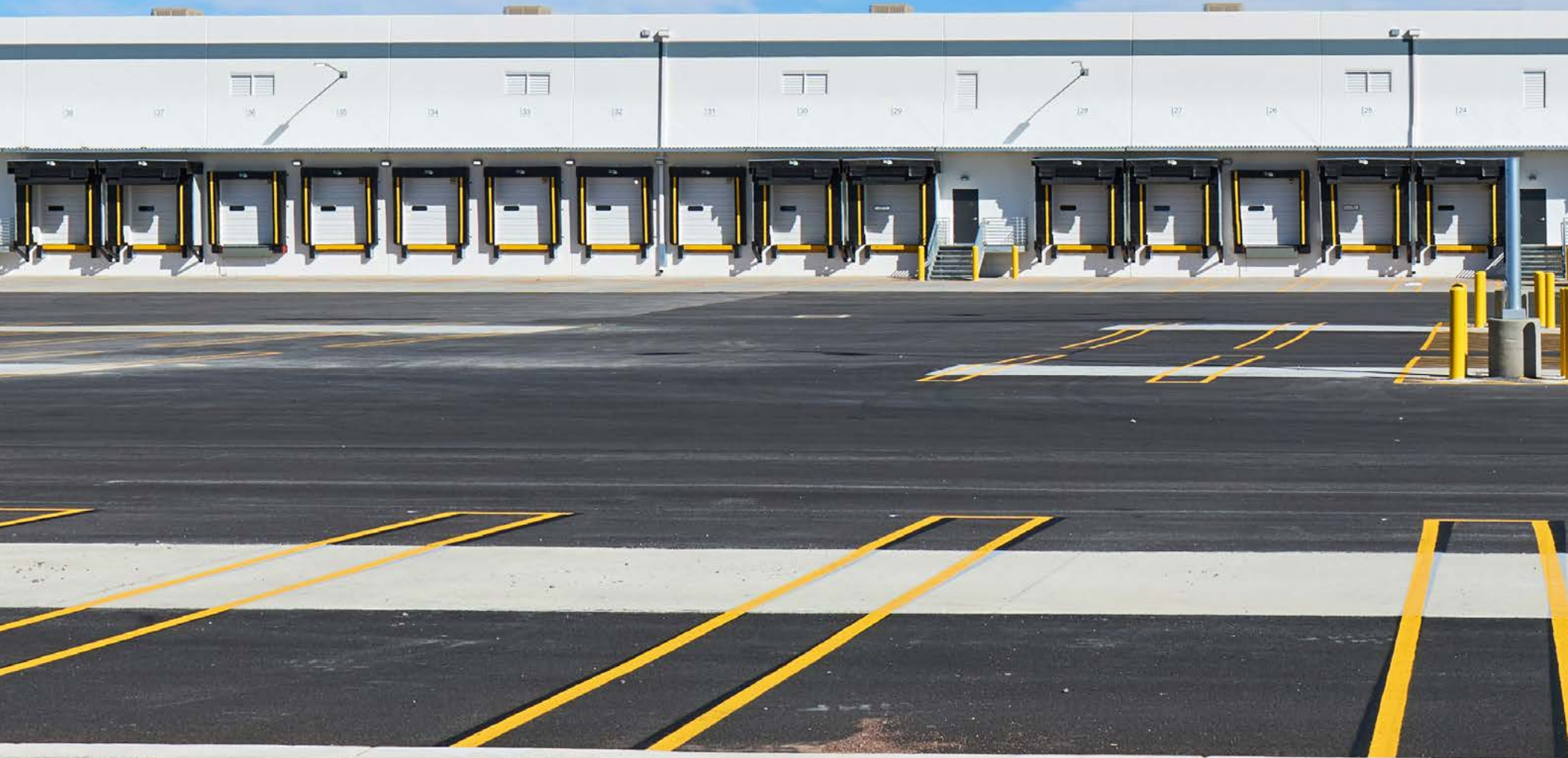


amazon Last Mile Distribution Building

OFFERING MEMORANDUM | TUCSON METRO AREA



**CUSHMAN &
WAKEFIELD** NET LEASE INDUSTRIAL

REPRESENTATIVE PHOTOGRAPH

EXECUTIVE SUMMARY

Cushman & Wakefield is pleased to offer a new Amazon Last Mile Distribution Building centrally located in Tucson, Arizona at 775 W. Silverlake Road.



Amazon

#1 Ecommerce retailer and service provider with growing market share



Lease Guaranteed by Amazon.com, Inc.

10 Year term

1.85% annual rent increases



New Construction

12.157 +/- acre site

49,500 +/- sq. ft. concrete tilt-up building



Central Location

Easy Interstate 10 access

Efficient drive times to all areas of Tucson



Price – \$17,718,000 (5.00% Cap Rate)

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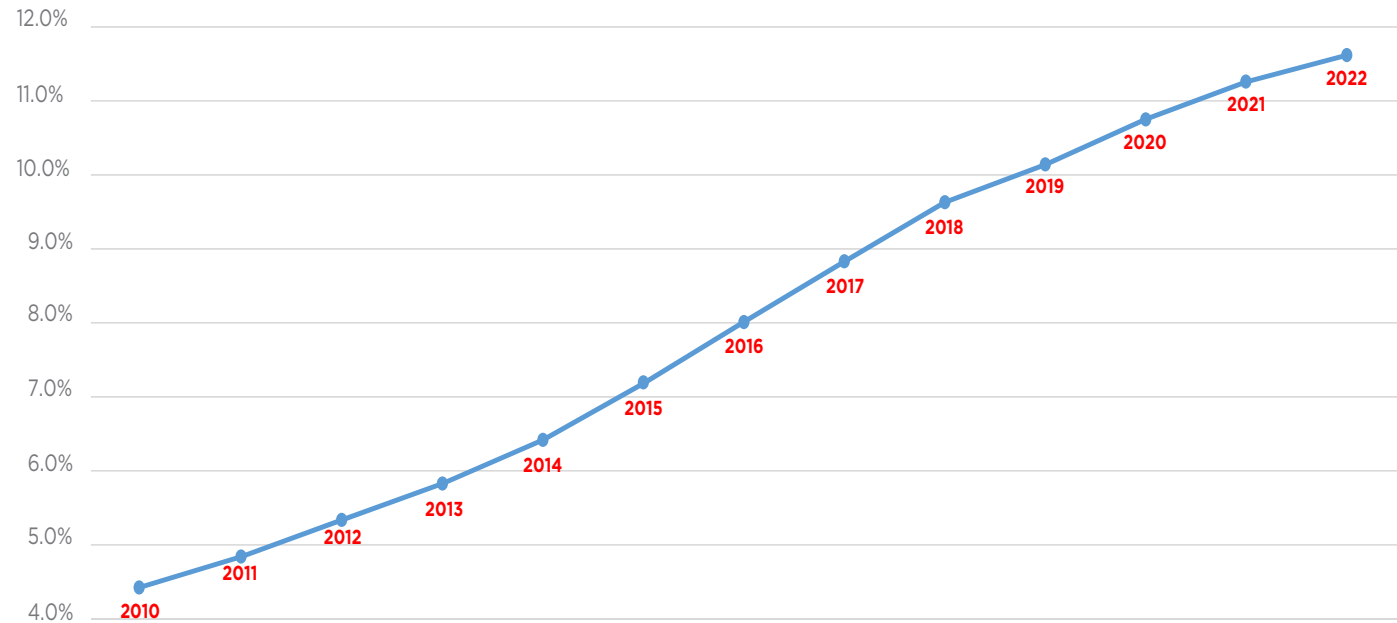
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REPRESENTATIVE PHOTOGRAPH

THE RISE OF ECOMMERCE

- **Total U.S. Retail Sales in 2018 was \$5.3 Trillion. The Ecommerce share of this volume was approximately 10%.**
- **During the past 8 years, Total U.S. Retail Sales have grown at an annual average rate of 4%.**
- **Over this same period, the average annual growth rate for Ecommerce Sales has been 15%!**

ECommerce Share of All US Retail Sales

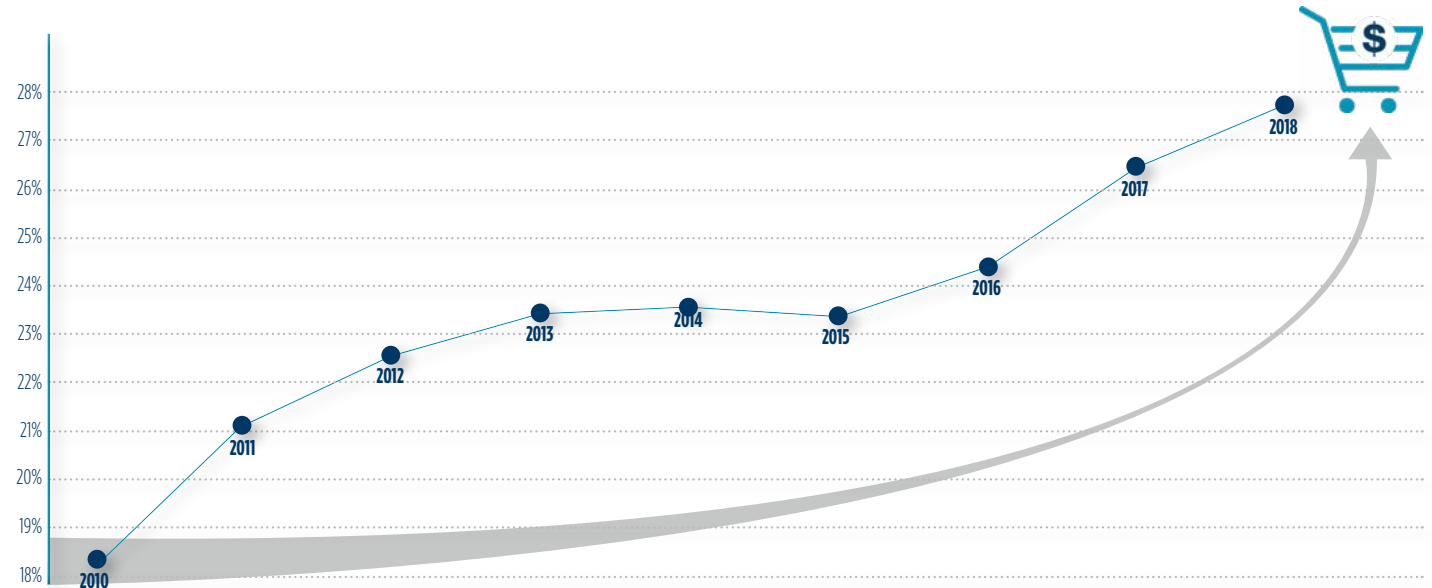


OVER THE COMING YEARS, **ECOMMERCE'S SHARE OF TOTAL RETAIL SALES IS EXPECTED TO GROW TO 25-30%**

AMAZON'S MARKET SHARE

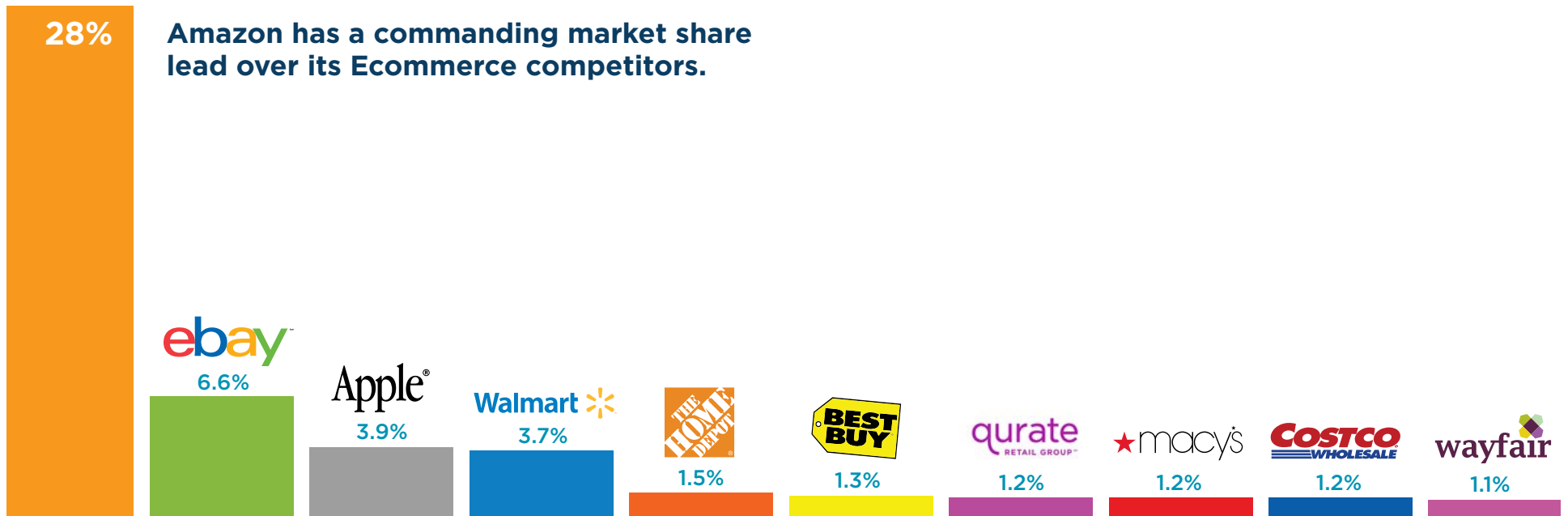


- In 2018, Amazon's Total Net Sales was \$232 billion.
- The North American portion of this figure was \$141 billion.
- Amazon's share of U.S. Ecommerce sales has increased from 18% in 2010 to 28% in 2018!



28%

Amazon has a commanding market share lead over its Ecommerce competitors.



LAST MILE – THE CRITICAL LINK

- “Last Mile” is the final delivery leg to a customer in the supply chain.
- It’s the most challenging and expensive leg.
- The benefits of a well located, state of the art Last Mile facility are:

1. Nearly perfect on-time deliveries
2. Quicker deliveries
3. Fewer package returns
4. Enhanced customer loyalty
5. Increased revenues
6. Lower expenses

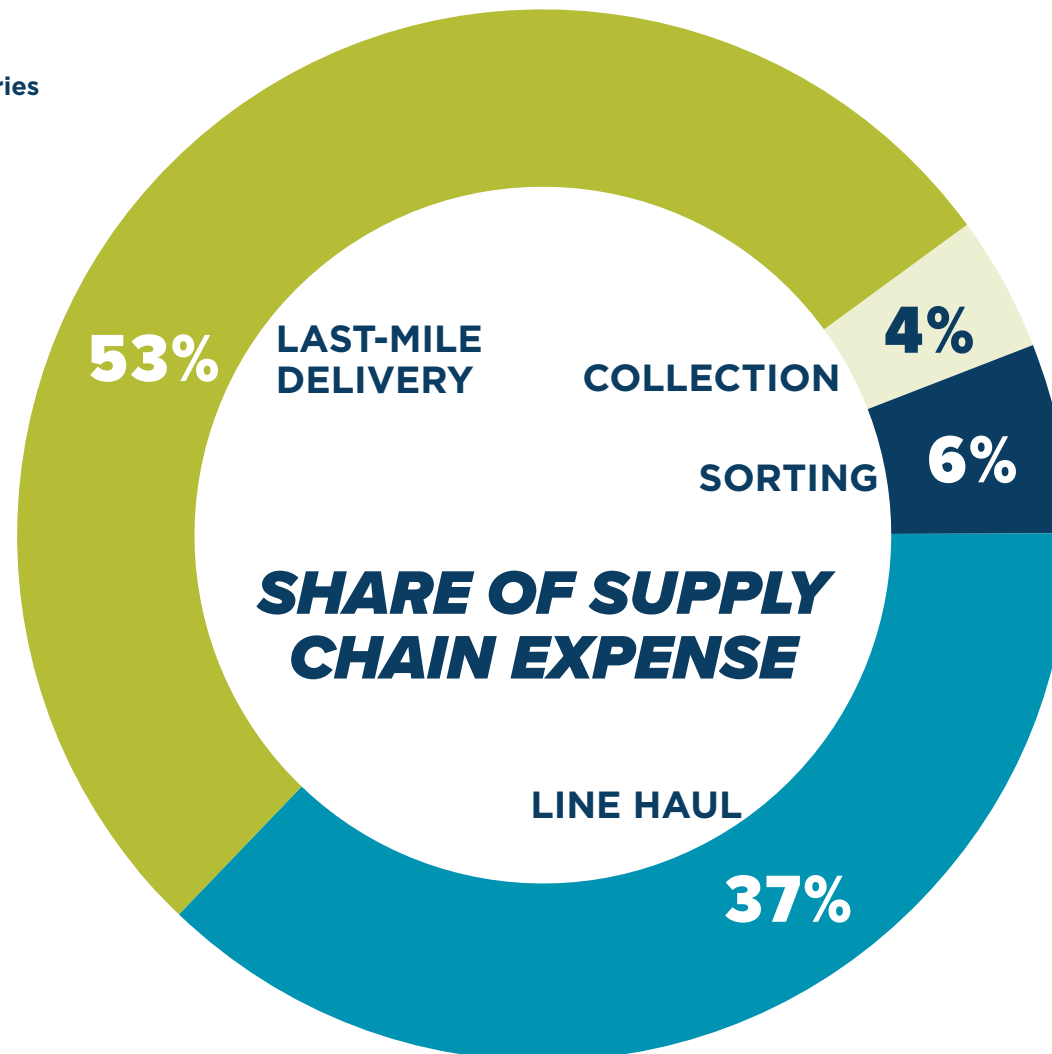


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CUSHMAN &
WAKEFIELD



LAST MILE DISTRIBUTION BUILDING

TUCSON, ARIZONA

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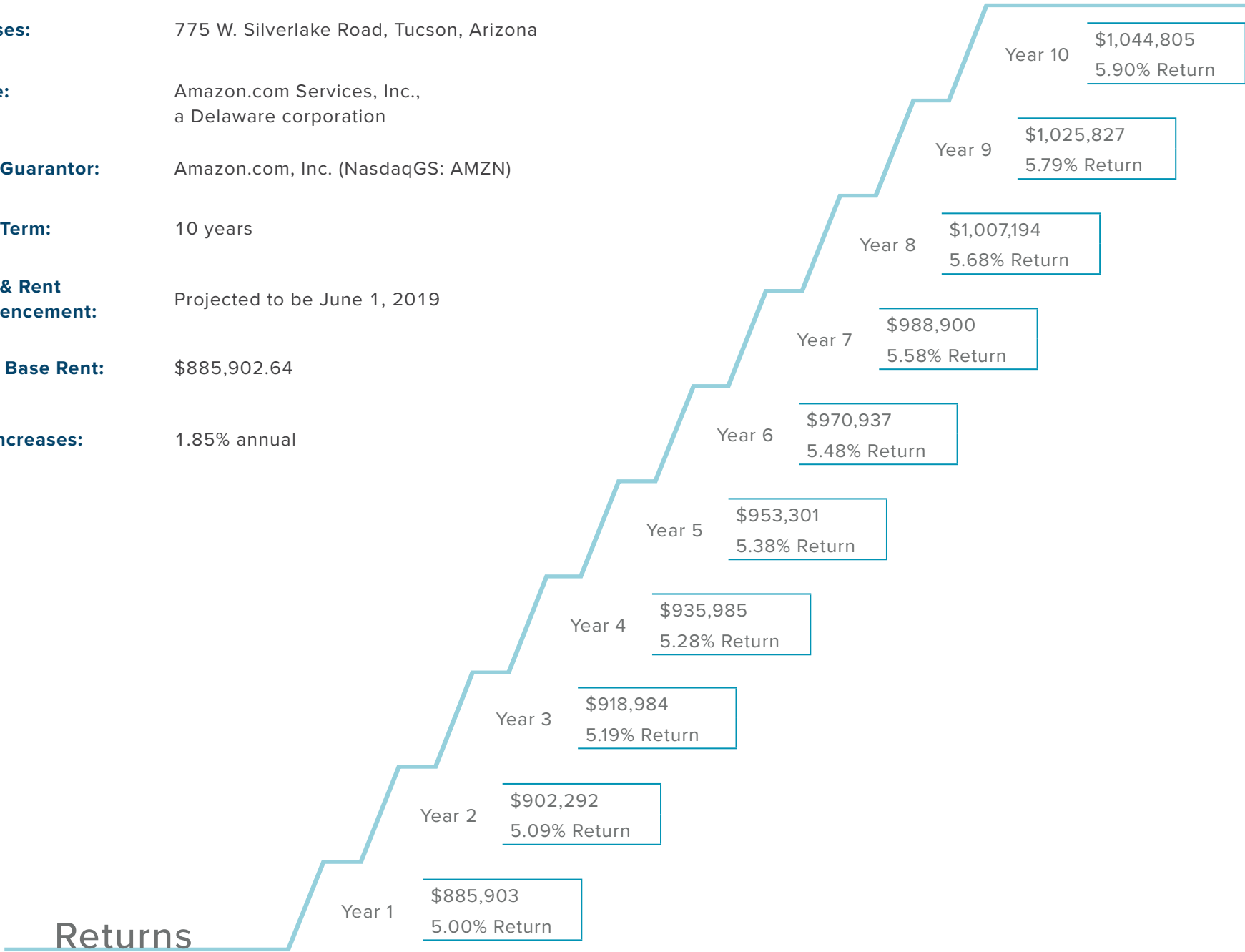
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LEASE SUMMARY

Premises:	775 W. Silverlake Road, Tucson, Arizona
Lessee:	Amazon.com Services, Inc., a Delaware corporation
Lease Guarantor:	Amazon.com, Inc. (NasdaqGS: AMZN)
Lease Term:	10 years
Lease & Rent Commencement:	Projected to be June 1, 2019
Year 1 Base Rent:	\$885,902.64
Rent Increases:	1.85% annual



Returns

LEASE SUMMARY CONT

Tenant Shall Reimburse Landlord for the Following Operating Costs & Expenses:

- A. **Property Taxes**
- B. **Insurance:** Property insurance, two year's rent loss insurance, and landlord's general liability insurance.
- C. **Maintenance:** Parking lot and drive aisle catch basins; exterior building paint; exterior pump; ground irrigation; gutters, scuppers, down spouts, and storm water systems; HVAC; parking lots and drive surfaces; parking lot lighting; pest control; roof (annual inspections, leak repair, preventative maintenance, as needed to maintain warranty); snow removal; swales and retention/detention ponds; and the amortized cost of repair and replacement with a 6% return of non-recurring landscaping service, parking lot and drive surfaces, electrical system, subgrade utility lines; fire sprinkler and fire protection systems.
- D. **Management Fee:** Not to exceed 2.5% of the Base Rent.

Tenant Maintenance Obligations: All other maintenance except for the Landlord's maintenance obligations below.

Landlord Maintenance Obligations: Structural repairs and roof replacement.

Extension Options & Rents:

Three (3) 5-year renewal options. The Base Rent for the first 12 months of the first Extension Term (i.e., months 121 through 132) shall be the greater of fair market rent or the Base Rent for the first 12 months of the initial Term. The Base Rent shall increase thereafter on an annual basis during the first Extension Term at the prevailing market rate for rent escalations for new leases. For the second and third Extension Terms, the Base Rents and annual rent increases shall be equal to the fair market rents and annual rent increases.

First Right of Refusal:

Tenant has a 10 day first right of refusal after receiving a copy of an offer to purchase the property provided by a third party that the Landlord would like to accept.

First Right of Offer:

If the Landlord desires to market the property for sale, Landlord must first offer the property for sale to the Tenant and the Tenant has a 20 day first right to acquire the property during that timeframe.

PROPERTY OVERVIEW



LOCATION 775 W. Silverlake Road, Tucson, Arizona



SITE

12.157± ACRES



BLDG SIZE

49,500± SF



WAREHOUSE AREA 44,423 sq. ft.



OFFICE AREA 5,077 sq. ft.



CONSTRUCTION Concrete tilt-up



ROOF 60 mil TPO



HVAC Office area



TRUCK DOORS, Dock High **15**, Drive-In **6**



TRUCK / VAN PARKING **355** stalls



CAR PARKING **177** stalls



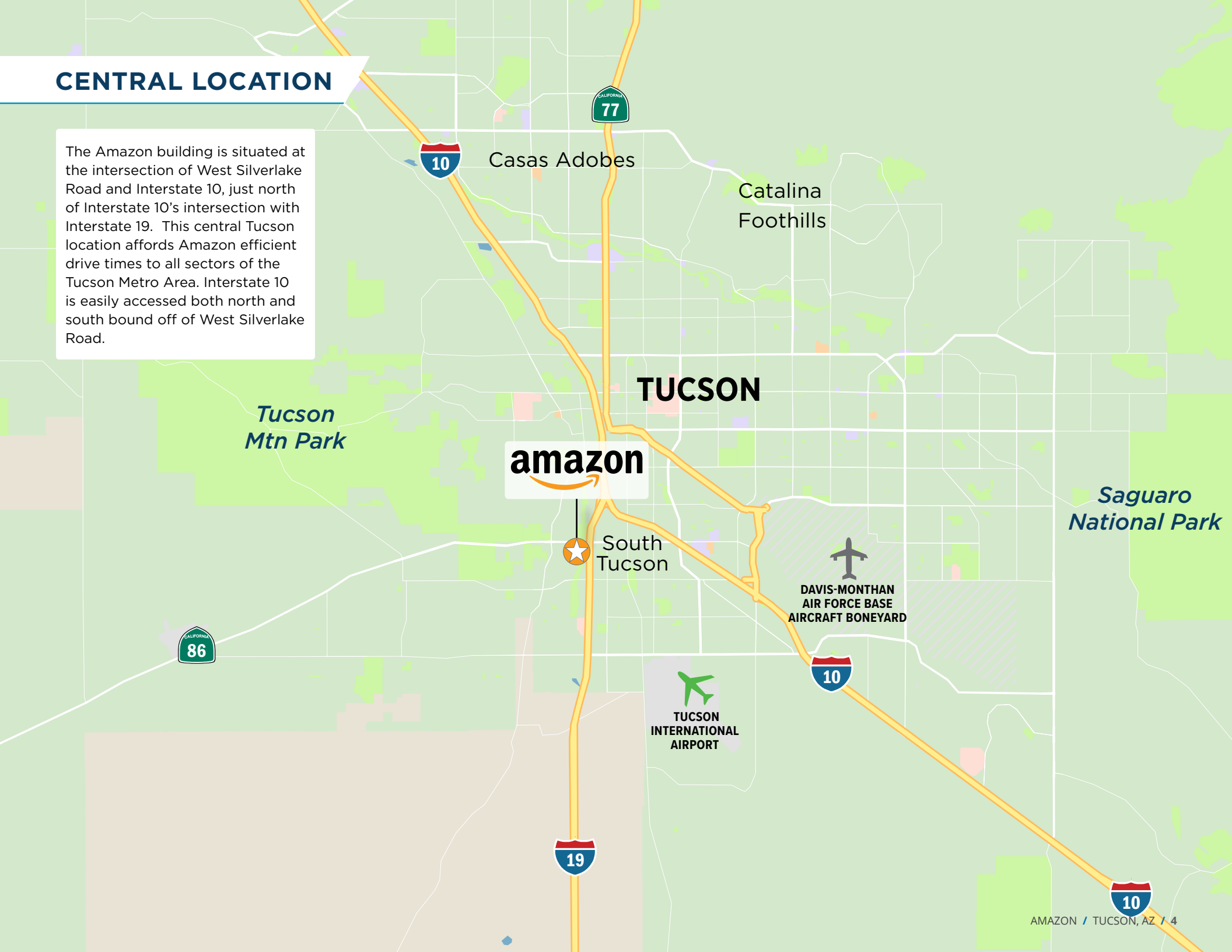
POWER **2000** amps, **3**-phase, **480** volt service



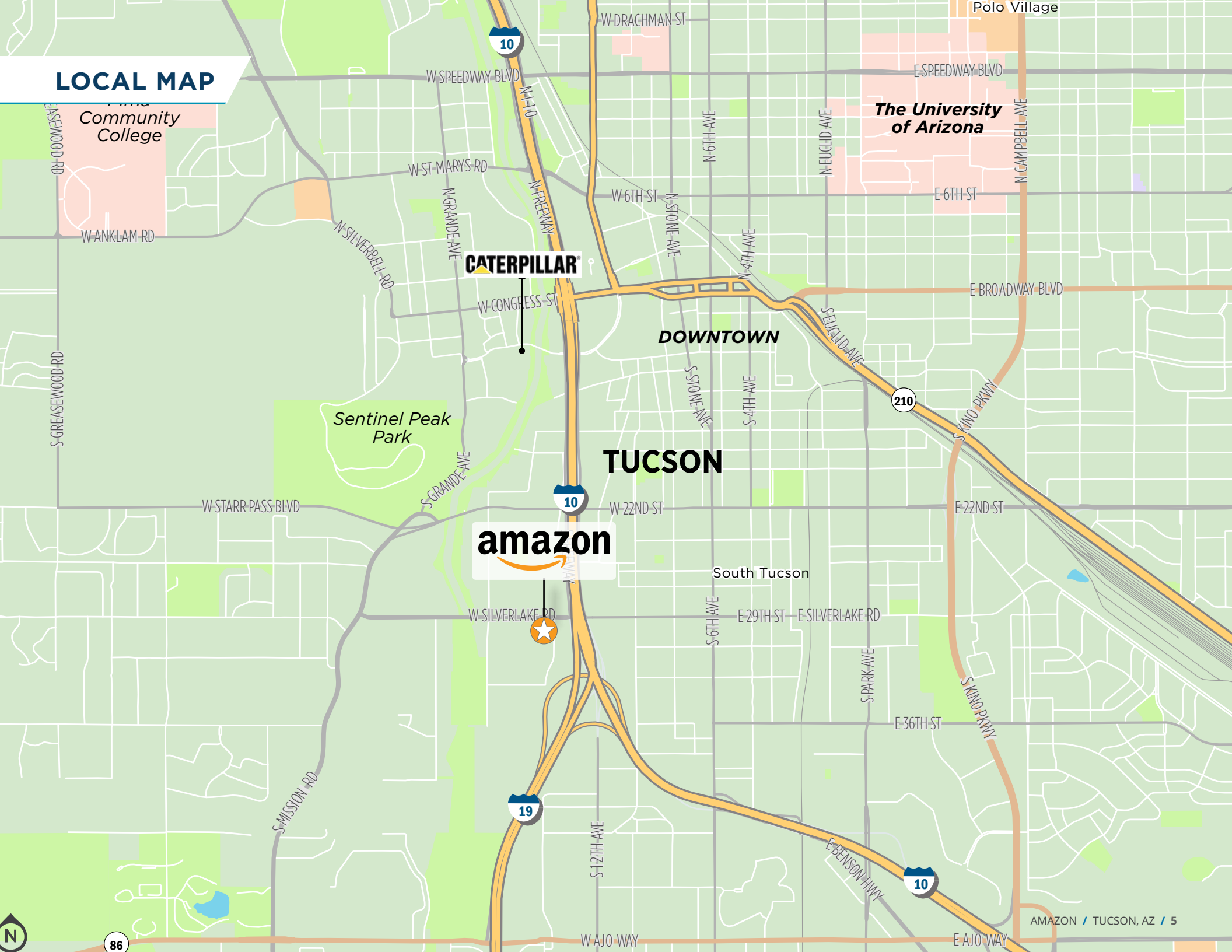
COMPLETION Scheduled for June 1, 2019

CENTRAL LOCATION

The Amazon building is situated at the intersection of West Silverlake Road and Interstate 10, just north of Interstate 10's intersection with Interstate 19. This central Tucson location affords Amazon efficient drive times to all sectors of the Tucson Metro Area. Interstate 10 is easily accessed both north and south bound off of West Silverlake Road.



LOCAL MAP



NORTHEAST VIEW



THE FOOTHILLS

THE UNIVERSITY
OF ARIZONA

DOWNTOWN

CATERPILLAR

amazon

SOUTHWEST VIEW



TUCSON
INTERNATIONAL AIRPORT

Raytheon

Raytheon

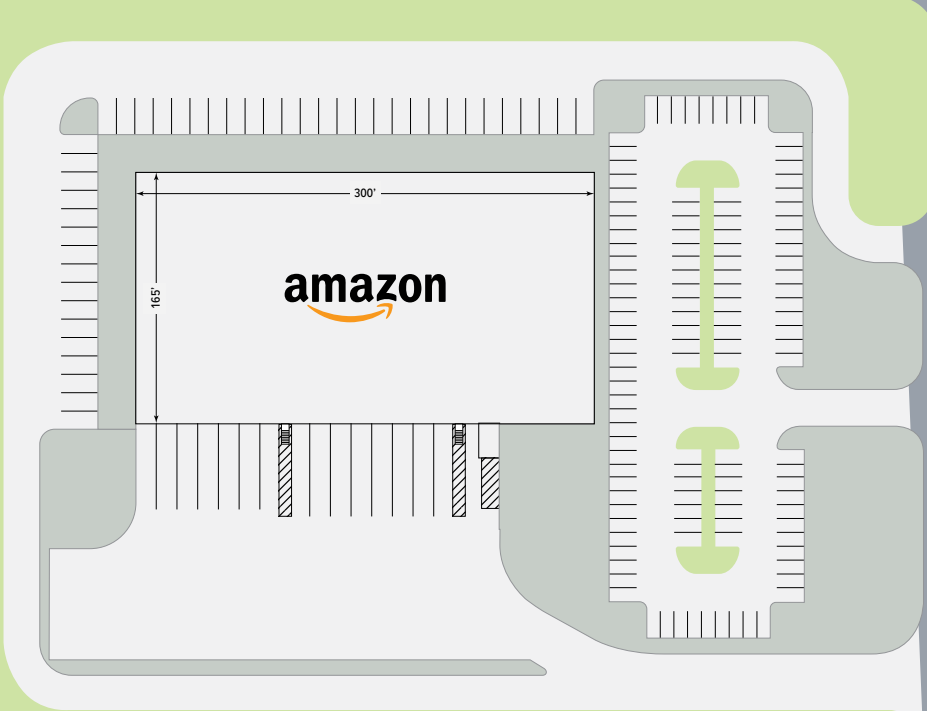


DAVIS-MONTHAN
AIR FORCE BASE

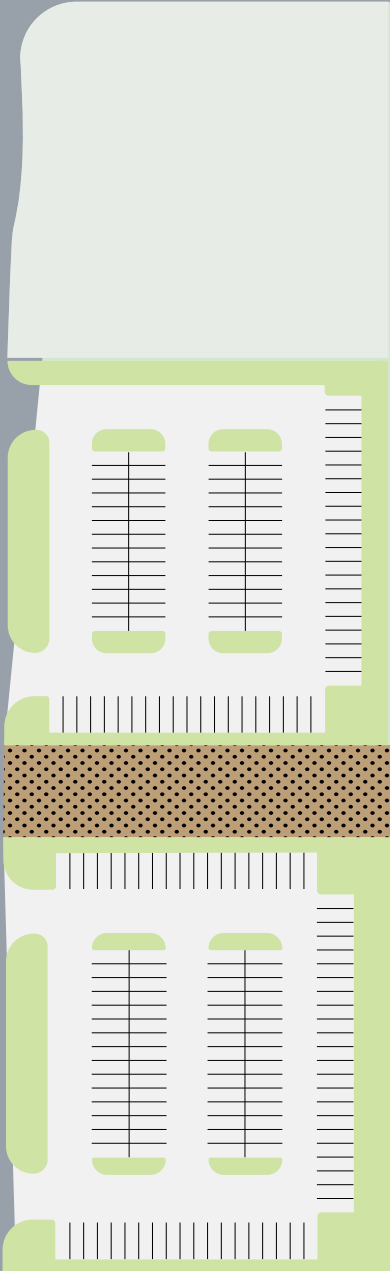
amazon

SITE PLAN

WEST SILVERLAKE ROAD



UNNAMED ROAD



WEST EL PUENTE LANE

AMAZON.COM, INC. (NASDAQGS: AMZN)

\$232 Billion
2018 Net Sales

\$27 Billion
2018 EBITDA

\$10 Billion
2018 Net Income

Year over Year Growth

30% Net Sales

74% EBITDA

232% Net Income

\$43 Billion
YE 2018
Shareholder's Equity

S&P AA-
Bond Rating

Amazon.com, Inc. serves U.S. and international consumers, sellers, software developers, content creators and enterprises in the following ways.

- The company sells consumer products purchased for resale from third-party sellers.
- The company offers programs that enable sellers to sell their products on its Websites, as well as their own branded Websites.
- Whole Foods sells high-end groceries through its grocery store chain.
- Amazon manufactures and sells electronic devices, including Kindle e-readers, Fire tablets, Fire TVs, and Echo devices.
- Kindle Direct Publishing is an online service that allows independent authors and publishers to make their books available in the Kindle Store.
- Amazon offers programs that allow authors, musicians, filmmakers, skill and app developers, and others to publish and sell content.
- The company develops and produces media content.
- Amazon Prime is a membership program which provides free shipping of various items; access to streaming of movies and TV episodes; and other services.
- AWS services offers enterprises compute, storage, database offerings, fulfillment, publishing, digital content subscriptions, and advertising services.

Amazon was founded in 1994 and is headquartered in Seattle, Washington.

amazon

**WHOLE
FOODS[®]**
MARKET

kindle

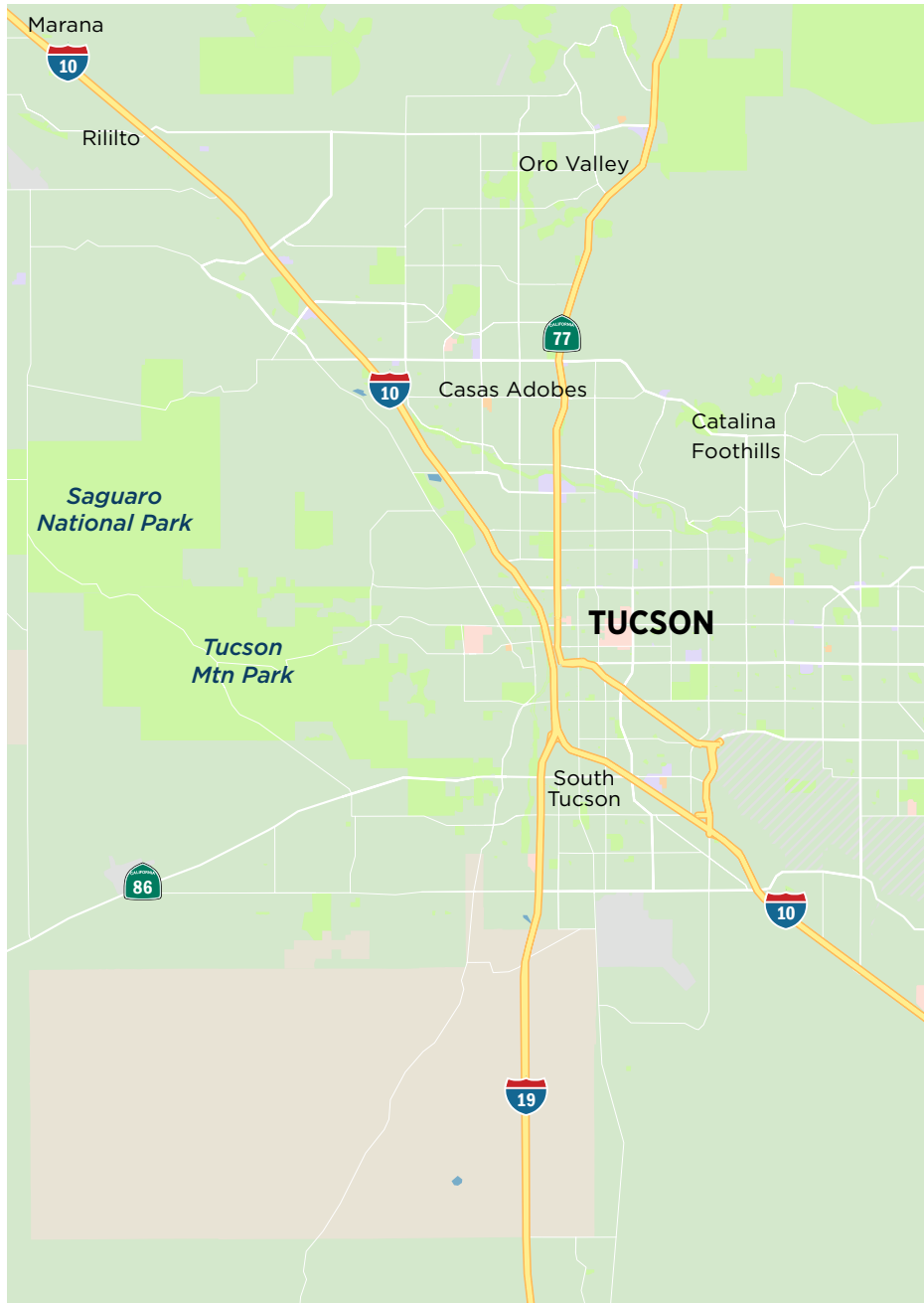
firetv

amazon echo

amazon.com
Prime

aws

SERVICE AREA OVERVIEW/TUCSON



The primary service area for the new Amazon 'Last Mile' Distribution Building will be the City of Tucson.

Tucson is located along Interstate 10, approximately 108 miles southeast of Phoenix. Tucson is the second largest city in Arizona and the county seat of Pima County. Tucson's population is estimated to be 526,000. The larger Tucson Metro Area, which encompasses Pima County, has an estimated population of 1.022 million people. Tucson has a diverse economy that is experiencing favorable growth.

TUCSON'S DIVERSE ECONOMIC DRIVERS

University of Arizona

The University of Arizona is a public research university. The school's current enrollment is approximately 44,000 undergraduate and graduate students. Arizona has approximately 3,500 faculty members and an additional 8,400 employee staff members. The total number of students and employees is approximately 55,900. If we assume there are another two indirect jobs resulting from the base of people, the total number of direct and indirect students and jobs associated with the University is 167,700. This is base adds fundamental stability to a city with 526,000 people.

The University of Arizona is one of the elected members of the Association of American Universities, which is an organization consisting of North America's premier research institutions. The Carnegie Foundation classifies Arizona as a school with very high research activity. Arizona is the fourth most awarded school of NASA research, having received \$1.125 billion in funding for NASA projects.

Arizona's teams are called the Wildcats and these teams are members of the Pac 12 Conference.

Davis-Monthan Air Force Base

Davis-Monthan Air Force Base is a key Air Combat command (ACC). Its 355th Wing provides A-10 thunderbolt II close support and OA-10 forward air controllers to ground forces worldwide. The 355 FW is also the host unit, providing medical, logistical, mission, and operational support to all units. The 355 FW is also the sole formal training unit for the A-10 aircraft. The 355th is also ACC's executive agent for the INF and START treaty compliance. The Air Force report that the base has 11,000 airmen and 46,000 personnel.

SERVICE AREA OVERVIEW/TUCSON CONT

Raytheon Missile Systems

Raytheon Missile Systems (RMS) is based in Tucson and produces 29 different kinds of military attack missiles and missile families. Sources estimate that Raytheon Missile Systems contribute \$2.1 billion annually to the Tucson economy. The company employs approximately 11,000 people and is projected to hire another 2,000 people between 2017 and 2022.

RMS is a subsidiary of Raytheon Company (NASDAQ: RTN), which is a public company traded on the NASDAQ Stock Exchange. Raytheon Company develops integrated products, services and solutions for defense and other government markets worldwide. The company employs 67,000 people and its Total Revenues in 2018 exceeded \$27 billion.

Other Tech and Aerospace Companies with a Significant Presence in Tucson

Texas Instruments
IBM
Intuit Inc.
Honeywell Aerospace

Sunquest Information Systems
Sanofi-Aventis
Ventana Medical Systems, Inc.
Bombardier Aerospace

Caterpillar

Caterpillar is approaching completion of a new 150,000 sq. ft. multi story office building in Phoenix, west of Interstate 10, near Downtown Tucson. The facility will be the headquarters for Caterpillar's Surface Mining & Technology Division and it will house between 750 and 1,000 company engineers, product development and support positions working on the next generation of mining equipment, vehicles and technology. Caterpillar has eased this facility for 25 years. The positive economic impact is estimated to be \$600 million.

TRANSPORTATION

Interstate 10 - I-10 is the primary east/west interstate traversing the southern portion of the U.S. At the east end, you have Jacksonville, Florida. At the West end, you have Santa Monica, California. In between the highway passes through New Orleans, Houston, San Antonio, El Paso, Tucson, Phoenix and Los Angeles.

Interstate 19 - I-19 is a 66 mile north/south highway that connects Tucson with Nogales, which is located on the U.S./Mexican border. The combined population of Nogales, Arizona and Nogales, Mexico is approximately 232,000. Nogales, Mexico has approximately 27 manufacturing plants for exports. Two noteworthy companies with manufacturing facilities include Continental AG and General Electric.

Union Pacific Railroad - Tucson is a major hub for the Union Pacific Railroad's Sunset Route that links the Los Angeles ports with the South/Southeast regions of the country.

Tucson International Airport (TUS) - TUS is a civil/military airport. In 2017, the total passenger traffic volume was 3,413,451. The airport also handled approximately 52 million pounds of freight. Airlines serving the airport include United, American, Southwest, Delta, Frontier, and Alaska.

2018 Summary	Tucson County	Pima County
Population	541,841	1,039,768
Average Household Income	\$55,274	\$71,176



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