

ARCO ARCO GROUND LEASE

MERCED, CALIFORNIA

YURAS
AICALE
FORSYTH
CROWLE

Leased Investment Team

OFFERING MEMORANDUM

\$ 3,625,000 | 4.00% CAP RATE

- » New 15-Year Absolute NNN Ground Lease to Investment Grade Tenant
 - » 10% Rental Increases Every Five Years
 - » Lease Guaranteed by BP Corporation North America Inc. | Rated "A-" by S&P
- » High-Visibility Location at Four-Way Intersection in Heavily Trafficked Corridor
 - » 42,500 AADT Along Nearby State Route 99/Golden State Highway with Highway Monument Signage
- » Excellent Location in an Up-and-Coming Commercial Development, Merced Gateway Retail Center, a 77-Acre Property to Include Several Shops, Restaurants, Entertainment Venues, a Fire Station, and Approximately 200 Apartment Units
- » Strong Customer Base in Immediate Area
 - » 20 Minutes from UC Merced (9,000+ Students, 1,500 Employees)
 - » Population of 82,913 Within a Five-Mile Radius



ACTUAL SITE

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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.

LEAD BROKERS

RYAN FORSYTH

Executive Director

415.413.3005

ryan.forsyth@cushwake.com

CA RE License #01716551

VINCENT AICALE

Executive Director

415.690.5522

vince.aicale@cushwake.com

CA RE License #01728696

MICHAEL T. YURAS, CCIM

Executive Managing Director

415.481.0788

michael.yuras@cushwake.com

CA RE License #01823291

SCOTT CROWLE

Executive Director

415.604.4288

scott.crowle@cushwake.com

CA RE License #01318288

**YURAS
AICALE
FORSYTH
CROWLE**

Leased Investment Team

www.YAFteam.com

INVESTMENT SUMMARY

ADDRESS	810 South Coffee Street, Merced, California 95341		
PRICE	\$3,625,000		
CAP RATE	4.00% return		
NOI	\$145,000		
TERM	15 Years		
RENT COMMENCEMENT	August 15, 2020		
LEASE EXPIRATION	August 30, 2035		
RENTAL INCREASES	10% rental increases every five (5) years		
	YEAR	RENT	RETURN
	1-5	\$145,000	4.00%
	6-10	\$159,500	4.40%
	11-15	\$175,450	4.84%
	16-20 (option 1)	\$192,995	5.32%
	21-25 (option 2)	\$212,295	5.86%
	26-30 (option 3)	\$233,524	6.44%
	31-34 (option 4)	\$256,876	7.09%
YEAR BUILT	2020		
PARCEL SIZE	1.22 acres (53,143 SF)		
LEASE TYPE	Absolute NNN ground lease, with tenant responsible for all taxes, insurance, maintenance, including roof, structure, and parking lot		



ACTUAL SITE

15-YEAR ABSOLUTE NNN GUARANTEED GROUND LEASE

- » 15-year absolute NNN ground lease to ARCO
- » Leased to and guaranteed by BP Corporation North America Inc., rated "A-" by Standard & Poor's
- » 10% fixed rental increases every five years in initial term and extension terms, providing a hedge against inflation
- » ARCO has more than 1,500 gas stations in the western U.S.
- » U.S. retail presence consists of approximately 7,200 BP and ARCO-branded sites, along with more than 1,000 ampm convenience stores in California, Oregon, Washington, Arizona, and Nevada

HIGH-TRAFFIC LOCATION IN NEW RETAIL CORRIDOR

- » Located within Merced Gateway Retail Center, a new 77-acre mixed-use commercial development to feature several shops, restaurants, entertainment venues, a fire station, and approximately 200 apartment units
- » Merced Gateway Retail Center is expected to create approximately 2,700 new jobs and generate \$30 million a year in sales tax revenue
- » High-visibility location at the four-way intersection of South Coffee Street and Campus Parkway with immediate access to State Route 99/Golden State Highway (42,500 AADT)
- » Located on Campus Parkway, providing direct access to UC Merced and State Route 140, Yosemite's all-weather route from State Route 99

STRONG CUSTOMER BASE NEAR UC MERCED POISED FOR FUTURE GROWTH

- » 20 minutes from UC Merced (9,000+ students, 1,500 employees)
- » UC Merced's 2020 Project, a massive \$1.3 billion expansion initiative, is expected to bring an additional 3,500 college students to Merced over the next three years
- » Within walking distance of Golden Valley High School (1,716 students)
- » Population of 82,913 within a five-mile radius
- » Poised to benefit from growing and expanding retail trade area
- » Merced's population has grown faster than the state average since 1980




Campus Parkway

South Coffee Street






MERCED COLLEGE
(10,995 students)


Dignity Health
Mercy Medical Center
(185-bed hospital)

UNIVERSITY OF CALIFORNIA
MERCED
(9,000+ students, 1,500 employees)

YOSEMITE LAKE

DOWNTOWN MERCED
(6.8 miles)







Golden Valley
High School
(1,716 students)

Weaver
Middle School
(930 students)

Merced Estates
(208 lots)

Legacy Homes Sunflower housing development
(under construction, apprx. 200 lots, 77-acre property
include shops, restaurants, entertainment venues and
a fire station)

Pioneer
Elementary School
(1,054 students)

Gateway Marketplace
(multi-use development planned
with multi-family units, retail,
restaurants, and office park)



Golden State Highway
(42,500 AADT)

South Coffee Street

ARCO 

Campus Parkway

Gateway Marketplace

 **TRACTOR
SUPPLY CO.**

Joe Herb
Park



Golden Valley
High School
(1,716 students)

Pioneer
Elementary School
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Campus Parkway

Gateway Marketplace



ARCO



Golden State Highway
(42,500 AADT)



Yosemite Wholesale Warehouse/Save Mart





Gateway Marketplace

Campus Parkway

Gateway Marketplace
(multi-use development planned
with multi-family units, retail,
restaurants, and office park)

Legacy Homes Sunflower housing development
(under construction, apprx. 200 lots, 77-acre property
include shops, restaurants, entertainment venues and
a fire station)

South Coffee Street



Pioneer
Elementary School
(1,054 students)



/ Golden State Highway
(42,500 AADT)

SITE PLAN



TENANT SUMMARY



Atlantic Richfield Company, better known as ARCO, is an American oil company known for its low-priced gasoline. Headquartered in La Palma, California, ARCO is the leading retail gasoline brand on the West Coast, according to The NPD Motor Fuels Index. ARCO fueling stations offer quality Top Tier gas at approximately 1,500 locations in five western U.S. states, including California, Arizona, Nevada, Oregon, and Washington. In August 2017, the ARCO brand expanded into Mexico by beginning to open stations in Baja California and Sonora. Atlantic Richfield Company is rated "A1" by Moody's and "A-" by Standard & Poor's. ARCO is owned by Andeavor (NYSE: "ANDV"), a Fortune 100 and a Fortune Global 500 company.

The ampm brand is a convenience store chain with branches located in several U.S. states and in several countries worldwide. The first ampm stores opened in Southern California as tasty add-ons to select ARCO gas stations, and they made it easy to get refreshing drinks, hot foods, and sweet treats. Today, there are approximately 1,500 ARCO-branded gasoline stations, of which nearly 1,000 also have ampm convenience stores. Together, ARCO and ampm sites serve about 24 million customers per month.

For more information, please visit www.arco.com and www.ampm.com.

OWNERSHIP	Andeavor (NYSE: "ANDV")	# OF LOCATIONS	1,500
HEADQUARTERS	La Palma, CA	REVENUE	\$240B



The lease is guaranteed by BP, a global producer of oil and gas with operations in over 70 countries. BP has a larger economic footprint in the U.S. than in any other nation, and it has invested more than \$100 billion in the country since 2005. BP employs about 14,000 people across the U.S. and supports more than 106,000 additional jobs through all its business activities.

For more information, please visit www.bp.com.

TICKER	NYSE: "BP"	# OF LOCATIONS	18,300
REVENUE	\$240B	S&P	"A-"

LEASE ABSTRACT

TENANT	BP West Coast Products LLC		
GUARANTOR	BP Corporation North America Inc.		
ADDRESS	810 South Coffee Street, Merced, CA 95341		
RENT COMMENCEMENT	August 15, 2020		
LEASE EXPIRATION	April 30, 2035		
RENEWAL OPTIONS	Three (3) option periods of five (5) years each and a final option period of four (4) years		
RENTAL INCREASES	YEAR 1-5 6-10 11-15 16-20 (option 1) 21-25 (option 2) 26-30 (option 3) 31-34 (option 4)	RENT \$145,000 \$159,500 \$175,450 \$192,995 \$212,295 \$233,524 \$256,876	RETURN 4.00% 4.40% 4.84% 5.32% 5.86% 6.44% 7.09%
REAL ESTATE TAXES	Tenant shall be responsible for all real estate taxes.		
INSURANCE	Tenant shall be responsible for all insurance costs.		
REPAIR & MAINTENANCE	Tenant is responsible for all maintenance and repairs.		
UTILITIES	Tenant shall pay directly to the applicable utility provider the utility charges for all water, sewer, gas, and electricity used by Tenant during the Term.		
MAINTENANCE BY LORD	None		
RIGHTS OF FIRST REFUSAL	None		

PROPERTY OVERVIEW

LOCATION

The property is strategically located just off the signalized intersection of South Coffee Street and Campus Parkway. The site is less than a mile from State Route 99 (42,500), which provides convenient access to Downtown Merced just four miles northwest of the property, and Golden Valley High School, located less than two miles north (1,716 students). Golden Valley Health Centers is also located less than five miles from the site and features 850 employees.

The property is located within Merced Gateway Retail Center, a 77-acre property that once completed will include several shops, restaurants, entertainment venues, a fire station, and approximately 200 apartment units. The project is expected to create approximately 2,700 new jobs and generate \$30 million annually in sales tax revenue. Additionally, 82,913 people live within a five-mile radius of the property, providing a large customer base. UC Merced's 2020 Project, a massive \$1.3 billion expansion initiative that will more than double the size of the university's campus, is expected to bring an additional 3,500 college students to Merced over the next three years. This, combined with Merced's long history of faster-than-average population growth, creates an ideal situation for an explosive increase in the size of the property's customer base in upcoming years.

ACCESS

Access from South Coffee Street and Campus Parkway

TRAFFIC COUNTS

State Route 99/Golden State Highway: 42,500 AADT

PARKING

18 parking stalls, including one (1) handicap stall

YEAR BUILT

2020

NEAREST AIRPORT

Fresno Yosemite International Airport (FAT | 58 miles)



18
PARKING
STALLS



2020
YEAR
BUILT



42K
TRAFFIC
COUNT (AADT)



**NEAREST
AIRPORT**
FRESNO
YOSEMITE
INTERNATIONAL
AIRPORT

AREA OVERVIEW

Merced, population 82,436, is a city in and the county seat of Merced County, population 268,455. Merced County is synonymous with the Merced Metropolitan Statistical Area (MSA) and is located in the San Joaquin Valley of Northern California. Known as the “Gateway to Yosemite,” Merced is less than two hours by car from Yosemite National Park to the east and Monterey Bay, the Pacific Ocean, and several beaches to the west. The community is served by the rail passenger service, Amtrak, a major airline through Merced Regional Airport, and three bus lines. It is approximately 110 miles from Sacramento, 130 miles from San Francisco, 45 miles from Fresno, and 270 miles from Los Angeles.

An array of industries prosper in Merced County, including businesses representing agriculture, food processing, technology, manufacturing, renewable energy, financial services, back office operations, healthcare, and education. Merced County is home to numerous high-profile divisional, regional, and national headquarters and facilities. Though still growing, Merced has several shopping areas, including the Merced Mall, anchored by Target, Sears, JCPenney, and Kohl’s, and a shopping plaza located on the city’s northwest side, which includes Best Buy, Barnes & Noble, Lowe’s, Wal-Mart, and several restaurants. Merced’s Main Street contains various restaurants, a movie theater, and other assorted shops.

- » In 2005, Merced city became home to the tenth University of California campus, University of California, Merced (UC Merced), the first research university built in the U.S. in the 21st century.
- » Merced County is the third-largest agricultural economy in America. Merced County’s dairy production is the largest in the world; Merced County grows more almonds than anywhere in the world; and the E&J Gallo Winery location in Livingston is the largest winemaking facility in the world.
- » Merced’s population has grown faster than the state average since 1980. Over the past nine years, the annualized growth rate is approximately 3.4 percent. This rapid expansion of population has stimulated significant retail growth since 1992. Several major retail chain stores have entered Merced, adding over 750,000 square feet of new retail space in that time and increasing Merced’s sales tax receipts by over \$500,000 annually.

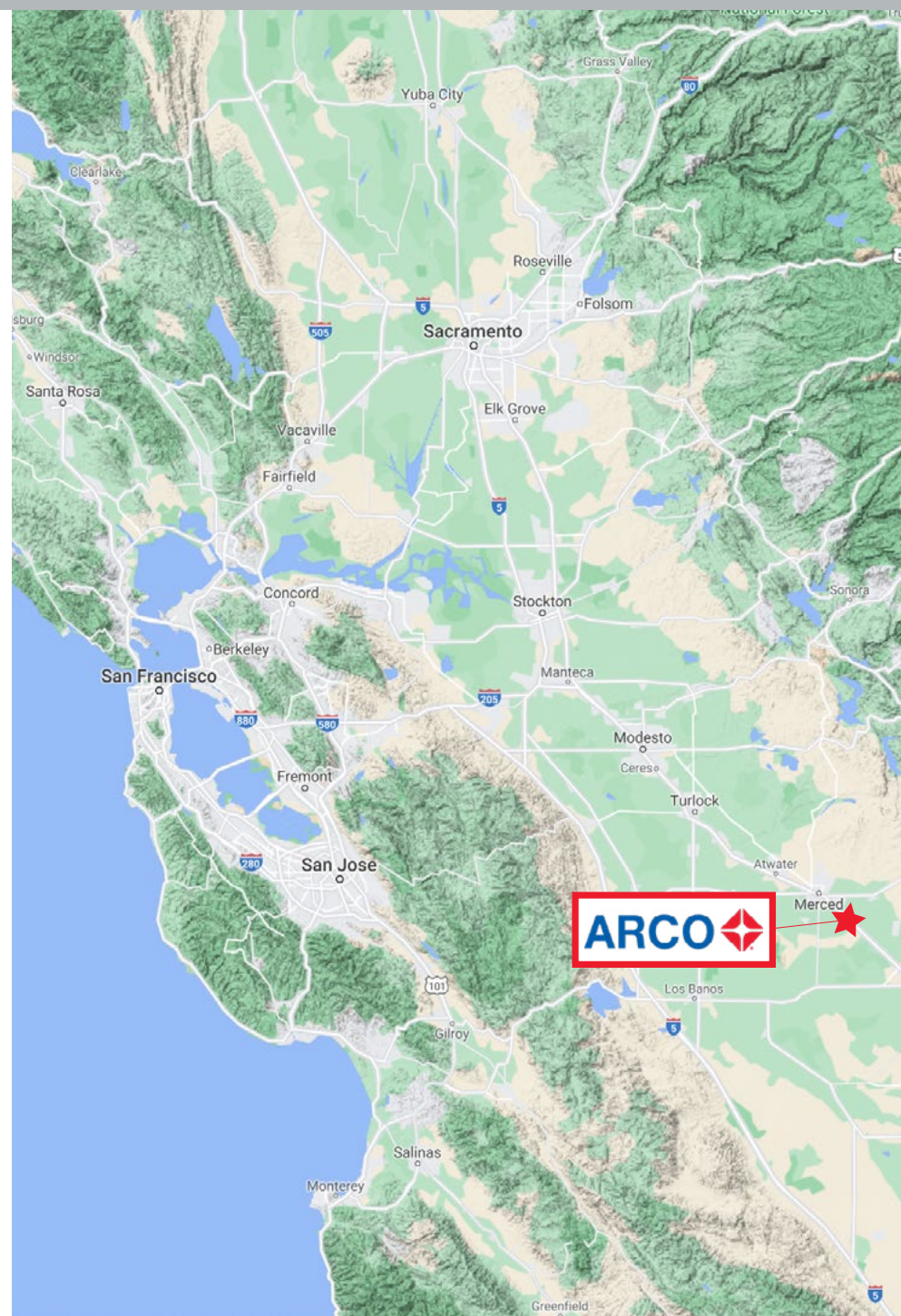
LARGEST EMPLOYERS IN MERCED COUNTY	# OF EMPLOYEES
FOSTER POULTRY FARMS	3,700
COUNTY OF MERCED	1,980
MERCED CITY SCHOOL DISTRICT	1,300
MERCY MEDICAL CENTER	1,300
AT&T CALL CENTER	1,200
HILMAR CHEESE	1,000
DOLE PACKAGED FOODS	987
MERCED UNION HIGH SCHOOL DISTRICT	891
MERCED COLLEGE	800
QUAD GRAPHICS	700



DEMOGRAPHIC PROFILE

2020 SUMMARY	1 Mile	3 Miles	5 Miles
Population	4,751	28,493	82,913
Households	1,259	8,717	26,156
Families	1,062	6,645	18,834
Average Household Size	3.76	3.21	3.05
Owner Occupied Housing Units	585	4,141	10,766
Renter Occupied Housing Units	674	4,576	15,389
Median Age	26.5	30.2	30.1
Average Household Income	\$61,322	\$67,981	\$67,184

2025 ESTIMATE	1 Mile	3 Miles	5 Miles
Population	4,996	29,487	87,520
Households	1,318	9,024	26,719
Families	1,110	6,876	19,234
Average Household Size	3.78	3.21	3.04
Owner Occupied Housing Units	635	4,404	11,210
Renter Occupied Housing Units	683	4,621	15,508
Median Age	27.2	31.4	31.3
Average Household Income	\$69,350	\$74,881	\$74,385



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LEAD BROKERS

RYAN FORSYTH

Executive Director

415.413.3005

ryan.forsyth@cushwake.com

CA RE License #01716551

VINCENT AICALE

Executive Director

415.690.5522

vince.aicale@cushwake.com

CA RE License #01728696

MICHAEL T. YURAS, CCIM

Executive Managing Director

415.481.0788

michael.yuras@cushwake.com

CA RE License #01823291

SCOTT CROWLE

Executive Director

415.604.4288

scott.crowle@cushwake.com

CA RE License #01318288

www.YAFteam.com

Cushman and Wakefield Inc. LIC. # 00616335