

jiffylube®



*ACTUAL SITE PHOTO



OFFERING
MEMORANDUM

JIFFY LUBE
ABSOLUTE NNN LEASE
15015 HESPERIAN BLVD, SAN LEANDRO, CA

OFFERING MEMORANDUM
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jiffy lube®



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INVESTMENT OVERVIEW



The subject is a corporate Jiffy Lube with an absolute NNN Lease in San Leandro, California. The NNN lease includes 2.5% annual rent increases throughout the primary term and one, five-year option. The lease is corporately guaranteed by Jiffy Lube International, Inc. with zero landlord obligations. The asset is well positioned on a major commercial thoroughfare. Neighboring retailers include Target, Michael's, Kohl's, Lucky, Jack in the Box and many others. The property benefits from heavy traffic counts of over 25,000 VPD. Jiffy Lube has operated at this corner location for over thirty years.

INVESTMENT HIGHLIGHTS

ABSOLUTE NNN LEASED OFFERING

EXTREMELY UNIQUE CORE BAY AREA NET LEASED OFFERING

RARE 2.5% ANNUAL INCREASES

ONLY 1 (5) YEAR OPTION REMAINS

SAN LEANDRO TECH CAMPUS (1,000,000 SF) LOCATED TWO MILES FROM SUBJECT

LARGE CORPORATE GUARANTY (PENNZOIL QUAKER STATE DBA "SHELL")

UNDER THE TAX CUTS AND JOBS ACT (TCJA) OIL CHANGING STATIONS MAY QUALIFY FOR A 15 YEAR BONUS DEPRECIATION

OFFERING SPECIFICATIONS

PRICE \$2,255,221

INITIAL CAP RATE 3.85%

EFFECTIVE CAP RATE 4.15%

NET OPERATING INCOME \$86,826

SQUARE FOOTAGE 3,584

LOT SIZE 0.25 AC

MARKET Bay Area

FINANCIAL SUMMARY

JIFFY LUBE INTERNATIONAL, INC. • ABSOLUTE NNN LEASE OFFERING

15015 HESPERIAN BLVD, SAN LEANDRO, CA

\$2,255,221 • 3.85% CAP

SUMMARY

TENANT NAME	Jiffy Lube International, Inc.
GUARANTOR	Pennzoil-Quaker State Company DBA Sopus Products "Shell"
SQUARE FOOTAGE	3,584
LEASE START	05/01/2010
LEASE END	09/22/2028
ANNUAL RENT	\$86,826
OPTIONS	One, 5-Year
INCREASES	2.5% Annual Increases

OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
2022	\$86,826*	3.85%
2023	\$88,996	3.95%
2024	\$91,221	4.04%
2025	\$93,502	4.15%
2026	\$95,839	4.25%
2027	\$98,235	4.36%
2028	\$100,691	4.46%

* Today's rent until 4/30/2022 is \$84,708; Seller will credit difference in rent

GUARANTOR OVERVIEW



SHELL

Shell Oil Company, headquartered in Houston, TX. is the principal American subsidiary of Royal Dutch Shell PLC, a large oil company headquartered in the Hague, Netherlands. Shell's share of business in the United States was largely independent up until the mid-1980's. Throughout this period, Shell Oil's independent activity significantly decreased, as Royal Dutch Shell established more direct control over the United States market. Subsidiaries of Shell Oil Company include Pennzoil Quaker State and Jiffy Lube, among others. Shell Oil Company acquired Pennzoil-Quaker State in 2002 for \$1.8B. Pennzoil-Quaker State acquired Jiffy Lube International Inc. in 1990.



NYSE: RDS.A



MARKET CAP \$170 B



\$180B 2020 REVENUE



CREDIT RATING Aa2



87,000+ EMPLOYEES

GUARANTOR OVERVIEW

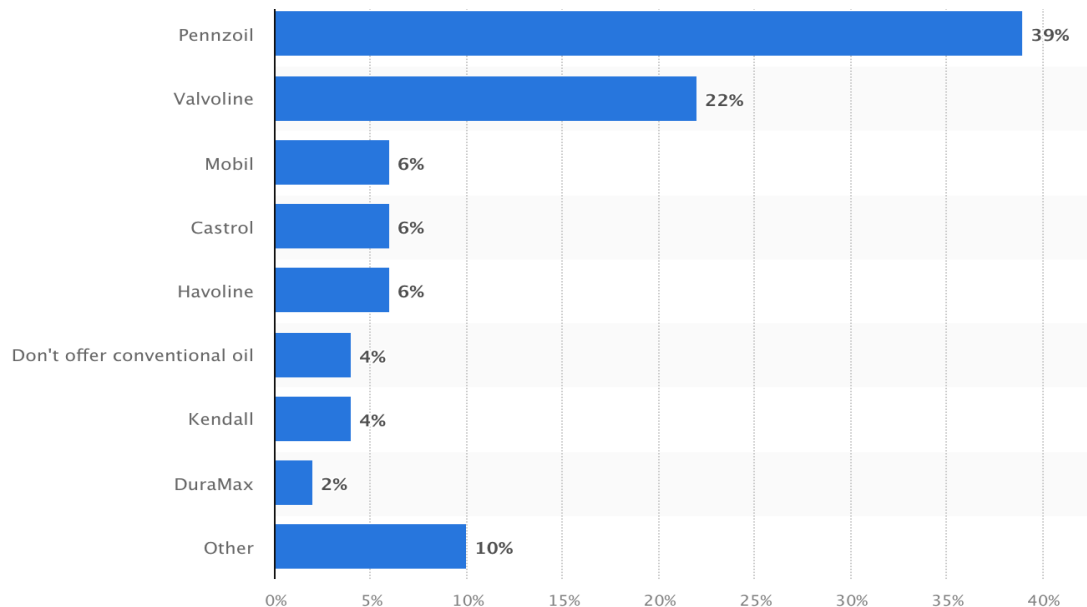


PENNZOIL - QUAKER STATE

Pennzoil-Quaker State Company is located in Galena Park, TX, United States and is part of the Petroleum and Coal Products Manufacturing Industry. Pennzoil-Quaker State Company has 1,400 total employees across all of its locations and generates \$702.43 million in sales (USD). (Sales figure is modelled). There are 5,662 companies in the Pennzoil-Quaker State Company corporate family. "Pennzoil has announced it offers motorists carbon neutral lubricants for passenger cars in North America. Select products within the Pennzoil Platinum line of full synthetic motor oils are carbon neutral as a step toward Shell's target to be a net-zero emissions energy business by 2050 or sooner, in step with society and with customers'

- https://www.pennzoil.com/en_us/latest/carbon-neutral-launch-story.html

MARKET SHARE OF MOTOR OIL IN FAST LUBE IN THE UNITED STATES



"The global lubricants market size was valued at USD 125.81 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 3.7% from 2021 to 2028. The industry dynamics are changing, in terms of raw material, owing to the rising demand for bio-based lubricants. The growing trade of vehicles and their spare parts is anticipated to fuel the demand for automotive oils and greases. The major economic recovery in North America and Europe is expected to boost the consumer vehicles segment, which, in turn, is a boom for the market. Typical lube manufacturers use crude oil, CBM, tight oil, and other additives to formulate all types of lubricants. Major companies, such as Royal Dutch Shell, Total SA, Chevron, ExxonMobil Corporation, British Petroleum, and Sinopec, have integrated their business operations globally. It ensures a steady raw material supply to manufacture mineral oils & additives needed for production.

<https://www.grandviewresearch.com/industry-analysis/lubricants-market>

Pennzoil was the 2018 market leader among motor oil brands in United States fast lubes, with a market share of 39 percent, up from second place with a market share of 18 percent the year previous. In second place was Valvoline, with a 22 percent share of the market. (See Chart)

TENANT OVERVIEW



JIFFY LUBE QUICK FACTS

- Largest Quick Lube Chain in the US
- 24M Customers Served Annually
- \$1.7B in Sales Annually

JIFFY LUBE RANKINGS

- Rated #1 of 200 in Auto Repair Category - Franchise Times (2019)
- Rated #72 of “Top 200 Franchises” - Franchise Times (2020)
- Rated #77 on “Franchise 500” - Entrepreneur Magazine (2021)

AUTO REPAIR SERVICE INDUSTRY STATS

- \$327B Automotive Repair Industry has a projected 5.8% CAGR (2017-2021)
- 253M cars on the road
- Cars on the road are a record-high 11.5 years old in the US
- 60% increase in the average length of vehicle ownership for new/used in the last 10 years
- 80% of drivers use an auto repair professional for service over self repair
- 75% of non-warranty auto repair is performed by independent auto repair shops
- 25% of non-warranty auto repair is performed by dealership

JIFFY LUBE

— Jiffy Lube International is headquartered in Houston, TX and is a wholly owned, indirect **subsidiary of Shell Oil Company**. Jiffy Lube is a leading provider of automotive preventive maintenance. With a national footprint of more than 2,200 corporate and franchise-owned service centers across the country, Jiffy Lube offers a range of services from oil changes and tire rotations, to everything in between.

— A leading provider of oil changes and a **subsidiary of Shell Oil Company, Jiffy Lube boasts more than 2,200 outlets throughout North America that are corporately and independently owned**. Besides oil changes, Jiffy Lube facilities provide maintenance services for air conditioning, fuel systems and transmissions. At some of its locations, Jiffy Lube also performs inspections and emissions testing, repairs windshields and rotates tires. **Serving about 24 million customers annually, Jiffy Lube caters to several fleet management firms such as Donlen, Emkay, Voyager and PHH.** Jiffy Lube focuses on its four key areas of preventative maintenance service: change, inspect, check/fill, and clean. The company’s extensive technician training program has made Jiffy Lube an Automotive Service Excellence (ASE) Accredited Training Provider. **With a focus on reuse, Jiffy Lube makes a point to collect more used oil than any of its competitors in North America. The oil is then refined and used for making concrete, generating electricity, and heating asphalt to pave roads.**

LOCATION AERIAL



AREA OVERVIEW

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
TOTAL HOUSEHOLDS	10,609	67,709	126,921
TOTAL POPULATION	29,262	194,335	373,423
PERSONS PER HOUSEHOLD	2.7	2.8	2.9
AVERAGE HOUSEHOLD INCOME	\$89,853	\$109,231	\$107,927
AVERAGE HOUSE VALUE	\$680,070	\$713,403	\$702,467
AVERAGE AGE	37	38.2	37
WHITE	13,221	102,862	196,518
BLACK	4,222	21,125	60,664
AMERICAN INDIAN/ALASKAN NATIVE	420	2,928	5,755
ASIAN	9,701	55,334	84,822
HAWAIIAN & PACIFIC ISLANDER	324	2,202	5,982
TWO OR MORE RACES	1,374	9,883	19,681
HISPANIC ORIGIN	9,221	62,085	132,467

SAN LEANDRO, CALIFORNIA

San Leandro, a city in Alameda County, is located in the East Bay of the San Francisco Bay Area, located between Oakland to the northwest and Ashland to the southeast. It is twenty-one miles from downtown San Francisco.

San Leandro, once a 20th century manufacturing powerhouse, is undergoing a remarkable transformation to a 21st century center of innovation and technology. Well-located, transit-rich industrial and office workplace districts are now ripe for reinvestment. The high-speed fiber optic network has become the springboard for new and growing technology businesses and a thriving maker community. The city is home to GATE510, a 750,000-square-foot innovation hub in a former Plymouth auto factory. Other recent developments include the Zero Net Energy Center, an educational facility that works with electricians to reach zero-net-energy and 21st Amendment, a microbrewery that modernized and repurposed a 200,000 square foot former cereal plant. Ghirardelli Chocolate has been headquartered in San Leandro since the early 1960s.

The San Leandro Tech Campus, near the Jiffy Lube, is a million square foot mixed-use development. It is the Bay area's newest tech hub with a vibrant startup culture, easy transit access and room to grow.

The Jiffy Lube is strategically located between Interstates 880, 580 and Freeway 238 connecting San Leandro to other parts of the Bay Area.



AREA OVERVIEW

LOCAL ECONOMY

Major U.S. research facilities Lawrence Livermore and Lawrence Berkeley National Laboratories, and Sandia National Laboratories are located in the East Bay. In addition, the East Bay is home to major operations for a diverse set of large corporations. Significant employment in the healthcare industry in the East Bay includes healthcare systems Kaiser Permanente, Sutter Health, and John Muir Health, along with device and supplier companies like The Cooper Companies and Bio-Rad Laboratories. And auto manufacturer Tesla, oil giant Chevron Corp, and The Clorox Company are all headquartered in the East Bay, helping to drive the region’s economy.

Looking from a broader perspective, continued real estate development and public transportation infrastructure projects already in the works will strengthen economic activity in the East Bay moving forward. Most notable is the considerable amount of apartment construction taking place throughout the market, mostly in transit-oriented projects. While these projects may face issues in the near term, the long-term outlook is for continued connectivity in the Bay Area’s most affordable major metro for housing and office space.

BART’s ongoing extension from the East Bay to San Jose is significantly expanding the number of commuting options for East Bay residents. Job centers in San Francisco, Downtown Oakland, and Pleasanton are becoming even more accessible from the southern portion of the East Bay. And once BART reaches San Jose, East Bay residents will have the option to look for work in all of the Bay Area’s three major cities of San Francisco, Oakland, and San Jose. Simultaneously, the construction of new BART stations through the southern end of the East Bay is opening up pockets for transit-oriented residential and commercial development, unlocking greater economic potential for the region as a whole.

EAST BAY HIGHLIGHTS

HIGH MEDIAN INCOME

EXTREMELY UNIQUE CORE BAY AREA

RETAILERS IN THE EAST BAY HAVE BENEFITED FROM THE REGION’S SUBSTANTIAL ECONOMIC EXPANSION SINCE THE GREAT RECESSION

EAST BAY HAS SIGNIFICANTLY OUTPACED THE NATIONAL AVERAGE EMPLOYMENT GROWTH

THE EAST BAY REMAINS ONE OF THE MORE DIVERSIFIED ECONOMIES IN THE BAY AREA AND BENEFITED FROM THE BAY AREA’S WIDESPREAD, TECH-LED ECONOMIC EXPANSION COMING OUT OF THE GREAT RECESSION

BART’S ONGOING EXTENSION FROM THE EAST BAY TO SAN JOSE IS SIGNIFICANTLY EXPANDING THE NUMBER OF COMMUTING OPTIONS FOR EAST BAY RESIDENTS

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SAN LEANDRO, CALIFORNIA



The Kase Group

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