

ARCO / AMPM

BP CORPORATE GUARANTY

4301 SONOMA BOULEVARD, VALLEJO, CALIFORNIA (BAY AREA)

PLANNED RETAIL



OFFERING MEMORANDUM

Marcus & Millichap



The information in this package has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2022 Marcus Millichap

Executive Summary

4301 Sonoma Boulevard, Vallejo, CA 94589

FINANCIAL SUMMARY

Price	\$6,538,888
Cap Rate	4.50%
Building SF	3,180 SF
Net Cash Flow	4.50% \$294,250*
Year Built	2017
Lot Size	1.02 Acres

LEASE SUMMARY

Lease Type	Absolute Triple-Net (NNN) Lease
Tenant	ARCO / ampm
Guarantor	Corporate – BP West Coast Products LLC
Roof & Structure	Tenant Responsible
Lease Commencement Date	October 3, 2017
Lease Expiration Date	October 31, 2032
Lease Term Remaining	10 Years
Rental Increases	10% Every 5 Years
Renewal Options	3, 5 Year Options
Right of First Refusal	None

ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
11/1/2022 – 10/31/2027	\$294,250.00	4.50%
11/1/2027 – 10/31/2032	\$323,675.00	4.95%
Options	Annual Rent	Cap Rate
Option 1	\$356,042.00	5.44%
Option 2	\$391,646.00	5.99%
Option 3	\$430,810.00	6.59%

Base Rent	\$294,250
Net Operating Income	\$294,250
Total Return	4.50% \$294,250

*NOI based off Rent Bump on November 1, 2022. Seller will credit the difference in current rent to Buyer at COE.

A2+
A-

BP CREDIT RATED
A2+ BY MODDY'S
A- BY S&P



10% INCREASES
EVERY 5 YEARS
INCLUDING OPTIONS

NNN

ABSOLUTE NNN
LEASE STRUCTURE



EXCELLENT
DEMOGRAPHICS &
TRAFFIC COUNTS

10+ YRS

10+ YEARS REMAINING
IN PRIMARY TERM

Accelerated Depreciation

SPECIAL TAX ADVANTAGE AFFORDED GAS STATION/C-STORES

These investments present a tremendous opportunity for special tax saving privileges. 15-year accelerated depreciation schedule may be applied to these properties, under current IRS guidelines, as more than 50% of the gross sales are attributed to fuel sales.

When looking at the comparison to the right between an ARCO/ampm Gas & Convenience Store and a representative non-convenience store, one can see the tremendous tax savings when applying a 15 year accelerated method vs. the standard 39 year method utilized in connection with the depreciation of other commercial properties.

See right for illustration of additional cash flow.

*Marcus & Millichap and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

*Assumes 20% of purchase price is attributed to the land.

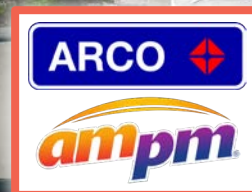


ARCO/AMPM GAS & C-STORE

Purchase Price	\$6,538,888	Income Taxes	(\$24,521)
<u>Cap Rate</u>	4.50%	<u>(45% Tax Bracket)</u>	
Cash Flow	\$294,250	Cash Flow	\$294,250
<u>15 Year Depreciation</u>	\$348,741	<u>Income Taxes</u>	(\$24,521)
Taxable Income	(\$54,491)		
		Cash Flow (After Taxes)	\$294,250

OTHER NNN ASSET

Purchase Price	\$6,538,888	Income Taxes	\$72,054
<u>Cap Rate</u>	4.50%	<u>(45% Tax Bracket)</u>	
Cash Flow	\$294,250	Cash Flow	\$294,250
<u>39 Year Depreciation</u>	\$134,131	<u>Income Taxes</u>	\$72,054
Taxable Income	\$160,119		
		Cash Flow (After Taxes)	\$222,196



25,200 CPD
SONOMA BLVD

PLANNED RETAIL





73,000 CPD
HWY 37



25,200 CPD
SONOMA BLVD



Property Description



INVESTMENT HIGHLIGHTS

- » **10 Years Remaining on Absolute Triple-Net (NNN) Corporate-Guaranteed Lease**
- » 10 Percent Rental Increases Every Five Years
- » **144,218 Residents within a Five-Mile Radius - Dense Infill in Bay Area MSA**
- » Adjacent to Newly-Built El Pollo Loco
- » **Top Performing Location** - Subject Property is in the Top 26% of All ARCO's Across the Country and is the Number One Performing ARCO within 15 Miles (Source: PlacerAI)
- » **Signalized Hard Corner Location with Excellent Visibility Along Sonoma Boulevard (25,200+ Cars/Day)**
- » Site Includes a Car Wash and Six Fueling Stations (12 Pumps)
- » **Accelerated Depreciation Available - Huge Tax Benefits**
- » Surrounded by National Retailers - Ace Hardware, Denny's, Smart & Final, Starbucks, Walmart Neighborhood Market, and More



DEMOGRAPHICS

1-mile

3-miles

5-miles

Population

2026 Projection	13,002	99,693	145,828
2021 Estimate	12,996	98,605	144,218
Growth 2021 – 2026	0.05%	1.10%	1.12%

Households

2026 Projection	4,844	34,575	51,080
2021 Estimate	4,812	34,047	50,232
Growth 2021 – 2026	0.67%	1.55%	1.69%

Income

2021 Est. Average Household Income	\$76,825	\$97,461	\$103,554
2021 Est. Median Household Income	\$59,027	\$74,437	\$78,867
2021 Est. Per Capita Income	\$28,889	\$33,867	\$36,273



Demographics - 1 Mile Radius

4301 Sonoma Boulevard, Vallejo, CA 94589

KEY FACTS

12,996

POPULATION



2.6

AVERAGE
HOUSEHOLD SIZE

39.4

MEDIAN AGE

\$59,027

MEDIAN HOUSEHOLD
INCOME

EDUCATION

14%

NO HIGH SCHOOL
DIPLOMA



27%

SOME COLLEGE



27%

HIGH SCHOOL
GRADUATE



30%

BACHELOR'S/GRAD
/PROF DEGREE

ANNUAL LIFESTYLE SPENDING



\$1,787

TRAVEL



\$46

SPORTS
EVENTS



\$62

THEATRE
/OPERAS
/CONCERTS

BUSINESS



458

TOTAL BUSINESSES



7,100

TOTAL EMPLOYEES

EMPLOYMENT

SERVICES

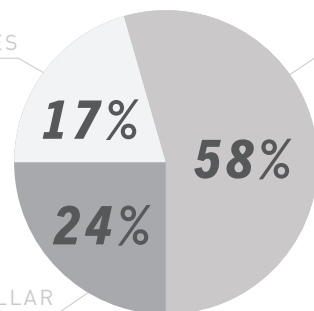
17%

WHITE COLLAR

58%

24%

BLUE COLLAR



HOUSEHOLDS BY NO. OF VEHICLES



13.6%

0 VEHICLES



35.0%

1 VEHICLE



51.4%

2+ VEHICLES

INCOME



\$76,825

AVG. HOUSEHOLD
INCOME



\$28,889

PER CAPITA
INCOME

HOUSEHOLDS BY INCOME

\$200,000+	3.66%
\$150,000 - \$199,999	5.82%
\$100,000 - \$149,999	13.78%
\$75,000 - \$99,999	15.96%
\$50,000 - \$74,999	17.24%
\$35,000 - \$49,999	11.66%
\$25,000 - \$34,999	7.60%
\$15,000 - \$24,999	9.69%
\$10,000 - \$14,999	5.92%
<\$9,999	8.67%

HOUSING UNITS



4,812

TOTAL OCCUPIED
HOUSING UNITS

49.4%

OWNER OCCUPIED

50.6%

RENTER OCCUPIED

Sources: IREA, ESRI Information Services, U.S. Census Bureau of Labor Statistics, Wikipedia, MapNet

Tenant Overview



**New York,
New York**

1,560+

1966

www.arco.com

Headquarters

U.S. Locations

Founded

Website

ARCO is a brand of gasoline stations, established in 1966 as the "Atlantic Richfield Company," which was an independent oil and gas company formed after the merger of Atlantic Petroleum and the Richfield Oil Corporation. The company is currently owned by Marathon Petroleum after BP, its former owner, sold its rights. BP commercializes the brand in Northern California, Oregon, and Washington, while Marathon has the rights for the rest of the United States and in Mexico.

Marathon Petroleum Corporation (NYSE: MPC) is a leading, integrated, downstream energy company that operates the nation's largest refining system.



BP America, Inc.

950+

1978

www.ampm.com

Parent Company

Locations

Founded

Website

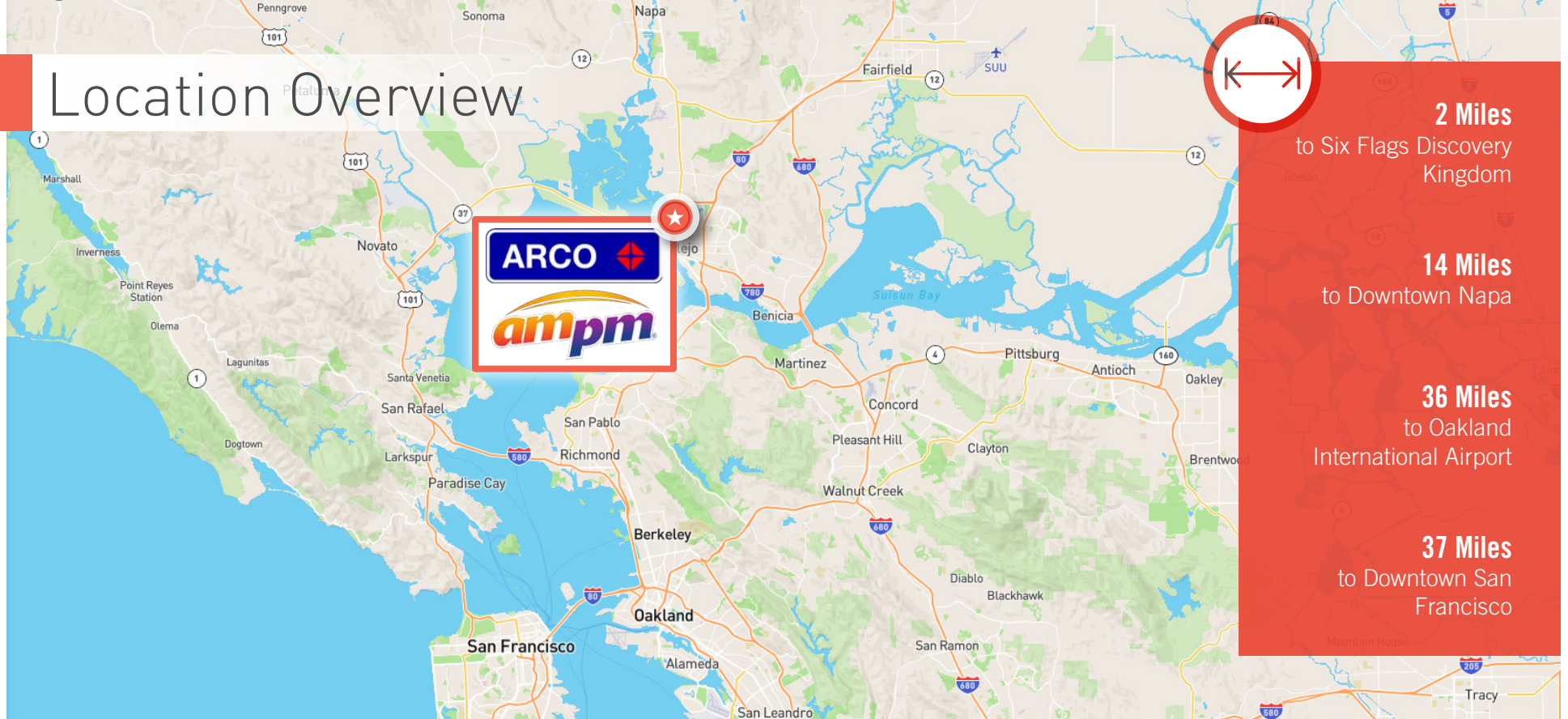
Ampm is a convenience store chain with branches located in several U.S. states, including Arizona, California, Nevada, Oregon, and Washington, and in several countries such as Costa Rica and Brazil. The ampm brand is owned by BP America, Inc., a subsidiary of BP. The stores are usually attached to an ARCO or BP branded gas station. The ampm brand is well known for the quality of food and drinks it offers. It is the highway retail-and-rest brand of choice for motorists.

BP (NYSE: BP) is an oil and gas company headquartered in London, England. It is a vertically integrated company operating in all areas of the oil and gas industry.

Property Photos



Location Overview



Located in Solano County, California, Vallejo is the largest city in the North Bay region of the San Francisco Bay Area. Situated on the shores of the San Pablo Bay, the city has an estimated population of 126,090 as of the 2020 census. Vallejo is known as the home of the California Maritime Academy, Touro University of California, and Six Flags Discovery Kingdom. Vallejo is a Bay Area city that combines a scenic waterfront with a historic downtown core. This rapidly growing community includes prime commercial and residential opportunities in four major areas: Downtown Vallejo, Mare Island, Northgate, and the Waterfront.

Vallejo is strategically located midway between San Francisco and Sacramento within close proximity to UC-Berkeley and UC-Davis. Vallejo is home to three institutions of higher education: Touro University, the California Maritime Academy, and two Solano Community College campuses.

As the largest city in the North Bay region, Vallejo is a regional economic hub for the North Bay, as well as the entire Solano County. According to the city's 2021 Comprehensive Annual Financial Report, the top employers in Vallejo are Kaiser Permanente Medical Center, Six Flags Discovery Kingdom, Vallejo City Unified School District, Sutter Solano Medical Center, and City of Vallejo. The city combines big city amenities with small-town charm, all at a comparatively inexpensive cost when compared to most Northern California cities.

For both commuters and travelers alike, Vallejo is well-connected to San Francisco and the entire Bay Area. The city offers the Vallejo Baylink Ferry, a high-speed catamaran service that provides fast and reliable service to San Francisco. Several Interstate Highways and a network of city buses offer connections to BART and other Bay Area cities.

San Francisco Bay Area

SAN FRANCISCO

With its stunning Victorian architecture, world-class culture, diverse cuisine, and scenic beauty, San Francisco is considered one of the greatest and most visited cities in the world. The city is home to several of the country's most iconic landmarks, like the Golden Gate Bridge and Alcatraz Island. With all that the city has to offer, it is located on just 50 square miles of land and is home to 812,000 people.

SAN FRANCISCO BAY AREA

Situated in Northern California, the San Francisco Bay Area is home to some of the world's finest wine country, waterfront towns, dramatic beaches, diverse cities with nightlife and trend-setting cuisine, major research universities, and is the technology hub of the West Coast. The nine-county Bay Area is connected by a complex multimodal transportation network and is home to approximately 7.75 million people.

BOOMING BAY AREA ECONOMY

With a diverse mix of cities, the Bay Area benefits from a diverse economy. San Francisco contributes to the region's financial, business, and tourism industries; San Jose in the heart of Silicon Valley plays a major role in the region's technology industry; and the Napa Valley is one of the top wine industries in the world.

Between January and March 2021, the Bay Area added 50,100 jobs and the regional unemployment rate fell from 6.6% to 5.9%. In March 2021, UCLA projected that California would be outpacing the nation in job growth for the next three years, led by the Bay Area economy. The Bay Area is still a super geographic market, with the San Francisco metro having the second highest outflow in the country.



[exclusively listed by]

Chris N. Lind

Senior Vice President

602 687 6780

chris.lind@marcusmillichap.com

Mark J. Ruble

Executive Managing Director

602 687 6766

mruble@marcusmillichap.com

McAlister Cleary

Senior Associate

602 687 6682

mcalister.cleary@marcusmillichap.com

Offices Nationwide

www.marcusmillichap.com**NET LEASED DISCLAIMER**

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs. Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

CONFIDENTIALITY AGREEMENT

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and it should not be made available to any other person or

entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this offering memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

Marcus & Millichap