

jiffylube®



*ACTUAL SITE PHOTO



OFFERING
MEMORANDUM

JIFFY LUBE
ABSOLUTE NNN LEASE
4195 EL CAMINO REAL, PALO ALTO, 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 Palo Alto, California. The NNN lease includes 2.5% annual rent increases throughout the primary term and one, five-year renewal option. The lease is corporately guaranteed by Jiffy Lube International, Inc. with zero landlord obligations. The asset is well positioned on a hard corner of a major commercial thoroughfare with heavy traffic counts of over 45,900 VPD. Jiffy Lube has operated at this prime infill location for more than 30 years.

INVESTMENT HIGHLIGHTS

ABSOLUTE NNN LEASED OFFERING
EXTREMELY UNIQUE SILICON VALLEY NET LEASED OFFERING
RARE 2.5% ANNUAL INCREASES
ONLY 1 (5) YEAR OPTION REMAINS
COVETED PALO ALTO INFILL CORNER WITH OVER \$190,000 AVERAGE HOUSEHOLD INCOME
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 SCHEDULE (CONSULT YOUR CPA FOR MORE INFORMATION)

OFFERING SPECIFICATIONS

PRICE	\$5,200,000
CAP RATE	3.75%
NET OPERATING INCOME	\$194,955
SQUARE FOOTAGE	3,778
LOT SIZE	0.34 AC
MARKET	Bay Area

FINANCIAL SUMMARY

JIFFY LUBE INTERNATIONAL, INC. • ABSOLUTE NNN LEASE OFFERING

4195 EL CAMINO REAL, PALO ALTO, CA

\$5,200,000 • 3.75% CAP

SUMMARY

TENANT NAME	Jiffy Lube International, Inc.
GUARANTOR	Pennzoil-Quaker State Company DBA Sopus Products "Shell"
SQUARE FOOTAGE	3,778
LEASE START	05/01/2010
LEASE END	9/22/2028
ANNUAL RENT	\$194,955
OPTIONS	One, 5-Year

OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
2022	\$194,955*	3.75%
2023	\$199,829	3.84%
2024	\$204,825	3.94%
2025	\$209,945	4.04%
2026	\$215,194	4.14%
2027	\$220,574	4.24%
2028	\$226,088	4.35%

* Today's rent until 4/30/2022 is \$190,200; 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

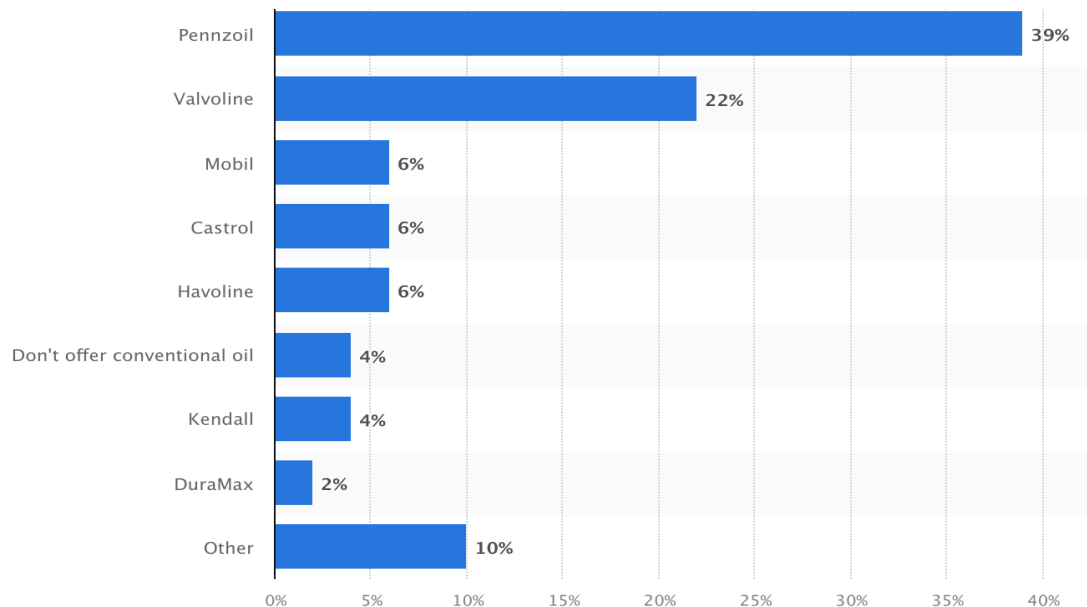


PENNZOIL - QUAKER STATE

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



SITE PHOTO



SITE PHOTO



AREA OVERVIEW

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
TOTAL HOUSEHOLDS	9,861	55,504	108,645
TOTAL POPULATION	23,526	136,979	290,808
PERSONS PER HOUSEHOLD	2.4	2.4	2.5
AVERAGE HOUSEHOLD INCOME	\$191,019	\$184,028	\$185,076
AVERAGE HOUSE VALUE	\$1,126,292	\$1,101,472	\$1,101,681
AVERAGE AGE	41.2	38.5	38.1
WHITE	12,603	80,250	170,182
BLACK	476	3,060	10,898
AMERICAN INDIAN/ALASKAN NATIVE	78	664	1,606
ASIAN	9,990	48,074	84,765
HAWAIIAN & PACIFIC ISLANDER	82	627	3,686
TWO OR MORE RACES	916	6,288	12,900
HISPANIC ORIGIN	2,167	18,057	49,445

PALO ALTO, CALIFORNIA

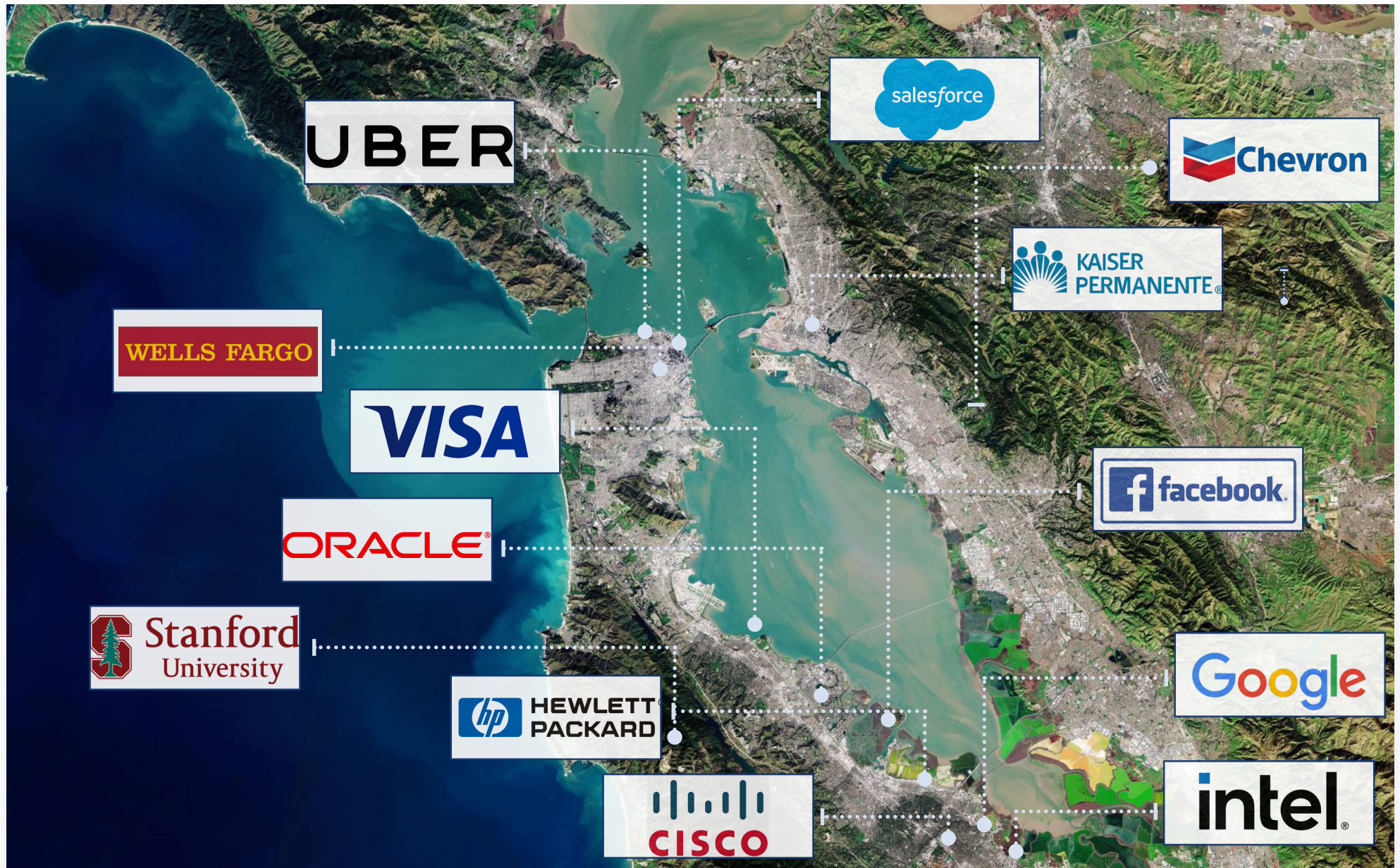
Palo Alto is known as the “Birthplace of Silicon Valley.” The city is recognized worldwide as a leader in cutting-edge technological development. Palo Alto is home to Stanford University and shares its borders with East Palo Alto, Mountain View, Los Altos, Los Altos Hills, Stanford, Portola Valley, and Menlo Park.

Palo Alto is one of the most expensive cities in the United States in which to live and its residents are among the most educated in the country. Unique among city organizations, the City of Palo Alto operates a full-array of services including its own gas, electric, water, sewer, refuse, and storm drainage provided at very competitive rates for its customers. The City of Palo Alto offers robust community amenities including 36 parks, 39 playgrounds, five community and youth centers, 41 miles of walking/biking trails and five libraries. Palo Alto is an award-winning City recognized nationally as innovative and well-managed, one of a small number of California cities with an AAA bond rating.

As one of the principal cities of Silicon Valley, Palo Alto is headquarters to a number of high-technology companies, including Hewlett-Packard, SpaceSystems,/Loral, VMware, Tesla, Ford Research and Innovation Center, PARC, IDEO, Skype, House, and Lockheed Martin Advanced Technology Center. Home to Stanford University and a top-ranked public school system, Palo Alto also features beautiful and historic residential neighborhoods, vibrant shopping and retail districts.



AREA OVERVIEW



AREA OVERVIEW

LOCAL ECONOMY

Palo Alto serves as a central economic focal point of the Silicon Valley and is home to more than 7,000 businesses employing more than 98,000 people. Many prominent technology firms reside in the Stanford Research Park on Page Mill Road, while nearby Sand Hill Road in the adjacent city of Menlo Park is a notable hub of venture capitalists. The city’s economy generally follows the economic trends of the rest of the Silicon Valley.

Palo Alto’s retail and restaurant trade includes Stanford Shopping Center, an upscale open air shopping center established in 1955, and downtown Palo Alto, centered on University Avenue.

According to the City’s 2020 Comprehensive Annual Financial Report, the top employers in the city are:

	Employer	# of Employees
1	Lucile Packard Children’s Hospital	6,060
2	Stanford Health Care	5,500
3	Hewlett-Packard	5,000
4	Stanford University	4,500
5	Veteran’s Affairs Palo Alto Health Care System	3,900
6	VMware Inc.	3,500
7	SAP Ariba(SAP Labs Inc.)	3,500
8	Palo Alto Medical Foundation	2,200
9	Varian Medical Systems	1,400
10	Space Systems/Loral	1,250



LOCATION HIGHLIGHTS

HIGH MEDIAN INCOME

AT THE EPICENTER OF SILICON VALLEY

DEVELOPMENT HAS BEEN RELATIVELY STEADY OVER THE PAST FEW YEARS IN PALO ALTO

THE METRO PLAYS HOST TO ONE OF THE HIGHEST CONCENTRATIONS OF FORTUNE 500 COMPANIES IN THE COUNTRY

THE MARKET IS HOME TO ONE OF THE NATION’S PREMIER EDUCATIONAL INSTITUTIONS, STANFORD UNIVERSITY, AS WELL AS SAN JOSE STATE AND SEVERAL OTHER LARGE UNIVERSITIES

HIGHLY EDUCATED AND WELL-PAID EMPLOYEES MOVED INTO THE MARKET OVER THE PAST DECADE

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PALO ALTO, CALIFORNIA



The Kase Group

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