

OFFERING MEMORANDUM

MARSHALLS SHOPS AT PACHECO PASS

MULTI-TENANT RETAIL PAD, INVESTMENT OPPORTUNITY

SUBJECT PROPERTY PHOTO



7011 - 7201 CAMINO ARROYO | GILROY, CA 95020

STRONG STORE SALES

CO-TENANTS: WALMART | LOWES | BEST BUY | COSTCO

EXCELLENT VISIBILITY AND CURB APPEAL

CBRE

CAPITAL MARKETS | INVESTMENT PROPERTIES



CONTACT US

MIKE PHILBIN

VICE PRESIDENT

+1 818 907 4691

LIC. 01922822

MIKE.PHILBIN@CBRE.COM

SAM ALISON

SENIOR VICE PRESIDENT

+1 818 907 4690

LIC. 01167124

SAM.ALISON@CBRE.COM

AMAR GOLI

VICE PRESIDENT

+1 818 907 4692

LIC. 01883944

AMAR.GOLI@CBRE.COM

RICK SHAFFER

SENIOR VICE PRESIDENT

+1 408 453 7430

LIC. 00853889

RICK.SHAFFER@CBRE.COM

MILES WATERS

ANALYST

+1 818 907 4694

LIC. 02047288

MILES.WATERS@CBRE.COM

CBRE, INC.

234 S BRAND AVENUE

GLENDALE, CA 91204

P: +1 818 502 6700

WWW.CBRE.COM

Executive Summary



\$

\$6,228,180 Offering Price

%

5.0% Cap Rate



CBRE is offering to qualified investors the opportunity to acquire a fee simple interest in the Marshalls-anchored retail pad located at 7011-7201 Camino Arroyo in Gilroy, California 95020 (the "Property"). The Property is being offered free and clear of any debt. Ownership anticipates investors consider the strong real estate fundamentals and tenants' creditworthiness when evaluating the Property.

Investment Highlights

Strong Store Sales

Best-In-Class Corporate Guarantee

Close Proximity To Silicon Valley

Fast-Growing Residential Community

Dominant Retail Corridor Location

Attractive Rental Increases

Excellent Access & Visibility

Ideal 1031 Exchange Property

Property Summary

7011-7201 Camino Arroyo | Gilroy, CA 95020

Offering Price	\$6,228,180
Offering Cap Rate	5.0%
Lease Type	NNN
Building SF	±35,785 SF
Year Constructed	2002
Acreage	±9.96 acres
Current Annual Rent	\$311,409
Ownership	Fee Simple

Income Overview



Rent Roll

Suite	Tenant Name	Square Feet	% of Property	Lease Term		Rental Rates					Recovery Type	Tenant Improvements	Leasing Commissions	Market Rent	
				Begin	End	Begin	Monthly	PSF	Annually	PSF					
13	Work World	4,612	4.65%	Nov-2013	May-2019	Current	\$9,086	\$1.97	\$109,028	\$23.64	None	-	-	Option	
						Option 1	Jun-2019	\$9,355	\$2.03	\$112,256	\$24.34	-	-	-	-
						Jun-2020	\$9,639	\$2.09	\$115,669	\$25.08	-	-	-	-	
						Jun-2021	\$9,927	\$2.15	\$119,128	\$25.83	-	-	-	-	
						Jun-2022	\$10,223	\$2.22	\$122,679	\$26.60	-	-	-	-	
						Jun-2023	\$10,531	\$2.28	\$126,369	\$27.40	-	-	-	\$21.00 NNN	

Notes: Tenant has one remaining 5-year renewal option at stated terms. Analysis assumes Tenant exercises option then rolls to market leasing assumptions upon expiration. Tenant is on a Gross Lease.

14	Vacant (Ste. 14)	1,589	1.60%	Dec-2018	Nov-2028	Dec-2018	\$2,781	\$1.75	\$33,369	\$21.00	No Mgmt - 15% Adm CAM/INC	\$10.00	\$9.77	Market
						Dec-2023	\$3,059	\$1.93	\$36,706	\$23.10	-			\$15,517 4.43% \$21.00 NNN

15	Vacant (Ste. 15)	1,600	1.61%	Jul-2019	Jun-2029	Jul-2019	\$2,884	\$1.80	\$34,608	\$21.63	-	\$10.30	\$10.06	Market
						Jul-2024	\$3,172	\$1.98	\$38,064	\$23.79	-	\$16,480	\$16,093 4.43%	\$21.00 NNN

16	Marshall's	27,984	28.19%	Jul-2011	Nov-2021	Current	\$16,324	\$0.58	\$195,888	\$7.00	Marshalls	-	-	Option
						Option 1	Dec-2021	\$18,656	\$0.67	\$223,872	\$8.00	-	-	\$12.00 NNN-M
						Option 2	Dec-2026	\$20,988	\$0.75	\$251,856	\$9.00	-	-	-

Notes: Tenant has four remaining 5-year renewal options at stated terms. Analysis assumes Tenant exercises options through the analysis period.



First Year Income Detail

Fiscal Year Ending Jun-19

Suite	Tenant	Size	Lease Ends	Base Rent		Operating Expense Reimbursements						
				Annual Total	Monthly \$ SF	Insurance	Building Expense	CAM	Real Estate Taxes	Annual Total	Monthly \$ PSF	
2	Work World	4,612	May-19	109,297	23.70	0	0	0	0	0	0.00	
3	Vacant (Ste. 14)	1,589	Nov-28	33,369	21.00	481	3,471	4,151	4,298	12,402	0.65	
4	Vacant (Ste. 15)	1,600	Jun-29	34,608	21.63	485	3,495	4,180	4,328	12,487	0.65	
5	Marshall's	27,984	Nov-21	195,888	7.00	8,477	0	68,014	75,697	152,189	0.45	
TOTAL GLA		35,785		\$373,162	\$10.43					\$177,078	\$0.41	

10-Year Cash Flow Beginning July 1, 2018

For the Years Ending	Yr 1 Jun-19	Yr 2 Jun-20	Yr 3 Jun-21	Yr 4 Jun-22	Yr 5 Jun-23	Yr 6 Jun-24	Yr 7 Jun-25	Yr 8 Jun-26	Yr 9 Jun-27	Yr 10 Jun-28	Yr 11 Jun-29
POTENTIAL GROSS REVENUE											
Base Rental Revenue	\$373,162	\$376,405	\$379,822	\$399,613	\$416,782	\$421,862	\$429,118	\$433,033	\$453,388	\$469,201	\$477,149
NNN Recoveries	\$177,078	181,062	185,136	189,301	193,561	197,916	202,369	206,922	211,578	216,338	221,206
TOTAL POTENTIAL GROSS REVENUE	\$550,239	\$557,467	\$564,958	\$588,914	\$610,343	\$619,778	\$631,487	\$639,955	\$664,966	\$685,540	\$698,355
General Vacancy (5%)	(\$27,512)	(\$27,873)	(\$28,248)	(\$29,446)	(\$30,517)	(\$30,989)	(\$31,574)	(\$31,998)	(\$33,248)	(\$34,277)	(\$34,918)
EFFECTIVE GROSS REVENUE	\$522,727	\$529,594	\$536,710	\$559,469	\$579,826	\$588,789	\$599,913	\$607,957	\$631,718	\$651,263	\$663,437
TRIPLE NET EXPENSES											
Common Area Maintenance	\$87,554	90,180	92,886	95,672	98,542	101,499	104,544	107,680	110,910	114,238	117,665
Building Repair	\$16,125	16,448	16,777	17,112	17,454	17,804	18,160	18,523	18,893	19,271	19,657
Insurance	\$10,840	11,166	11,501	11,846	12,201	12,567	12,944	13,332	13,732	14,144	14,569
Property Taxes	\$96,799	98,735	100,710	102,724	104,778	106,874	109,012	111,192	113,416	115,684	117,998
TOTAL TRIPLE NET CHARGES	\$211,318	\$216,529	\$221,873	\$227,354	\$232,976	\$238,743	\$244,659	\$250,727	\$256,951	\$263,337	\$269,887
NET OPERATING INCOME	\$311,409	\$313,065	\$314,838	\$332,115	\$346,850	\$350,046	\$355,254	\$357,231	\$374,767	\$387,926	\$393,550





Subject Property Photos



Tenant Overviews



Tenant Overviews

Marshalls, Inc. is a chain of off-price department stores owned by TJX Companies (TJX: NYSE). TJX Companies, Inc. is the world leading off-price retailer of apparel and home fashions in the United States, and worldwide, ranking No. 85 in the 2017 Forbes Fortune 500 list with **2017 revenues of over \$35 Billion**.



TJX Companies is the parent company for TJ Maxx, Marshalls, Home Goods, Sierra Trading Post, and Homesense. **TJX operates over 4,000 stores in 9 countries**, they also operate three (3) e-commerce sites, and have approximately 249,000 associates.

There are **975 Marshalls stores in the United States** covering 42 states and Puerto Rico as well as **38 stores in Canada**. Marshalls is the United States #2 "off Price" family apparel and home fashion retailer trailing only its sister company TJ Maxx.

TJX boasts the strongest credit rating in the sector with an investment grade S&P credit rating of A+.

T.J. Maxx And Marshalls Parent Company Sees Positive Trajectory ***by PYMNTS***

August 16, 2017– Finding a bargain in your favorite department store is always a thrill. Digging through the racks in the back of the store just to find that they have something in your size or something that fits in just the right spot in your home has become something of a way of life for Americans, especially after the 2008 recession hit. As a result, stores like T.J. Maxx and Marshalls have soared to new heights as some of the go-to places to find great deals.

Given discount stores' popularity with Americans, it should come as no surprise that the parent company of T.J. Maxx, HomeGoods and Marshalls, TJX, reported a solid second quarter. Its sales growth for the last three months is being reported at three percent, which is higher than analysts' estimates. Following this positive quarter of growth, alongside TJX's home furnishings store HomeGoods seeing a seven percent boost in same-store sales, it makes sense that the company would take this forward momentum and run with it.

With this, TJX is opening up a new home goods store dubbed HomeSense. Some are saying that the popularity of home furnishings being sold online through places like Wayfair, Amazon and Joss & Main are the main reasons for opening up a new store in this category. GlobalData Retail's managing director, Neil Saunders, wrote to clients about TJX's new store launch and said that HomeSense "will allow the company to better take advantage of the strong growth in home retail and to grow its presence in categories like furniture and larger furnishing items, which are a relatively weak part of the HomeGoods proposition."

Through this new store offering, the hope is that TJX will help to continue grow the more feasible price-point area of home furnishings in the country. If Q2 results are any indicator for TJX, it looks like the opening of HomeSense may prove to be another win for the discount giant.

To view full article on Marshalls, visit tj-maxx-and-marshalls-parent-company-sees-positive-trajectory/

Tenant Overviews

Established in 1990, **Work World** is an American-owned company offering quality work apparel and footwear. Work World prides itself on their merchandise for having great value while providing a wide selection of apparel options and exceptional service. The merchandise assortment of each store consists of national core components, items specific to each region, and items which are unique to the community served by each store. Over 27 years Work World has grown to 23 locations across California and Nevada.



Partnerships with businesses led to the development of the Work World for Business program which features readily available credit, allowing businesses to buy now and pay later. This includes 0% interest during the first 45 days. Each account comes with a dedicated account manager charged with learning the business needs of the organization, and assistance in the proper outfitting for the work environment.

Offered Brands

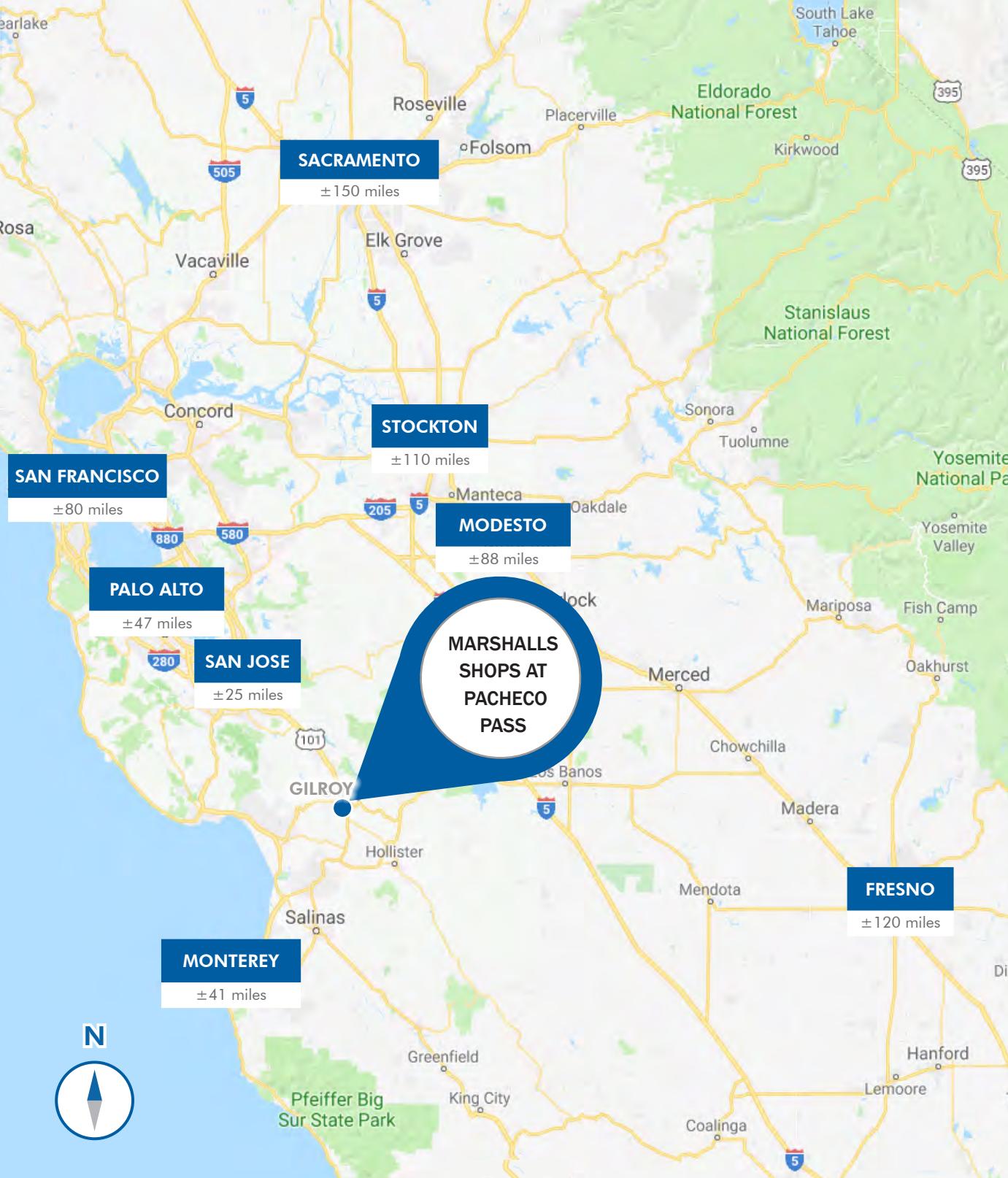
A	D	I	N	S	W
Americaware	Danner	Indera Mills	Northside Footwear	Saderma	Walls
Arborwear	Dansko			SmartWool	Wells Lamont
Ariat	Dickies	J	O	Smiths Workwear	Whites Boots
	Dorfman Pacific	John Deere	Occunomix	Soft Knees	Wigwam Socks
B	Dr. Martens	Justin Boots	Old Guys Rule	Sorel	Wolverine
Bates				Spenco	Woolrich
Ben Davis	F	K	P	Stanley	Work Zone
Berne Apparel	Fox River	Keen Utility	Pacific Tease	Suspender Factory	Wrangler
BOGS		Key Industries	Peet Boot Dryer		Wrangler RIGGS
	G	Kuhl	Propper	T	#
C	Georgia Boots			Thorogood	5.11 Tactical
Canyon Guide	Gordini	L	R	Timberland Pro	
Carhartt	Grizzly	Levis	Red Kap		
Carolina			Reebok	U	
Caterpillar	H	M	Rocky Brands	Under Armour	
Chinook	Harley Davidson	Magnum	Rogers-Whitley		
Cold Pruf	Helly Hanson	Merrell		V	
Columbia	Henschel	Muck Boot		Viking	
	Hi-Tec				



Location Overview



DOWNTOWN GILROY, CA





DOWNTOWN GILROY, CA

Location Overview

Gilroy is strategically located in the southern portion of Silicon Valley, and is approximately 25 miles south of San Jose, California. Over the past decade, Gilroy has been diversifying its economy to become a major retail and employment destination. 30% of Gilroy's residents presently commute daily to the high-tech companies in nearby San Jose and the metropolitan San Francisco area. The interchange of US Highway 101 and CA Route 152 is adjacent to the shopping center and the Caltrain rail station is less than one mile away. Freeways and commuter rail provide access to San Jose, the peninsula, San Francisco, and the entire Bay Area; and, offer a reverse commute for north Santa Clara County residents working at technology and manufacturing firms with operations in Morgan Hill and Gilroy.

Gilroy is an affordable family-friendly community and is one of the most sought-after locations in south Silicon Valley for residential and industrial sites. The high-speed rail line currently under construction includes a Gilroy station.

Unlike other locations in the Bay Area, Gilroy has an abundance of land ready for development, including parcels zoned for commercial, industrial, or residential use. The City's infrastructure is strong and ready to accommodate new growth. Gilroy has a very talented workforce; area colleges and local education centers tailor innovative programs training future employees to meet specific employer needs. The area enjoys abundant regional venture capital opportunities with the most productive workforce in the nation.

Already considered a major center for regional shopping, Gilroy offers three large retail complexes with a vast array of products and services. Gilroy's retail market share attracts well over 200,000 shoppers and taxable retail sales exceed \$1 Billion annually. It also has a historic downtown with retail and service oriented businesses. The City of Gilroy is business-friendly and offers a wide range of incentive programs to businesses that generate sales tax or provide new jobs for the area.

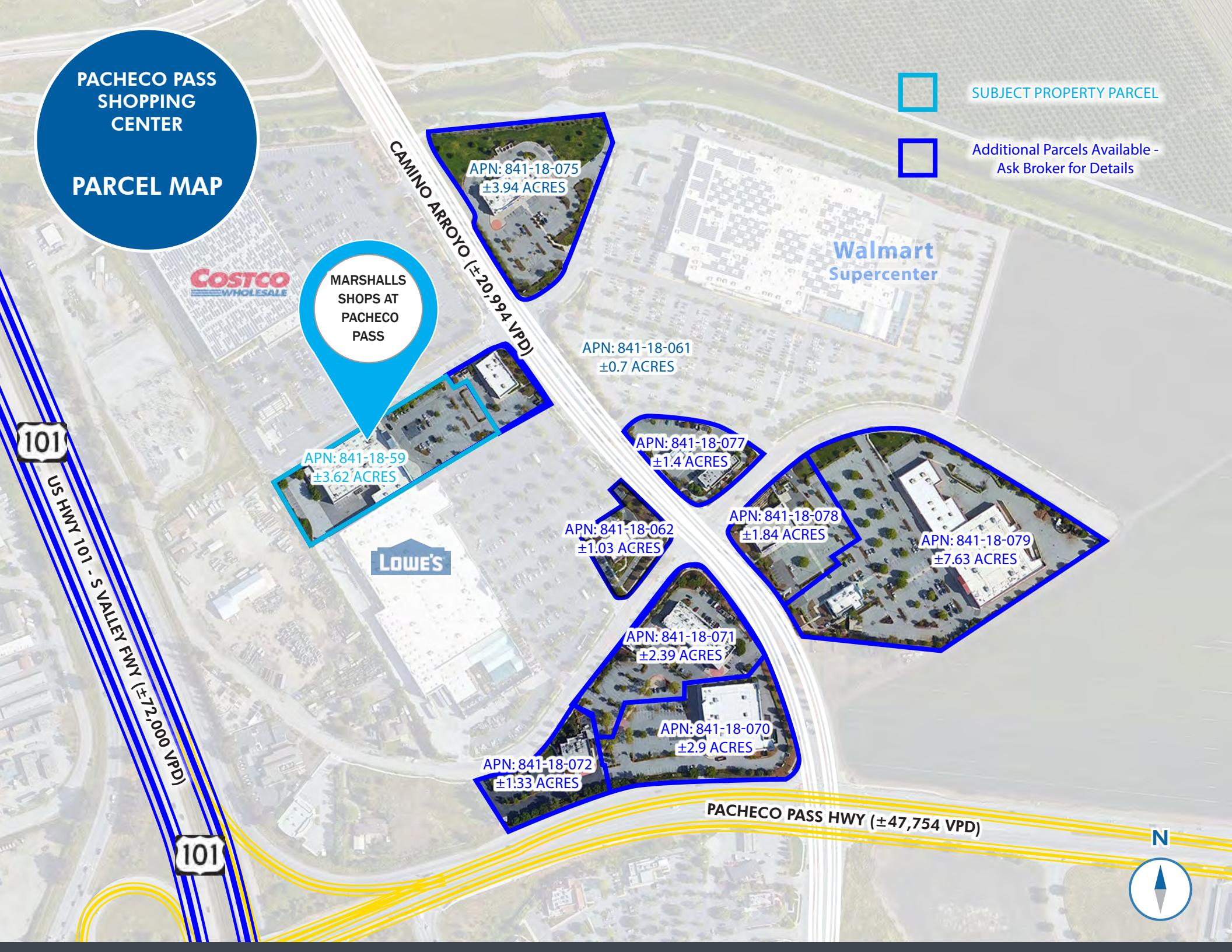


PACHECO PASS SHOPPING CENTER

Subject Property is one of ten (10) parcels total. See next page for site details.



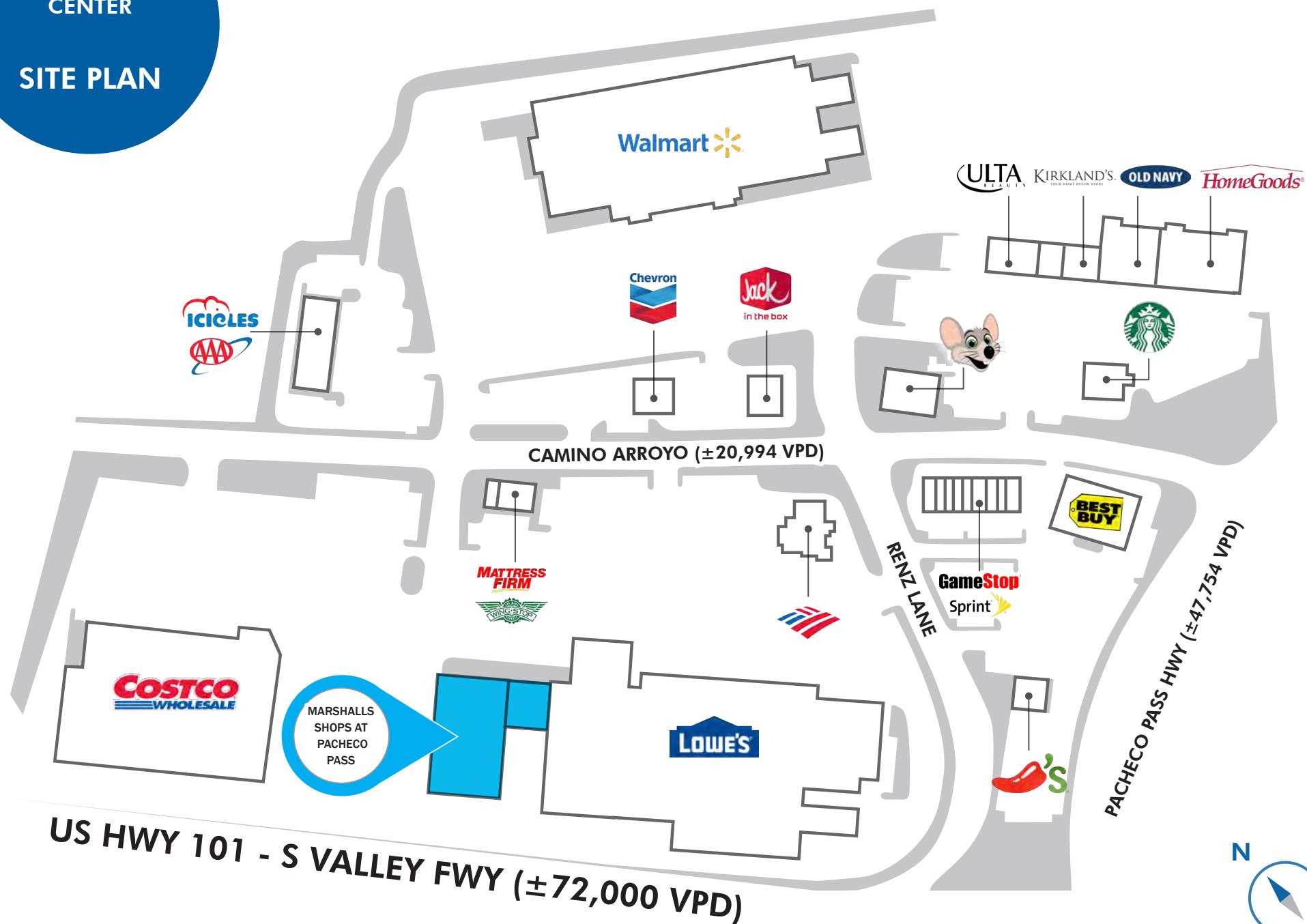
PACHECO PASS
SHOPPING
CENTER
PARCEL MAP



PACHECO PASS
SHOPPING
CENTER

SITE PLAN

SUBJECT PROPERTY



101

US HWY 101 - S VALLEY Fwy ($\pm 72,000$ VPD)



COSTCO
WHOLESALE

MATTRESS FIRM
WING-STOP

Lowe's

ICICLES
AAA

Best Buy

GameStop
Sprint

Chili's

Best Buy

AAA

Chevron

Jack

Walmart
Supercenter

RENZ LANE

WING-STOP

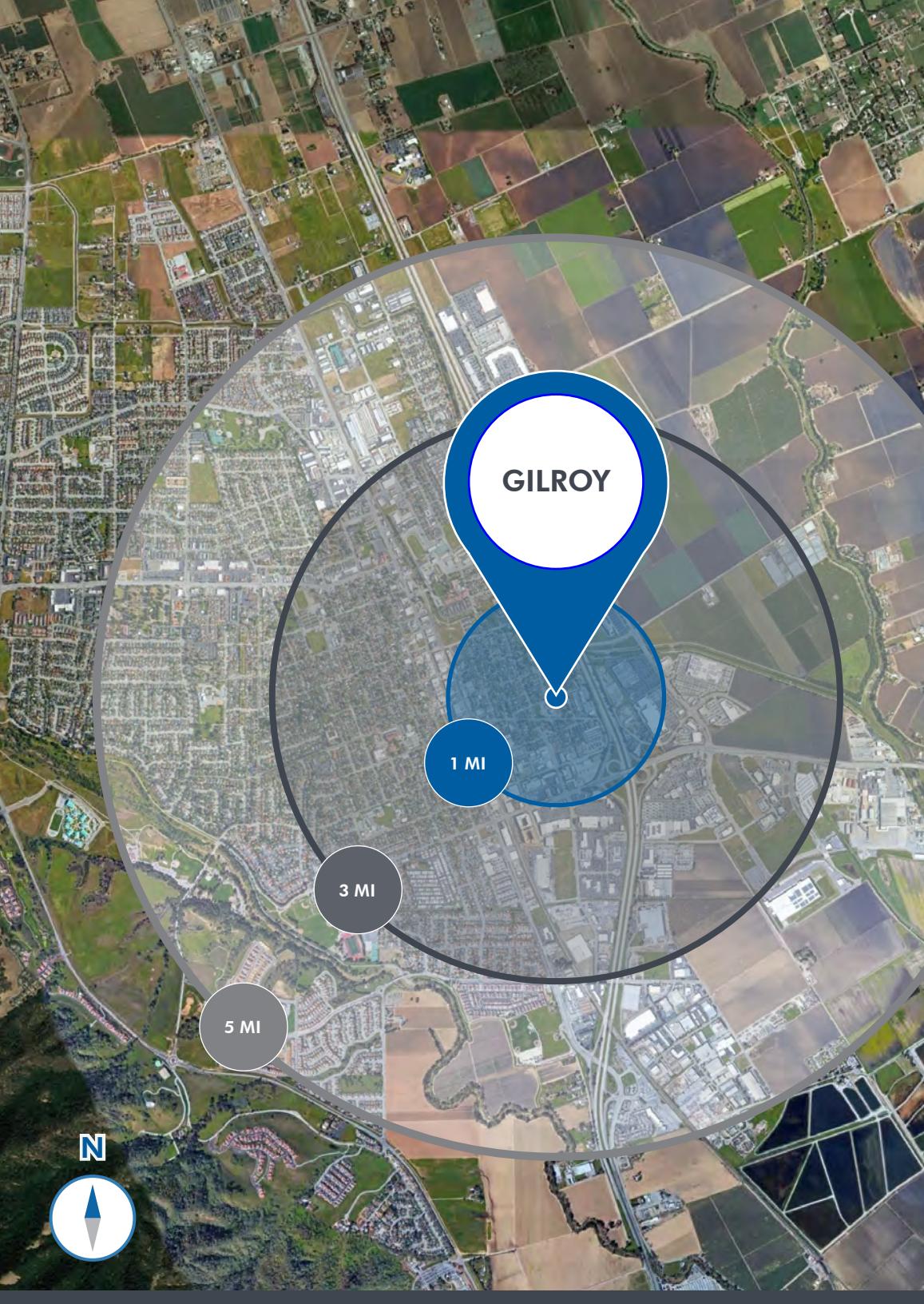
Jack

Best Buy

GameStop

Sprint

Best Buy



AREA DEMOGRAPHICS

0-1 MI

0-3 MI

0-5 MI

POPULATION

2022 POPULATION*	5,791	51,218	64,393
2017 POPULATION	5,426	48,372	60,775
2010 POPULATION	4,808	45,040	56,370
2017-2022 GROWTH*	6.73%	5.88%	5.95%
2010-2017 GROWTH	12.85%	7.40%	7.81%

*Projected

HOUSEHOLDS

2022 HOUSEHOLDS*	1,355	14,934	19,050
2017 HOUSEHOLDS	1,267	14,072	17,945
2010 HOUSEHOLDS	1,105	12,930	16,452
2017-2022 GROWTH*	6.95%	6.13%	6.16%
2010-2017 GROWTH	14.66%	8.83%	9.07%

*Projected

HOUSEHOLD INCOME

2017 AVERAGE INCOME	\$60,060	\$99,601	\$112,255
2017 MEDIAN INCOME	\$35,580	\$78,984	\$88,895

GILROY, CA: AERIAL VIEW

CBRE, Inc. operates within a global family of companies with many subsidiaries and related entities (each an "Affiliate") engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates, including CBRE Global Investors, Inc. or Trammell Crow Company, may have or represent clients who have competing interests in the same transaction. For example, Affiliates or their clients may have or express an interest in the property described in this Memorandum (the "Property"), and may be the successful bidder for the Property. Your receipt of this Memorandum constitutes your acknowledgement of that possibility and your agreement that neither CBRE, Inc. nor any Affiliate has an obligation to disclose to you such Affiliates' interest or involvement in the sale or purchase of the Property. In all instances, however, CBRE, Inc. and its Affiliates will act in the best interest of their respective client(s), at arms' length, not in concert, or in a manner detrimental to any third party. CBRE, Inc. and its Affiliates will conduct their respective businesses in a manner consistent with the law and all fiduciary duties owed to their respective client(s).

CONFIDENTIALITY AGREEMENT

Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

DISCLAIMER

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.





SANTA CLARA COUNTY, CA

CAPITAL MARKETS | INVESTMENT PROPERTIES

EXCLUSIVELY REPRESENTED BY

MIKE PHILBIN

Vice President

+1 818 907 4691

CA Lic. 01922822

mike.philbin@cbre.com

SAM ALISON

Senior Vice President

+1 818 907 4690

CA Lic. 01167124

sam.alison@cbre.com

RICK SHAFFER

Senior Vice President

+1 408 453 7430

CA Lic. 00853889

rick.shaffer@cbre.com

AMAR GOLI

Vice President

+1 818 907 4692

CA Lic. 01883944

amar.goli@cbre.com

MILES WATERS

Analyst

+1 818 907 4694

CA Lic. 02047288

miles.waters@cbre.com

CBRE

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