



MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

CIRCLE K PORTFOLIO

OFFERING MEMORANDUM



EXCLUSIVELY LISTED BY

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INVESTMENT OVERVIEW

Rahul Chhajed, Michael Moreno, and Aron Cline of Matthews Real Estate Investment Services are pleased to offer for sale a portfolio of three net-leased convenience stores all 100% leased out to Circle K. These sites are operating under absolute NNN leases with 2 located in Virginia and 1 located in North Carolina. All 3 properties are offered as a portfolio and individually.



INVESTMENT HIGHLIGHTS

- Circle K operates on absolute NNN leases on all 3 sites, providing the landlord with the ability to collect passive, management-free income
- Alimentation Couche-Tard is the 2nd largest convenience store chain across the globe and is a credit-worthy tenant with an S&P Investment Grade credit of BBB
- Investor has an opportunity to purchase low-rent Circle K properties at a “better-than-market” cap rate given the short-term nature of these leases
- Owner can realize significant after-tax cash flow through the ability to depreciate the properties on accelerated 15-year schedules *to be verified with accountant*
- All properties have strong convenience store fundamentals: strong traffic counts, great visibility, and easy access





| | |
|---------------------------|--|
| Property Name | Circle K |
| Property Type | Net Leased Convenient Stores |
| Parent Company Trade Name | The Pantry Inc. |
| Ownership | Public |
| Credit Rating | BBB |
| Rating Agency | S&P |
| Revenue | \$3.14 B |
| Stock Symbol | PTRY |
| Board | NASDAQ |
| No. of Locations | ± 10,000 |
| No. of Employees | ± 14,000 |
| Headquartered | Tempe, AZ |
| Website | www.circlek.com |

TENANT OVERVIEW

Since the 1980s, Circle K has been the largest company-owned convenience store chain (i.e. of non-franchised stores) in the U.S. In the U.S. Circle K stores feature award-winning Premium Circle K Coffee,[®] the Polar Pop[®] cup, beer, snacks, candy, ATMs, Circle K Gift Cards, money orders, and much more. Some Circle K stores operate gasoline pumps selling Union 76-branded motor fuels; others sell Mobil, Marathon, ConocoPhillips, Irving, BP, Sunoco or Shellbranded fuel. The chain operates internationally, branching into Mexico and continents such as Asia. Since 2003, Circle K Stores, Inc. operates as a subsidiary of Alimentation Couche-Tard Inc. The Circle K brand re-entered the Canadian market in 2008, in connection with Couche-Tard's acquisition of the Circle K convenience store network. The chain is primarily located in the Southern, Western, Southwestern, and Midwestern United States.

PORTFOLIO SALE

| Store No. | Address | City | State | Zip Code | Lease Type | Lease Start Date | Lease Finish Date | |
|-----------|-----------------------|------------|-------|----------|------------|------------------|-------------------|--|
| 3370 | 125 Holston Road | Wytheville | VA | 24382 | NNN | 2/1/2015 | 1/31/2018 | |
| 3364 | 806 South Main Street | Galax | VA | 24333 | NNN | 2/1/2015 | 1/31/2018 | |
| 3368 | 2372 Zephyr Road | Dobson | NC | 27017 | NNN | 2/1/2015 | 1/31/2020 | |

TOTAL

PORTFOLIO SALE

| | Term Remaining | Options | Monthly Rent | Annual Rent | Cap Rate | List Price |
|--|----------------|------------------------|--------------|--------------|----------|----------------|
| | 0.67 | Four (4) Five (5) Year | \$3,000.00 | \$36,000.00 | 7.75% | \$464,516.13 |
| | 0.67 | Four (4) Five (5) Year | \$2,300.00 | \$27,600.00 | 7.75% | \$356,129.03 |
| | 2.67 | Four (4) Five (5) Year | \$4,200.00 | \$50,400.00 | 7.75% | \$650,322.58 |
| | | Four (4) Five (5) Year | \$9,500.00 | \$114,000.00 | 7.75% | \$1,470,967.95 |

| | List Price |
|-------|----------------|
| Cap | 7.75% |
| Price | \$1,470,967.95 |

STORE NO. 3370 (0.67 YEARS REMAINING)

PROPERTY DESCRIPTION

125 Holston Road
Wytheville, VA 24382

List Price \$464,516.13
 CAP Rate - Current..... 7.75%
 Gross Leasable Area ± 2,200 SF
 Lot Size ± 0.64 Acres

| | Monthly Rent | Annual Rent | Rent/SF | Cap Rate |
|----------|--------------|-------------|---------|----------|
| Current | \$3,000.00 | \$36,000.00 | \$16.36 | 7.75% |
| Option 1 | \$3,240.00 | \$38,880.00 | \$17.67 | 8.37% |
| Option 2 | \$3,499.20 | \$41,990.40 | \$19.09 | 9.04% |
| Option 3 | \$3,779.14 | \$45,349.63 | \$20.61 | 9.76% |
| Option 4 | \$4,081.47 | \$48,977.60 | \$22.26 | 10.54% |

| | |
|-------------------------|---------------------------------|
| Lease Commencement Date | 2/1/2015 |
| Lease Expiration Date | 1/31/2018 |
| Increases | 8% every 5 years |
| Options | Five (4), Five (5) Year Options |



DEMOGRAPHICS

| POPULATION | 1 Mile | 3 Mile | 5 Mile |
|------------------------------------|----------|----------|----------|
| 2022 Projection | 2,310 | 8,827 | 8,827 |
| 2017 Estimate | 2,304 | 8,759 | 8,759 |
| 2010 Census | 2,353 | 8,863 | 8,863 |
| Growth 2017 - 2022 | 0.27% | 0.77% | 0.58% |
| HOUSEHOLDS | 1 Mile | 3 Mile | 5 Mile |
| 2022 Projection | 1,098 | 4,155 | 5,042 |
| 2017 Estimate | 1,093 | 4,107 | 4,995 |
| 2010 Census | 1,112 | 4,122 | 5,034 |
| Growth 2017 - 2022 | 0.42% | 1.16% | 0.95% |
| INCOME | 1 Mile | 3 Mile | 5 Mile |
| 2017 Est. Average Household Income | \$57,341 | \$56,207 | \$57,335 |



TRAFFIC COUNTS

- > Interstate 81 ±26,000 ADT
- > N 4th Street ±11,000 ADT

STORE NO. 3364 (0.67 YEARS REMAINING)

PROPERTY DESCRIPTION

806 South Main Street
Galax, VA 24333

List Price \$356,129.03
 CAP Rate - Current..... 7.75%
 Gross Leasable Area ± 1,800 SF
 Lot Size ± 0.61 Acres

| | Monthly Rent | Annual Rent | Rent/SF | Cap Rate |
|----------|--------------|-------------|---------|----------|
| Current | \$2,300.00 | \$27,600.00 | \$15.33 | 7.75% |
| Option 1 | \$2,484.00 | \$29,808.00 | \$16.56 | 8.37% |
| Option 2 | \$2,682.72 | \$32,192.64 | \$17.88 | 9.04% |
| Option 3 | \$2,897.34 | \$34,768.05 | \$19.32 | 9.76% |
| Option 4 | \$3,129.12 | \$37,549.50 | \$20.86 | 10.54% |

| | |
|-------------------------|---------------------------------|
| Lease Commencement Date | 2/1/2015 |
| Lease Expiration Date | 1/31/2018 |
| Increases | 8% every 5 years |
| Options | Five (4), Five (5) Year Options |



DEMOGRAPHICS

| POPULATION | 1 Mile | 3 Mile | 5 Mile |
|------------------------------------|----------|----------|----------|
| 2022 Projection | 2,576 | 10,004 | 15,181 |
| 2017 Estimate | 2,548 | 9,845 | 14,886 |
| 2010 Census | 2,568 | 9,933 | 14,962 |
| Growth 2017 - 2022 | 1.10% | 1.61% | 1.98% |
| HOUSEHOLDS | 1 Mile | 3 Mile | 5 Mile |
| 2022 Projection | 1,053 | 4,215 | 6,442 |
| 2017 Estimate | 1,036 | 4,144 | 6,309 |
| 2010 Census | 1,034 | 4,184 | 6,341 |
| Growth 2017 - 2022 | 1.72% | 1.71% | 2.11% |
| INCOME | 1 Mile | 3 Mile | 5 Mile |
| 2017 Est. Average Household Income | \$48,083 | \$48,423 | \$48,239 |



TRAFFIC COUNTS

> South Main Street ±7,000 ADT

STORE NO. 3368 (2.67 YEARS REMAINING)

PROPERTY DESCRIPTION

2372 Zephyr Road
Dobson, NC 27017

List Price \$650,322.58
CAP Rate - Current..... 7.75%
Gross Leasable Area ± 2,400 SF
Lot Size ± 1.57 Acres

| | Monthly Rent | Annual Rent | Rent/SF | Cap Rate |
|----------|--------------|-------------|---------|----------|
| Current | \$4,200.00 | \$50,400.00 | \$21.00 | 7.75% |
| Option 1 | \$4,536.00 | \$54,432.00 | \$22.68 | 8.37% |
| Option 2 | \$4,898.88 | \$58,786.56 | \$24.49 | 9.04% |
| Option 3 | \$5,290.79 | \$63,489.48 | \$26.45 | 9.76% |
| Option 4 | \$5,714.05 | \$68,568.64 | \$28.57 | 10.54% |

| | |
|-------------------------|---------------------------------|
| Lease Commencement Date | 2/1/2015 |
| Lease Expiration Date | 1/31/2020 |
| Increases | 8% every 5 years |
| Options | Five (4), Five (5) Year Options |



DEMOGRAPHICS

| POPULATION | 1 Mile | 3 Mile | 5 Mile |
|------------------------------------|----------|----------|----------|
| 2022 Projection | 140 | 1,977 | 8,095 |
| 2017 Estimate | 139 | 1,950 | 7,918 |
| 2010 Census | 142 | 1,961 | 7,851 |
| Growth 2017 - 2022 | 0.52% | 1.37% | 2.23% |
| HOUSEHOLDS | 1 Mile | 3 Mile | 5 Mile |
| 2022 Projection | 56 | 766 | 3,041 |
| 2017 Estimate | 56 | 757 | 2,985 |
| 2010 Census | 57 | 765 | 2,979 |
| Growth 2017 - 2022 | 0.44% | 1.10% | 1.86% |
| INCOME | 1 Mile | 3 Mile | 5 Mile |
| 2017 Est. Average Household Income | \$53,531 | \$53,814 | \$51,991 |



TRAFFIC COUNTS

> Interstate 71 ±23,000 ADT

CONFIDENTIALITY AND DISCLAIMER STATEMENT

This Offering Memorandum contains select information pertaining to the business and affairs of Circle K located at Various Addresses (“Property”). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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