

BRAND NEW CONSTRUCTION

Absolute NNN Ground Lease Investment Opportunity
Estimated Grand Opening Q1 2021



2375 McGrady Drive SE

CLEVELAND, TENNESSEE

REPRESENTATIVE PHOTO



EXCLUSIVELY MARKETED BY



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SRS National Net Lease Group is pleased to offer the opportunity to acquire the leased fee interest (land ownership) in an absolute NNN, corporate guaranteed, investment grade (S&P: BBB), AutoZone investment property located in Cleveland, Tennessee. The tenant recently executed a brand new 15-year lease with 4 (5-year) options to extend, demonstrating their long-term commitment to the site. The lease features an 8% rental increase every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation. The lease is corporate guaranteed and is absolute NNN with zero landlord responsibilities, making it an ideal, management-free investment opportunity for a passive investor. The building, which is expected to be completed by Q1 2021, will feature a state-of-the-art design using high quality materials. AutoZone is the leading retailer and a leading distributor of automotive replacement parts and accessories with more than 6,000 locations in the United States, Puerto Rico, Mexico, and Brazil.

AutoZone is strategically located along U.S. Highway 74, a major commuter thoroughfare averaging 35,300 vehicles passing by daily. The property is ideally situated between Walmart Supercenter and Food City, two big-box tenants that significantly increase consumer traffic to the immediate trade area. The asset is located within the primary retail corridor serving Cleveland, featuring a variety of other national/credit tenants including Walgreens, Planet Fitness, Dollar Tree, Family Dollar, McDonald's, and more. In addition, the automotive retailer is within close proximity to several apartment complexes including Forest Grove (96 units), Waters Edge (97 units), and Stanford Place (92 units), providing the store with a direct residential consumer base from which to draw. The 5-mile trade area is supported by more than 59,000 residents and 32,000 daytime employees with an average household income of \$62,000.

OFFERING SUMMARY



OFFERING

| | |
|---------------------------|-----------------------------|
| Pricing | \$1,600,000 |
| Net Operating Income | \$72,000 |
| Cap Rate | 4.50% |
| Guaranty | AutoZone, Inc. |
| Tenant | AutoZone |
| Lease Type | Absolute NNN - Ground Lease |
| Landlord Responsibilities | None |
| Sales Reporting | No |

PROPERTY SPECIFICATIONS

| | |
|------------------|-----------------------------------------------------|
| Rentable Area | 7,054 SF |
| Land Area | 0.86 Acres |
| Property Address | 2375 McGrady Drive SE Cleveland, Tennessee 37323 |
| Year Built | Under Construction |
| Parcel Number | 066H B 025.07 000 |
| Ownership | Leased Fee (Land Ownership) |



Brand New 15-Year Lease | Corporate Guaranteed | Scheduled Rental Increases | Latest Prototype

- Corporate guaranteed by AutoZone, Inc.
- The Tenant recently executed a brand new 15-year lease with 4 (5-year) options to extend, demonstrating their long-term commitment to the site
- The lease features an 8% rental increase every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation
- The building, which is expected to be completed by Q1 2021, will feature a state-of-the-art design using high quality materials
- AutoZone is the leading retailer and a leading distributor of automotive replacement parts and accessories with more than 6,000 locations in the United States, Puerto Rico, Mexico, and Brazil

Located Along U.S. Highway 74 | Walmart Supercenter

- Located along U.S. Highway 74, a major commuter thoroughfare averaging 35,300 vehicles passing by daily
- The property is ideally situated between Walmart Supercenter and Food City, two big-box tenants that significantly increase consumer traffic to the immediate trade area
- Other nearby national/credit tenants include Walgreens, Planet Fitness, Dollar Tree, Family Dollar, McDonald's, and more

Direct Residential Consumer Base |

Strong Demographics in 5-Mile Trade Area

- Nearby apartment complexes include Forest Grove (96 units), Waters Edge (97 units), and Stanford Place (92 units), providing the store with a direct residential consumer base from which to draw
- Over 59,000 residents and 32,000 employees support the trade area
- \$62,000 average household income

PROPERTY OVERVIEW



Location



Cleveland, Tennessee
Bradley County

Parking



There are approximately 29 parking spaces on the owned parcel.
The parking ratio is approximately 4.11 stalls per 1,000 SF of leasable area.

Access



McGrady Drive SE: 2 Access Points

Parcel



Parcel Number: 066H B 025.07 000
Acres: 0.86
Square Feet: 37,462 SF

Traffic Counts



SE. Dalton Pike: 16,800 Vehicles Per Day
U.S. Highway 74: 35,300 Vehicles Per Day

Construction



Year Built: Under Construction

Improvements



There is approximately 7,054 SF of existing building area

Zoning



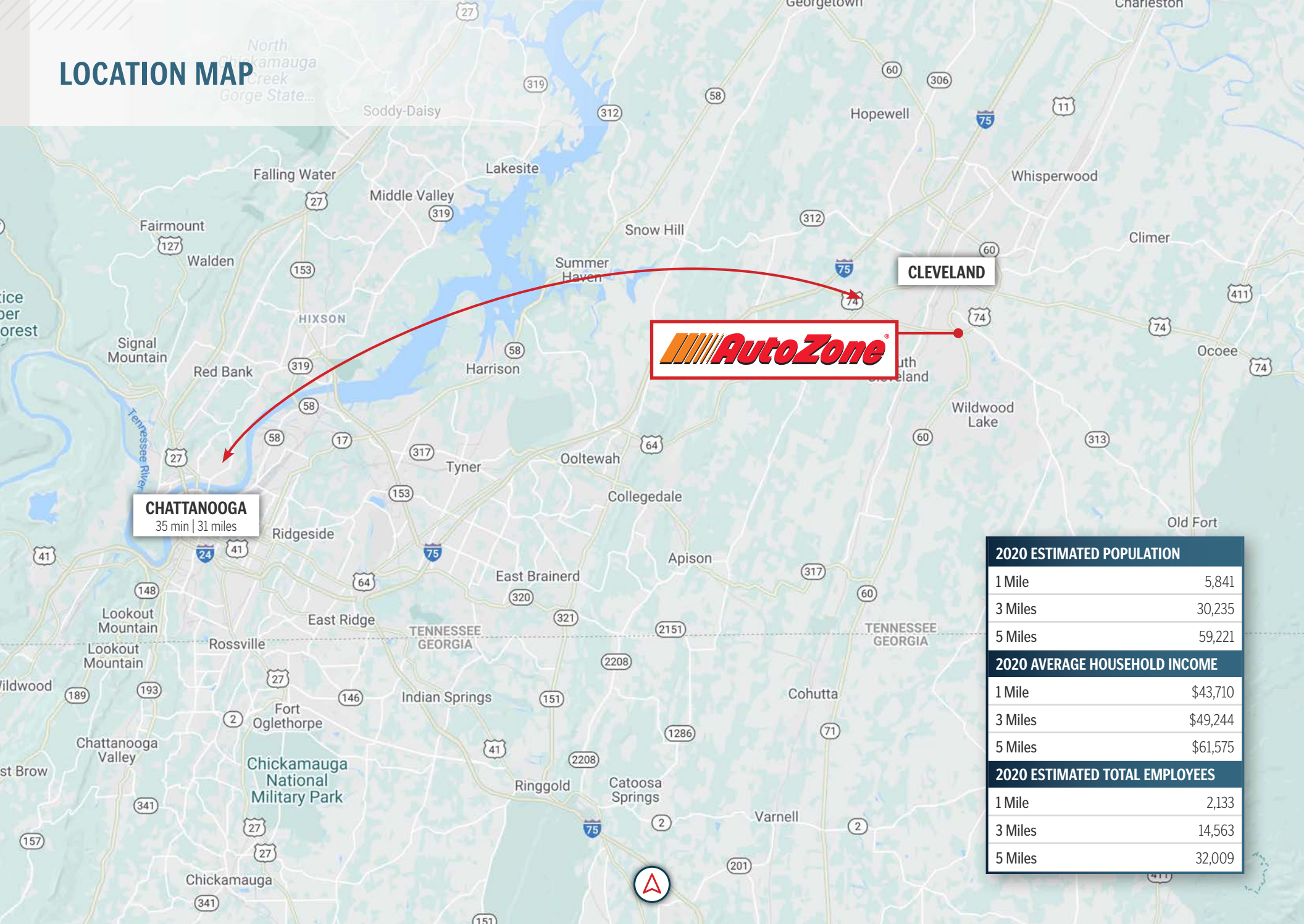
CH: Highway Commercial







LOCATION MAP



CHATTANOOGA

35 min | 31 miles

CLEVELAND



| 2020 ESTIMATED POPULATION | |
|--------------------------------|----------|
| 1 Mile | 5,841 |
| 3 Miles | 30,235 |
| 5 Miles | 59,221 |
| 2020 AVERAGE HOUSEHOLD INCOME | |
| 1 Mile | \$43,710 |
| 3 Miles | \$49,244 |
| 5 Miles | \$61,575 |
| 2020 ESTIMATED TOTAL EMPLOYEES | |
| 1 Mile | 2,133 |
| 3 Miles | 14,563 |
| 5 Miles | 32,009 |



CLEVELAND, TENNESSEE

Cleveland, Tennessee, in Bradley County, is 25 miles E of Chattanooga, Tennessee and 101 miles N of Atlanta, Georgia. The City of Cleveland, incorporated in 1903, is located in the southeastern corner of the state. Cleveland has a highly diversified economy, being the fifth largest industrial city in the state with twelve Fortune 500 manufacturers, and being a regional shopping destination and health care provider for surrounding counties. Its proximity to the mountains, whitewater rafting and Cherokee Indian heritage is increasing the tourism component of the economy. The City of Cleveland had a population of 46,572 as of July 1, 2020.

Nestled in the foothills of the Smoky Mountains, Cleveland is an ideal place to live, work and grow. The seasonal climate, natural beauty and great business opportunities are all factors for any type of relocation to the area. As a Three-Star Community, Cleveland/Bradley County is a proven leader in preserving existing employment, creating new employment opportunities, improving family income and creating a strong leadership base for economic development. The local labor force numbers over 320,000 within 25 miles. The Cleveland/Bradley County Industrial Park is located about 2.5 miles from Exit 20 off I-75 and contains 330 acres with approximately 30 acres of land still available. The mayor said “Forbes” ranked Tennessee as the 15th best state to do business in 2014 and Area Development gave the state a No. 7 ranking in Q3 2013. The Cleveland MSA ranked eighth in the “Recession-Busting Cities Indicators” category.

The Top 10 employers of the city as of July 2017 are Whirlpool/Maytag, Bradley County Schools, SkyRidge Medical Center, Amazon, City Government, Peyton’s Southeastern, Lee University, Jackson Furniture Industries, Wal-Mart, Mars Chocolate and Bradley County Government.

AREA DEMOGRAPHICS



| | 1 MILE | 3 MILES | 5 MILES |
|--------------------------------------------------|----------|----------|----------|
| POPULATION | | | |
| 2020 Estimated Population | 5,841 | 30,235 | 59,221 |
| 2025 Projected Population | 6,018 | 31,173 | 61,734 |
| 2010 Census Population | 5,483 | 28,320 | 54,047 |
| Projected Annual Growth 2020 to 2025 | 0.60% | 0.61% | 0.83% |
| Historical Annual Growth 2010 to 2020 | 0.60% | 0.60% | 0.91% |
| HOUSEHOLDS & GROWTH | | | |
| 2020 Estimated Households | 2,388 | 11,281 | 22,884 |
| 2025 Projected Households | 2,465 | 11,630 | 23,864 |
| 2010 Census Households | 2,247 | 10,622 | 20,936 |
| Projected Annual Growth 2020 to 2025 | 0.64% | 0.61% | 0.84% |
| Historical Annual Growth 2010 to 2020 | 0.58% | 0.54% | 0.89% |
| RACE & ETHNICITY | | | |
| 2020 Estimated White | 89.01% | 86.65% | 88.88% |
| 2020 Estimated Black or African American | 6.47% | 8.27% | 6.57% |
| 2020 Estimated Asian or Pacific Islander | 0.56% | 0.78% | 0.99% |
| 2020 Estimated American Indian or Native Alaskan | 0.51% | 0.63% | 0.47% |
| 2020 Estimated Other Races | 3.53% | 4.64% | 4.50% |
| 2020 Estimated Hispanic | 7.64% | 8.81% | 8.32% |
| INCOME | | | |
| 2020 Estimated Average Household Income | \$43,710 | \$49,244 | \$61,575 |
| 2020 Estimated Median Household Income | \$35,075 | \$38,257 | \$45,610 |
| 2020 Estimated Per Capita Income | \$16,867 | \$18,719 | \$23,751 |
| DAYTIME POPULATION | | | |
| 2020 Estimated Total Businesses | 167 | 1,049 | 2,148 |
| 2020 Estimated Total Employees | 2,133 | 14,563 | 32,009 |



RENT ROLL



| LEASE TERM | | | | | | RENTAL RATES | | | | | |
|----------------------|-------------|-------------|-----------|---------|----------|--------------|--------|----------|---------|----------------|------------------------------------|
| TENANT NAME | SQUARE FEET | LEASE START | LEASE END | BEGIN | INCREASE | MONTHLY | PSF | ANNUALLY | PSF | RECOVERY TYPE | OPTIONS |
| AutoZone | 7,054 | 2/1/2021 | 1/31/2036 | Year 1 | - | \$6,000 | \$0.85 | \$72,000 | \$10.21 | Absolute NNN | 4 (5-Year) |
| (Corporate Guaranty) | | (Est.) | (Est.) | Year 6 | 8% | \$6,480 | \$0.92 | \$77,760 | \$11.02 | (Ground Lease) | 8% Increase at Beg. of Each Option |
| | | | | Year 11 | 8% | \$6,998 | \$0.99 | \$83,981 | \$11.91 | | |

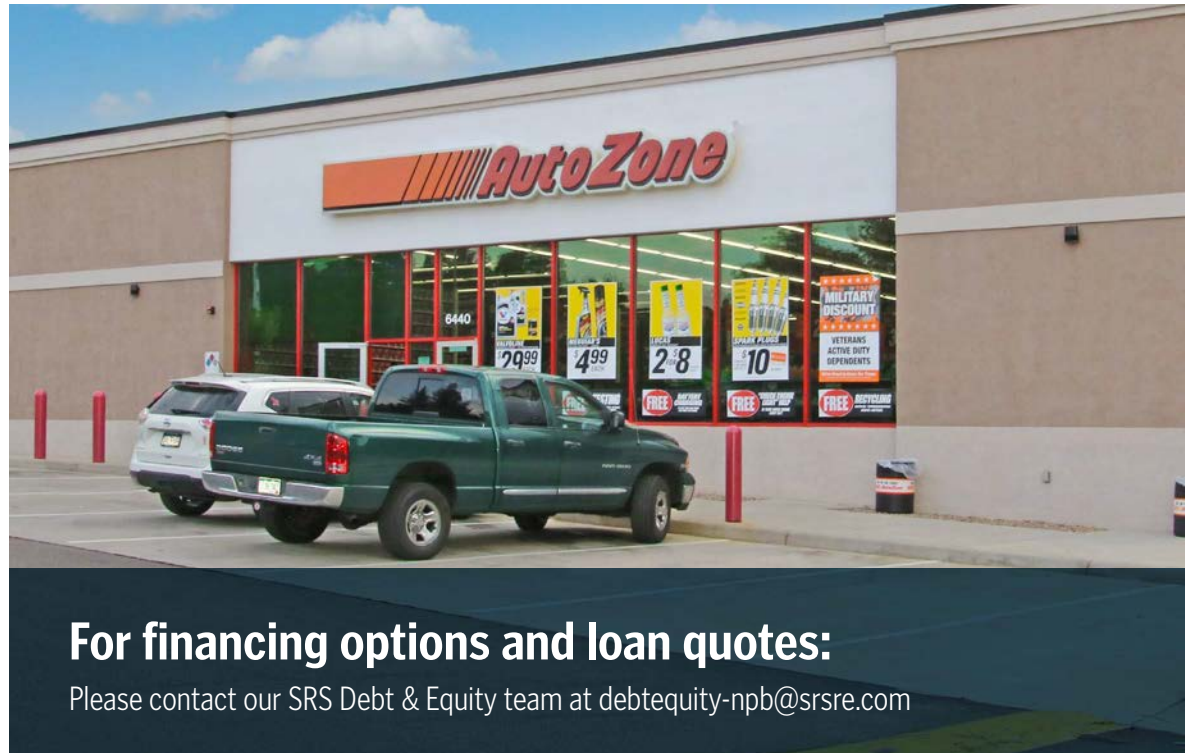
¹Tenant has a 10-day Right of First Refusal to Purchase

FINANCIAL INFORMATION

| | |
|----------------------|-----------------------------|
| Price | \$1,600,000 |
| Net Operating Income | \$72,000 |
| Cap Rate | 4.50% |
| Lease Type | Absolute NNN - Ground Lease |

PROPERTY SPECIFICATIONS

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For financing options and loan quotes:

Please contact our SRS Debt & Equity team at debtequity-npb@srsre.com

BRAND PROFILE



AUTOZONE

autozone.com

Company Type: Public (NYSE: AZO)

2019 Employees: 55,680

2019 Revenue: \$11.86 Billion

2019 Net Income: \$1.62 Billion

2019 Assets: \$9.90 Billion

Credit Rating: S&P: BBB

AutoZone is the nation's leading retailer and a leading distributor of automotive replacement parts and accessories in the Americas. Each store carries an extensive line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured hard parts, maintenance items and accessories, and non-automotive products. Many stores also have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations, and public sector accounts. They also have commercial programs in stores in Mexico and Brazil. AutoZone also sells the ALLDATA brand automotive diagnostic and repair software through www.alldata.com and www.alldatadiy.com. As of May 9, 2020, the Company had 5,836 stores in the U.S., 610 stores in Mexico and 38 stores in Brazil for a total store count of 6,484. AutoZone, Inc. was founded in 1979 and is based in Memphis, Tennessee.



SRS

NATIONAL
NET LEASE
GROUP

THE EXCLUSIVE NET LEASE CAPITAL MARKETS TEAM
OF SRS REAL ESTATE PARTNERS

275+

RETAIL
PROFESSIONALS

25+

OFFICES

#1

LARGEST REAL ESTATE
SERVICES FIRM
in North America
exclusively dedicated
to retail

2K+

RETAIL
TRANSACTIONS
company-wide
in 2020

485

NET LEASE
PROPERTIES SOLD
in 2020

\$1.5B

NET LEASE
TRANSACTION VALUE
in 2020

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