

INTERNATIONAL CAR WASH GROUP SALE-LEASEBACK DBA. T5 Car Wash USA

- ❖ 20-Year Sale-Leaseback
- ❖ Corporate Guarantee
- ❖ #1 Car Wash Operator Globally

- ❖ Absolute Triple-Net (NNN) Lease
- ❖ More Than 900 Locations
- ❖ Accelerated Depreciation

Representative Photo



OFFERING MEMORANDUM



2305 N Roan St, Johnson City, TN 37601

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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.



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Investment Highlights

PRICE: \$4,761,905 | CAP: 5.25% | RENT: \$250,000



About the Investment

- ✓ **A 20-Year Triple-Net (NNN) Sale-Leaseback:** At Closing the Tenant Will Execute a Brand New 20-Year Absolute Triple-Net Lease. The Lease Will Have No Landlord Responsibilities.
- ✓ **Corporate Guarantee:** The Lease is Subject to a Corporate Guarantee by International Car Wash Group Ltd. (UK) "ICWG" and the More Than 900 Locations Across Europe, Australia and the U.S.
- ✓ **Accelerated Depreciation:** This Property Qualifies for 15 Year Accelerated Depreciation

About the Location

- ✓ **NEW CONSTRUCTION – ANTICIPATED OPEN DATE MAY 2022**
- ✓ Dense Retail Corridor | Home Depot, At Home, Hobby Lobby, Best Buy, The Home Depot, Michaels, Ross, PetSmart, Bed Bath & Beyond, Target, Dick's Sporting Goods, and More
- ✓ Strong Traffic Counts | Over 36,700, 71,700, and 35,500 Vehicles Per Day on N Roan St, Interstate 26, and TN Hwy 381
- ✓ Positive Real Estate Fundamentals | Less Than One-Mile from Several Large Shopping Centers | Johnson City Crossing, The Mall at Johnson City, and Johnson City Plaza Shopping Center
- ✓ Franklin Woods Community Hospital | Just Over One-Mile Away | This Hospital has 80 Fully Staffed Beds

About the Tenant / Brand

- ✓ The World's Largest Car Wash Company: ICWG was Founded In 1965 and is Now the World's Largest Car Wash Operator, Washing More Than 35 Million Cars Every Year.
- ✓ In August 2015, ICWG entered the U.S. market and now operates more than 135 locations, making it the country's second largest operator.
- ✓ Favorable Industry Trends: In the U.S., the Percentage of Drivers that Wash their Vehicle at a Professional Car Wash has Increased from 47% in 1994 to 72% in 2014.





Financial Analysis

PRICE: \$4,761,905 | CAP: 5.25% | RENT: \$250,000



Property Description

Property	International Car Wash Group
Property Address	2305 N Roan St
City, State, ZIP	Johnson City, TN 37601
Building Size (SF)	4,057
Lot Size	+/- 1.23 Acres
Type of Ownership	Fee Simple

The Offering

Purchase Price	\$4,761,905
CAP Rate	5.25%
Annual Rent	\$250,000

Lease Summary

Property Type	Net-Leased Car Wash
Guarantor	International Car Wash Group Ltd. (UK)
Original Lease Term	20 Years
Lease Commencement	Close of Escrow
Lease Expiration	20 Years from Close of Escrow
Lease Term Remaining	20 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.5% Annually
Options to Renew	Four (4), Five (5) Year Options

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$250,000	\$20,833	-
Year 2	\$253,750	\$21,146	1.50%
Year 3	\$257,556	\$21,463	1.50%
Year 4	\$261,420	\$21,785	1.50%
Year 5	\$265,341	\$22,112	1.50%
Year 6	\$269,321	\$22,443	1.50%
Year 7	\$273,361	\$22,780	1.50%
Year 8	\$277,461	\$23,122	1.50%
Year 9	\$281,623	\$23,469	1.50%
Year 10	\$285,847	\$23,821	1.50%
Year 11	\$290,135	\$24,178	1.50%
Year 12	\$294,487	\$24,541	1.50%
Year 13	\$298,905	\$24,909	1.50%
Year 14	\$303,388	\$25,282	1.50%
Year 15	\$307,939	\$25,662	1.50%
Year 16	\$312,558	\$26,047	1.50%
Year 17	\$317,246	\$26,437	1.50%
Year 18	\$322,005	\$26,834	1.50%
Year 19	\$326,835	\$27,236	1.50%
Year 20	\$331,738	\$27,645	1.50%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing in Johnson City, TN. The tenant will enter into a brand new, 20-year triple-net lease upon close of escrow with absolutely no landlord responsibilities. The base annual rent will be \$250,000 and will be subject to 1.50 percent annual rental escalations throughout the base term as well as the four, five-year tenant renewal option periods. The lease will have a corporate guarantee. International Car Wash Group operates more than 900 locations throughout the United States and Internationally.



Tenant Overview

About International Car Wash Group

International Car Wash Group ("ICWG") is the world's largest car wash company currently operating in 14 countries around the globe, washing more than 35 million cars every year through a network of more than 950 locations. In August 2015, ICWG entered the U.S. market and now operates more than 200 locations, making it one of the country's largest operators. ICWG is led by an experienced team of car wash and investment professionals committed to delivering value, both for their customers and investors. The team is focused on developing and growing ICWG through a combination of market expansion, continuous innovation and investment. The sites are committed to delivering unparalleled service with consistent wash quality to each customer.

The Company has grown significantly in recent years through acquisitions, opening new sites in existing markets, investing in an extensive refurbishment program and expanding its international presence.

Key United States Brands

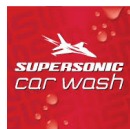
ICWG entered the US in August 2015 and already has over 150 sites which makes us one of the major players in the market. The US sites operate under 3 key brands – Car Wash USA Express, Goo-Goo 3 Minute Express Wash and Supersonic in the state of Utah.



CARWASH USA – Acquired by ICWG in 2015, Car Wash USA Express now consists of over 60 sites covering Alabama, Arkansas, Colorado, Georgia, Ohio, Mississippi, Tennessee and Texas. It is currently the largest express exterior car wash in the Mid-South offering a wash that takes just 3 minutes, coupled with free vacuums.



GOO-GOO – Since 1945 Goo-Goo 3 Minute Express Wash has met the needs of the driving public by giving customers a quality carwash with fast, economical, great service. Acquired by ICWG in July 2017, there are over 50 express wash outlets in seven states primarily in the southern United States and Ohio.



SUPERSONIC – Supersonic Car Wash was founded in Ogden, Utah in 1959 and was Utah's only full service car wash at the time. Acquired by ICWG in August 2015, Supersonic provides additional opportunities to grow within the state of Utah with a number of locations already identified.

FOUNDED:

1965

LOCATIONS:

950+

COUNTRIES:

14

WEBSITE:

ICWG.COM

HEADQUATERS:

Centennial, CO & London England



Driven Brands Announces Acquisition of International Car Wash Group

CHARLOTTE, N.C. – AUGUST 05, 2020

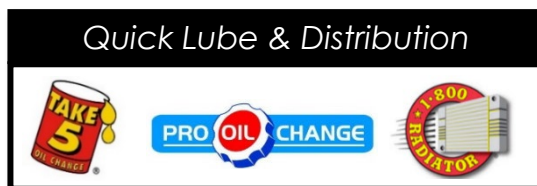
Driven Brands (“Driven”) announced its acquisition of International Car Wash Group (“ICWG”) has been completed. With the addition of ICWG, Driven now encompasses more than 4,000 locations across 15 countries and approximately \$3.8 billion in annual system-wide sales, making it the largest automotive aftermarket services company by location count in North America.

Driven is a portfolio company of Roark Capital and has completed more than 35 acquisitions over the past five years. In addition to ICWG, Driven’s portfolio includes Take 5 Oil Change, Meineke Car Care Centers, Automotive Training Institute, Maaco, CARSTAR, ABRA, Uniban, 1-800-Radiator & A/C and PH Vitres d’Autos.

“We are excited to officially welcome ICWG to our growing family of brands,” said Jonathan Fitzpatrick, Chief Executive Officer of Driven Brands. “The team at ICWG should be incredibly proud of the company they’ve helped create, and we look forward to building on their success and accelerating long-term growth at ICWG.”

Driven Brands™, headquartered in Charlotte, NC, is the parent company of some of North America’s leading automotive service brands including Take 5 Oil Change, Meineke Car Care Centers, Automotive Training Institute, Maaco, CARSTAR, 1-800-Radiator & A/C in addition to several other reputable brands. As a result of the ICWG acquisition, Driven Brands has more than 4,000 centers across 15 countries, and combined, all businesses generate approximately \$3.8 billion in system-wide sales and service over 50 million vehicles annually.

<u>Facts on Driven:</u>	15 countries	4,000 brand locations	130 years of service	\$3.8 Billion system wide sales
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(1) https://www.prweb.com/releases/driven_brands_announces_acquisition_of_international_car_wash_group/prweb17304453.htm



Depreciation Benefits

Accelerated Depreciation

Assumptions	
Asset Type	Car Wash
Ownership	Fee Simple
Rent	\$135,800
Cap Rate	5.75%
Purchase Price	\$2,361,739
Loan Amount	\$1,535,130
LTV	65.00%
Interest Rate	4.45%
Amortization	25
Debt Service	\$101,871
Depreciable Basis for Improvements	80.00%
Useful Life	15
Federal Tax Rate	37.00%
Year 1 Depreciation	\$125,959
Potential Tax Savings	\$46,605

Standard Depreciation

Assumptions	
Asset Type	QSR
Ownership	Fee Simple
Rent	\$135,800
Cap Rate	5.75%
Purchase Price	\$2,361,739
Loan Amount	\$1,535,130
LTV	65.00%
Interest Rate	4.45%
Amortization	25
Debt Service	\$101,871
Depreciable Basis for Improvements	80.00%
Useful Life	39
Federal Tax Rate	37.00%
Year 1 Depreciation	\$48,446
Potential Tax Savings	\$17,925

Bonus Depreciation

Assumptions	
Asset Type	Car Wash
Ownership	Fee Simple
Rent	\$135,800
Cap Rate	5.75%
Purchase Price	\$2,361,739
Loan Amount	\$1,535,130
LTV	65.00%
Interest Rate	4.45%
Amortization	25
Debt Service	\$101,871
Depreciable Basis for Improvements	80.00%
Useful Life	1
Federal Tax Rate	37.00%
Year 1 Depreciation	\$1,889,391
Potential Tax Savings	\$699,075

Ground Lease

Assumptions	
Asset Type	QSR
Ownership	Ground Only
Rent	\$135,800
Cap Rate	5.75%
Purchase Price	\$2,361,739
Loan Amount	\$1,535,130
LTV	65.00%
Interest Rate	4.45%
Amortization	25
Debt Service	\$101,871
Depreciable Basis for Improvements	0.00%
Useful Life	0
Federal Tax Rate	37.00%
Year 1 Depreciation	\$0
Potential Tax Savings	\$0

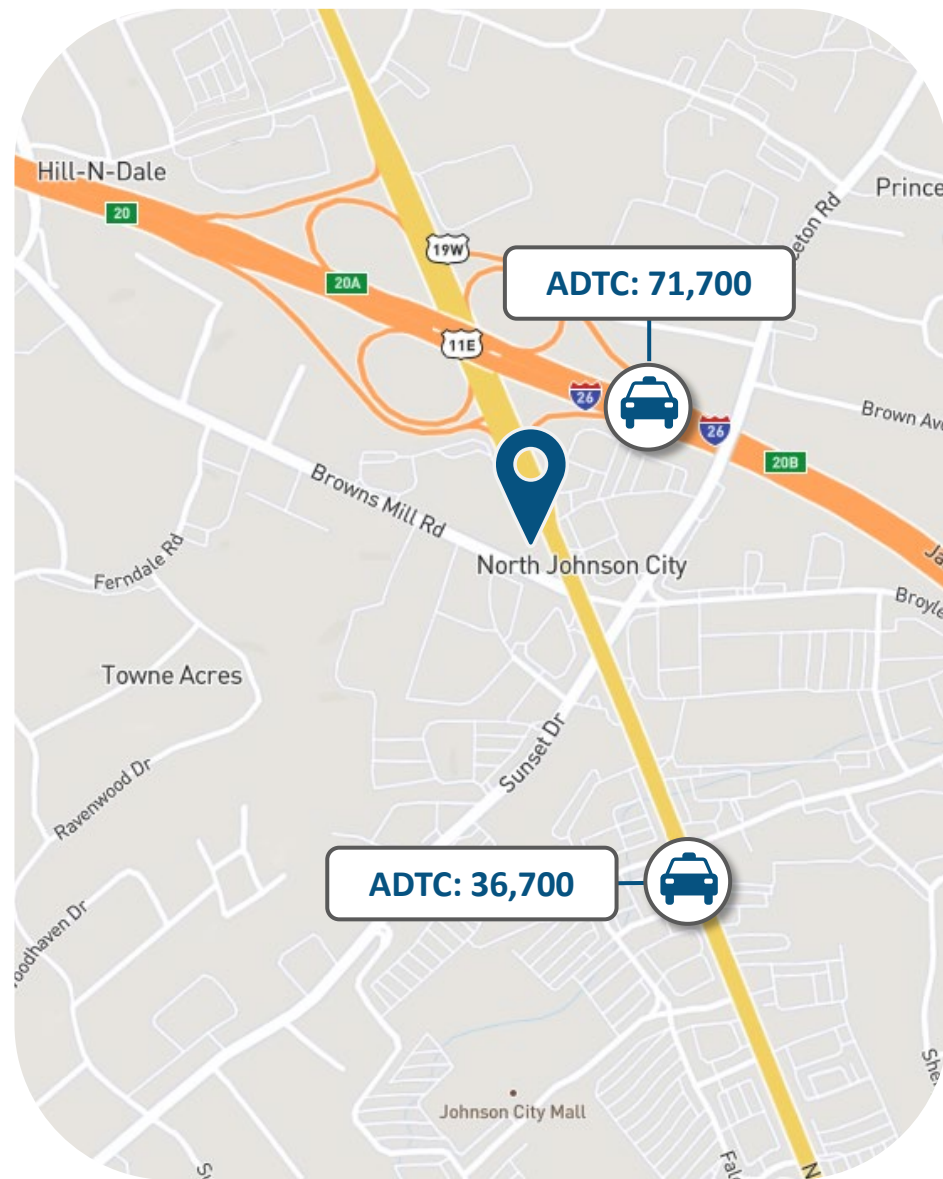


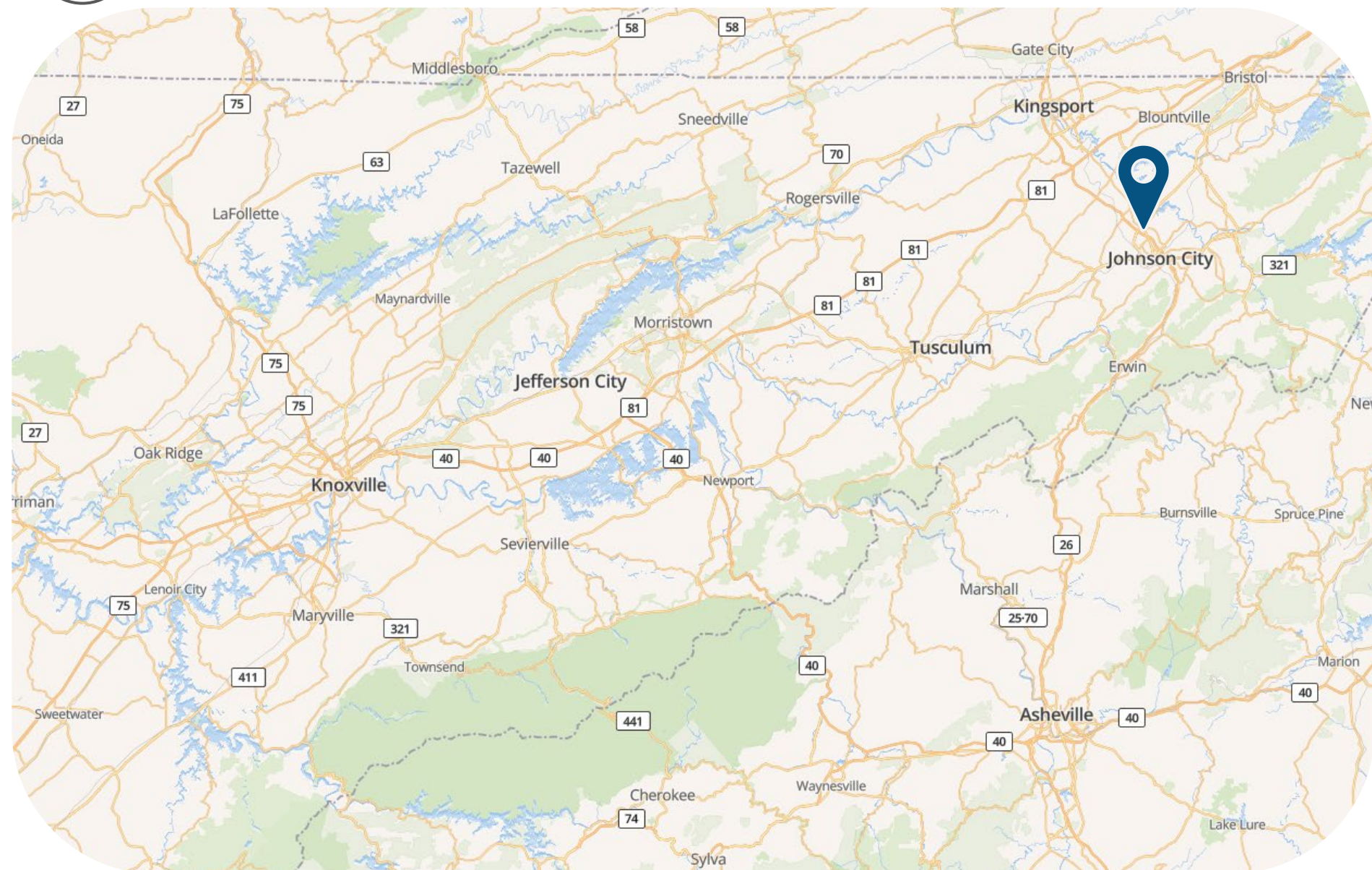
Location Overview

The subject Car Wash benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants. Major national tenants in the area include Home Depot, At Home, Hobby Lobby, Best Buy, The Home Depot, Michaels, Ross, PetSmart, Bed Bath & Beyond, Target, Dick's Sporting Goods and many more. This ICWG property additionally benefits from its close proximity to several academic institutions including Towne Acres School, with a total enrollment of over 450 students, less than a mile away. The subject property additionally benefits from being located just over one mile away from Franklin Woods Community Hospital. This hospital has 80 fully staffed beds and offers a wide range of specialty and subspecialty care. Three large shopping centers, Johnson City Crossing, The Mall at Johnson City, and Johnson City Plaza Shopping Center, exist within one mile of the subject property and drive additional traffic into the immediate area.

The site is situated on North Roan Street which brings, on average, over 36,700 vehicles to the area daily. Intersecting North Roan Street and just north of the property is Interstate 26. This interstate brings over 71,700 vehicles to the area daily and is the main route of the interstate highway system in the southeastern U.S. Running parallel to North Road is Tennessee Highway 381 which has an average daily traffic count of over 35,500 vehicles daily. There are approximately 41,200 individuals within a three-mile radius of this property and 76,400 individuals within a five-mile radius.

Johnson City is in east Tennessee. It's known for outdoor activities at Winged Deer Park, which offers boating and disc golf, and Buffalo Mountain Park, with trails and sweeping views. From the 1950s to the present, Johnson City has developed as an industrial center, a retail and entertainment hub, and a burgeoning health care and educational center for the Tri-Cities and surrounding mountain area. East Tennessee State University, the largest institution of higher education serving the region, added a medical school in 1974, emphasizing primary and rural health care with medical outreach programs to surrounding communities. The medical school, the Quillen Veterans Affairs Medical Center, and the growing number of specialty hospitals in Johnson City have led to plans for a biomedical-clinical research and industry corridor (the "Med-Tech" corridor) to be developed for the twenty-first century. The growth of the university, health care, business, and industry have led to a vision of the city's future that includes a continuing education center, a new, technologically sophisticated public library, and a proposed cultural district.







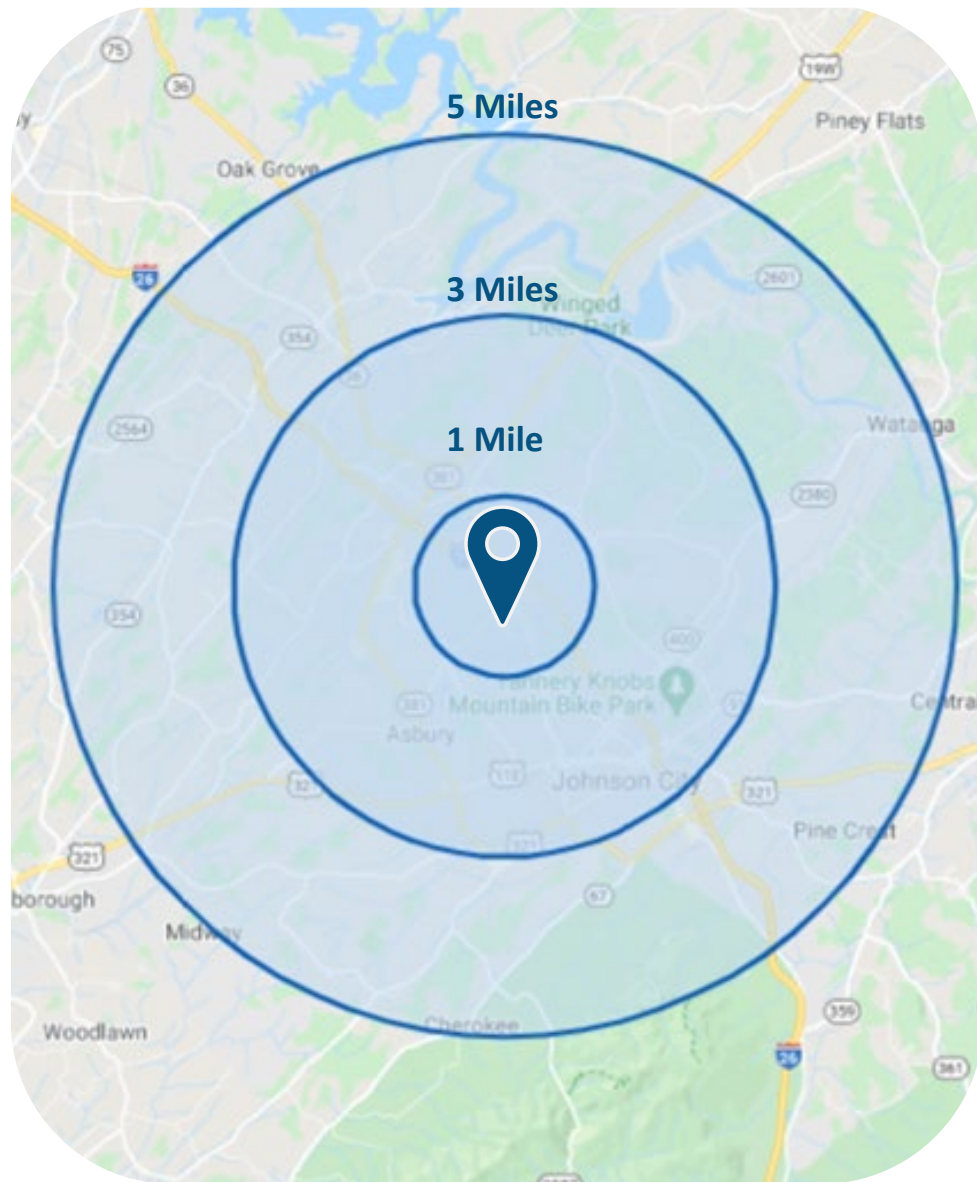
Regional Map





Demographics

1 Mile 3 Miles 5 Miles



POPULATION TRENDS

2010 Population	4,539	38,208	71,990
2021 Population	5,620	41,291	76,481
2026 Population Projection	5,889	42,367	78,204
Annual Growth 2010-2021	2.20%	0.70%	0.60%
Annual Growth 2021-2026	1.00%	0.50%	0.50%

POPULATION BY RACE (2021)

White	5,102	35,804	67,266
Black	196	3,233	5,073
American Indian/Alaskan Native	13	222	395
Asian	192	1,003	1,730
Hawaiian & Pacific Islander	7	33	62
Two or More Races	109	996	1,956
Hispanic Origin	148	1,984	3,625

HOUSEHOLD TRENDS

2010 Households	2,193	17,130	31,748
2021 Households	2,724	18,546	33,799
2026 Household Projection	2,856	19,035	34,569
Growth 2010-2021	1.80%	0.80%	0.70%
Growth 2021-2026	1.00%	0.50%	0.50%
Owner Occupied	1,753	10,596	19,571
Renter Occupied	1,103	8,440	14,998

AVERAGE HOUSEHOLD INCOME (2021)

MEDIAN HOUSEHOLD INCOME (2021)

HOUSEHOLDS BY HOUSEHOLD INCOME (2021)

< \$25,000	403	5,486	10,077
\$25,000 - 50,000	836	4,740	8,261
\$50,000 - 75,000	514	2,889	5,187
\$75,000 - 100,000	350	1,744	3,045
\$100,000 - 125,000	178	1,072	2,151
\$125,000 - 150,000	79	725	1,649
\$150,000 - 200,000	219	948	1,570
\$200,000+	147	942	1,861



Market Overview

Johnson City is a city in Washington, Carter, and Sullivan counties in the U.S. state of Tennessee, mostly in Washington County. As of the 2020 United States census it was the eighth largest city in Tennessee. Johnson City is the principal city of the Johnson City Metropolitan Statistical Area, which covers Carter, Unicoi, and Washington counties. The MSA is also a component of the Johnson City–Kingsport–Bristol, Tennessee–Virginia Combined Statistical Area – commonly known as the "Tri-Cities" region.

Johnson City is an economic hub largely fueled by East Tennessee State University and the medical "Med-Tech" corridor, anchored by the Johnson City Medical Center, Franklin Woods Community Hospital, ETSU's Gatton College of Pharmacy and ETSU's Quillen College of Medicine. Johnson City and its metropolitan area had a gross metropolitan product of US\$9.1 billion in 2019.

As a regional hub for a four-state area, Johnson City is home to a large variety of retail business, from well-known national chains to local boutiques and galleries. The Mall at Johnson City is the city's only enclosed shopping mall. California-based Forever 21 opened an XXI Forever flagship store on the mall's upper level. The nearby Target Center houses Target, T.J.Maxx, Books-A-Million, and Pier One. Much of the new retail development is in North Johnson City, along State of Franklin Road. Johnson City Crossings is the largest of these developments and houses Michael's, Ross, Old Navy, Bed Bath and Beyond, Shoe Carnival, and more. On the other side of the highway are retailers Kohl's, Lowe's, Sam's Club and Barnes & Noble.

Several Minor League Baseball teams have been based in Johnson City. Professional baseball was first played in the city by the Johnson City Soldiers in the Southeastern League in 1910. The city's longest-running team is the Johnson City Cardinals, who played in the Appalachian League as the Rookie affiliate of the St. Louis Cardinals from 1975 to 2020.

Johnson City, TN



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING