

7-ELEVEN

EXCLUSIVE NET LEASE OFFERING



OFFERING MEMORANDUM



4775 McKnight Road
Pittsburgh, PA 15237

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Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

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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: \$2,660,060 | CAP: 5.00% | RENT: \$133,003



About the Investment

- ✓ Original 20-Year Absolute Triple-Net (NNN) Lease, Over 6.5 Years Remaining
- ✓ Rare 2% Annual Rental Increases | Strong Inflation Hedge
- ✓ One 5 Year Renewal Option & One 4.5 Year Renewal Option
- ✓ Investment Grade Credit Guarantee: 7-Eleven Corporate (S&P: AA-)
- ✓ Fee Simple – Eligible for Bonus Depreciation

About the Location

- ✓ Dense Retail Corridor | Tenants Include: Best Buy, Harbor Freight Tools, Big Lots, Michaels, Target, Staples, Applebee's, McDonald's, Chipotle, Walgreens, Taco Bell, and Many More.
- ✓ Strategic Positioning | US-19 Provides Direct Access to Pittsburgh | Six-Miles Away
- ✓ Affluent Suburban Community | AHHI Within One-Mile Exceeds \$99,000
- ✓ Features High Visibility and Ease of Access
- ✓ Strong Traffic Counts | US-19 (McKnight Road) | 27,000 Vehicles Per Day
- ✓ Medical Presence | UPMC McCandless - Four Miles Away | State of the Art 400-Bed Hospital & Medical Center

About the Tenant / Brand

- ✓ 7-Eleven is the Largest Convenience Store Chain in the World | 60,000 Stores in 18 Countries
- ✓ 10,700 Stores in North America
- ✓ Committed to Meeting the Needs of All Guests by Providing a Broad Selection of Fresh, High-Quality Products and Services at Everyday Fair Prices
- ✓ Essential Business – Rent Paid in Full at Every Location Throughout Covid-19 Pandemic



Representative Photo



Financial Analysis

PRICE: \$2,660,060 | CAP: 5.00% | RENT: \$133,003



Property Description

| | |
|------------------------|----------------------|
| Property | 7-Eleven |
| Property Address | 4775 McKnight Road |
| City, State, ZIP | Pittsburgh, PA 15237 |
| Year Built / Renovated | 1990 |
| Building Size | +/- 1,662 SF |
| Estimated Lot Size | +/- 0.67 Acres |
| Type of Ownership | Fee Simple |

The Offering

| | |
|----------------|-------------|
| Purchase Price | \$2,660,060 |
| CAP Rate | 5.00% |
| Annual Rent | \$133,003 |

Lease Summary

| | |
|----------------------|--|
| Property Type | Net-Leased Convenience Store / Gas Station |
| Tenant | 7-Eleven |
| Guarantor | 7-Eleven Inc. |
| Original Lease Term | 20 Years |
| Lease Commencement | September 12, 2008 |
| Lease Expiration | September 11, 2028 |
| Lease Term Remaining | 6.5+ Years |
| Lease Type | Absolute Triple-Net (NNN) |
| Rental Increases | 2% Annually |
| Options to Renew | One Five Year & One 4.5 Year Option |

Rent Schedule

| Lease Year(s) | Annual Rent | Monthly Rent | Rent Escalation (%) |
|------------------------------|------------------|-----------------|---------------------|
| 9/12/2008 - 9/11/2009 | \$100,800 | \$8,400 | - |
| 9/12/2009 - 9/11/2010 | \$102,816 | \$8,568 | 2% |
| 9/12/2010 - 9/11/2011 | \$104,872 | \$8,739 | 2% |
| 9/12/2011 - 9/11/2012 | \$106,970 | \$8,914 | 2% |
| 9/12/2012 - 9/11/2013 | \$109,109 | \$9,092 | 2% |
| 9/12/2013 - 9/11/2014 | \$111,291 | \$9,274 | 2% |
| 9/12/2014 - 9/11/2015 | \$113,517 | \$9,460 | 2% |
| 9/12/2015 - 9/11/2016 | \$115,788 | \$9,649 | 2% |
| 9/12/2016 - 9/11/2017 | \$118,103 | \$9,842 | 2% |
| 9/12/2017 - 9/11/2018 | \$120,465 | \$10,039 | 2% |
| 9/12/2018 - 9/11/2019 | \$122,875 | \$10,240 | 2% |
| 9/12/2019 - 9/11/2020 | \$125,332 | \$10,444 | 2% |
| 9/12/2020 - 9/11/2021 | \$127,839 | \$10,653 | 2% |
| 9/12/2021 - 9/11/2022 | \$130,396 | \$10,866 | 2% |
| 9/12/2022 - 9/11/2023 | \$133,003 | \$11,084 | 2% |
| 9/12/2023 - 9/11/2024 | \$135,664 | \$11,305 | 2% |
| 9/12/2024 - 9/11/2025 | \$138,377 | \$11,531 | 2% |
| 9/12/2025 - 9/11/2026 | \$141,144 | \$11,762 | 2% |
| 9/12/2026 - 9/11/2027 | \$143,967 | \$11,997 | 2% |
| 9/12/2027 - 9/11/2028 | \$146,847 | \$12,237 | 2% |

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a 7-Eleven located at 4775 McKnight Road in Pittsburgh, Pennsylvania. The property consists of roughly 1,662 rentable square feet of building space on an estimated 0.67-acre parcel of land.

This 7-Eleven is subject to a 20-Year Absolute Triple-Net (NNN) lease with over 6 years remaining. The current rent is \$130,396 and increases 2% annually throughout the remainder of the lease. There is one, five-year renewal option followed by one 4.5-year renewal option bringing the total possible lease term to 29.5 years.



Bonus Depreciation

****The below content is meant to provide general information.
Please contact your accountant/tax advisor for more information.**

| Depreciation | Accelerated Depreciation | Bonus Depreciation |
|---|---|--|
| A reduction in the value of an asset with the passage of time, due in particular to wear and tear. 39 Year Schedule | <i>Modified Accelerated Cost Recovery System</i> (Service Stations, Car Washes, & Oil Changing Facilities) 15 Year Schedule | Eligible for properties with a useful life of under 20 years. New Law: 100% Of The Property in Year One. 1 Year Schedule Phase Out Beginning on January 1, 2023 |

\$2,660,060 7-ELEVEN WITH BONUS DEPRECIATION- 5.00% CAP RATE ACQUISITION

FOR EXAMPLE PURPOSES ONLY

| | |
|---|--------------------|
| Purchase Price: | \$2,607,920 |
| Loan Amount: | \$1,695,148 |
| Equity: | \$912,772 |
| LTV: | 65.00% |
| Interest Rate: | 3.50% |
| Amortization (Years): | 30 |
| Cap Rate: | 5.00% |
| Rent: | \$133,003 |
| Debt Service (Annual): | \$91,343 |
| Annual NOI After Debt Service: | \$39,052 |
| Principle Reduction Year 1: | \$35,294 |
| Total Return Year 1: | \$74,347 |
| Total Interest Deduction Year 1: | \$63,660 |
| *Total Depreciation Year 1 (After 20% Land Allocation): | \$2,086,336 |
| Total Tax Deductions Year 1 (Depreciation + Interest): | \$2,149,996 |



Compare To:

39 Year Schedule

| | |
|---|------------------|
| *Total Depreciation Year 1 (After 20% Land Allocation): | \$53,495 |
| Total Tax Deductions Year 1 (Depreciation + Interest): | \$117,156 |

15 Year Schedule

| | |
|---|------------------|
| *Total Depreciation Year 1 (After 20% Land Allocation): | \$139,089 |
| Total Tax Deductions Year 1 (Depreciation + Interest): | \$202,749 |





Tenant Overview



7-Eleven focuses on meeting the needs of convenience-oriented guests by providing a broad selection of fresh, high-quality products and services at everyday fair prices, speedy transactions and a clean, friendly shopping environment. Each store's selection of about 2,500 different products and services is tailored to meet the needs and preferences of local guests. Stores typically vary in size from 2,400 to 3,000 square feet and are most often located on corners for great visibility and easy access. Well known for the Big Gulp® fountain soft drink, Big Bite® grill items, the Slurpee® beverage and its fresh-brewed coffee, 7-Eleven's food service offerings bring guests a proprietary line of prepared-fresh-daily and daily delivered deli sandwiches, wraps, breakfast sandwiches and a wide assortment fruits, salads and baked goods.

Company Profile

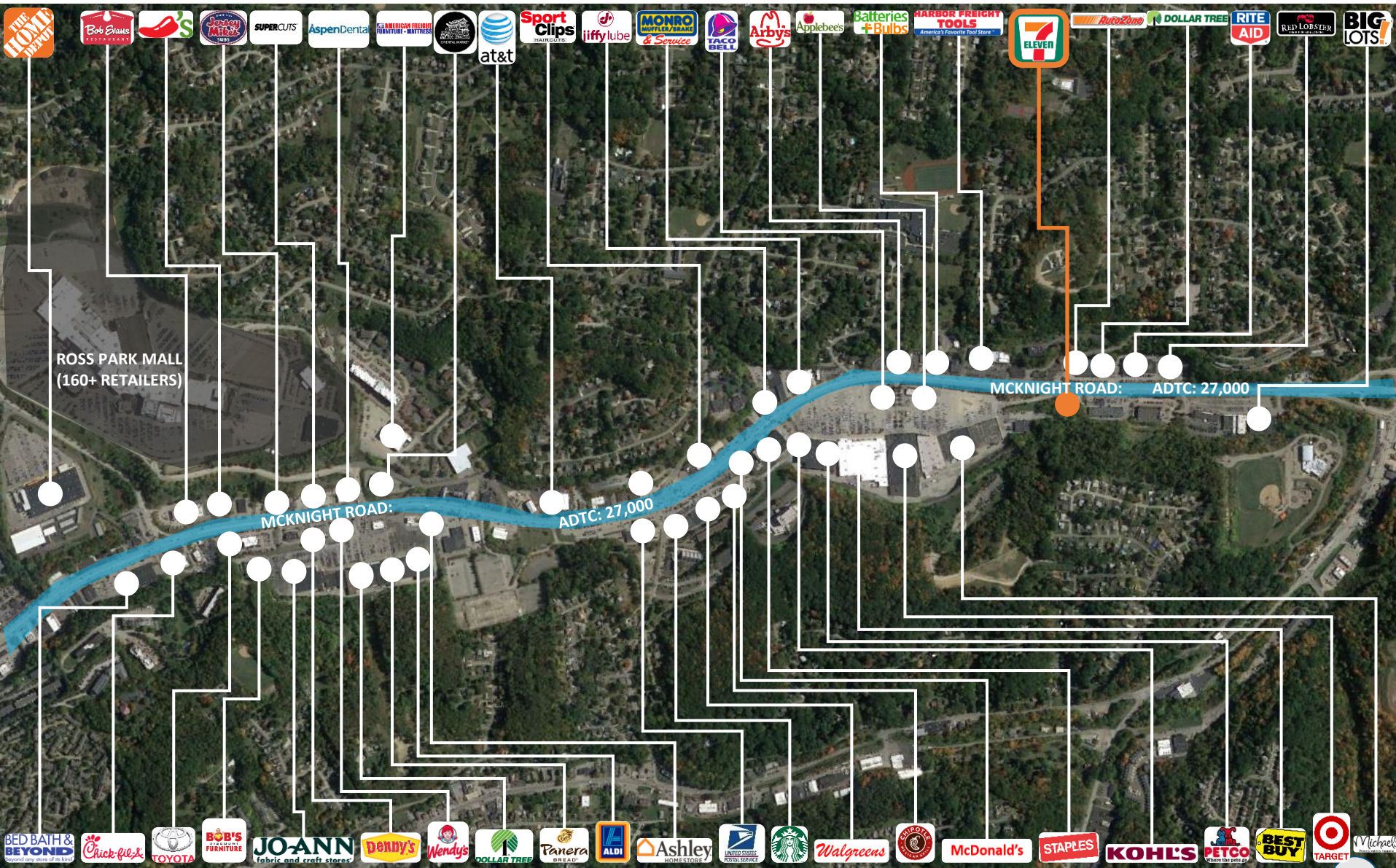
7-Eleven is the world's largest convenience store chain operating, franchising and licensing more than 60,000 stores in 18 countries, of which nearly 10,700 are in North America. 7-Eleven also is one of the nation's largest independent gasoline retailers. Its company's name was changed from The Southland Corporation to 7-Eleven, Inc. after approval by shareholders on April 28, 1999. Founded in 1927 in Dallas, Texas, 7-Eleven pioneered the convenience store concept during its first years of operation as an ice company when its retail outlets began selling milk, bread and eggs as a convenience to guests. The name 7-Eleven originated in 1946 when the stores were open from 7 a.m. to 11 p.m. Today, offering busy shoppers 24-hour convenience, seven days a week is the cornerstone of 7-Eleven's business.





Surrounding Area

Property Address: 4775 McKnight Road, Pittsburgh, PA 15237





Location Overview

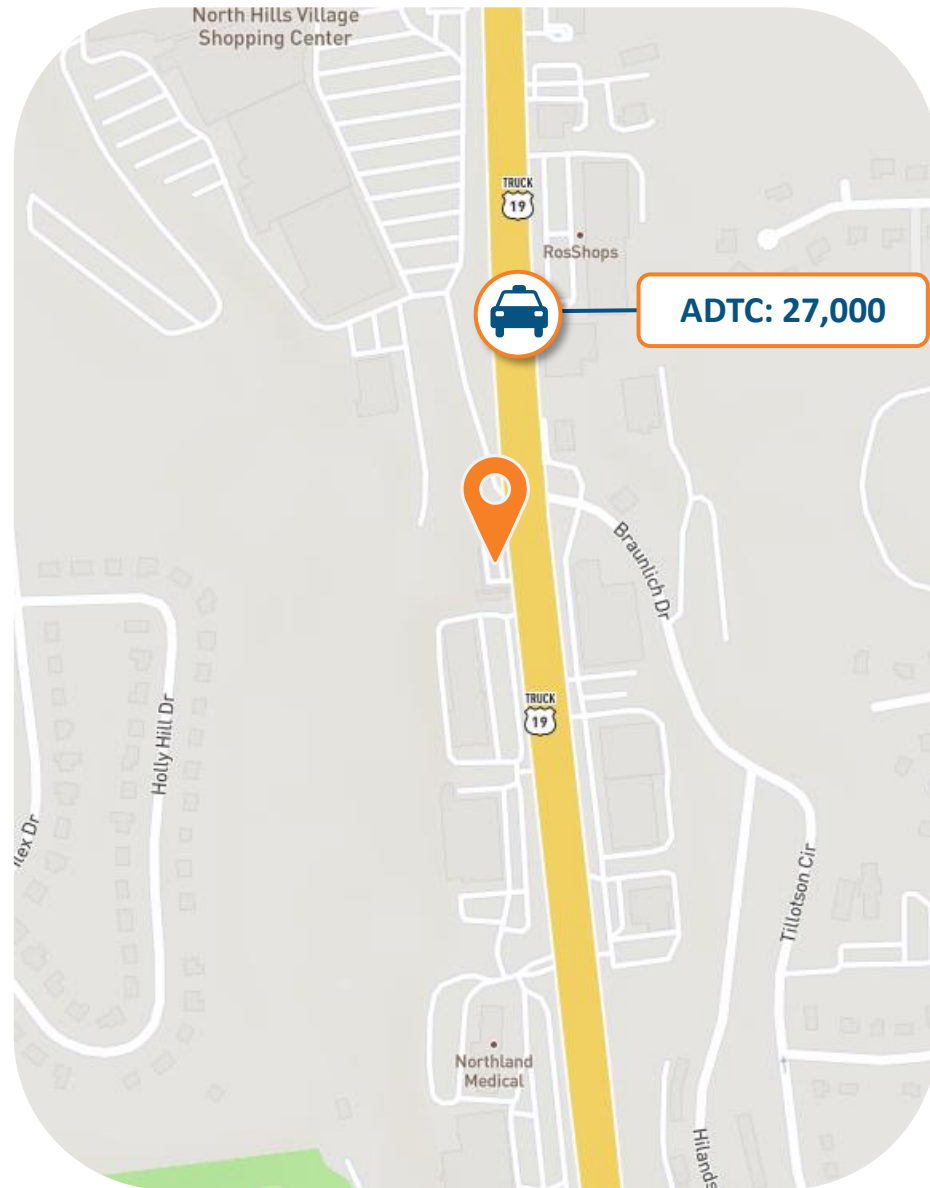
Property Address: 4775 McKnight Road, Pittsburgh, PA 15237



This 7-Eleven investment property is located at 4775 McKnight Road (US-19) in Pittsburgh, PA. McKnight Road boasts average daily traffic counts exceeding 27,000 vehicles. The subject property benefits from being in a densely populated area. There are over 72,000 individuals within a three-mile radius and 205,000 individuals within a five-mile radius. The immediate surrounding area is affluent with an average household income over \$99,000 within a one-mile radius.

The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping malls, academic institution, and hospitality accommodations. Major national tenants in the area include: Best Buy, Harbor Freight Tools, Big Lots, Michael's, Target, Staples, McDonald's, Chipotle, Walgreens, Taco Bell, and Applebee's among many others. The property also benefits from being positioned on US-19 which provides direct access to downtown Pittsburgh, six miles away. Additionally, this 7-Eleven investment property is approximately three miles from UPMC Passavant – McCandless, a state of the art, 400-bed hospital.

The area is home to 68 colleges and universities including research and development leaders Carnegie Mellon University and the University of Pittsburgh. Nationally recognized companies such as Google, Apple, Bosch, Disney, Uber, Intel and IBM are amongst the 1,600 technology firms that operate in Pittsburgh. The city features 30 skyscrapers, a pre-revolutionary fortification and the source of the Ohio River at the confluence of the Monongahela and Allegheny rivers. Aside from steel, Pittsburgh has led in aluminum, glass, shipbuilding, petroleum, computing, autos, and electronics.





Property Photos



Subject Property



Subject Property



Subject Property



Subject Property



Surrounding Area Photos

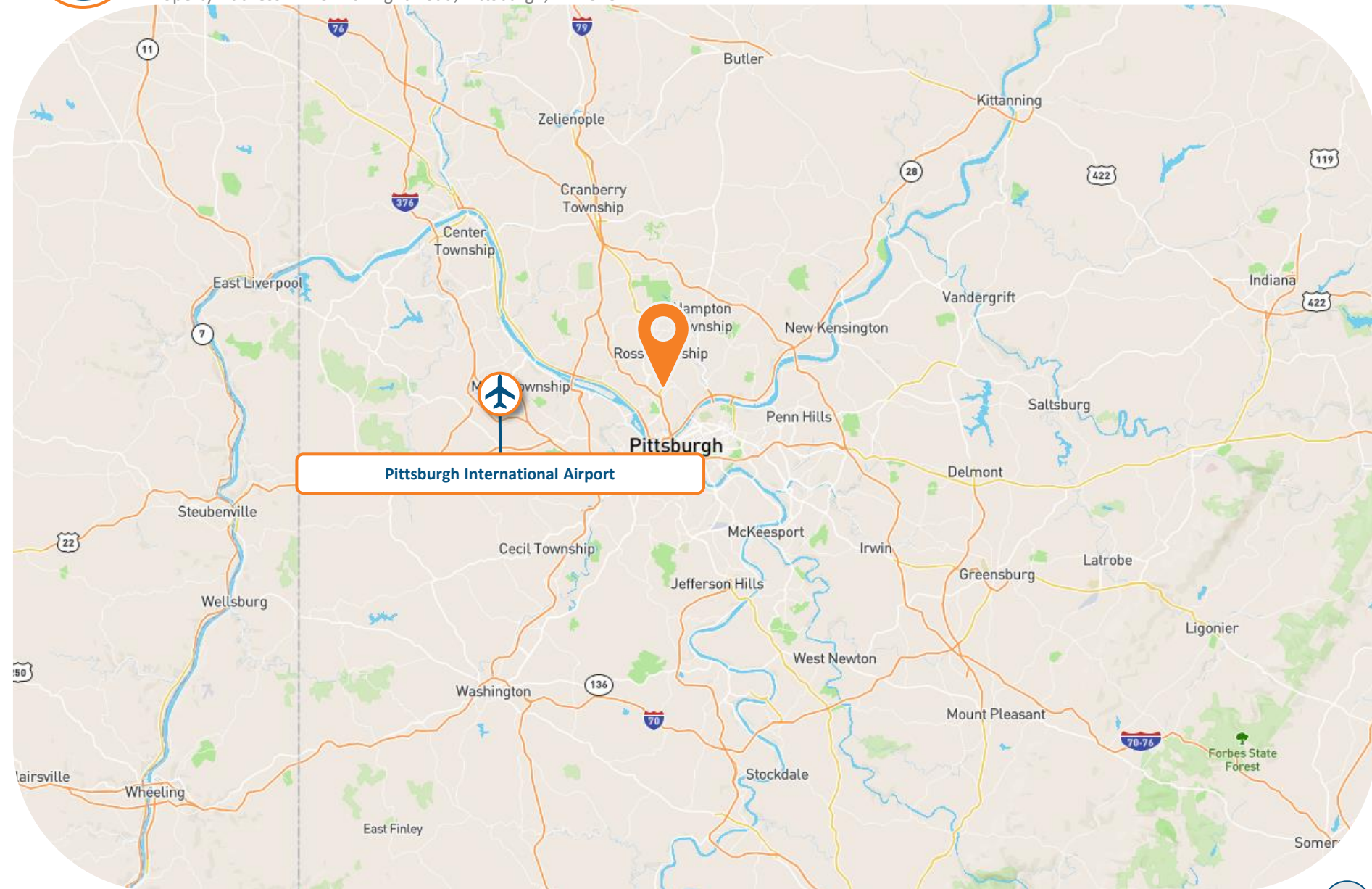
Property Address: 4775 McKnight Road, Pittsburgh, PA 15237





Local Map

Property Address: 4775 McKnight Road, Pittsburgh, PA 15237



Pittsburgh International Airport



Regional Map

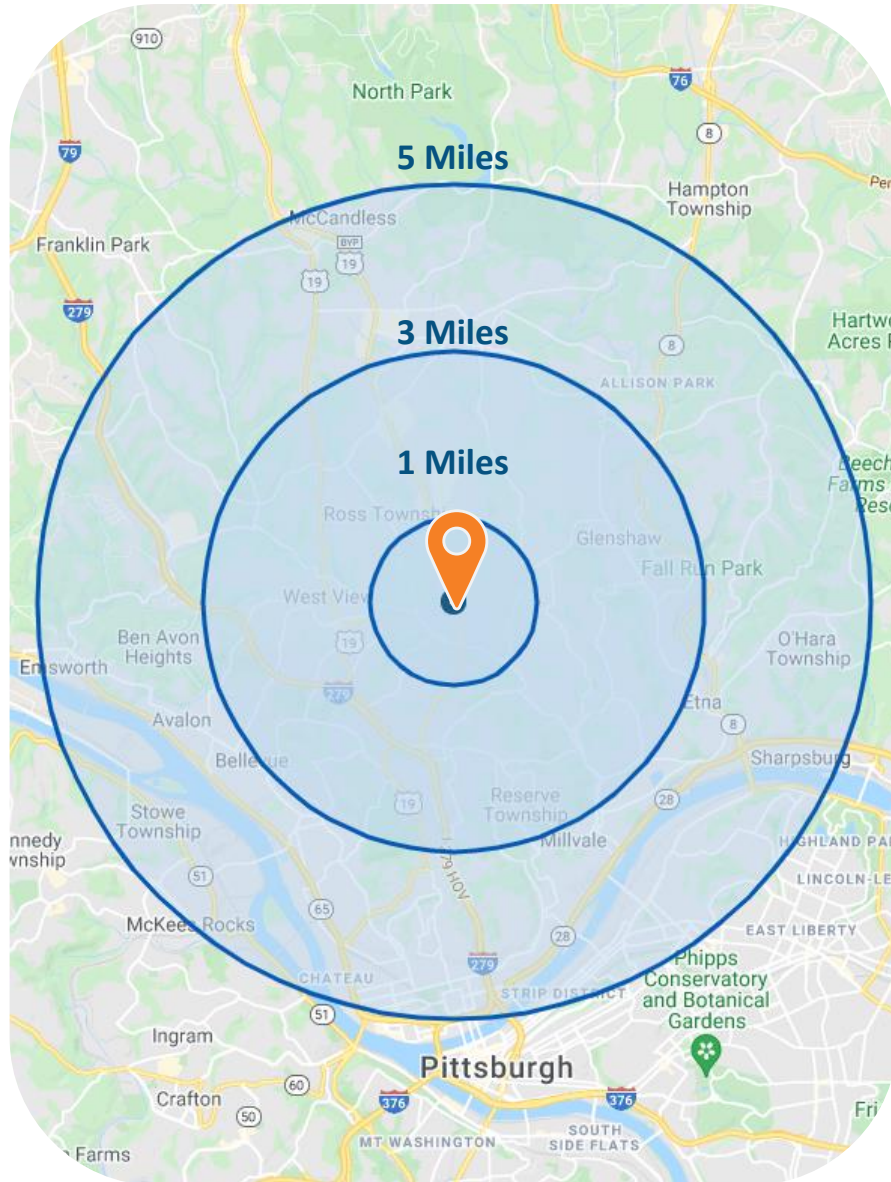
Property Address: 4775 McKnight Road, Pittsburgh, PA 15237





Demographics

Property Address: 4775 McKnight Road, Pittsburgh, PA 15237



Population Trends:

| | | | |
|----------------------------|-------|--------|---------|
| 2010 Population | 6,206 | 74,148 | 206,379 |
| 2021 Population | 6,067 | 72,195 | 204,905 |
| 2026 Population Projection | 6,011 | 71,464 | 203,622 |

Population by Race (2020):

| | | | |
|--------------------------------|-------|--------|---------|
| White | 5,659 | 65,866 | 166,850 |
| Black | 120 | 3,212 | 26,962 |
| American Indian/Alaskan Native | 3 | 52 | 294 |
| Asian | 192 | 1,923 | 6,022 |
| Hawaiian & Pacific Islander | 14 | 33 | 91 |
| Two or More Races | 80 | 1,109 | 4,686 |
| Hispanic Origin | 95 | 1,096 | 4,042 |

Household Trends:

| | | | |
|---------------------------|--------|--------|--------|
| 2010 Households | 2,725 | 32,430 | 92,513 |
| 2021 Households | 2,673 | 31,670 | 92,210 |
| 2026 Household Projection | 2,650 | 31,363 | 91,688 |
| Growth 2010 - 2021 | 0.20% | 0.20% | 0.30% |
| Growth 2020 - 2026 | -0.20% | -0.20% | -0.10% |
| Owner Occupied | 2,140 | 23,900 | 58,011 |
| Renter Occupied | 510 | 7,463 | 33,676 |

Average Household Income (2020):

| | | |
|-----------------|-----------------|-----------------|
| \$99,327 | \$92,154 | \$87,045 |
|-----------------|-----------------|-----------------|

Households by Household Income (2020):

| | | | |
|-----------------------|-----|-------|--------|
| <\$25,000 | 289 | 4,086 | 16,171 |
| \$25,000 - \$50,000 | 459 | 5,915 | 18,500 |
| \$50,000 - \$75,000 | 453 | 5,663 | 16,521 |
| \$75,000 - \$100,000 | 344 | 4,753 | 12,276 |
| \$100,000 - \$125,000 | 391 | 3,800 | 9,084 |
| \$125,000 - \$150,000 | 293 | 3,153 | 6,972 |
| \$150,000 - \$200,000 | 270 | 2,409 | 6,641 |
| \$200,000+ | 176 | 1,891 | 6,045 |

Median Household Income (2020):

| | | |
|-----------------|-----------------|-----------------|
| \$84,920 | \$75,899 | \$66,875 |
|-----------------|-----------------|-----------------|



Market Overview

City: Allison Park | County: Allegheny | State: Pennsylvania



Pittsburgh, rests at the foothills of the Allegheny Mountains in the southeastern corner of Pennsylvania, outside the congested East Coast corridor. Consisting of Armstrong, Butler, Fayette, Westmoreland, Washington, Allegheny and Beaver counties, the metro contains nearly 2.4 million residents, with nearly half concentrated in Allegheny county. The region's economy, which was once dominated by the steel industry, has diversified with the help of the area's many colleges and universities. The city of Pittsburgh is located where the Allegheny and Monongahela rivers join to form the Ohio River. Pittsburgh is the most populous city in the metro and the second-largest in Pennsylvania, with approximately 310,900 residents.

Pittsburgh is a relatively affordable place to live compared with many other major East Coast metros. In addition, the market has one of the lowest crime rates in the country. There are more than 500 organizations serving southwestern Pennsylvania, such as the Pittsburgh Cultural Trust, which has revitalized downtown. Regional amenities also include three professional sports teams: the Steelers (NFL), Pirates (MLB) and Penguins (NHL). The Pittsburgh Penguins and the University of Pittsburgh Medical Center (UPMC) built a \$72 million sports medical center and practice rinks. UPMC is one of the busiest transplant centers in the world. In addition, Children's Hospital of Pittsburgh is one of the highest-ranked children's hospitals in the nation.

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