

# CIRCLE K GROUND LEASE OFFERING MONTGOMERY, AL MSA

Two Properties | 20 & 15-Year Ground Leases | New Construction & Remodel Location  
*Confidential Offering Memorandum*





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# THE OFFERING



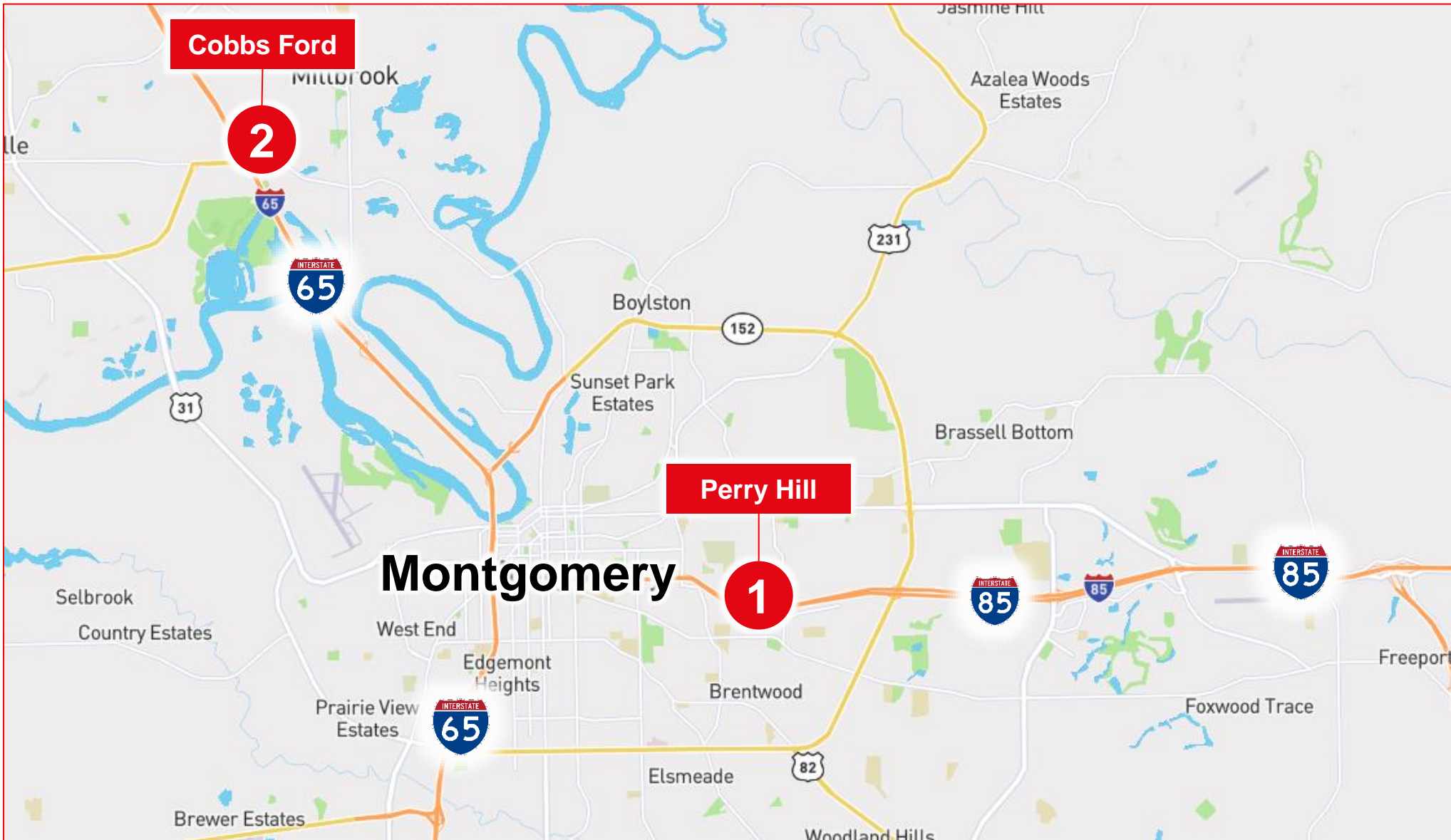
JLL is pleased to offer the opportunity to acquire the **ground leased interests in two (2) Circle K c-store & gas stations in the Montgomery, AL MSA** (the “Properties”, “Portfolio”, or “Assets”). The Properties are situated at major interstate entrance/exits along I-85 & I-65, both within 10 miles of the Montgomery CBD. One of the assets (#1 Perry Hill) is a brand-new construction Circle K modern prototype location, featuring a 20-year ground lease and 10% increases every five years, while the other location is subject to 15-year ground lease, operating as Circle K branded remodel from a previous C&G concept.

**Circle K Stores Inc. (the “Tenant”) operates as a subsidiary of Alimentation Couche-Tard Inc. boasting investment-grade, ‘BBB’-rated credit (S&P).** The Company has benefitted from significant revenue growth (35.6%) in the last twelve months as a result of rising fuel prices and c-store sales. Convenience store sales historically outperform the broader economy during periods of volatility, with convenience store sales having increased during the last two recessions.

The Properties are strategically **located off the interstates in thriving retail trade areas near some of the largest shopping centers in Montgomery**, featuring anchor tenancy from Lowe’s, Home Depot, Costco, Walmart, and more, providing a future buyer with excellent underlying real estate fundamentals.

**The Offering presents the opportunity to acquire well-located C&G assets backed by investment-grade tenancy on long-term ground leases with zero landlord responsibilities.**

**The Properties are available for sale both individually and on a Portfolio basis.**



| No.              | Location   | Address            | City       | Acres | C-Store SF | Lease Type | Term (yrs.) | Year Built | Base Rent | Rent PSF | Options     | Rent Increases    | Cap Rate | Price        |
|------------------|------------|--------------------|------------|-------|------------|------------|-------------|------------|-----------|----------|-------------|-------------------|----------|--------------|
| 1                | Perry Hill | 1220 Perry Hill Rd | Montgomery | 1.12  | 4,394      | Ground     | 20.0        | 2022       | \$250,600 | \$57.03  | 6 x 5 years | 10% every 5 years | 4.10%    | \$6,110,000  |
| 2                | Cobbs Ford | 2261 Cobbs Ford Rd | Millbrook  | 1.75  | 3,003      | Ground     | 15.0        | 2002       | \$175,000 | \$58.28  | 6 x 5 years | 10% every 5 years | 4.30%    | \$4,070,000  |
| Totals/ Averages |            |                    |            | 2.87  | 7,397      |            | 17.9        |            | \$425,600 | \$57.54  |             |                   | 4.17%    | \$10,180,000 |



# INVESTMENT HIGHLIGHTS



- Investment-grade credit 'BBB' credit backstops the leases
- C-stores are resilient in times of volatility, with sales increasing at c-stores during the last two recessions
- 17.9 years of WALT for the Portfolio, featuring a 20-year lease at Perry Hill and 15-year lease at Cobbs Ford
- Long-term ground leased assets with zero long-term landlord liabilities



- High-visibility locations along the interstates, immediately adjacent to entrance/exits
- The immediately adjacent interstates average 90,000+ VPD, while the frontage roads average 31,000+ VPD across the Portfolio
- The Portfolio features one brand new construction asset (Perry Hill) and a remodel location (Cobbs Ford)



- Each location sits within 10 miles of the Montgomery, AL CBD. Montgomery is the capital of Alabama and the second largest city, home to over 200,000 people
- Montgomery, AL is one of the most pro-business cities in the state, in a generally pro-business state
- Montgomery is home to Hyundai Motor Company's first North American production facility, a \$1B investment



# #1: PERRY HILL PROPERTY OVERVIEW & LEASE ABSTRACT



## 20 YEAR GROUND LEASE – NEW CONSTRUCTION



|                   |                      |
|-------------------|----------------------|
| Address           | 1120 Perry Hill Road |
| City, State       | Montgomery, AL       |
| Tenant            | Circle K Stores Inc. |
| Building SF       | 4,394                |
| Year Built        | 2022                 |
| Land Acres        | 1.12                 |
| Lease Type        | NNN Ground           |
| Commencement Date | 12/14/2021           |
| Lease Expiration  | 12/31/2041           |
| Lease Term        | 20 Years             |
| Option Periods    | 6 x 5 years          |
| Base Rent         | \$250,000            |
| Rent Increases    | 10% every 5 Years    |

| DEMOGRAPHICS          | 1 mile   | 3 mile   | 5 mile   |
|-----------------------|----------|----------|----------|
| 2021 Population       | 7,976    | 77,950   | 155,056  |
| Avg. Household Income | \$80,021 | \$69,681 | \$67,527 |
| VPD (Frontage)        |          | 31,000   |          |
| VPD (Interstate)      |          | 118,000  |          |



# #1: PERRY HILL AERIAL & PHOTOGRAPHY





# #2: COBBS FORD PROPERTY OVERVIEW & LEASE ABSTRACT



## 15 YEAR GROUND LEASE



|                   |                      |
|-------------------|----------------------|
| Address           | 2261 Cobbs Ford Rd.  |
| City, State       | Millport, AL         |
| Tenant            | Circle K Stores Inc. |
| Building SF       | 3,003                |
| Year Built        | 2002                 |
| Land Acres        | 1.75                 |
| Lease Type        | NNN Ground           |
| Commencement Date | 12/14/2021           |
| Lease Expiration  | 12/31/2036           |
| Lease Term        | 15 Years             |
| Option Periods    | 6 x 5 years          |
| Base Rent         | \$175,000            |
| Rent Increases    | 10% every 5 Years    |

| DEMOGRAPHICS          | 1 mile   | 3 mile   | 5 mile   |
|-----------------------|----------|----------|----------|
| 2021 Population       | 281      | 20,454   | 48,275   |
| Avg. Household Income | \$76,265 | \$77,548 | \$76,038 |
| VPD (Frontage)        |          | 32,771   |          |
| VPD (Interstate)      |          | 70,385   |          |



# #2: COBBS FORD AERIAL & PHOTOGRAPHY







Circle K Stores Inc. owns and operates convenience stores and gas stations, offering fuel, lubricants, and other oil products, as well as vehicle cleaning services. It also provides snacks, beverages, meals, and other food products; daily necessities; first aid and traveling tool kits; and others. Circle K Stores Inc. operates as a **subsidiary of Alimentation Couche-Tard Inc. boasting investment-grade, ‘BBB’-rated credit (S&P).**

|  |   |  |
|--|---|--|
| <b>BBB</b><br>Investment-grade credit rating | <b>14,222</b><br>Global Store Count                   | <b>~35M</b><br>Fuel Gallons Sold Per Day |
| <b>\$58.6B</b><br>TTM Revenue (Jan 2022)     | <b>35.6%</b><br>Revenue Growth vs. FY 2021 (Apr. '21) | <b>\$4.7M</b><br>TTM EBITDA (Jan. 2022)  |



Tenant Highlights

- Investment-grade rating (‘BBB’, ‘Baa2’) and significant balance sheet flexibility
- Couche-Tard’s market share at ~5% in the U.S.; high fragmentation leaves ample room for consolidation
- Convenience sales grew during the last two recessions
- Scale and geographic diversification provides Couche-Tard with flexibility to offset industry headwinds
- Well-positioned to claim the EV customer long-term



## MONTGOMERY, AL

**Montgomery is the capital of the state of Alabama** and is also the county seat of Montgomery county. Montgomery sits in the central part of the state, about 90 miles south of Birmingham and 170 miles northeast of Mobile. The city is serviced by several major thoroughfares, including Interstate 65 and Interstate 85 which intersect through the city. With 225,763 residents, **Montgomery is the second most populous city in Alabama.**

Montgomery is a region of vast economic diversity. As the capital of Alabama, it is **home to state and regional governments as well as Maxwell Air Force Base, a major military installation and site of the prestigious Air University.** An extensive service industry, wholesale and retail trade, and a thriving industrial base contribute to the city's **vibrant and well-balanced economic environment.** It's this diverse economy, business-friendly environment and low cost of doing business that makes Montgomery ideal for new and expanding companies. Within the past decade, 10,000 jobs have been created and \$1.9 billion has been spent in capital expenditures, evidence **Montgomery is one of the most pro-business cities in the state.**

### EMERGING TECHNOLOGY HUB

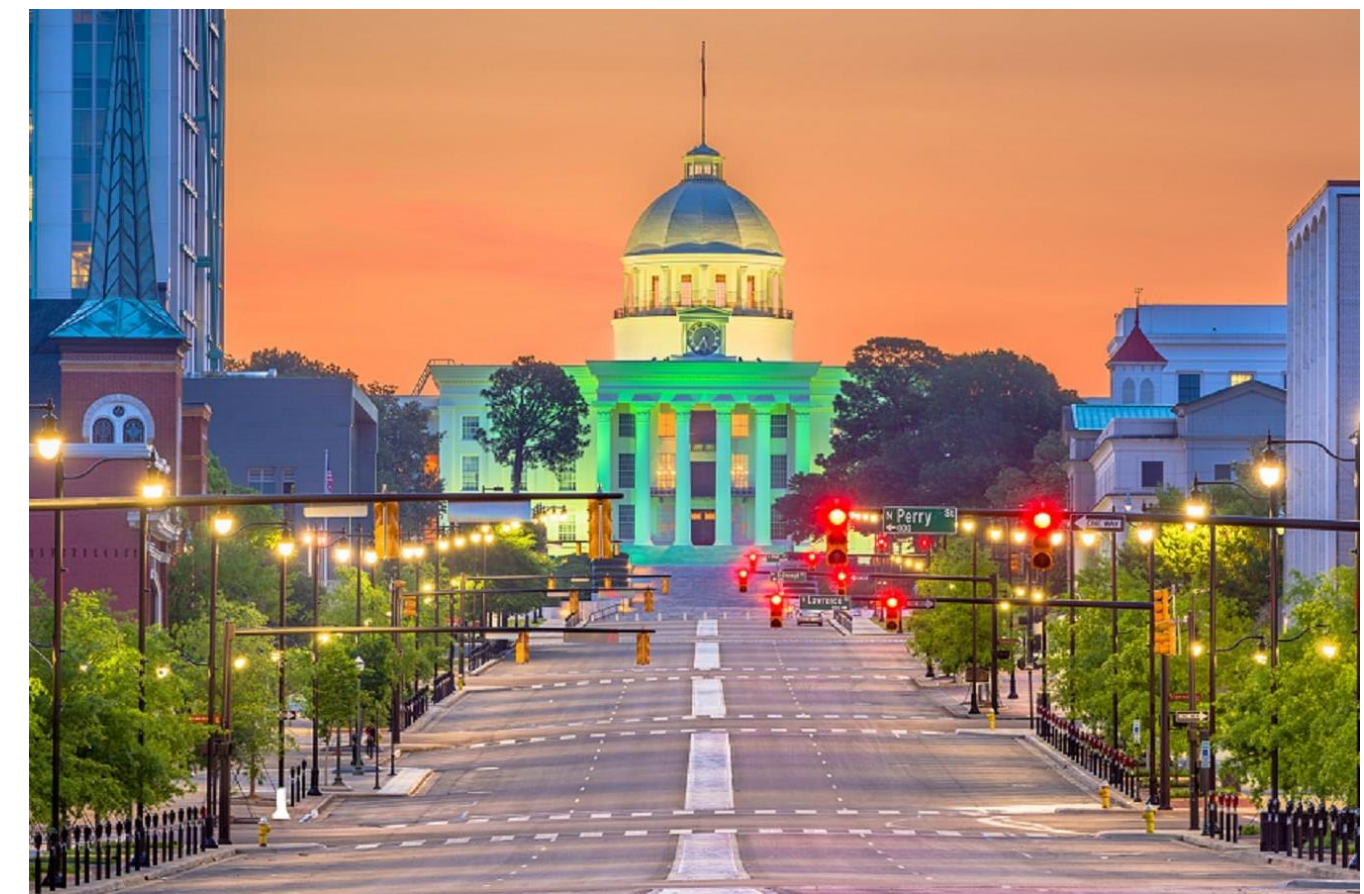
Montgomery has aligned defense, public and private partners to create **Alabama's first Internet Exchange** – one of only four in the Southeast. Through a unique partnership of the City of Montgomery, Montgomery County, the State of Alabama, Maxwell-Gunter Air Force, Air University and the Cyber College of the Air Force, regional and statewide universities and the RSA Data Center, Montgomery is the only non-Tier-One city with an Internet Exchange, partnered with industry-leading content delivery giant Akamai.

### ADVANCED MANUFACTURING

Montgomery is home to **Hyundai Motor Company's first North American production facility**, a \$1B investment. Hyundai Motor Manufacturing Alabama (HMMA) has been named the most efficient and highest productivity auto OEM in North America. HMMA and its suppliers have an annual economic impact of \$4.82B to the State of Alabama's economy.

### LEADERSHIP CENTER OF THE U.S. AIR FORCE

Montgomery's **Maxwell-Gunter Air Force Base is the educational and technological center of the U.S. Air Force** and has more than 17,000 military, civil service and contracted personnel, and a student throughput population of more than 34,000 students annually. Maxwell is home to the prestigious Air University, the International Officers School and almost 30 professional schools.







Perry Hill



Cobbs Ford

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