

# SINGLE TENANT ABSOLUTE NNN

Investment Opportunity



13+ Years Remaining | Qualifies for Bonus Depreciation | Across From East Tennessee State University



1512 State of Franklin

**JOHNSON CITY** TENNESSEE

ACTUAL SITE





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## OFFERING SUMMARY



## OFFERING

<b>Pricing</b>	\$2,398,000
<b>Net Operating Income</b>	\$143,902
<b>Cap Rate</b>	6.00%

## PROPERTY SPECIFICATIONS

<b>Property Address</b>	1512 W State of Franklin Rd, Johnson City, TN 37604
<b>Rentable Area</b>	2,213 SF
<b>Land Area</b>	0.84 AC
<b>Year Built / Removated</b>	1989 / 2000
<b>Tenant</b>	GPM Investments (dba Roadrunner)
<b>Lease Signature</b>	Corporate
<b>Lease Type</b>	Absolute NNN
<b>Landlord Responsibilities</b>	None
<b>Ownership Interest</b>	Fee Simple
<b>Lease Term</b>	13+ Years
<b>Increases</b>	10% Every 5 Years
<b>Rent Commencement</b>	May 1, 2022
<b>Lease Expiration</b>	April 30, 2037

Tenant Name	Square Feet	LEASE TERM		RENTAL RATES			
		Lease Start	Lease End	Begin	Increase	Monthly	Annually
GPM Investments	2,213	5/1/2022	4/30/2037	Current	-	\$11,992	\$143,902
(dba Roadrunner)				May 2027	10%	\$13,191	\$158,292
				May 2032	10%	\$14,510	\$174,121

## 13+ Years Remaining | GPM Investments | 10% Rental Increases

- There are 13+ years remaining on this original 15-year lease
- The lease is signed by GPM Investments dba Roadrunner, the nation's sixth-largest convenience store chain, boasting an expansive network of approximately 3,200 locations. This network is comprised of diverse components, including around 1,400 company-operated stores, roughly 121 proprietary cardlock locations, and an additional 1,660 dealer sites, all of which are supplied with fuel
- There are 10% rental increases every 5 years throughout the initial term, steadily growing the NOI while providing a proper hedge against inflation

## Absolute NNN | Fee Simple Ownership | Zero Landlord Responsibilities | No State Income Tax

- Tenant pays for CAM, taxes, insurance and maintains all aspects of the premises
- No landlord responsibilities
- Ideal, management-free investment for a passive investor in a state with no state income tax

## Fronting W State of Franklin Rd | Hard Corner | East Tennessee State University | Surrounding Retailers

- The site is strategically fronting the hard corner of W State of Franklin Rd and Leonard St averaging 35,100 VPD
- Ideally located directly across from East Tennessee State University (10,000-students), providing a healthy and consistent consumer base from which to draw
- There are surrounding retailers in the trade area such as Kroger, Publix, ALDI, Chick-fil-A, and more
- The asset has excellent visibility and multiple points of ingress/egress

## Local Demographics In 5-Mile Trade Area

- More than 77,000 residents and 66,000 employees support the trade area
- \$79,280 average household income

## TENANT OVERVIEW

### GPM INVESTMENTS, LLC (ARKO CORP.)

**Ownership:** Subsidiary to ARKO CORP. (NASDAQ: ARKO)

**Website:** [gpminvestments.com](http://gpminvestments.com)

**Credit Rating:** B+ (S&P)

**Headquarters:** Richmond, VA

**Units:** 3,200+

GPM Investments, LLC, operates as a wholly-owned subsidiary under the umbrella of ARKO Corp., which is part of the Family of Community Brands. Our corporate headquarters is based in Richmond, Virginia, and our extensive presence extends across 33 states as well as Washington D.C. In the retail landscape, we proudly rank as the nation's sixth-largest convenience store chain, boasting an expansive network of approximately 3,200 locations. This network is comprised of diverse components, including around 1,400 company-operated stores, roughly 121 proprietary cardlock locations, and an additional 1,660 dealer sites, all of which we supply with fuel.

Our multifaceted operations can be categorized into four key segments: first, the retail segment, where we focus on fuel and merchandise sales to retail consumers; second, the wholesale segment, where we serve as a primary fuel supplier to third-party dealers and consignment agents; third, GPM Petroleum, our arm dedicated to fuel supply services, catering to both our retail and wholesale segments; and finally, the fleet fueling segment, which manages proprietary cardlock locations, oversees third-party fueling sites, and offers specialized fuel cards that grant access to a nationwide network of fueling locations. This comprehensive structure positions us as a dynamic force in the convenience store and fuel supply industry.

### ARKO OVERVIEW

#### 6th Largest Convenience Store Chain in the United States

**Company Operated Stores:** 1,547

**Employees:** 14,000 (+/-)

**States:** 30+

ARKO Corp. (Nasdaq: ARKO) stands as a Fortune 500 powerhouse, holding full ownership of GPM Investments, LLC. It ranks among the largest players in the convenience store and fuel wholesale sectors within the United States. Headquartered in the vibrant city of Richmond, VA, our distinguished Family of Community Brands is renowned for its delectable prepared foods, an array of beverages (both hot and cold), snacks, candy, and a portfolio of beloved quick-serve restaurant brands.

#### A Family of Community Brands



**ARKO**  
A Family of Community Brands

### 6TH LARGEST CONVENIENCE STORE CHAIN IN U.S.

**\$301.1 MILLION**

2022 ADJUSTED EBITDA<sup>1</sup>

**1,400+**

COMPANY OPERATED STORES

**\$1.65B**

RETAIL IN  
STORE SALES

**2B**

FUEL GALLONS  
SOLD

OPERATING IN  
**OVER 30  
STATES**

**OVER 12K**

EMPLOYEES

**1.3M**

ENROLLED AS REWARDS  
LOYALTY MEMBERS

**24 ACQUISITIONS**

22 CLOSED SINCE 2013;  
2 ADDITIONAL PENDING

**HIGHLY EXPERIENCED**

IN-HOUSE M&A TEAM

WHOLESALE DISTRIBUTION TO  
**1,674 INDEPENDENT DEALER**

LOCATIONS & OPERATION OF  
**183 CARDLOCK LOCATIONS**

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.

## CONTINUED GROWTH THROUGH ACQUISITIONS

ARKO has consistently acquired quality assets at attractive multiples. The Company has demonstrable price discipline and creative approaches to transaction structuring, which has historically resulted in attractive returns over time.

### 24 ACQUISITIONS SINCE 2013

22 CLOSED AND 2 ANNOUNCED,  
PENDING CLOSING

### IN-HOUSE M&A TEAM

WITH EXTENSIVE EXPERIENCE

### 20X ADJ. EBITDA GROWTH SINCE 2013

\$15MM 2013 ADJ. EBITDA ---->  
\$301.1MM 2022 ADJ. EBITDA <sup>5</sup>

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.

<sup>2</sup> Includes Broyles Hospitality locations as of the acquisition date, a seven unit Dunkin' franchisee in Tennessee and Virginia.

<sup>3</sup> Includes TEG and WTG transactions anticipated to close in Q1 and Q2 2023.

<sup>4</sup> Includes wholesale and cardlocks.

<sup>5</sup> Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.





## ARKO's Retail Brand Footprint

- Highly successful strategy embracing well known regional convenience store brands with brand equity and long histories in their communities.
- We operate 1,547 retail convenience stores in more than 30 states under more than 25 regional store brands that have been in existence for an average of approximately 50 years.<sup>1</sup>

Added 159 company operated stores year-to-date in 2023 through closed acquisitions.

### Overview:

- ~40% of our retail stores are in areas with populations of fewer than 20,000 people.
- ~20% of our retail stores are in areas with populations between 20,000 and 50,000 people.

Our focus on secondary and tertiary markets allows us to preserve “local” brand name recognition and align local market needs with capital investment.



1. As of June 30, 2023.
2. Source: Demographics by SimpleMaps, data as of 12/2022

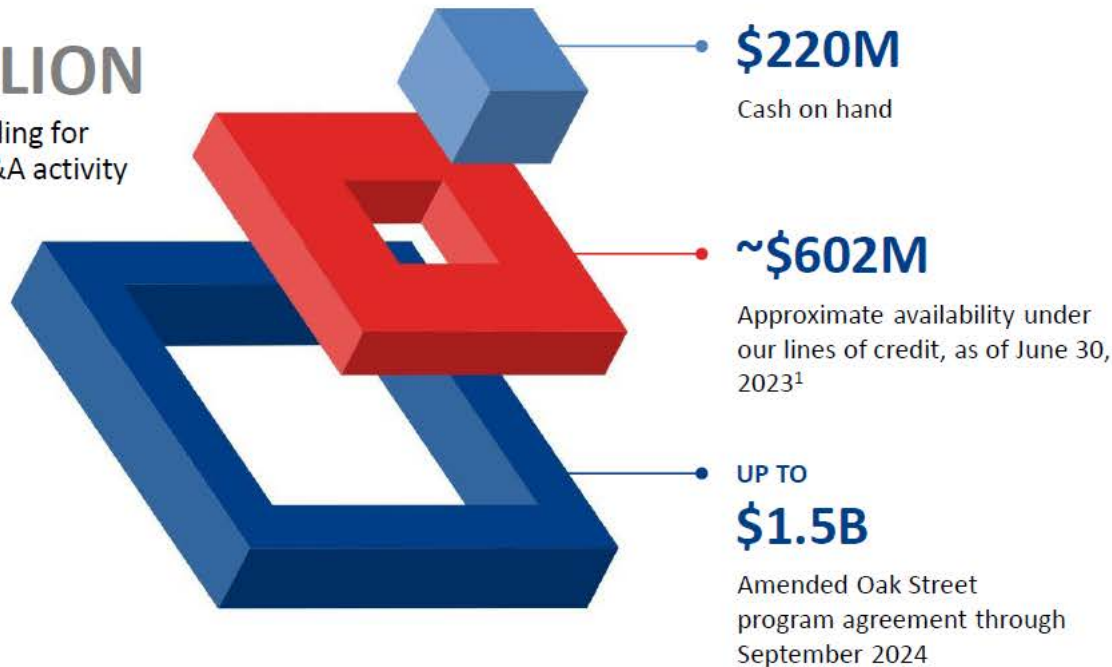
SOURCE: ARKO'S Q2 EARNING PRESENTATIONS



## Key Financial Highlights – Strong Liquidity

OVER  
**\$2 BILLION**

Available funding for  
continued M&A activity



Quarterly dividend  
announced for Q3 2023

**\$0.03/SHARE**

AUTHORIZED UP TO

**\$100 MILLION**

Share repurchase program<sup>2</sup>

**ARKO**  
A Family of Community Brands

1. On May 5, 2023, GPM Petroleum renewed and extended its revolving credit facility. The credit line was increased by \$300 million to \$800 million, and its maturity was extended to May 2028.
2. Remaining amount as of June 30, 2023 - ~\$49M.

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SOURCE: ARKO'S Q2 EARNING PRESENTATIONS

ACCELERATED DEPRECIATION  
FOR CONVENIENCE STORE  
PROPERTIES

Re of the Tax Cuts and Jobs Act in 2017 provided real estate investors with new tax benefits associated with owning gas station properties. The primary benefit is the allowance of accelerated depreciation. The construction and equipment associated with these properties can now be reclassified and depreciated over shorter time periods than the traditional 39 year life for commercial property. Due to the fee simple ownership of this property, an investor can receive greater deductions in the earlier years of the asset, thus minimizing taxable income. This enables anyone investing in these properties to lower their taxes and reduce their exposure in the earlier years of ownership while enjoying the benefits of a passive income stream that come with owning a single tenant property. Other significant benefits with the Tax Act are removing any caps for bonus depreciation of fueling/convenience store equipment and allowing investors to qualify for a 80% deduction under the new codes.

SRS NNLG recommends that the prospective purchaser(s) consult with their tax professional for advice related to your specific situation and how you can take advantage of accelerated depreciation.arts, health, sciences, technology, innovation startups, small businesses and entrepreneurship.



TWO METHODS FOR C-STORE DEPRECIATION

COST SEGREGATION ANALYSIS	15-YEAR STRAIGHT LINE SCHEDULE
Cost segregation studies take into account each individual component of a property and place each piece on its own appropriate depreciation schedule (ex. gas pumps, HVACs, roof, etc). This process generally front-loads the depreciation of the property into the first few years of ownership, which can result in notable tax savings and may be ideal depending on the tax payer’s yearly tax liability outside of this investment.	For some investors, it may make more sense to have the entire asset’s depreciation spread out evenly using the 15-year straight line method. Qualified c-store equipment and property placed in service after Dec. 31 2017 generally is depreciable using the straight line method over 15 years (shorter recovery period than the traditional 39 year life for commercial buildings).



## PROPERTY OVERVIEW

### LOCATION



Johnson City, Tennessee  
Washington, Carter, Sullivan County  
Kingsport MSA

### ACCESS



W. State of Franklin Road/U.S. Highway 321: 1 Access Point  
Leonard Street: 1 Access Point

### TRAFFIC COUNTS



W. State of Franklin Road/U.S. Highway 321: 35,100 VPD  
W. Market Street/U.S. Highway 321 & 11E: 28,000 VPD

### IMPROVEMENTS



There is approximately 2,213 SF of existing building area

### PARKING



There are approximately 12 parking spaces on the owned parcel.  
The parking ratio is approximately 5.42 stalls per 1,000 SF of leasable area.

### PARCEL



Parcel Number: 090054J A 00401  
Acres: 0.84  
Square Feet: 36,590

### CONSTRUCTION



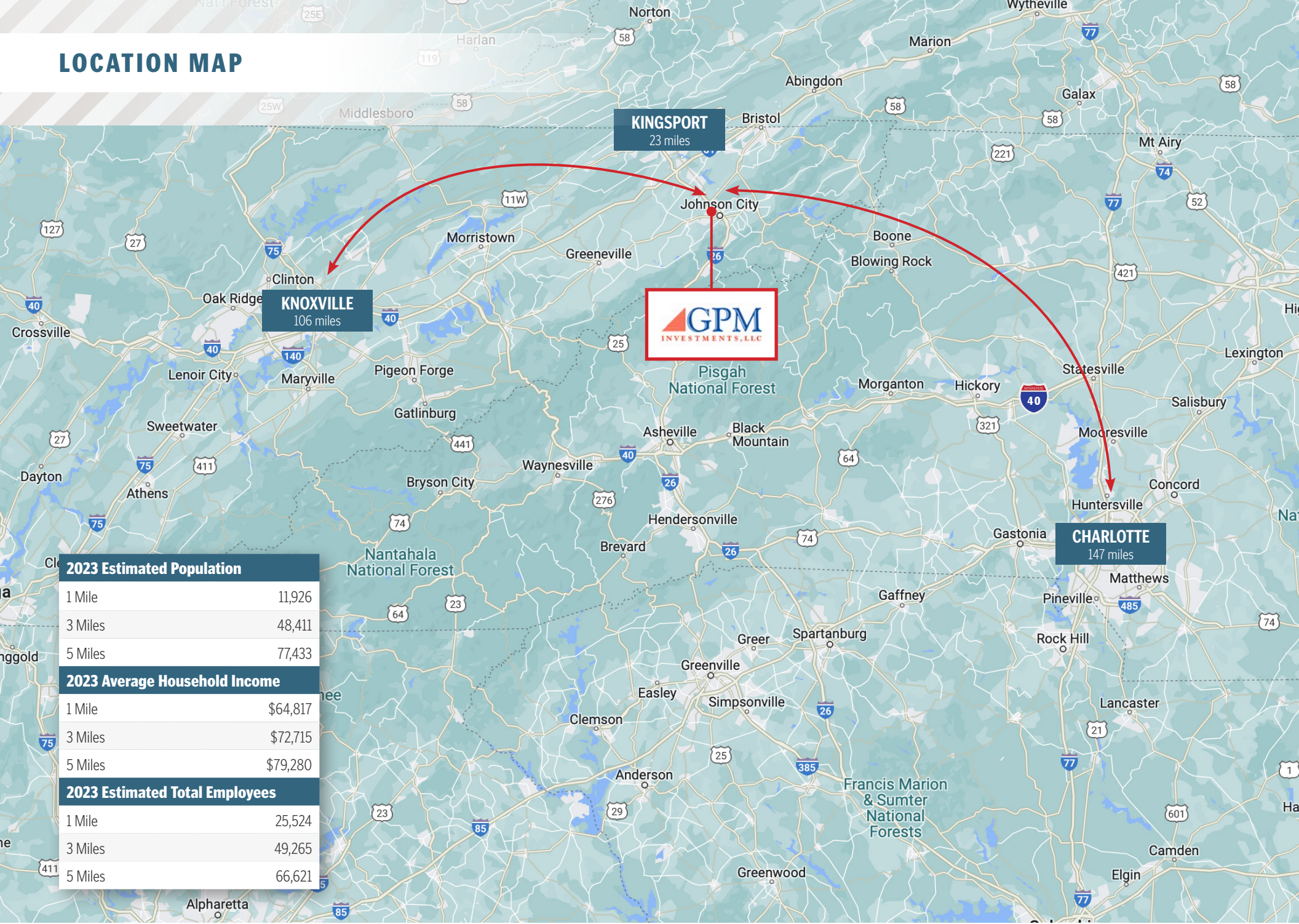
Year Built: 1989  
Year Renovated: 2000

### ZONING



B-4 Planned Arterial Business District

LOCATION MAP







JOHNSON CITY MEDICAL CENTER

**GPM**  
INVESTMENTS, LLC

Greater Eastern  
Credit Union

FIRST HORIZON

REGIONS

73  
GREEN DREW  
REALTY GROUP

Bank of  
Tennessee

W. STATE OF FRANKLIN RD.

LEONARD ST.

35,100  
VEHICLES PER DAY

JACK VEST DR.

marco's  
Pizza

Precision  
Time  
Auto Care

Bd

UNIVERSITY  
PLAZA

ups

POH

EARTH  
FARE

EAST TENNESSEE STATE  
UNIVERSITY

ZAXBY'S

BOXCAR  
BARBEQUE - CANTINA

Jersey  
Mike's  
SUBS

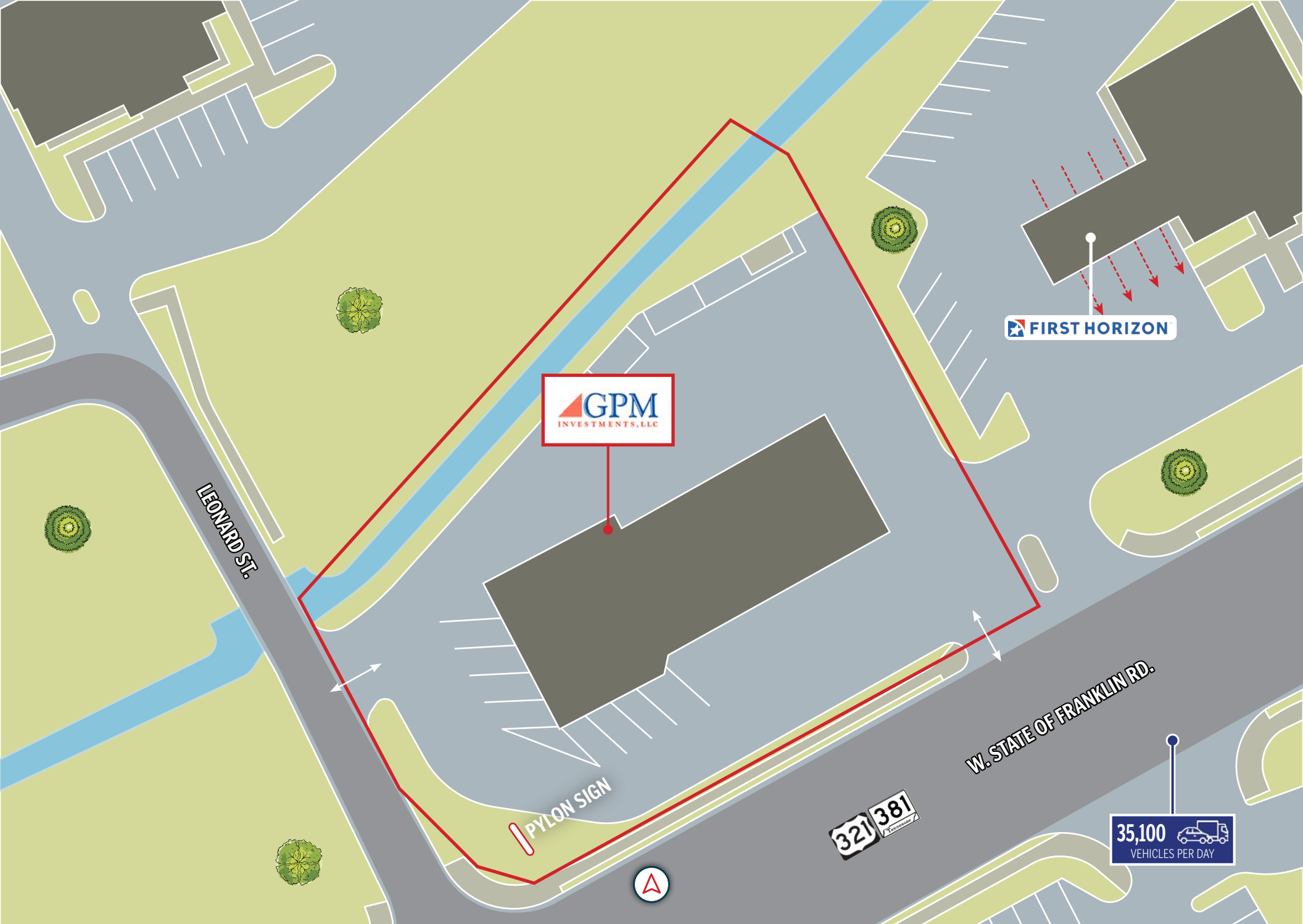
Kroger









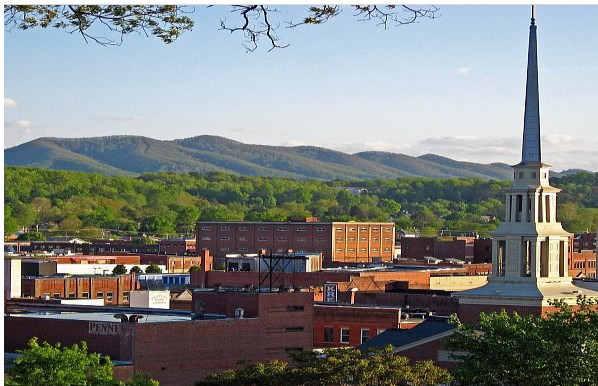


## AREA DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
<b>Population</b>			
2023 Estimated Population	11,926	48,411	77,433
2028 Projected Population	12,008	48,701	78,123
Projected Annual Growth 2023 to 2028	0.14%	0.12%	0.18%
2023 Median Age	24.2	36.3	39.3
<b>Households &amp; Growth</b>			
2023 Estimated Households	3,619	20,138	32,817
2028 Projected Households	3,674	20,378	33,353
Projected Annual Growth 2023 to 2028	0.30%	0.24%	0.32%
<b>Race &amp; Ethnicity</b>			
2023 Estimated White	79.45%	82.90%	85.01%
2023 Estimated Black or African American	10.72%	8.03%	6.40%
2023 Estimated Asian or Pacific Islander	2.70%	1.72%	1.90%
2023 Estimated American Indian or Native Alaskan	0.47%	0.48%	0.42%
2023 Estimated Other Races	4.99%	3.71%	3.05%
2023 Estimated Hispanic	8.70%	7.52%	6.71%
<b>Income</b>			
2023 Estimated Average Household Income	\$64,817	\$72,715	\$79,280
2023 Estimated Median Household Income	\$37,514	\$44,797	\$49,249
<b>Businesses &amp; Employees</b>			
2023 Estimated Total Businesses	347	1,960	3,140
2023 Estimated Total Employees	25,524	49,265	66,621







## JOHNSON CITY, TENNESSEE

Johnson City is located in Washington County. It hosts the popular Blue Plum Festival and the region offers majestic scenery. The City of Johnson City is the 8th largest city in Tennessee with a population of 72,918 as of July 1, 2023.

Johnson City has a diverse economy led by healthcare, education and an entrepreneurial spirit that lives on from the City's founder, Henry Johnson. Business and industry in Johnson City are diverse and include retail, utilities, manufacturing, financial and medical services, as well as other services.

The three largest employers are Mountain States Health Alliance, East Tennessee State University and the Veteran's Administration Medical Center

Boone Lake is available for water skiing and hiking. Buffalo Mountain Park offers scenic hiking trails and places for mountain biking and bird watching. Roan Mountain State Park features beautiful views of the Appalachian Mountains and superb hiking areas. Tourists follow the Quilt Trail which showcases the tradition of quilting in the region. The trail features quilts situated on the walls of historic barns. Visitors walking along the trail also have opportunities to see historic sites and visit shops, galleries and other interesting locations. Excellent opportunities for trout fishing are located in the region. Strategically located at the economic center of the Tri-Cities region, Washington County is a hub for new development. Home to the region's largest city, Johnson City, it has led Northeast Tennessee in population growth, retail sales, and employment over the past decade.

Johnson City prides itself on a school system striving for excellence and many higher education opportunities. The city is home to East Tennessee State University, which includes the James H. Quillen College of Medicine. Johnson City is served by Tri-Cities Regional Airport and Johnson City Airport in Watauga.



SRS

NATIONAL  
NET LEASE  
GROUP

## THE EXCLUSIVE NET LEASE CAPITAL MARKETS TEAM

of SRS Real Estate Partners

**255+**

RETAIL  
PROFESSIONALS

**25+**

OFFICES

**#1**

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

**2.3K+**

RETAIL  
TRANSACTIONS  
company-wide  
in 2022

**760+**

NET LEASE  
TRANSACTIONS  
SOLD  
in 2022

**\$2.9B+**

NET LEASE  
TRANSACTION  
VALUE  
in 2022

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