

# SINGLE TENANT ABSOLUTE NNN

Investment Opportunity



13+ Years Remaining | Qualifies for Bonus Depreciation | Hwy 381 (35,100 VPD)



900 Sunset Drive

# JOHNSON CITY TENNESSEE

ACTUAL SITE



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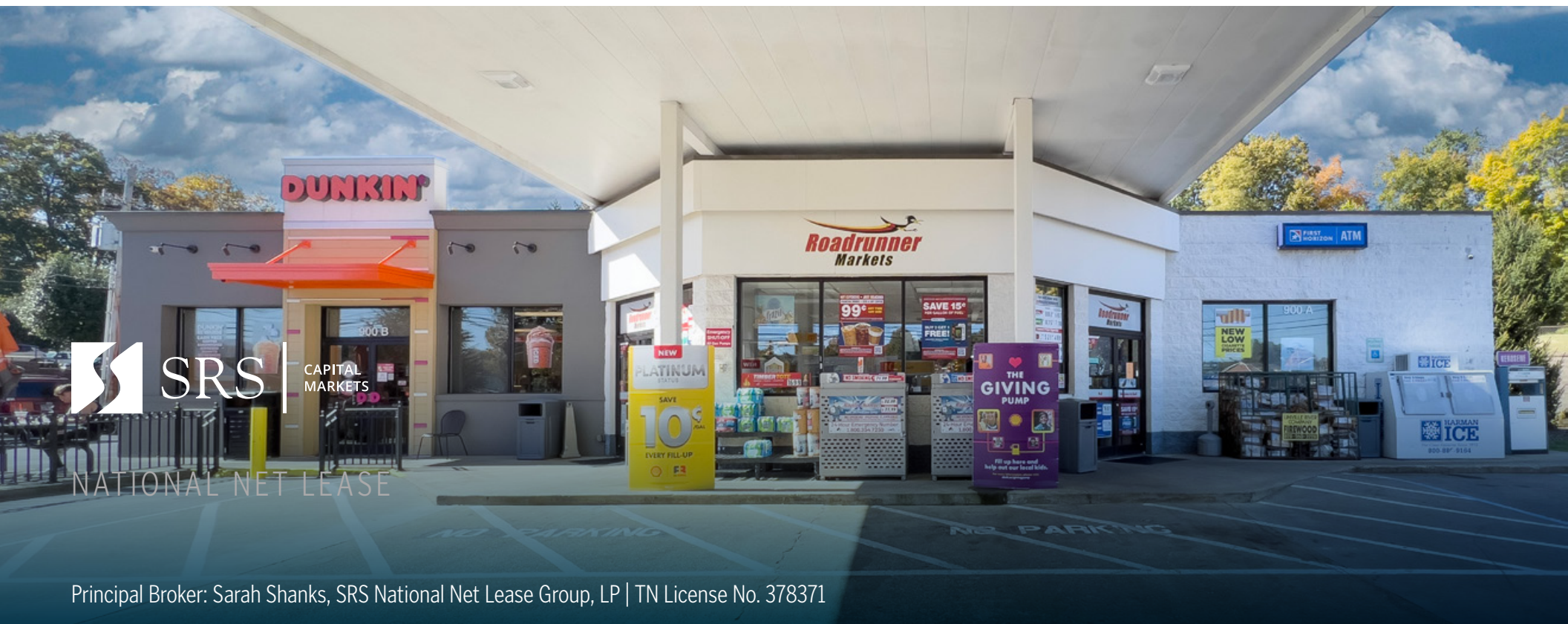
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 **SRS** | CAPITAL MARKETS  
NATIONAL NET LEASE

Principal Broker: Sarah Shanks, SRS National Net Lease Group, LP | TN License No. 378371

# SITE OVERVIEW



# PROPERTY PHOTOS



# PROPERTY PHOTOS





## OFFERING

<b>Pricing</b>	\$4,102,000
<b>Net Operating Income</b>	\$246,149
<b>Cap Rate</b>	6.00%

## PROPERTY SPECIFICATIONS

<b>Property Address</b>	900 Sunset Dr, Johnson City, TN 37604
<b>Rentable Area</b>	4,348 SF
<b>Land Area</b>	2.44 AC
<b>Year Built / Renovated</b>	1996 / 2021
<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>Options</b>	4 (5-Year)
<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
<b>GPM Investments</b>	4,348	5/1/2022	4/30/2037	Current	-	\$20,512	\$246,149
(dba Roadrunner)				May 2027	10%	\$22,564	\$270,764
				May 2032	10%	\$24,820	\$297,840

### 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

### Signalized Intersection | Dunkin' Drive Thru | Surrounding Retailers | The Mall at Johnson City | Johnson City Plaza

- The site is strategically located at the signalized intersection of Sunset Dr and Knob Creek Rd averaging 25,500 VPD
- The asset is equipped with a Dunkin' drive-thru, boosting sales and increasing productivity
- 1 mile from The Mall at Johnson City and Johnson City Plaza, containing over 300,000 SF of retail space and tenants such as DICK'S, Target, Belk, T.J. Maxx, and more
- **The DICK'S is ranked in the top 91% of all US locations according to Placer.ai**

### Local Demographics In 5-Mile Trade Area | Affluent 1-Mile

- More than 83,000 residents and 71,000 employees support the trade area
- \$109,992 average household income within a 1-mile radius

## 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>

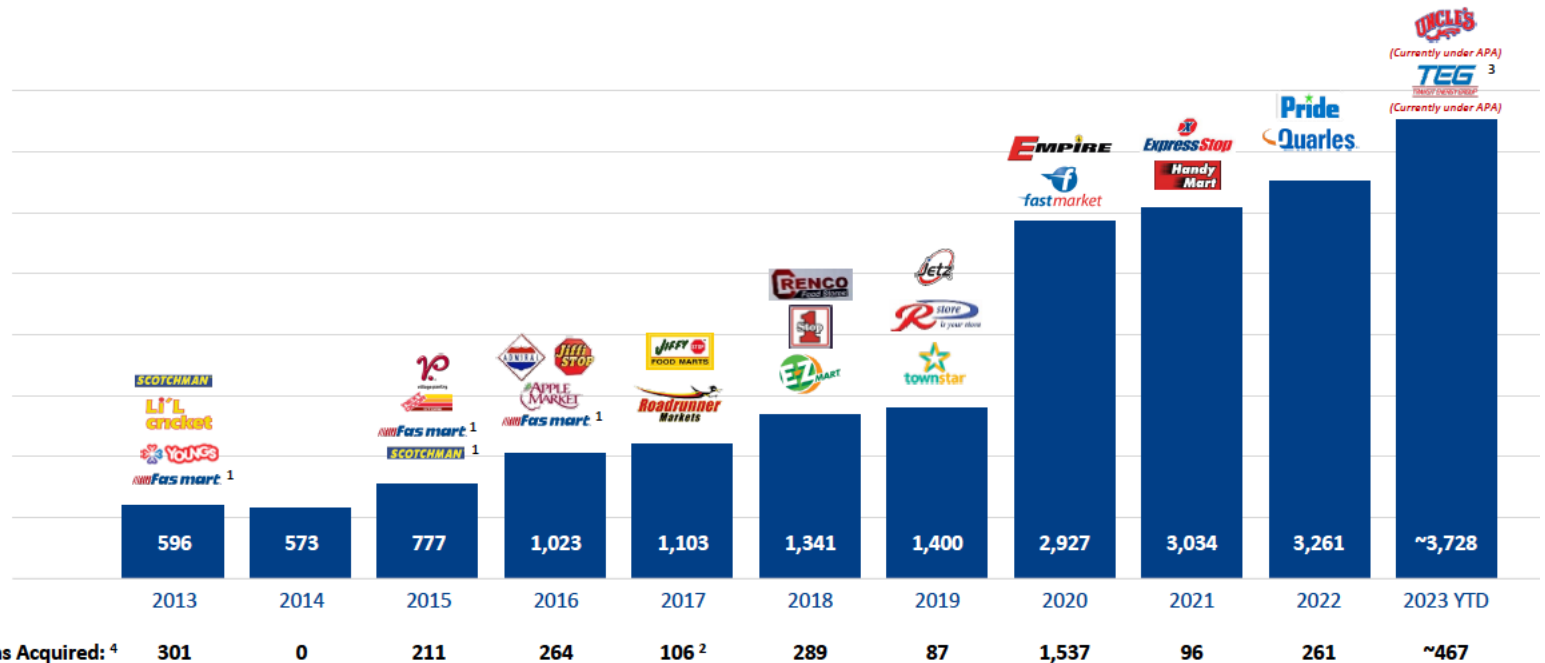
<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measures.

<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

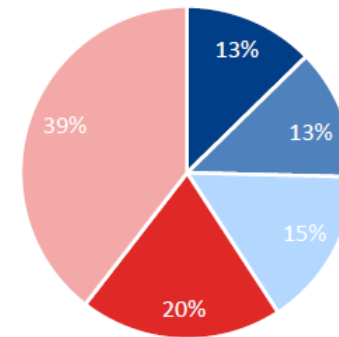
- Highly successful strategy embracing well known regional convenience store brands with brand equity and long histories in their communities.
- We operate 1,547 retail convenience stores in more than 30 states under more than 25 regional store brands that have been in existence for an average of approximately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



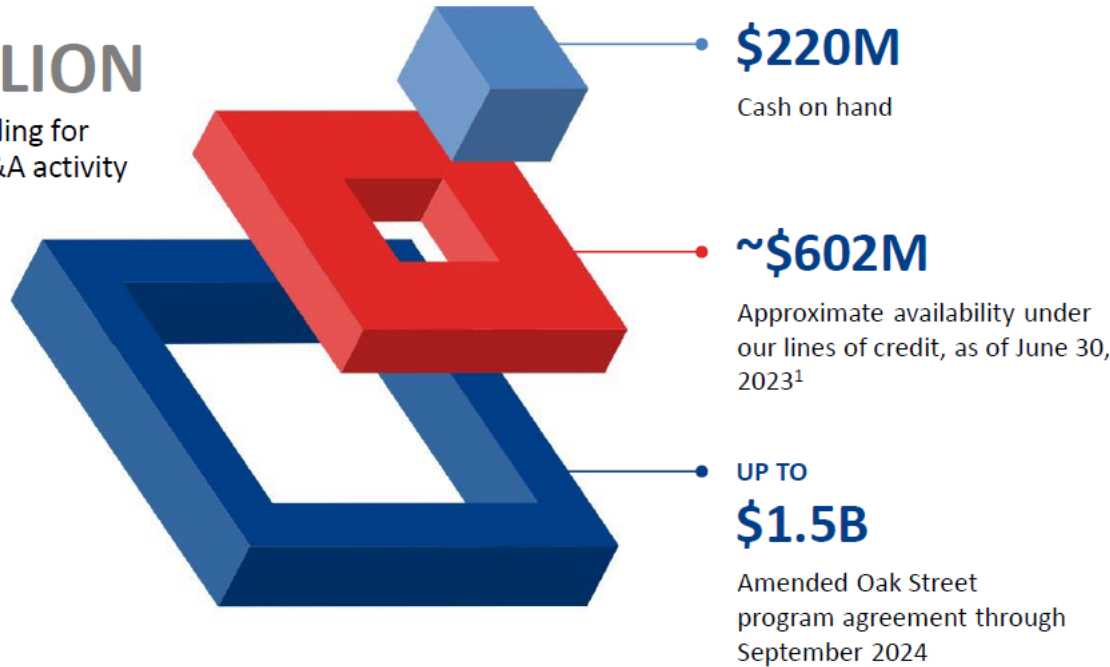
**ARKO Stores By Area Population<sup>2</sup>**

- Under 5,000 people
- 5,000 - 10,000
- 10,000 - 20,000
- 20,000 - 50,000
- Greater than 50,000

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

## 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>



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. | 11  
2. Remaining amount as of June 30, 2023 - ~\$49M.

SOURCE: ARKO'S Q2 EARNING PRESENTATIONS

## ACCELERATED DEPRECIATION FOR CONVENIENCE STORE PROPERTIES

The Tax Cuts and Jobs Act signed into law 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 comes with owning a single tenant property. Currently, the bonus depreciation of fueling/convenience store equipment allows investors to qualify for a 60% depreciation deduction under the 2024 code. The bonus depreciation deduction will decrease by 20% every year until fully phased out by 2027.

SRS NNL 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 bonus depreciation.



## TWO METHODS FOR C-STORE DEPRECIATION

### COST SEGREGATION ANALYSIS

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.

### 15-YEAR STRAIGHT LINE SCHEDULE

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).

## LOCATION



Johnson City, Tennessee  
Washington County  
Kingsport MSA

## PARKING



There are approximately 39 parking spaces on the owned parcel.  
The parking ratio is approximately 8.96 stalls per 1,000 SF of leasable area.

## ACCESS



Sunset Drive: 1 Access Point  
Knob Creek Road: 1 Access Point

## PARCEL



Parcel Number: 090045D A 03100  
Acres: 2.44  
Square Feet: 106,286

## TRAFFIC COUNTS



Sunset Drive: 16,000 VPD  
Knob Creek Road: 9,500 VPD  
N. State of Franklin Road/State Highway 381: 35,100 VPD

## CONSTRUCTION



Year Built: 1996  
Year Renovated: 2021

## IMPROVEMENTS



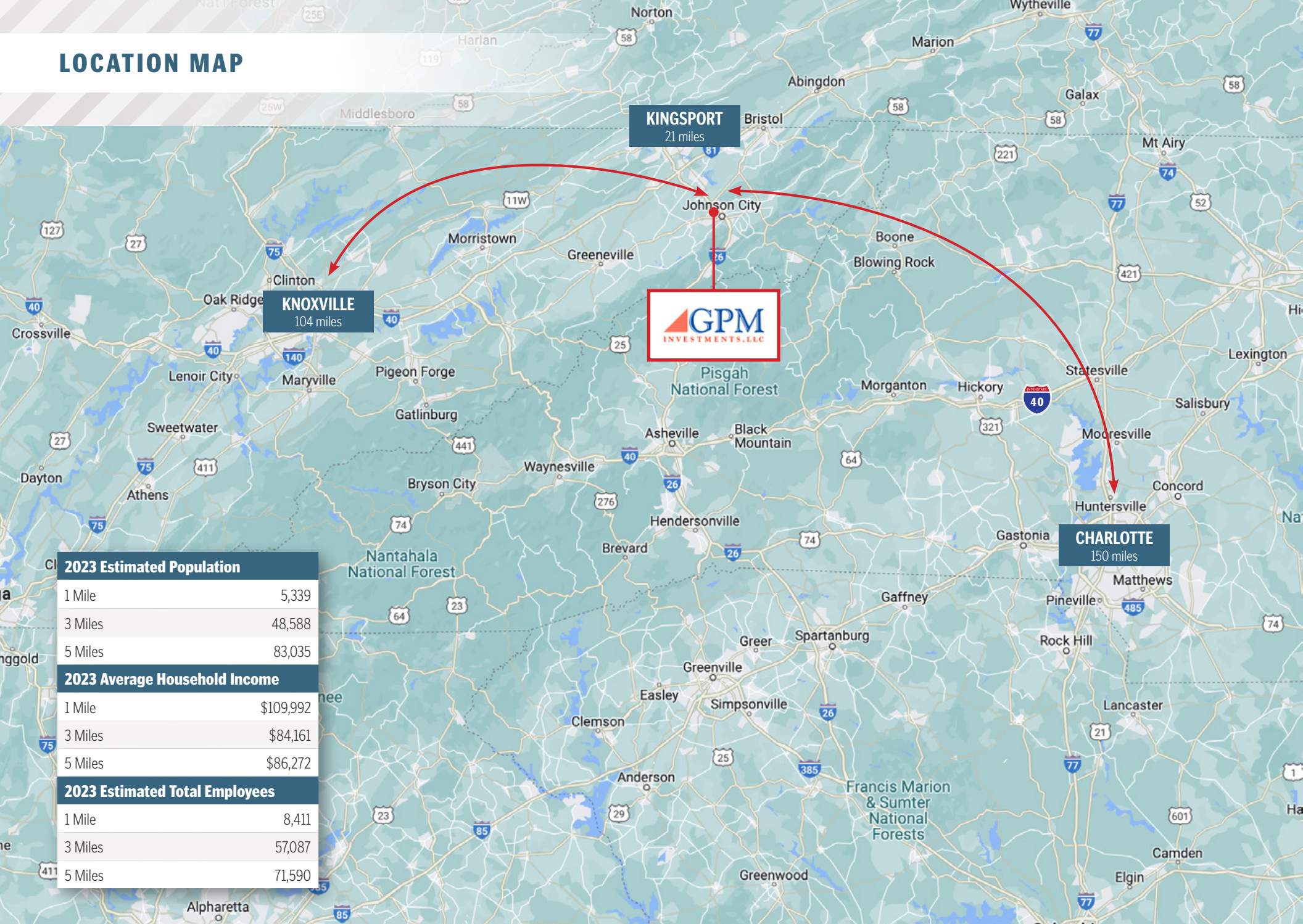
There is approximately 4,348 SF of existing building area

## ZONING



B1 - Neighborhood Business District

# LOCATION MAP



JAMES H. QUILLEN VA MEDICAL CENTER

JOHNSON CITY MEDICAL CENTER



35,100 VEHICLES PER DAY

STATE HIGHWAY 381

16,000 VEHICLES PER DAY

SUNSET DR.

9,500 VEHICLES PER DAY

TRI-COUNTY MEDICAL & OSTOMY SUPPLIES, INC.

KNOB CREEK RD.



RE/MAX







Coca-Cola

Kroger  
Gabe's

W

TJ-maxx  
TARGET  
BAM!  
BOOKS-A-MILLION

HomeGoods  
DICK'S  
SPORTING GOODS  
RACK ROOM SHOES  
belk

HomeTrust Bank  
Ready for what's next

TEXAS  
POWER

AMC  
THEATRES  
Once upon a child  
TIEBREAKERS

BW Best Western  
Hotels & Resorts

DOLLAR TREE  
Office DEPOT  
OfficeMax

TACO BELL

TRUIST

Firestone  
COMPLETE AUTO CARE

DOUBLE TREE  
by Hilton

Fowler Baker Shade

STURGILL ORTHODONTICS

FedEx  
Office

9,500  
VEHICLES PER DAY

16,000  
VEHICLES PER DAY

Mahoney's

BERNINA

GRASSY VALLEY HOMES  
Manufactured Home Communities

Knob Creek Rd.

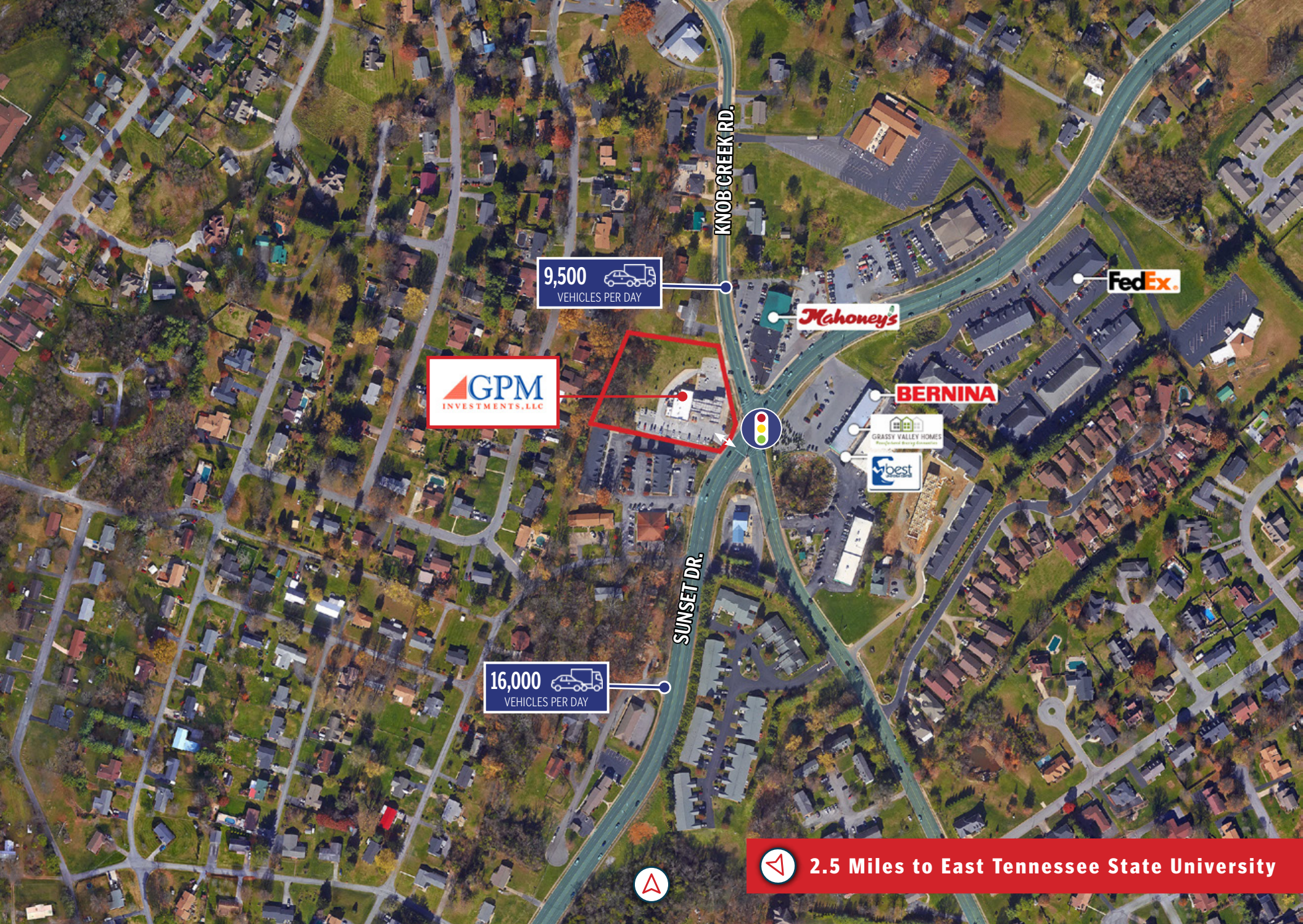
GPM  
INVESTMENTS, LLC



Sunset Dr.

RE/MAX





9,500  
VEHICLES PER DAY

**GPM**  
INVESTMENTS, LLC

Knob Creek Rd.

Sunset Dr.

16,000  
VEHICLES PER DAY

FedEx

Mahoney's

BERNINA

GRASSY VALLEY HOMES  
Real Estate & Property Services  
best

2.5 Miles to East Tennessee State University





9,500  
VEHICLES PER DAY

**GPM**  
INVESTMENTS, LLC

KNOB CREEK RD.

PYLON SIGN

SUNSET DR.

16,000  
VEHICLES PER DAY



# AREA DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
<b>Population</b>			
2023 Estimated Population	5,339	48,588	83,035
2028 Projected Population	5,642	49,415	84,223
Projected Annual Growth 2023 to 2028	1.11%	0.34%	0.28%
2023 Median Age	51.7	39.3	39.8
<b>Households &amp; Growth</b>			
2023 Estimated Households	2,625	20,176	35,224
2028 Projected Households	2,795	20,689	35,973
Projected Annual Growth 2023 to 2028	1.26%	0.50%	0.42%
<b>Race &amp; Ethnicity</b>			
2023 Estimated White	88.40%	84.09%	84.93%
2023 Estimated Black or African American	3.22%	6.74%	6.14%
2023 Estimated Asian or Pacific Islander	3.54%	2.43%	2.21%
2023 Estimated American Indian or Native Alaskan	0.32%	0.46%	0.42%
2023 Estimated Other Races	1.01%	3.31%	2.90%
2023 Estimated Hispanic	3.00%	7.32%	6.60%
<b>Income</b>			
2023 Estimated Average Household Income	\$109,992	\$84,161	\$86,272
2023 Estimated Median Household Income	\$76,186	\$51,225	\$52,904
<b>Businesses &amp; Employees</b>			
2023 Estimated Total Businesses	507	2,613	3,473
2023 Estimated Total Employees	8,411	57,087	71,590





## 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

CAPITAL  
MARKETS

## THE EXCLUSIVE NATIONAL NET LEASE TEAM of SRS Real Estate Partners

**300+**

TEAM  
MEMBERS

**25+**

OFFICES

**2K+**

RETAIL  
TRANSACTIONS

company-wide  
in 2023

**510+**

CAPITAL MARKETS  
PROPERTIES

SOLD  
in 2023

**\$2.2B+**

CAPITAL MARKETS  
TRANSACTION

VALUE  
in 2023

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