

TURKEY HILL

265 W. State Street Quarryville, PA



OFFERING MEMORANDUM
Marcus & Millichap



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Towns Edge Shopping Village

H&R BLOCK

verion

Advance Auto Parts

Burger King

Fulton Bank

SUBWAY



W STATE STREET

W 4TH STREET

W STATE STREET

W 4TH STREET

Quarryville Elementary School

Quarryville Presbyterian Retirement Community

W STATE STREET

W 4TH STREET

W STATE STREET

Subject Property



PROPERTY ANALYSIS

W 4TH STREET

W STATE STREET



PROPERTY OVERVIEW:



TENANT:

Turkey Hill



PRICE:

\$1,160,000



CAP RATE:

6.00%



NET OPERATING INCOME:

\$69,600



QUARRYVILLE, PA

265 W State St

Lease Summary

| | |
|--------------------------|--------------------|
| Guarantor | Corporate |
| Lease/ Rent Commencement | 2/27/1992 |
| Lease/ Rent Expiration | 5/31/2026 |
| Base Lease Term | 10 Years |
| Lease Term Remaining | 7.5 Years |
| Rent Increases | See Rent Schedule |
| Renewal Options | 3 - 5 Year Options |
| Renewal Notice | 180 Days Prior |
| Option Increases | See Rent Schedule |
| Lease Type | NNN Ground Lease |

Property Summary

| | |
|----------------------------|------------|
| Lot Size | .61 Acres |
| Building Size | 2,511 sf |
| Year Built / Renovated | 1992 |
| Landlord Responsibilities | None |
| Insurance | Tenant |
| Taxes | Tenant |
| CAM | Tenant |
| Financials/Sales Reporting | None |
| ROFR | None |
| Ownership Interest | Fee Simple |

Regional Demographics

| | 3-MILES | 5-Miles | 10-MILES |
|---------------|-----------|----------|----------|
| POPULATION | | | |
| 2018 | 4,180 | 9,945 | 19,622 |
| HOUSEHOLDS | | | |
| 2018 | 1,769 | 3,885 | 7,079 |
| INCOME | | | |
| 2018 | \$72,889 | \$72,675 | \$73,297 |
| VEHICLE COUNT | 9,560 VPD | | |

Debt Quote:

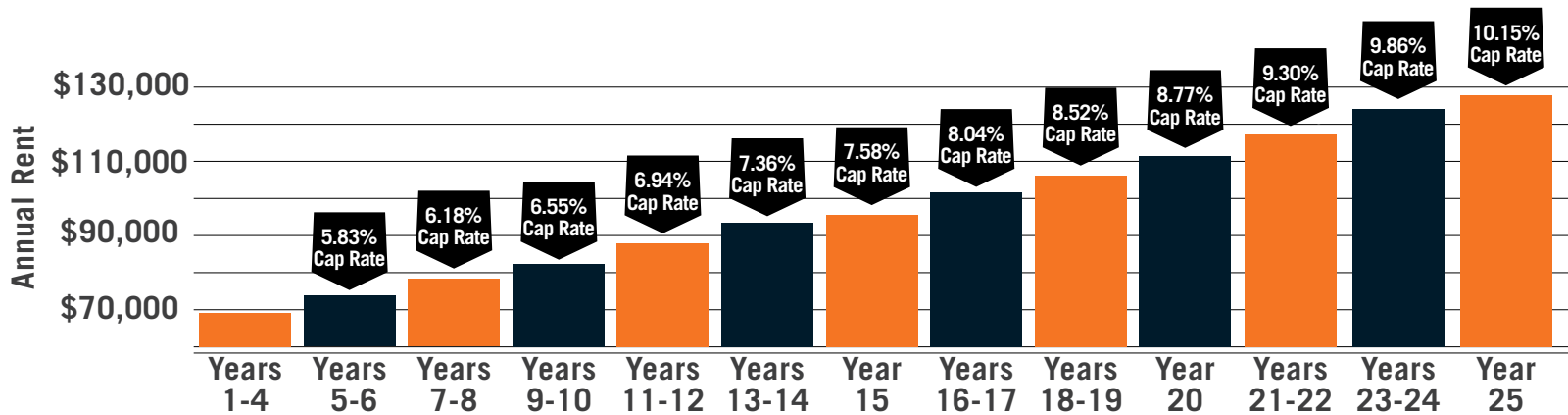
- \$700,000 - \$725,000
- 8 Years Fixed at 4.75% - 5.00%
- 25 Year Amortization
- Partial Recourse

*Loan Info is Subject To Change, Contact Stephen Filipo for more Information:
stephen.filipo@marcusmillichap.com



RENT SCHEDULE:

| RENT SCHEDULE | YEARS | ANNUAL RENT | MONTHLY RENT | RENT PSF | INCREASE |
|----------------------|-------|--------------|--------------|----------|----------|
| 6/1/16 - 5/31/17 | 1 | \$69,600.00 | \$5,800.00 | \$27.72 | |
| 6/1/17 - 5/31/18 | 2 | \$69,600.00 | \$5,800.00 | \$27.72 | |
| 6/1/18 - 5/31/19 | 3 | \$69,600.00 | \$5,800.00 | \$27.72 | |
| 6/1/19 - 5/31/20 | 4 | \$69,600.00 | \$5,800.00 | \$27.72 | |
| 6/1/20 - 5/31/21 | 5 | \$73,776.00 | \$6,148.00 | \$29.38 | 6.00% |
| 6/1/21 - 5/31/22 | 6 | \$73,776.00 | \$6,148.00 | \$29.38 | |
| 6/1/22 - 5/31/23 | 7 | \$78,204.00 | \$6,517.00 | \$31.14 | 6.00% |
| 6/1/23 - 5/31/24 | 8 | \$78,204.00 | \$6,517.00 | \$31.14 | |
| 6/1/24 - 5/31/25 | 9 | \$82,896.00 | \$6,908.00 | \$33.01 | 6.00% |
| 6/1/25 - 5/31/26 | 10 | \$82,896.00 | \$6,908.00 | \$33.01 | |
| Option 1: | | | | | |
| 6/1/26 - 5/31/27 | 11 | \$87,864.00 | \$7,322.00 | \$34.99 | 5.99% |
| 6/1/2027 - 5/31/2028 | 12 | \$87,864.00 | \$7,322.00 | \$34.99 | |
| 6/1/2028 - 5/31/2029 | 13 | \$93,144.00 | \$7,762.00 | \$37.09 | 6.01% |
| 6/1/2029 - 5/31/2030 | 14 | \$93,144.00 | \$7,762.00 | \$37.09 | |
| 6/1/2030 - 5/31/2031 | 15 | \$95,940.00 | \$7,995.00 | \$38.21 | 3.00% |
| Option 2: | | | | | |
| 6/1/2031 - 5/31/2032 | 16 | \$101,688.00 | \$8,474.00 | \$40.50 | 5.99% |
| 6/1/2032 - 5/31/2033 | 17 | \$101,688.00 | \$8,474.00 | \$40.50 | |
| 6/1/2033 - 5/31/2034 | 18 | \$107,796.00 | \$8,983.00 | \$42.93 | 6.01% |
| 6/1/2034 - 5/31/2035 | 19 | \$107,796.00 | \$8,983.00 | \$42.93 | |
| 6/1/2035 - 5/31/2036 | 20 | \$111,024.00 | \$9,252.00 | \$44.22 | 2.99% |
| Option 3: | | | | | |
| 6/1/2036 - 5/31/2037 | 21 | \$117,684.00 | \$9,807.00 | \$46.87 | 6.00% |
| 6/1/2037 - 5/31/2038 | 22 | \$117,684.00 | \$9,807.00 | \$46.87 | |
| 6/1/2038 - 5/31/2039 | 23 | \$124,752.00 | \$10,396.00 | \$49.68 | 6.01% |
| 6/1/2039 - 5/31/2040 | 24 | \$124,752.00 | \$10,396.00 | \$49.68 | |
| 6/1/2040 - 5/31/2041 | 25 | \$128,484.00 | \$10,707.00 | \$51.17 | 2.99% |



INVESTMENT OVERVIEW:

Marcus & Millichap, on behalf of ownership, is pleased to exclusively offer for sale a triple-net leased Turkey Hill opportunity, located at the intersection of W 4th Street and W State Street in Quarryville, Pennsylvania. This is an excellent opportunity to own a corporately-guaranteed gas station and mini market. There are seven and a half years remaining on the current term, with an additional three, five-year options available.

Surrounded by a wide range of local and national tenants, this Turkey Hill Mini Market benefits from being situated in the middle of a retail corridor at a highly traveled intersection. This heavily trafficked area sees around 10,000 vehicles per day and serves a population of 19,622 within ten-miles.

Turkey Hill has been owned and operated by Kroger since 1985 until they were acquired by the European-based EG Group in April of 2018. The sale agreement includes the purchase of 762 convenience stores including 66 franchise operations in 18 states that have 11,000 employees including about 50 employees at its corporate office. The banner names included in the sale were Turkey Hill, Loaf 'N Jug, Kwik Shop, Tom Thumb and Quik Stop. Kroger's Turkey Hill Dairy and supermarket fuel centers were not included. Kroger's convenience stores generated revenue of \$4 billion, including the sale of 1.2 billion gallons of fuel, in fiscal 2016. That represents a little more than three percent of the company's total sales in that fiscal year.

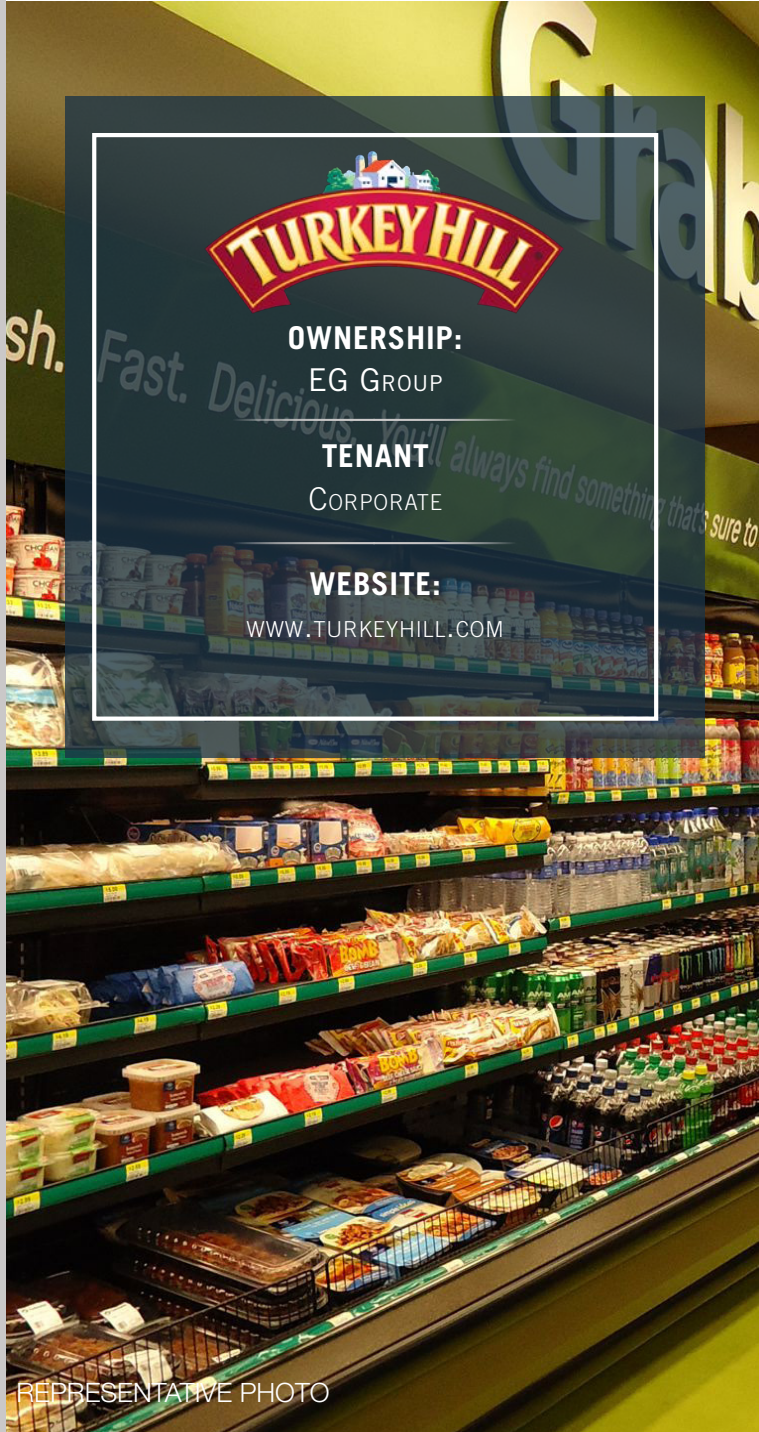
INVESTMENT HIGHLIGHTS:

- **EG GROUP CORPORATE GUARANTEE | OVER 5,000 LOCATIONS**
- **ATTRACTIVE RENT INCREASES | 6% EVERY TWO YEARS STARTING IN 2020**
- **STRONG OPERATING HISTORY OF 25+ YEARS | C-STORE LOCATION SINCE 1992**
- **7.5 YEARS REMAINING ON NNN GROUND LEASE**
- **SIGNALIZED INTERSECTION | MAIN + MAIN LOCATION IN QUARRYVILLE, PA**



TENANT OVERVIEW





TENANT OVERVIEW:

Turkey Hill Minit Markets provides fresh food and beverages each and every day. As of February 2018 British Convenience Store Operator, EG Group, announced the purchase of Kroger’s convenience store unit which includes Turkey Hill Mini Markets. Previously owned by Dillons, a subsidiary of Kroger, Turkey Hill has over 260 store locations in Pennsylvania, the Columbus, Ohio area, and Indiana. Each store is well-maintained and staffed with great people who want to make your shopping experience as convenient as possible.

Many of the Turkey Hill Minit Market stores offer services such as ATM’s, lottery tickets, and pre-paid calling cards. All of the markets are open late, with many locations remaining open 24-hours a day for your convenience. In addition, about 230 Turkey Hill locations offer pay-at-the-pump gasoline.

TURKEY HILL

| | |
|-------------------|--|
| Tenant Trade Name | Turkey Hill Minit Market |
| Ownership | EG Group |
| Tenant | Turkey Hill Minit Market |
| Lease Guarantor | Corporate |
| NO. Of Locations | 260 |
| Headquarters | Lancaster, PA |
| Web Site | www.turkeyhill.com |

REPRESENTATIVE PHOTO

GUARANTOR OVERVIEW:

EG Group is the world's leading independent fuel station and convenience retailer, with a diversified portfolio of sites across 8 countries in Europe and North America. By the end of 2018, we will operate c5,000 sites globally, employing more than 25,000 people and generating pro-forma revenues in excess of US\$20 billion.

EG Group has made a significant commitment to delivering a modern consumer retail offer which exceeds expectations and creates a true 'one stop' retail destination to satisfy multiple consumer missions.

As part of our strategy to deliver profitable growth, EG Group partners with premium brands across its product and service offerings. On the fuel side, EG Group partner with prominent fuel brands such as Esso, BP, Shell and Texaco. In convenience retail, the business has cultivated relationships with well-known retail and grocery brands, while EG Group's food to go partners include globally recognized brands such as Starbucks, Burger King and Subway.



What We Do

Our structure is based on organising our core business activities into three distinct business units, namely EG Fuel, EG Retail and EG Business, all supported by EG Shared Services. Through our main shared service centre in Blackburn, UK, we are able to manage our accounting, reporting and information technology functions from a central location. Satellite service centres in Breda, Netherlands and Cincinnati, Ohio in the US provide additional cover.

Who we are



EG Retail

EG Retail comprises our network of filling station ("PFS") sites, convenience retail stores and FTG concessions.

This business unit is responsible for actively seeking opportunities for organic growth and further expansion of our estate, and driving operational excellence on our forecourts. We intend to further develop our convenience retail and FTG offerings in each country and region by partnering with premium convenience retail and FTG brands.

RECENT NEWS:

EG Group Reveals Strategy for Acquired Kroger C-stores

www.csnews.com/eg-group-reveals-strategy-acquired-kroger-c-stores

CINCINNATI — With its acquisition of The Kroger Co.'s convenience store business, EG Group is expanding operations in the United States for the first time.

In the first step, the U.K.-based company is establishing a North American headquarters in Cincinnati — home of Kroger — and will continue to run the newly acquired 762 c-stores under their existing banners.

The transaction included 66 franchise operations in 18 states. The banners are Turkey Hill, Loaf 'N Jug, Kwik Shop, Tom Thumb, and Quik Stop. In all, the c-store business employs 11,000 associates.

The move into the U.S. convenience channel sets up an opportunity for EG Group to secure additional assets in North America, according to the company.

"This announcement represents another momentous chapter in the enterprise journey for EG Group. We now look forward to working with our exceptional U.S. management team and begin to invest in the network in the coming months," said Mohsin Issa, founder and co-CEO, EG Group.

"Given the spatial spread across the [U.S.], nurturing the right strategic brand partnerships for the respective market regions is going to be an important strategy focus in North America," he said.

Founded in 2001 by brothers Mohsin and Zuber Issa, the company — also known as Euro Garages — has relationships with national and global retail and convenience brands, including Starbucks, KFC, Texaco, Spar, Carrefour, Burger King and Esso.

According to the company, it is looking to bring its retail brand partner commercial approach to the U.S. This strategy will include assessing the acquired site network in terms of its retail potential, initially partnering with and investing in a few locations with recognized global and local retail brands to understand the market dynamics and consumer perceptions.

Following a recognized trial period, these learnings will provide the necessary market understanding and business model confidence to accelerate growth and rollout of a best-in-class retail offer across the remaining network, EG Group said in a statement.

RECENT NEWS:

"We already have established relationships with many leading U.S. retail brands and consumers want to access convenient locations to fulfil multiple fuel, convenience store and food-to-go missions and stop at those locations that provide excellent welfare to motorists," Mohsin Issa said.

Specifically he said customers are looking for safe retail environments, well-lit sites with ample parking, free Wi-Fi, inside seating areas, and clean bathrooms.

"We aim to invest and transform our locations into branded retail destinations and be recognized as an effective U.S. fuel, convenience store and food-to-go retailer," he said. "I would like to take the opportunity to thank my local team and colleagues from the EG Group, Kroger, suppliers and our professional advisers who have supported us throughout the whole transfer process."

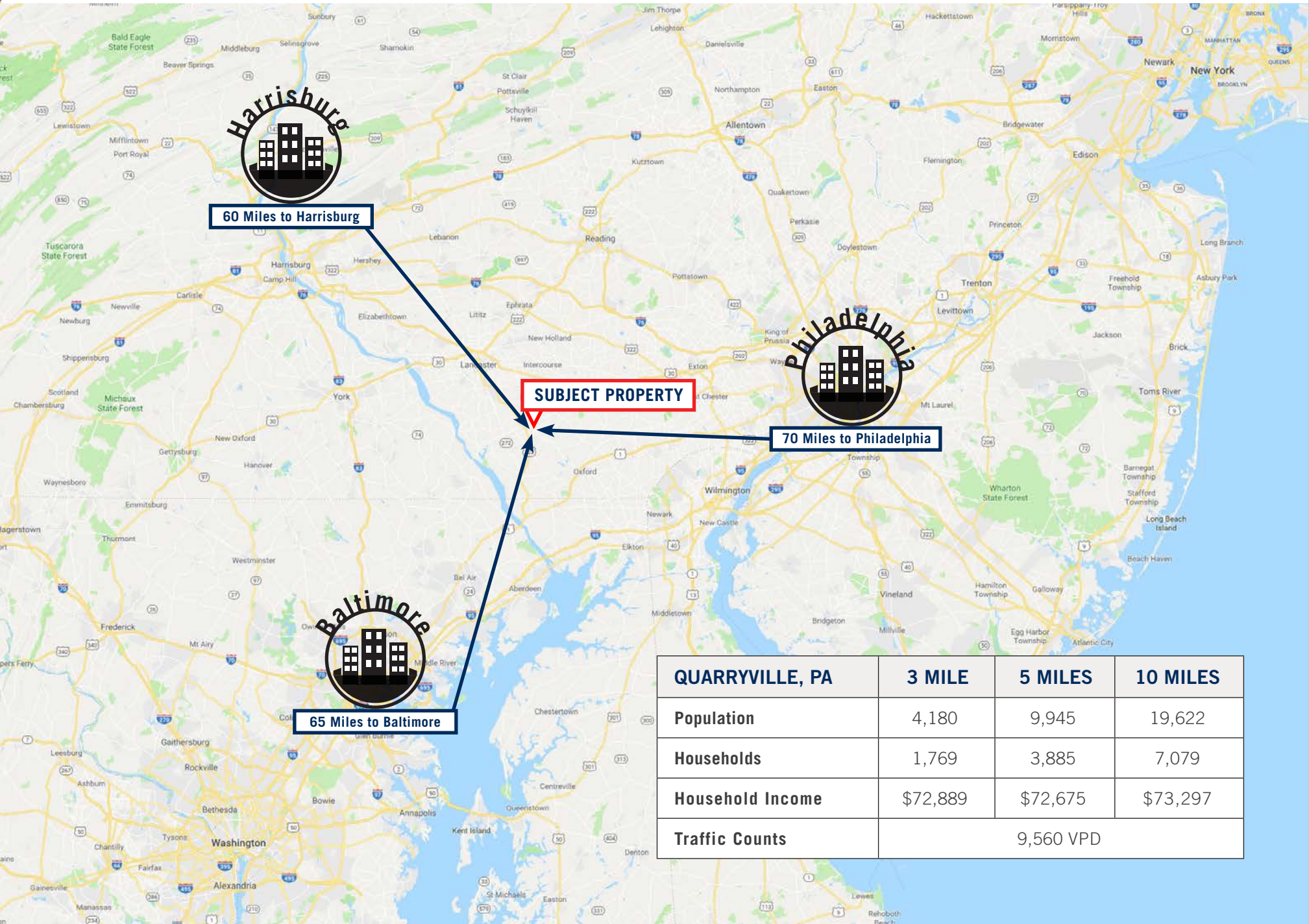
EG Group employs more than 26,000 staff working in 4,600-plus sites across various European markets including the United Kingdom, France, The Netherlands, Belgium, Luxembourg and Italy.

Zuber Issa and Mohsin Issa, founders and co-CEOs of Euro Garages, were jointly named the 2016 NACS Insight European Convenience Industry Leader of the Year.

MARKET OVERVIEW



REGIONAL MAP:



| QUARRYVILLE, PA | 3 MILE | 5 MILES | 10 MILES |
|------------------|-----------|----------|----------|
| Population | 4,180 | 9,945 | 19,622 |
| Households | 1,769 | 3,885 | 7,079 |
| Household Income | \$72,889 | \$72,675 | \$73,297 |
| Traffic Counts | 9,560 VPD | | |

QUARRYVILLE, PA

LOCATION OVERVIEW

2018 10 MILE RADIUS

POPULATION

19,622

MEDIAN AGE

32.2

AVERAGE HOUSEHOLD INCOME

\$73,297

NUMBER OF HOUSEHOLDS

7,079

NUMBER OF EMPLOYEES

1,277

MEDIAN PROPERTY VALUE

\$183,000

ABOUT

Quarryville, PA has a population of 19,622 people with a median age of 32.2 and an average household income of \$73,297. Between 2015 and 2016 the one mile population of Quarryville, PA grew from 2,687 to 2,722, a 1.3% increase and its median household income grew from \$54,476 to \$56,875, a 4.4% increase.

The largest universities in Quarryville, PA are Millersville University of Pennsylvania, with 1,747 graduates, Franklin and Marshall College, with 641 graduates, and Pennsylvania College of Health Sciences, with 515 graduates.

The median property value in Quarryville, PA is \$183,000, and the homeownership rate is 59.5%. Most people in Quarryville, PA commute by Drove Alone, and the average commute time is 25 minutes. The average car ownership in Quarryville, PA is 2 cars per household.

Quarryville, PA is a census place located in Lancaster County, PA.

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this single tenant property.



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