



Covington
Pike Rd
33,000 VPD

PENSKE LEASE – SUBLET TO AUTONATION

1970 COVINGTON PIKE, 1946 COVINGTON PIKE, MEMPHIS, TN 38134

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EXCLUSIVELY LISTED BY:

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INVESTMENT SUMMARY

List Price:	\$9,601,200
Current NOI:	\$576,072
Initial Cap Rate:	6.00%
Land Acreage:	13.64 Acres
Year Built	1979
Building Size:	58,377 SF
Price PSF:	\$17.13
Lesse:	Penske Automotive Group
Sub-Lesse:	AutoNation, Inc.
Lease Type:	Absolute Triple Net
Lease Term:	30 Years
Term Remaining:	14 Years

INVESTMENT OFFERING

Fortis Net Lease is proud to present 1970 Covington Pike, 1946 Covington Pike and 1917 Lunder Dr. in Memphis, TN, a freestanding single-tenant Auto Dealership, Sales, and Service property leased to Penske Automotive Group and sublet to AutoNation, Inc., America's largest automotive retailer. As of December 31, 2016, AutoNation, Inc. owns and operates 371 new vehicle franchises from 260 stores located in the United States. The property is comprised of 2 buildings totaling 45,248 square feet and was built-out in 1989. This is a strategically positioned location in a very dense retail corridor. This property is encumbered by a 14-year triple net lease guaranteed by Roger Penske and subleased to AutoNation. This location is mission-critical for AutoNation's adjacent Honda new car showroom to stay in compliance with Honda Corporate Guidelines. The tenant has occupied property since 1999. AutoNation owns and operates 4 dealerships in Memphis as well as many service centers that include AutoNation Ford Memphis, AutoNation Nissan Memphis, AutoNation GMC Mendenhall, AutoNation Ford Wolfchase, and AutoNation Memphis Service Center.



PRICE \$9,601,200



CAP RATE 6.00%



LEASE TYPE Absolute Triple Net



TERM REMAINING 14 Years

INVESTMENT HIGHLIGHTS

- 14 Year Triple Net Lease
- Zero Landlord Responsibilities
- Lease Guaranteed by Penske Automotive Group Who Subleases (at a profit) to AutoNation, Inc.
- **Mission Critical Lot** - The subject property acreage is needed to keep the adjacent AutoNation Honda new car showroom operating in compliance with Corporate guidelines
- **Extreme Barriers To Entry** - It Is Virtually Impossible For AutoNation To Relocate Their Honda New Car Show Room
- 5 Mile Population Exceeds 200,000
- 5 Mile Average Household Income Exceeds \$66,000

FINANCIAL SUMMARY

INCOME		PER SF
Gross Income	\$576,072	\$9.87
EXPENSE		
		PER SF
Gross Expenses	-	-
NET OPERATING INCOME	\$576,072	\$9.87

PROPERTY SUMMARY

Year Built:	1979
Year Renovated:	2003
Lot Size:	12 Acres
Building Size:	58,377 SF
Zoning:	Commercial
Construction Style:	Car Dealership

LEASE SUMMARY

Tenant:	Auto Nation, Inc.
Lease Type:	Triple Net
Primary Lease Term:	30 Years
Term Remaining:	14 Years
Annual Rent:	\$576,072
Landlord Responsibilities:	None
Taxes, Insurance & CAM:	Tenant Responsibility
Roof, Structure & Parking:	Tenant Responsibility
Lease Start Date:	2003
Lease Expiration Date:	2033
Rent Bumps:	5% Increase Every 5 Years
Renewal Options:	Two, 5-Years Option
Lease Guarantor:	Penske Automotive Group
Lease Guarantor Strength Moody's:	Baa2
Lease Guarantor Strength S&P:	BBB
Tenant Website:	www.penske.com



GROSS SALES:
\$22.8B



STORE COUNT:
3,145



GUARANTOR:
PAG



S&P:
BBB



OVERVIEW

Company:	Penske Automotive Group
Role:	Sub-Lessor
Founded:	1990
Total Revenue:	\$22.8 Billion
Net Income:	\$470.3 Million
Net Worth:	\$2.634 Billion
Headquarters:	Bloomfield Hills, MI
Website:	www.penskeautomotive.com

TENANT HIGHLIGHTS

- In 2018 - Penske Automotive Group generated over \$22 Billion in Revenue
- As of December 31, 2017, we operated 343 retail automotive franchises, of which 155 franchises are located in the U.S. and 188 franchises are located outside of the U.S.
- In 2017 Penske retailed and wholesaled more than 618,900 vehicles
- Operates over 3,145 Location Worldwide through its subsidiaries

RENT SCHEDULE

LEASE YEARS	ANNUAL RENT	MONTHLY RENT
1-4	\$576,072	\$48,006
5-9	\$593,354	\$49,446
10-14	\$611,154	\$50,930
Option 1	\$629,489	\$52,457
Option 2	\$648,374	\$54,031

SUB-LESSOR PROFILE

Penske Corporation is a closely-held, on-highway diversified transportation services company, whose subsidiaries operate in a variety of segments, including retail automotive, truck leasing, logistics, transportation component manufacturing, and professional motorsports. Penske Automotive Group, headquartered in Bloomfield Hills, Michigan, is an international transportation services company that operates automotive and commercial truck dealerships principally in the United States, Canada, and Western Europe, and distributes commercial vehicles, diesel engines, gas engines, power systems and related parts and services principally in Australia and New Zealand. Penske Automotive Group employs more than 27,000 people worldwide and is a member of the Fortune 500, Russell 1000, and Russell 3000 indexes, and is ranked among the World's Most Admired Companies by Fortune Magazine. Penske Automotive was founded as the United Automotive Group in 1990 and was acquired by Penske Corporation and Roger Penske in May 1999. On July 2, 2007, United Automotive Group changed its corporate name to Penske Automotive Group, Inc; and changed its ticker symbol on the NYSE to PAG.



AutoNation Honda

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OVERVIEW

Company:	AutoNation, Inc,
Role:	Sub-Lessee
Founded:	1996
Total Revenue:	\$21.41 Billion
Net Income:	\$777 Million
Net Worth:	\$2.7 Billion
Headquarters:	Fort Lauderdale, Florida
Website:	www.autonation.com

TENANT HIGHLIGHTS

- AutoNation, Inc. Reported over \$777 Million in Sales in 2018
- 2019 2nd Quarter EPS from continuing operations for the second quarter was a record \$1.12
- 2019 2nd Quarter Net income from continuing operations was \$101 million, up 4% compared to the second quarter of 2018
- AutoNation, Inc. is an S&P 400 Component and Rated a BBB-
- Moody's Credit Rating of Baaa3

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SUB-LESSEE PROFILE

AutoNation, Inc., through its subsidiaries, is the largest automotive retailer in the United States. As of December 31, 2016, they owned and operated 371 new vehicle franchises from 260 stores located in the United States, predominantly in major metropolitan markets in the Sunbelt region. Their stores sell 35 different new vehicle brands. The core brands of new vehicles that they sell, representing approximately 94% of the new vehicles that they sold in 2016, are manufactured by Toyota (including Lexus), Ford, Honda, General Motors, FCA US, Mercedes-Benz, Nissan, BMW, and Volkswagen (including Audi and Porsche). AutoNation, Inc. offers a diversified range of automotive products and services, including new vehicles, used vehicles, "parts and service," (which includes automotive repair and maintenance services, wholesale parts and collision businesses), and automotive "finance and insurance" products, (which include vehicle service and other protection products, as well as the arranging of financing for vehicle purchases through third-party finance sources). b

AUTONATION, INC. FINANCIALS - OVER THE YEARS (IN MILLIONS)

- 2017 REVENUE \$ 21,534.6
- 2016 REVENUE \$ 21,609.0
- 2015 REVENUE \$ 20,862.0
- 2014 REVENUE \$ 19,108.8
- 2013 REVENUE \$ 17,517.6
- 2012 REVENUE \$ 15,667.5

AUTO NATION HONDA DEALERSHIP

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 FORTIS NET LEASE™



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AUTO NATION HONDA DEALERSHIP

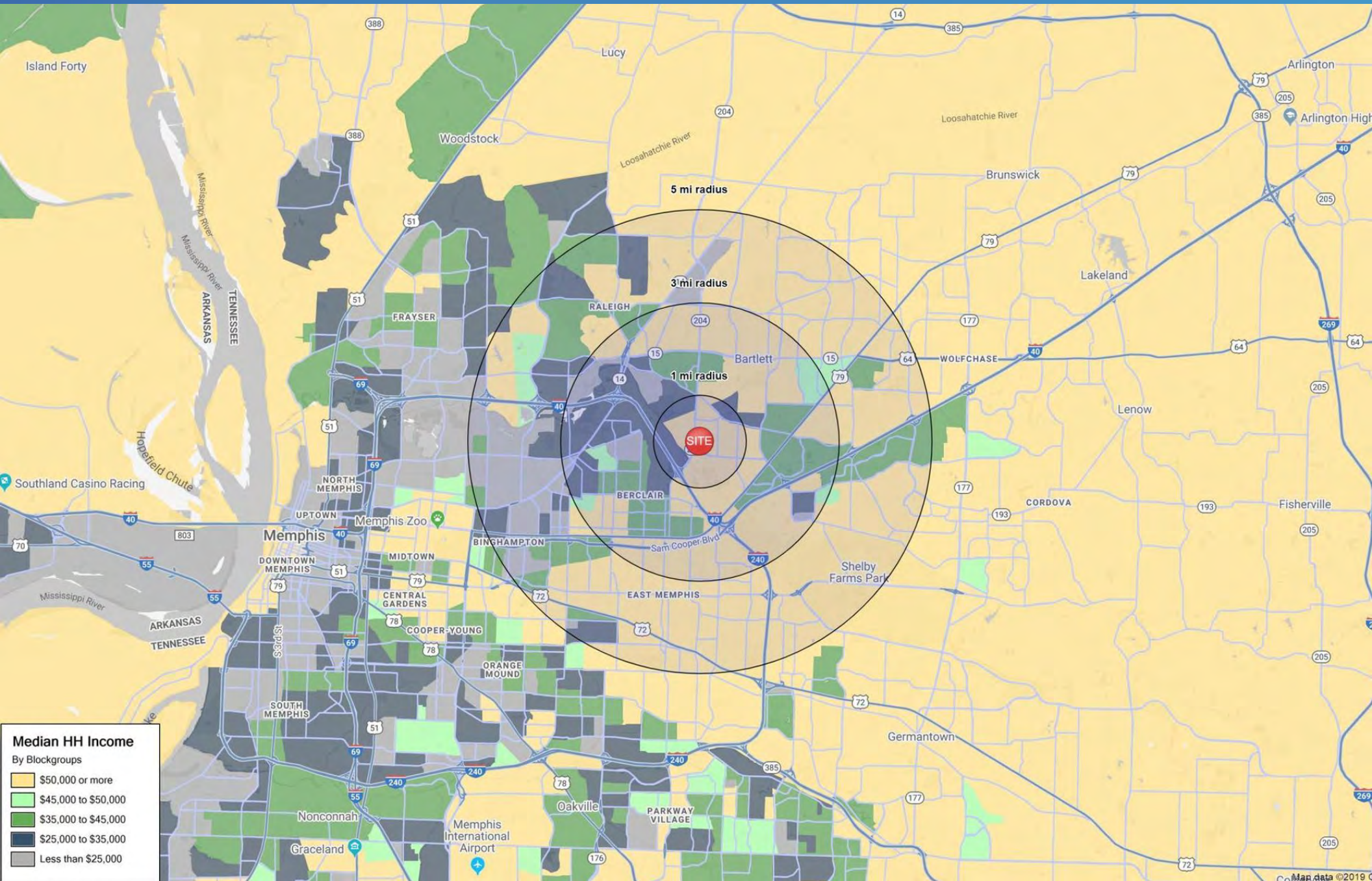
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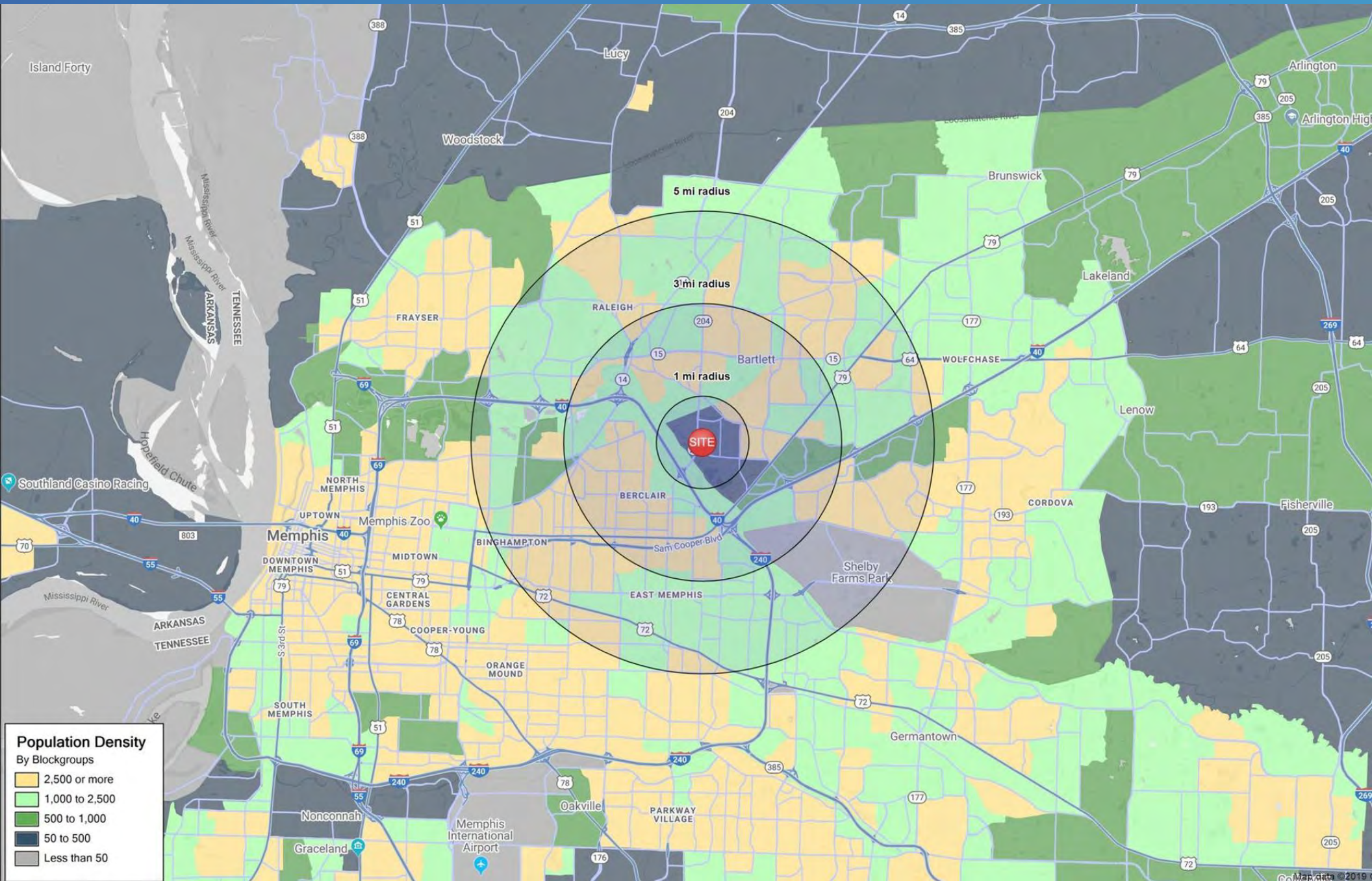
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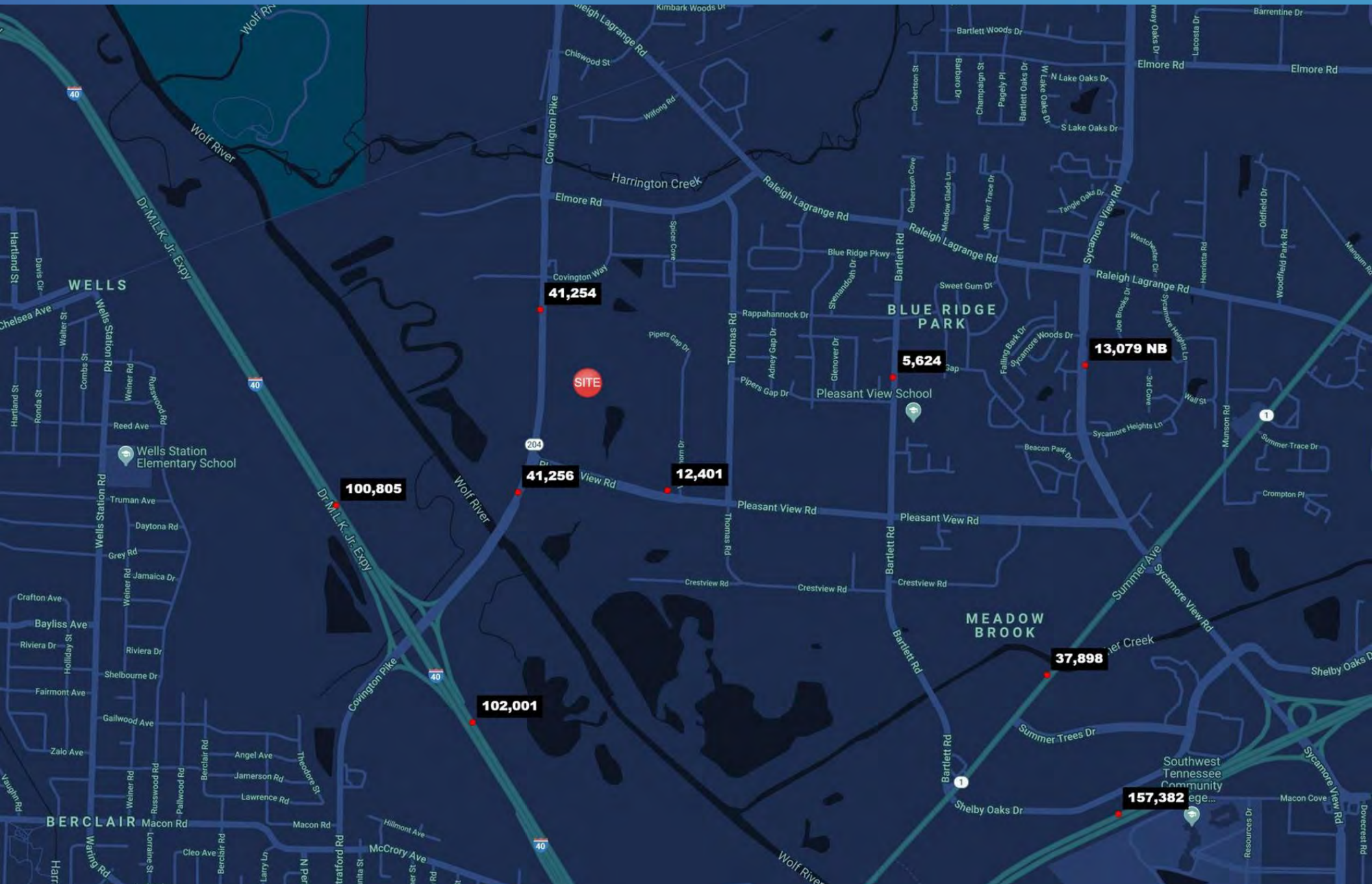
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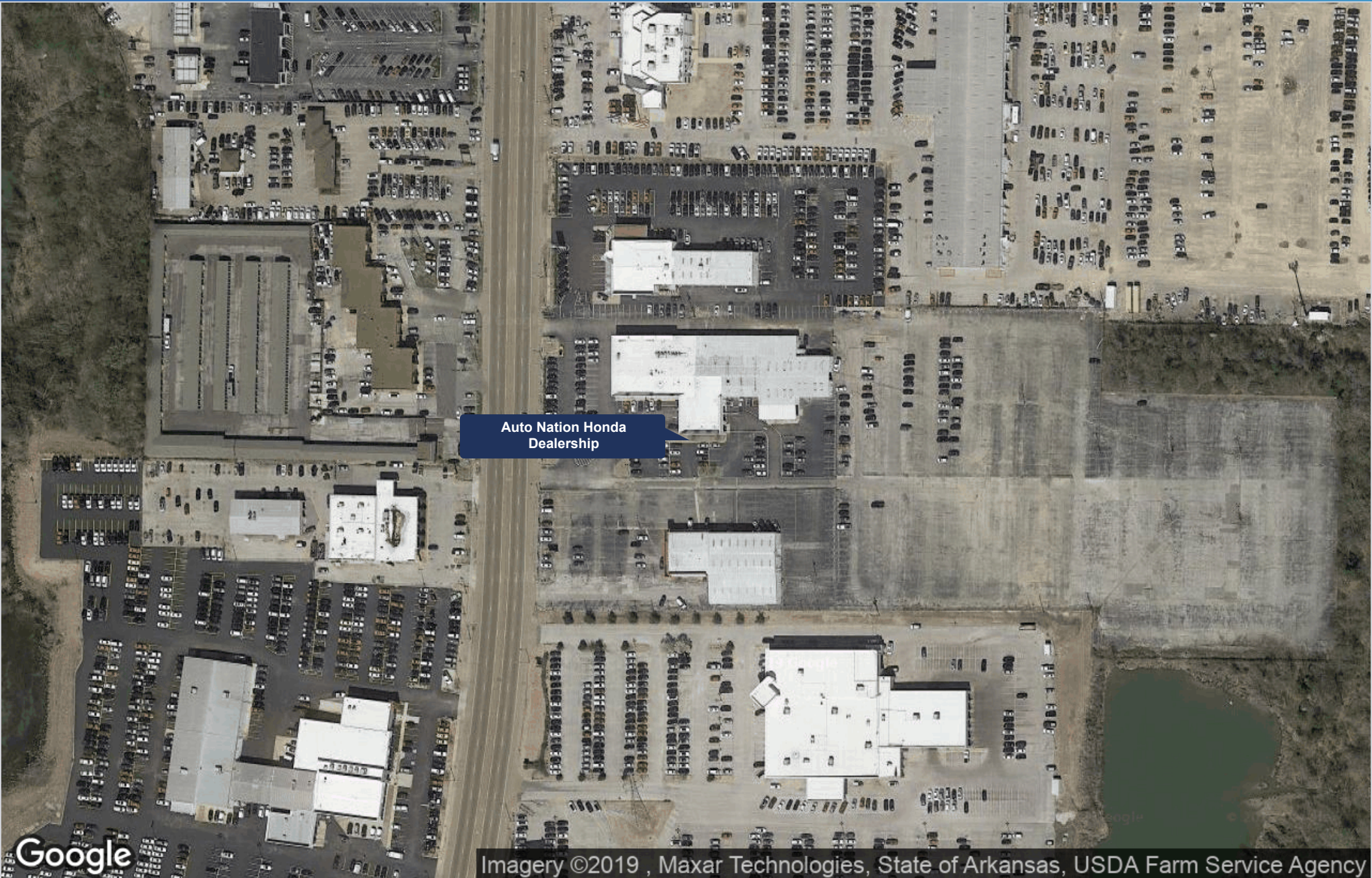


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AUTO NATION HONDA DEALERSHIP

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Auto Nation Honda
Dealership

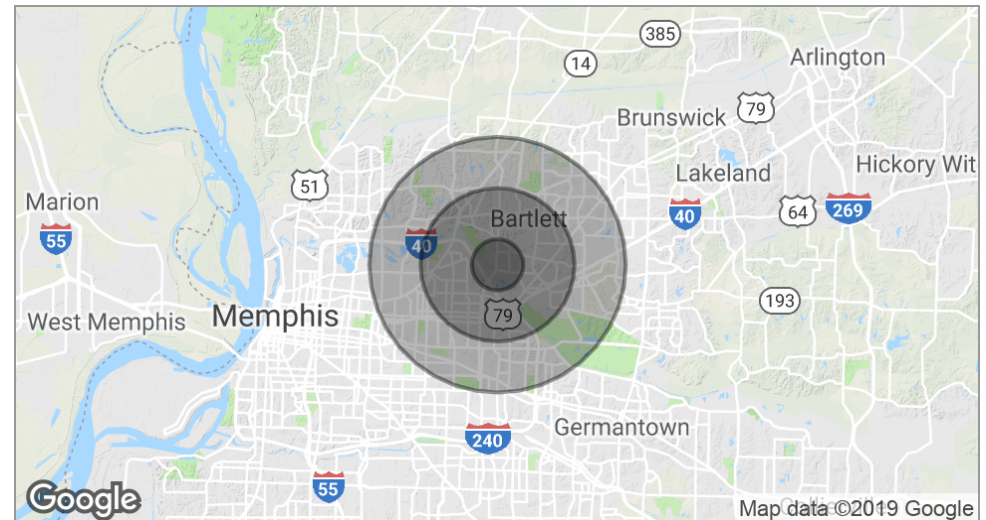
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POPULATION	1 MILE	3 MILES	5 MILES
Total Population 2018	2,311	75,255	200,418
Average Age	35.9	36.2	37.1
# Of Persons Per HH	2.7	2.6	2.5
HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
Total Households	839	27,000	76,689
Average HH Income	\$51,324	\$55,544	\$66,528
Median House Value	\$115,410	\$112,777	\$138,235

Memphis is a city located along the Mississippi River in southwestern Shelby County, Tennessee, United States. The 2017 city population was 652,236, making Memphis the largest city on the Mississippi River, the second most populous city in Tennessee, as well as the 26th largest city in the United States. Greater Memphis is the 42nd largest metropolitan area in the United States, with a population of 1,348,260 in 2017. The city is the anchor of West Tennessee and the greater Mid-South region, which includes portions of neighboring Arkansas and Mississippi. Memphis is the seat of Shelby County, the most populous county in Tennessee. As one of the most historic and cultural cities of the southern United States, the city features a wide variety of landscapes and distinct neighborhoods.

Today, Memphis is a regional center for commerce, education, media, art, and entertainment. The city has long had a prominent music scene, with historic blues clubs on Beale Street originating the unique Memphis blues sound during early 20th century. The city's music has continued to be shaped by a multi-cultural mix of influences across the blues, country, rock n' roll, soul, and hip-hop genres.





TOTAL SALES VOLUME

\$5.5B

PROPERTIES SOLD

2,500+

BROKER & BUYER REACH

345K

STATES SOLD IN

40

Click to Meet Team Fortis

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