



# SHEETZ GROUND LEASE

WINSTON-SALEM, NORTH CAROLINA

YURAS  
AICALE  
FORSYTH | Leased Investment Team

## OFFERING MEMORANDUM



**\$3,052,500 | 4.75% CAP RATE**

- » New 15-Year Corporate Ground Lease
- » Scheduled Rental Increases
- » Sheetz is Privately Owned and Operates Over 500 Locations
- » High-Traffic Location in Dense Retail Corridor
  - » Silas Creek Parkway and Fairlawn Drive Intersection - 38,000 AADT
- » Central Winston-Salem Location with Robust Demographics
  - » Over 138,000 People in a Five-Mile Radius
  - » Close Proximity to Downtown Winston-Salem and Wake Forest University
- » Prime Location in Retail Development Site Anchored by Lidl Grocery Store

FILE PHOTO

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Cushman & Wakefield (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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# INVESTMENT SUMMARY

<b>ADDRESS</b>	Southwest corner of Silas Creek Parkway & Fairlawn Drive, Winston-Salem, North Carolina
<b>PRICE</b>	<b>\$3,052,500</b>
<b>CAP RATE</b>	<b>4.75% return</b>
<b>NOI</b>	\$144,996
<b>TERM</b>	15 years
<b>RENT COMMENCEMENT</b>	June 2017
<b>LEASE EXPIRATION</b>	May 2032
<b>RENTAL INCREASES</b>	10% rental increases every five years during option periods
<b>YEAR BUILT</b>	2017
<b>BUILDING SF</b>	6,485 SF
<b>PARCEL SIZE</b>	2.12 acres ( 92,347 SF)
<b>LEASE TYPE</b>	Absolute NNN ground lease - the lease is absolute net with the tenant responsible for taxes, insurance, and all maintenance, including roof and structure

## ABSOLUTE NET LEASE WITH FIXED RENTAL INCREASES

- » 15-year corporate lease with seven five-year option periods
- » 10% rental increases every five years throughout the option periods, providing a hedge against inflation
- » Absolute NNN ground lease requires no landlord management, providing a passive investment for an out-of-area investor

## SHEETZ HAS A LONG-STANDING OPERATIONAL HISTORY SINCE EARLY 50s

- » One of the fastest growing convenience stores in the world
- » 500 locations across six states and more than 17,000 employees

## HIGH-TRAFFIC, HARD-CORNER LOCATION IN DENSE RETAIL CORRIDOR

- » Intersection of Silas Creek Parkway and Fairlawn Drive - 38,000 AADT
- » Close proximity to several large retail centers featuring major national tenants

## CENTRAL LOCATION WITH ROBUST DEMOGRAPHICS

- » Over 138,000 people in a five-mile radius
- » Close proximity to downtown Winston-Salem and Wake Forest University

## PRIME LOCATION IN NEW RETAIL DEVELOPMENT

- » \$20 million retail development
- » Will feature 91,000 SF of retail once completed
- » Anchored by a 36,000 SF Lidl grocery store
- » Lidl is a global discount supermarket chain based in Germany; this will be one of the first Lidl stores in the U.S.

FILE PHOTO



Loehmann's Plaza



Reynolda Manor Shopping Center



Pine Ridge Plaza



Reynolda Manor Branch Library

Reynolda Road (22,000 AADT)

Fairlawn Drive (10,000 AADT)



Under Construction Retail Development

Under Construction Retail Development



Under Construction GB-S Development



Silas Creek Parkway (28,000 AADT)

Reynolda Manor Shopping Center



Reynolda Manor Branch Library



Reynolda Road (22,000 AADT)



Under Construction Retail Development

Fairlawn Drive (10,000 AADT)

Under Construction Retail Development

Under Construction GB-S Development

Silas Creek Parkway (28,000 AADT)

Pine Ridge Plaza





Under Construction Retail Development

Under Construction GB-S Development

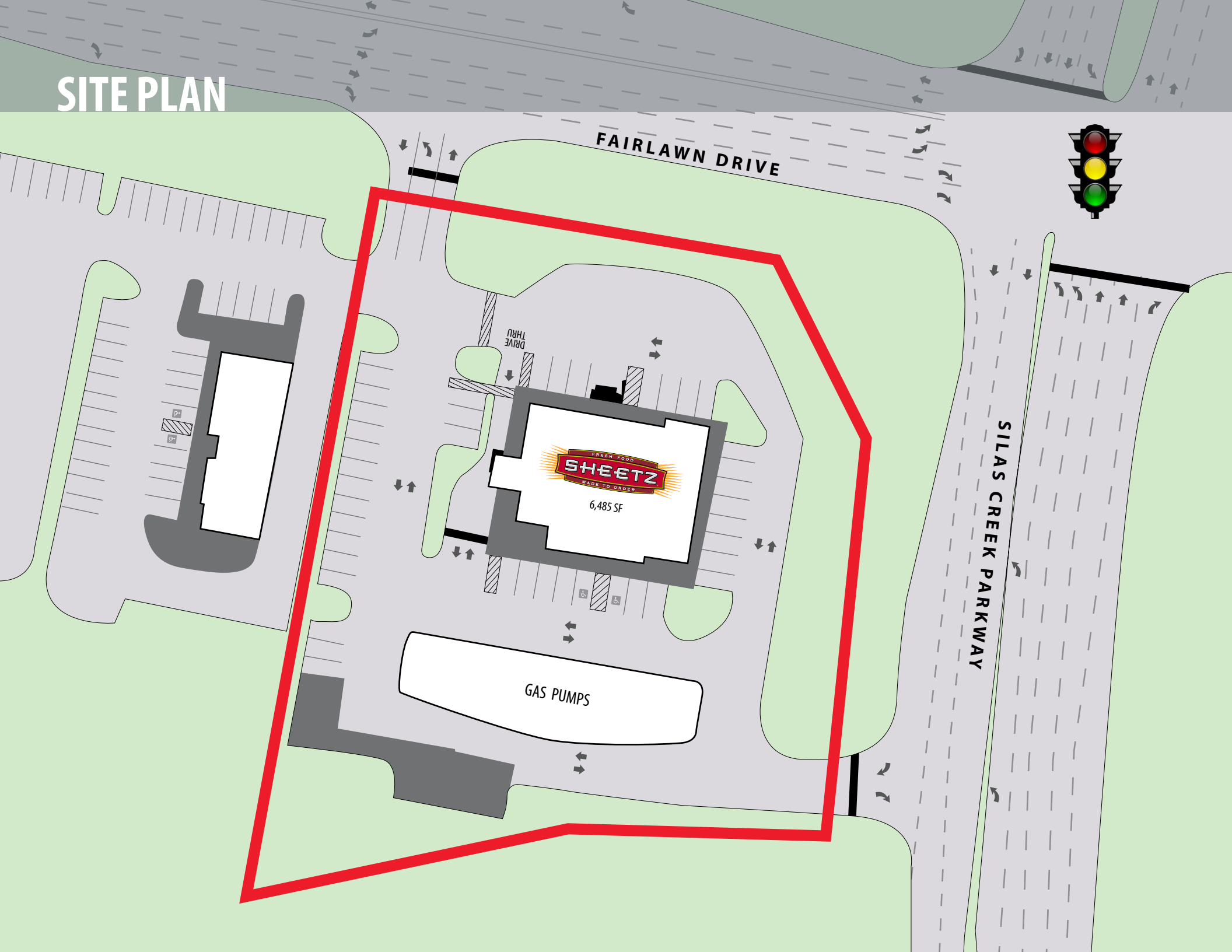
Under Construction Retail Development

Fairlawn Drive (10,000 AADT)

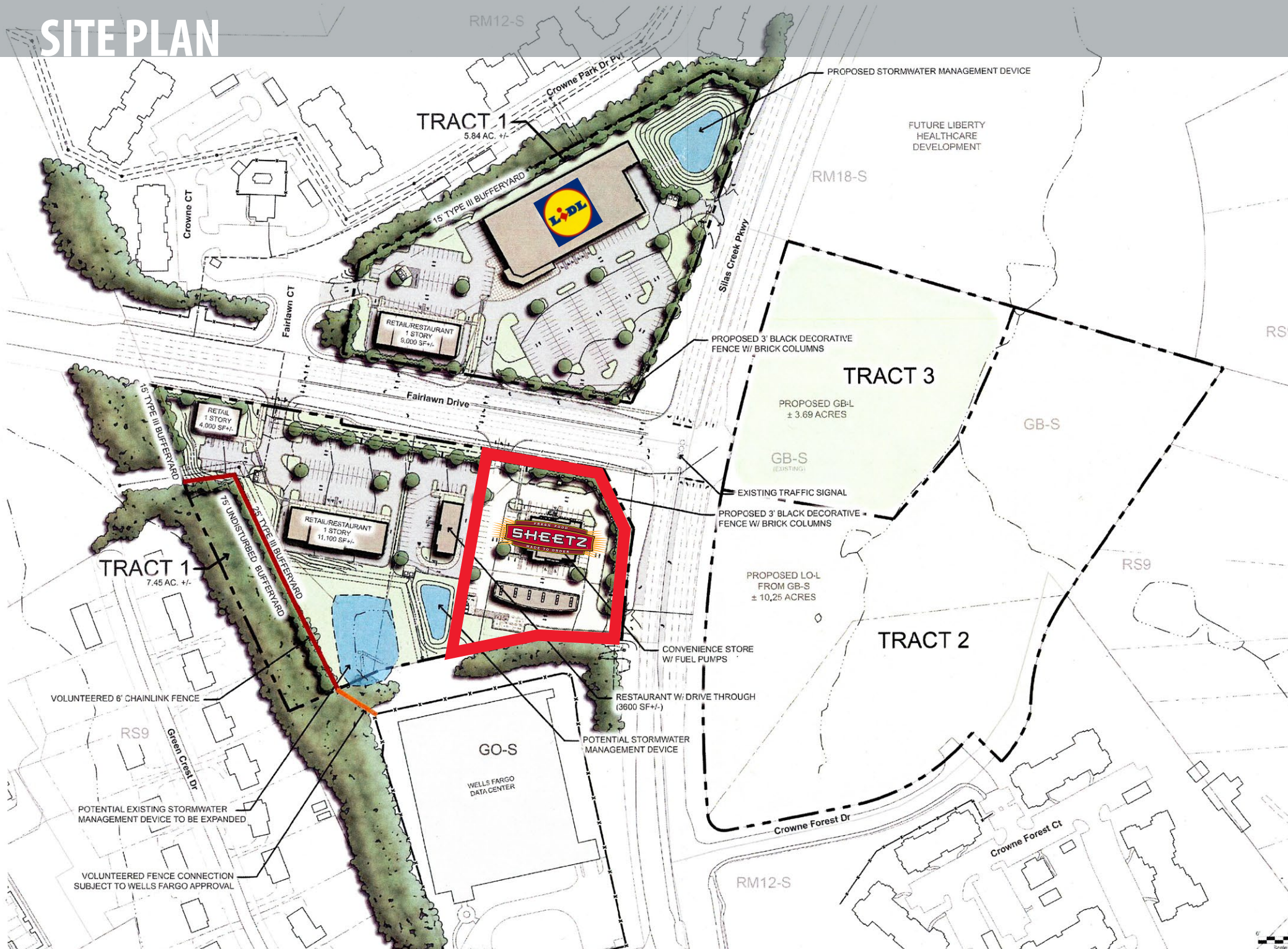
Silas Creek Parkway (28,000 AADT)



# SITE PLAN



# SITE PLAN



TRACT 1  
5.84 AC +/-

PROPOSED STORMWATER MANAGEMENT DEVICE

FUTURE LIBERTY  
HEALTHCARE  
DEVELOPMENT

RM18-S

15' TYPE III BUFFERYARD



PROPOSED 3' BLACK DECORATIVE  
FENCE W/ BRICK COLUMNS

TRACT 3

PROPOSED GB-L  
± 3.69 ACRES

GB-S

GB-S  
(EXISTING)

EXISTING TRAFFIC SIGNAL

PROPOSED 3' BLACK DECORATIVE  
FENCE W/ BRICK COLUMNS

PROPOSED LO-L  
FROM GB-S  
± 10.26 ACRES

RS9

TRACT 2

CONVENIENCE STORE  
W/ FUEL PUMPS

RESTAURANT W/ DRIVE THROUGH  
(3600 SF +/-)

POTENTIAL STORMWATER  
MANAGEMENT DEVICE

GO-S

WELLS FARGO  
DATA CENTER

RM12-S

TRACT 1  
7.45 AC +/-

RETAIL  
1 STORY  
4,000 SF +/-

RETAIL/RESTAURANT  
1 STORY  
11,100 SF +/-

15' TYPE III BUFFERYARD

25' UNDISTURBED BUFFERYARD

VOLUNTEERED 6' CHAINLINK FENCE

POTENTIAL EXISTING STORMWATER  
MANAGEMENT DEVICE TO BE EXPANDED

VOLUNTEERED FENCE CONNECTION  
SUBJECT TO WELLS FARGO APPROVAL

RS9

Green Crest Dr

Crowne Forest Dr

Crowne Forest Ct



# TENANT SUMMARY



Sheetz, Inc. is a chain of gas stations/convenience stores owned by the Sheetz family. Since 1952, Sheetz has grown from a small dairy/deli in Altoona, Pennsylvania to one of the fastest growing family-owned convenience store chain in the world, with more than 500 locations across six states (Pennsylvania, Maryland, Virginia, West Virginia, Ohio, and North Carolina) and more than 17,000 employees. All Sheetz stores are company-owned and operated and are open 24 hours a day, 365 days a year. Sheetz currently ranks 59th on the *Forbes* list of largest private companies in the U.S.

Sheetz started off with their signature “MTO” name, which stands for “made-to-order.” By 1999, Sheetz was selling 10,000 MTO units a day. Sheetz now trains employees to function as baristas for their newest brand of “Sheetz Bros. Coffeez”, with higher-grade coffee than typically found in convenience stores. With the introduction of the “Convenience Restaurant” concept, they have expanded their menu. Customers can purchase made-to-order sandwiches and hot dogs, as well as pizza, paninis, breakfast items, salads, and chili. French fries, chicken strips, and other fried appetizers are available at all locations. The Espresso Bar, which offers specialty coffees, is also available at certain locations. During 2008 to 2009, Sheetz rolled out “MTGo!”, a grab and go assortment of sandwiches, wraps, and other small items for the customer in a hurry. Along with “MTGo!”, Sheetz unveiled “Shweetz Bakery” items, including donuts, fritters, and cinnamon rolls, all made fresh and delivered daily from the new “Sheetz Bros. Kitchen” in Claysburg, Pennsylvania.

<b>OWNERSHIP</b>	Private	<b># OF LOCATIONS</b>	500+
<b>REVENUE</b>	\$6.9B	<b>WEBSITE</b>	<a href="http://www.sheetz.com">www.sheetz.com</a>

# LEASE ABSTRACT

<b>TENANT</b>	Sheetz, Inc.		
<b>ADDRESS</b>	Southwest corner of Silas Creek Parkway & Fairlawn Drive, Winston-Salem, North Carolina		
<b>RENT COMMENCEMENT</b>	June 2017		
<b>LEASE EXPIRATION</b>	May 2032		
<b>RENEWAL OPTIONS</b>	Seven (7) five (5) year options		
<b>RENTAL INCREASES</b>	<b>YEARS:</b>	<b>RENT:</b>	<b>RETURN:</b>
	1-15	\$144,996	4.75%
	16-20 (Option 1)	\$159,492	5.22%
	21-25 (Option 2)	\$175,440	5.75%
	26-30 (Option 3)	\$192,984	6.32%
	31-35 (Option 4)	\$212,292	6.95%
	36-40 (Option 5)	\$233,520	7.65%
	41-45 (Option 6)	\$256,872	8.42%
	46-50 (Option 7)	\$282,552	9.26%
<b>REAL ESTATE TAXES</b>	Tenant shall pay all real estate taxes which may be levied, assessed or charged against the Demised Premises.		
<b>INSURANCE</b>	Tenant, at Tenant’s sole cost, shall obtain and maintain a commercial general liability insurance policy and a property insurance policy and shall name Landlord as an additional insured.		
<b>REPAIR &amp; MAINTENANCE</b>	Tenant shall keep, maintain, repair, and replace all of Tenant’s Improvements, including the foundation, roof, exterior walls, structural portions, and the driveways, parking areas, and grounds within the Parcel.		
<b>UTILITIES</b>	Tenant shall pay all charges for utilities or services furnished to the Demised Premises.		
<b>MAINTENANCE BY LANDLORD</b>	None		
<b>RIGHT OF FIRST REFUSAL</b>	Tenant has fifteen (15) days within which to elect to purchase the Demised Premises.		

# PROPERTY OVERVIEW

## LOCATION

The property is located on Silas Creek Parkway and Fairlawn Drive, with excellent access and visibility to a combined 38,000 vehicles per day at the intersection. The site is also located near the coeducational research university, Wake Forest University, which saw a total enrollment of 7,669 students during the 2015-2016 school year. Less than half of a mile away is University Plaza, a shopping center which features major tenants like Burlington Coat Factory, Food Lion, McDonald's, and Office Depot. Additional national tenants near the property include WestRock, Lowes Foods, Wells Fargo, and Dunkin' Donuts.

The site benefits from its close proximity to Winston-Salem's Oldtown and the Reynolda Historic District. Additionally, Smith-Reynolds Airport, one of two airports that service the area, is just over five miles from the property. Downtown Winston-Salem is only a 15-minute drive from the site. Due to its convenient central location, the property is located in a densely populated area; over 138,500 people live within a five-mile radius of the site, providing a large customer base for Sheetz.

The property is located in the middle of a \$20 million retail development. Once completed, the development will feature 91,000 square feet of retail space and will be anchored by a 36,000 square foot Lidl grocery store. Lidl is a German global discount supermarket chain, and this store will be one of the first Lidl stores in the United States. A fast food restaurant with a drive-thru has been proposed next to Sheetz, while the Lidl grocery store will be directly across from the property. The development also includes several spaces for other retailers or restaurants.

## ACCESS

Access from Silas Creek Parkway and Fairlawn Drive

## TRAFFIC COUNTS

Silas Creek Parkway: 28,000 AADT  
Fairlawn Drive: 10,000 AADT

## PARKING

63 parking stalls including two (2) handicap stalls

## YEAR BUILT

2017



DOWNTOWN WINSTON-SALEM



63  
PARKING  
STALLS



2017  
YEAR BUILT

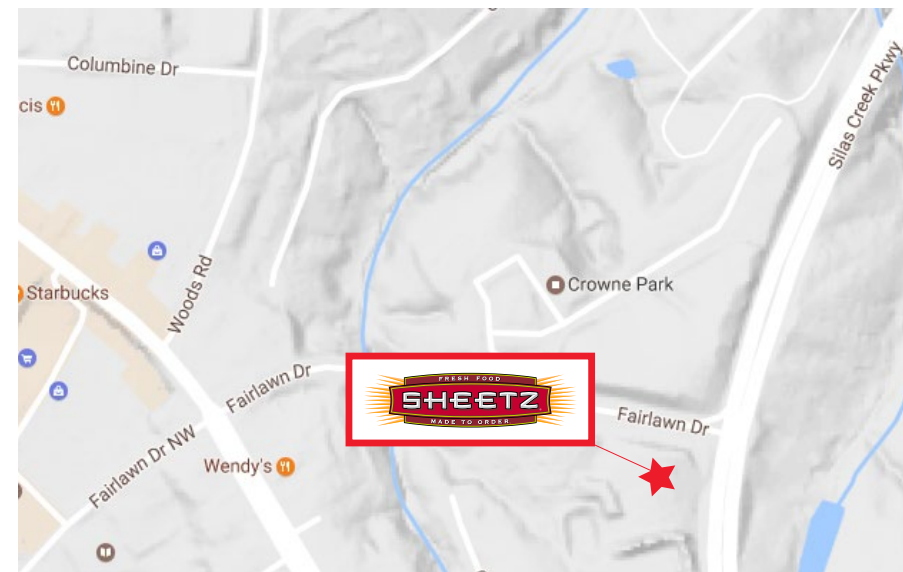
# AREA OVERVIEW

Situated in the heart of North Carolina, in the Piedmont Triad Region between the Blue Ridge Mountains and the Atlantic Ocean, Winston-Salem is the county seat of Forsyth County and the fifth largest city in the state. The 2015 census estimated Winston-Salem's population to be nearly 250,000. It is the second largest municipality in the region, and is home to the corporate headquarters of BB&T Bank, Hanesbrands Inc., Reynolds America (parent of R.J. Reynolds Tobacco Company), Lowes Foods Stores, Krispy Kreme Doughnuts, Blue Rhino, and others. Known as the City of Arts and Innovation, Winston-Salem is near more than 40 wineries, 12 golf courses, four historic and award-winning gardens, approximately 450 dining establishments, and six higher education institutions, including Winston-Salem State University and Wake Forest University. The Metropolitan Statistical Area (MSA) of Winston-Salem/Forsyth County has an estimated population of 365,298 as of 2014 census. The MSA holds over 80 schools in its system, which serve over 53,300 students.

- » Winston-Salem has implemented a plan to base the foundation of its local economy on 'knowledge industries' through new investment in education, technology, and research.
- » Winston-Salem's Piedmont Triad Research Park is poised to be the largest urban research park in the United States and is currently home to over 50 life science and technology organizations.
- » Piedmont Triad International Airport, located 20 miles from downtown Winston-Salem, services an average of 70,000 passengers a month.
- » In 2012, the city was listed among the 10 best places to retire in the U.S. by *CBS MoneyWatch*.
- » Winston-Salem is home to the minor-league team, the Winston-Salem Dash, affiliate of the Chicago White Sox.
- » The University of North Carolina School of Arts, located in Winston-Salem, is the only state-supported school for the arts in the nation.
- » Since 2005, Winston-Salem has hosted the Twin City Ribfest, an event that has been recognized by *Bon Appetit* magazine, *MarthaStewart.com*, *USA Today*, and has been named a "Top 20 Event" by the Southeast Tourism Bureau for several years.

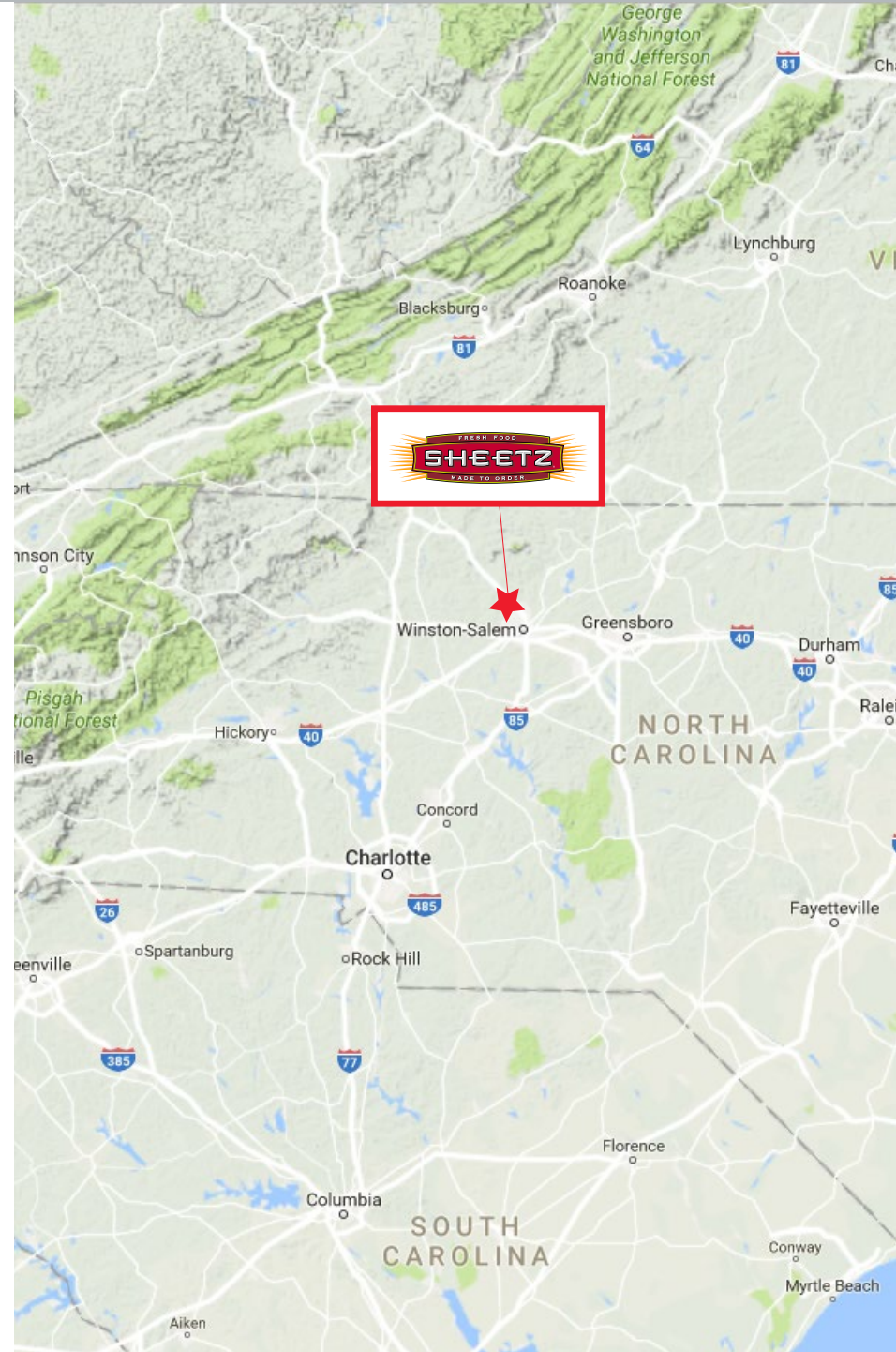
## MAJOR EMPLOYERS IN FORSYTH COUNTY # OF EMPLOYEES

MAJOR EMPLOYERS IN FORSYTH COUNTY	# OF EMPLOYEES
NOVANT HEALTH	13,673
WAKE FOREST UNIVERSITY BAPTIST MEDICAL CENTER	12,563
WINSTON-SALEM/FORSYTH COUNTY SCHOOLS	7,000
BB&T	4,050
WELLS FARGO BANK	3,700
WAKE FOREST UNIVERSITY	2,749
CITY OF WINSTON-SALEM	2,573
HANESBRANDS	2,500
REYNOLDS AMERICA	2,500
LOWES FOODS STORES	2,072



# DEMOGRAPHIC PROFILE

<b>2016 SUMMARY</b>	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
Population	7,672	57,341	138,558
Households	3,843	22,629	56,667
Families	1,296	13,015	32,538
Average Household Size	1.77	2.35	2.33
Owner Occupied Housing Units	935	11,007	28,226
Renter Occupied Housing Units	2,909	11,622	28,442
Median Age	29.0	34.4	37.3
Average Household Income	\$48,932	\$74,703	\$69,131
<b>2021 ESTIMATE</b>	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
Population	7,765	59,691	144,595
Households	3,882	23,499	59,001
Families	1,286	13,423	33,679
Average Household Size	1.78	2.36	2.34
Owner Occupied Housing Units	933	11,296	29,290
Renter Occupied Housing Units	2,949	12,204	29,711
Median Age	30.0	34.9	38.0
Average Household Income	\$52,608	\$80,467	\$75,006



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