



Tenant Description

7-Eleven is one of the world's largest convenience retailers. Currently, 7-Eleven operates, franchises, or licenses more than 63,000 stores across 18 countries. The chain may best be known for their iconic Slurpees.

7-Eleven started as a place to pick up everyday staples on the dock of a Dallas icehouse. This made it as easy as possible for a large number of icehouse employees to pick up supplies on their way home after work. The series of "convenience stops" picked up the name 7-Eleven when they changed the hours to 7am to 11pm seven days a week. Since 7-Eleven's founding in 1927, they have been a leader, having established the world's first convenience store. They would go on to become the first convenience store to remain open 24/7 and the first to sell gas.

Net Lease Overview

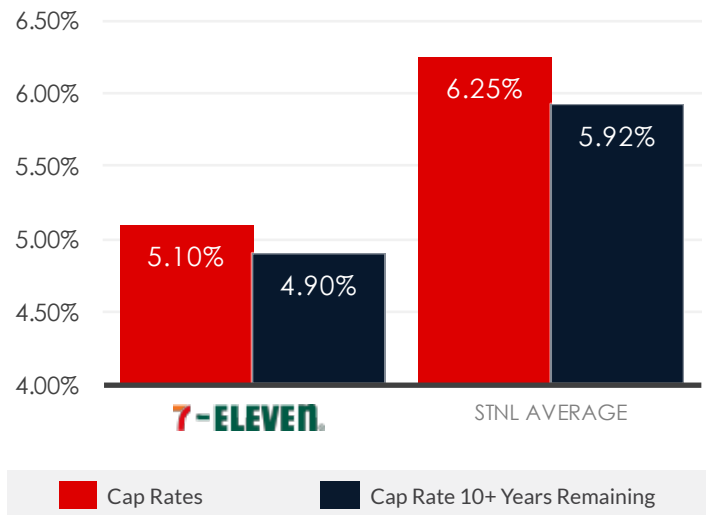
7-Eleven has a wide variety of locations, free standing corner locations to small inline strip centers, all very attractive to net lease investors. The formats are chosen to fit with the local area. Corner locations will often offer gas which helps drive customers into the retail portion of the property. While gas can be a huge draw it is not feasible at every location. Smaller inline strip center locations, typically located in densely populated areas, attract customers by accessibility. They are a place someone can grab a coffee and a newspaper on their way to work.

7-Eleven will typically sign triple net or ground leases, leaving the investor with no landlord responsibilities. Owning a fee simple 7-Eleven, which offers gas, can generate additional

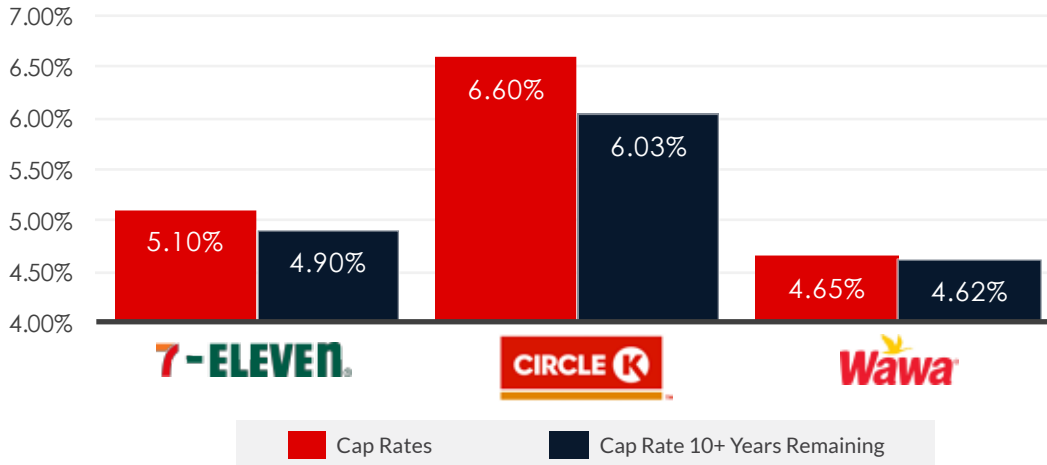
depreciation deductions due to the tax lives of the gas pumps and canopy. The 7-Eleven leases will typically have some rent increases built into the primary term of the lease, creating a hedge against inflation for an owner.

The corporate guarantee behind 7-Eleven leases is an attractive aspect of the investments. Standard & Poor's currently rates 7-Eleven AA- while Moody's currently rates them at Baa1, both ratings are considered investment grade.

Average Cap Rate Within the Last 12 Months



Average Cap Rate of Major C-Store Tenants

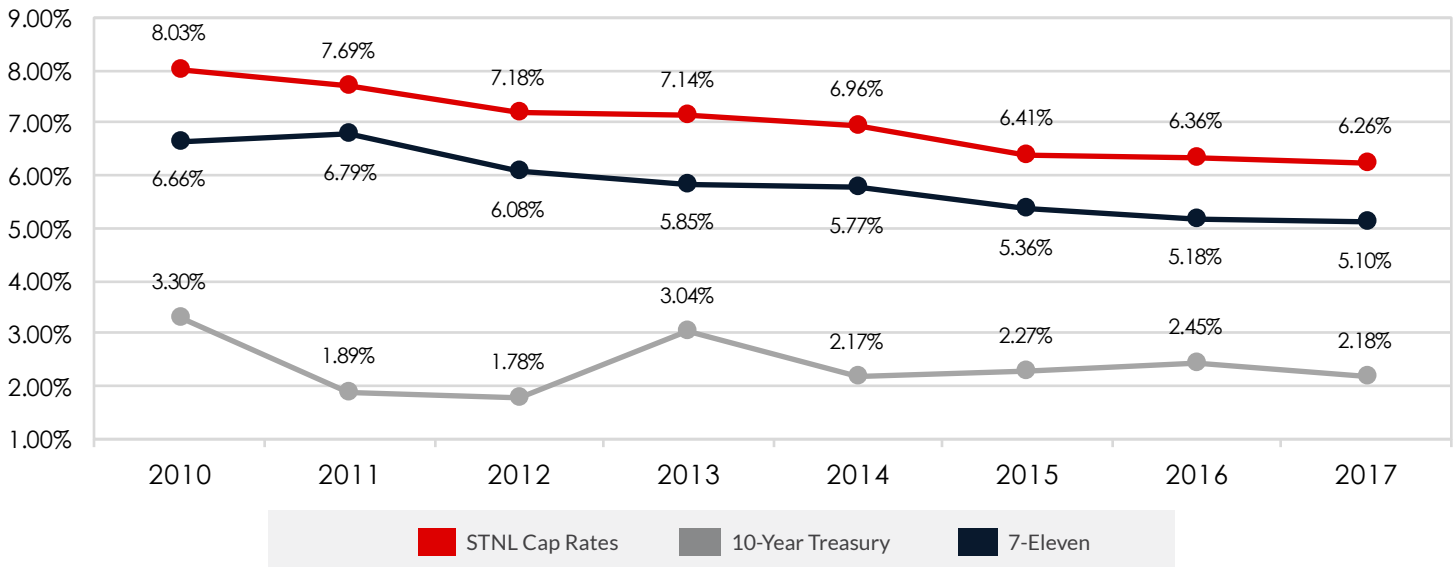


This chart shows the cap rates across a few major c-store tenants. The differences are reflective of different types of leases, lease terms, and credit profile of the tenants. 7-Eleven has a mix of triple net and ground leases with an average of 10.6 lease years remaining. Of the three major c-store tenants, Circle K had the lowest average number of lease years remaining, while Wawa had the highest number of years remaining - almost all sales were of new ground leases resulting in low cap rates.

STNL Cap Rates vs 7-Eleven Cap Rates vs 10 Year Treasury Rates

7-Eleven and the rest of the convenience store sector has remained strong in the face of rising online sales. While customers can find many products cheaply online, c-stores are there when customers demand a product immediately.

STNL Cap Rates vs 7-Eleven Cap Rates vs 10 Year Treasury Rates
Treasury Rate as of 8/21/17



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Calkain Companies LLC is a national commercial real estate firm that provides consulting and brokerage services to both private and institutional clientele with an expertise on triple net lease investments. We pride ourselves on being a world class leader by providing our clients a full array of commercial real estate investment brokerage and asset management solutions, including advisory, research, estate planning and wealth management. Calkain is headquartered in Herndon, VA with multiple locations throughout the United States.