

7-Eleven (Stripes) Convenience Store

1610 South F Street, Harlingen, Texas 78550



- FIFTEEN (15) YEAR PRIMARY TERM
 - RELOCATION STORE
- RENT INCREASES EVERY 5 YEARS
- EXPY. 83 FRONTAGE RD. ONRAMP
- 7-ELEVEN'S CREDIT RATING IS "A"
- TEXAS IS AN INCOME-TAX FREE STATE
 - MANAGEMENT-FREE INVESTMENT

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The Silver Group
www.thesilver-group.com

Investment Summary - 7-Eleven (Stripes) Convenience Store

1610 South F Street, Harlingen, Texas 78550

Purchase Price: \$5,964,900

Initial Cap Rate: 5.0%

Lease Terms:

- **Fifteen (15) Year Primary Term**
- **Absolute Net Lease - Passive**
- **Rent Increases Every 5 Years**
- **Five x 5 Year Renewal Options**

Annual Rent Schedule:

\$298,245 **Years 1 - 5**
\$320,614 **Years 6 - 10**
\$334,660 **Years 11 - 15**

Option Rent Schedule:

\$370,509 **Years 16 - 20**
\$398,297 **Years 21 - 25**
\$428,169 **Years 26 - 30**
\$460,282 **Years 31 - 35**
\$494,803 **Years 36 - 40**

Rent Start: November 9, 2023



The subject property is a single tenant **7-Eleven (dba Stripes) convenience store** located in Harlingen, Texas. 7-Eleven operates under the banner Stripes, a legacy brand acquired by the company in 2017. The property consists of a newly constructed ± 4,842 sf retail / convenience store, with 8 MPDs under canopy, at 1610 South F Street and Expressway 83. Included within the building is 7-Eleven’s proprietary, Laredo Taco Company Tex-Mex restaurant. **This is a relocation store of a successful smaller store nearby who’s lease is nearing its expiration. Stripes anticipates this to be a very high volume location based on historical sales and the fiercely loyal customer base Stripes enjoys in the Rio Grande Valley.** Stripes encompasses the entire ± 2.46 acre triangular parcel bounded by Expressway 83, F Street and Botts Park Drive. Harlingen is one of the largest cities (pop. 72,000) in the Rio Grande Valley and one of the top markets for Stripes convenience stores. This strategic location along the frontage road and entrance to Expressway 83 with daily traffic counts of more than 100,000 vehicles per day was identified by 7-Eleven for this new, large format development. **The corporate, absolute net lease is ideally structured for a passive investor seeking a reliable, long-term income stream from the industry leading, credit tenant.** Rent increases occur every 5 years of the primary term and in each of the 5 x 5 year renewal options. This property is eligible for additional tax saving advantages created by the 2017 Tax Cuts and Jobs Act. Consult your legal and tax advisor to determine how you can benefit from increased tax savings to shelter income.



Land Area: ± 2.46 Acres (± 107,157 SF)
 Building Area: ± 4,842 SF



	<u>3 mile</u>	<u>5 mile</u>
Population:	66,692	97,387
Average HH Income:	\$56,089	\$59,977

The information contained herein has been received from sources we believe to be reliable, but we have made no independent investigation of the accuracy or completeness and make no representation thereto. The above is subject to errors, omissions, or withdrawal from the market. The Silver Group advises all interested parties to conduct their own independent due diligence and not to solely depend on this memorandum.



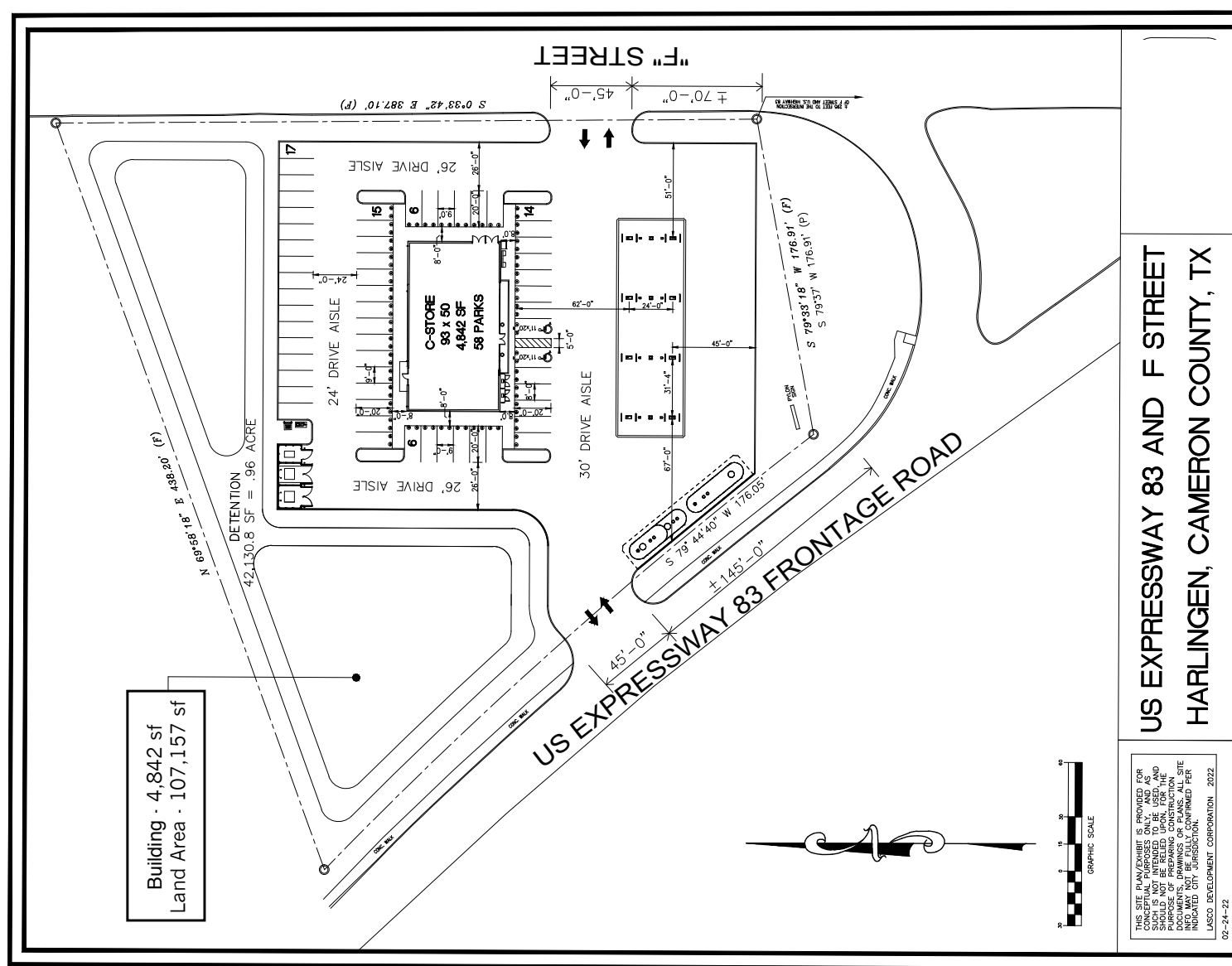
Store opened November 2023

Photo from Nov. 14, 2023



Site Plan - 7-Eleven (Stripes) Convenience Store

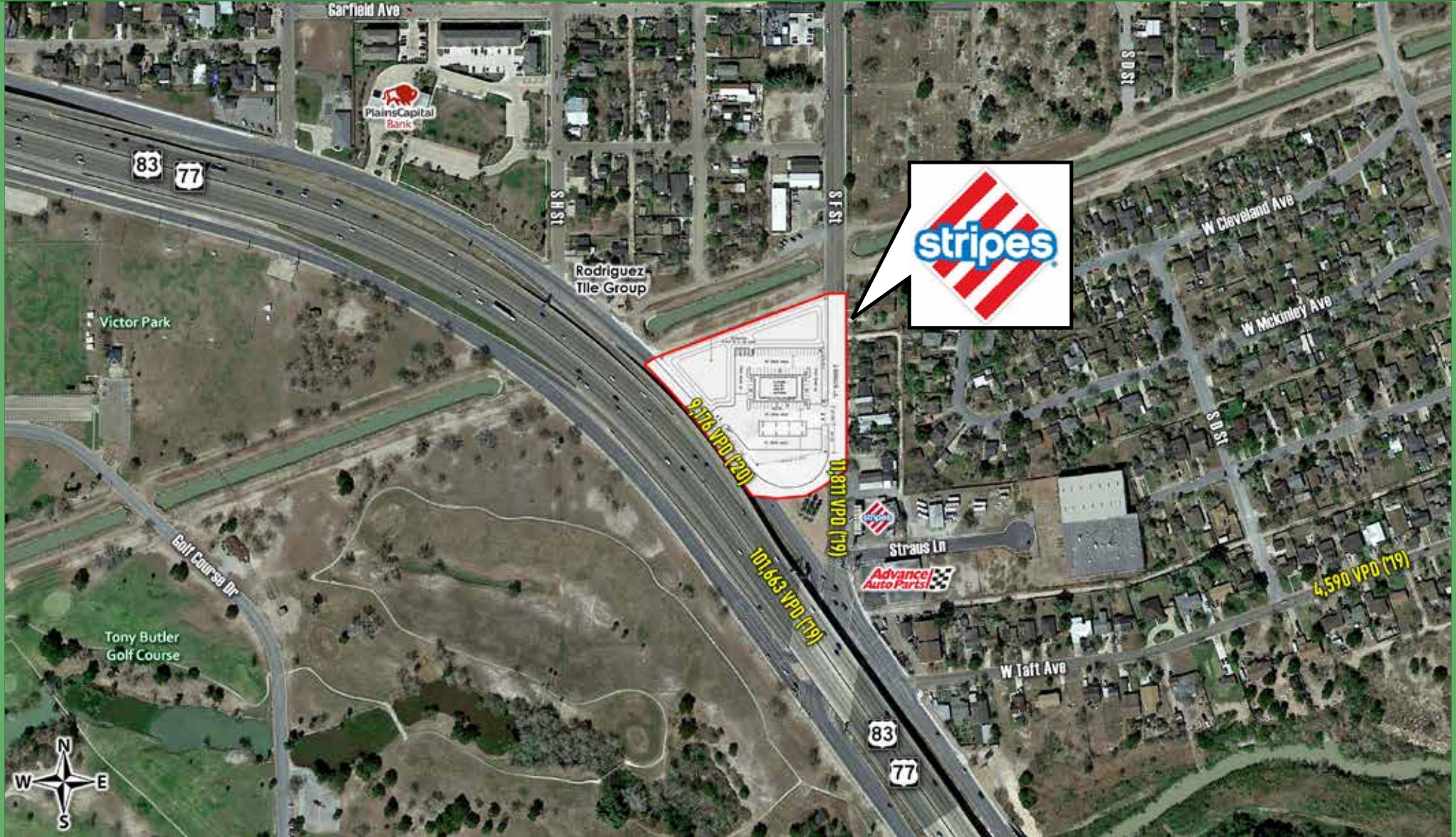
1610 South F Street, Harlingen, Texas 78550



US EXPRESSWAY 83 AND F STREET
HARLINGEN, CAMERON COUNTY, TX

Aerial Map - 7-Eleven (Stripes) Convenience Store

1610 South F Street, Harlingen, Texas 78550

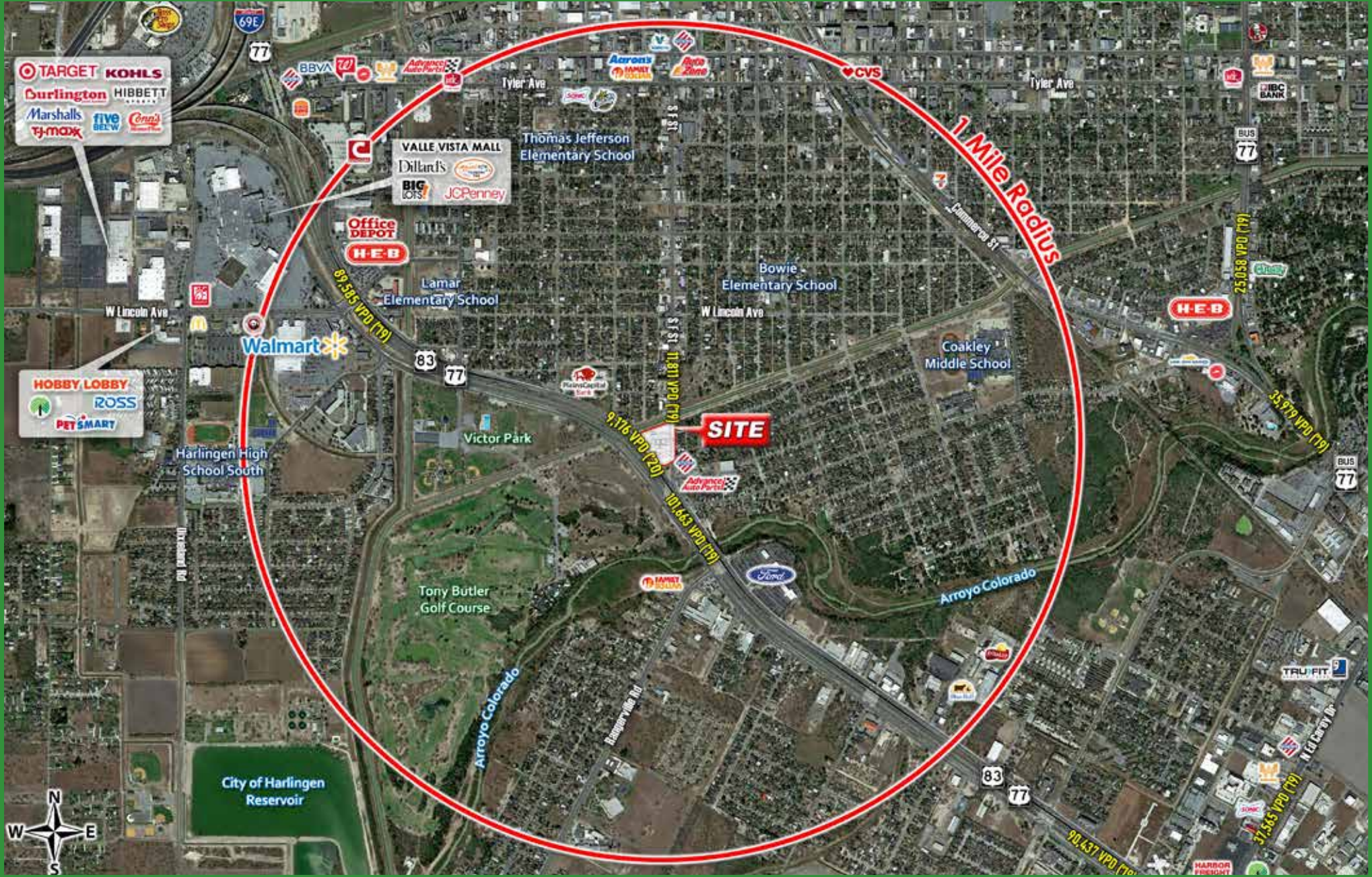


Property - **7-Eleven (Stripes) Convenience Store**
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Wide Aerial Map - 7-Eleven (Stripes) Convenience Store

1610 South F Street, Harlingen, Texas 78550

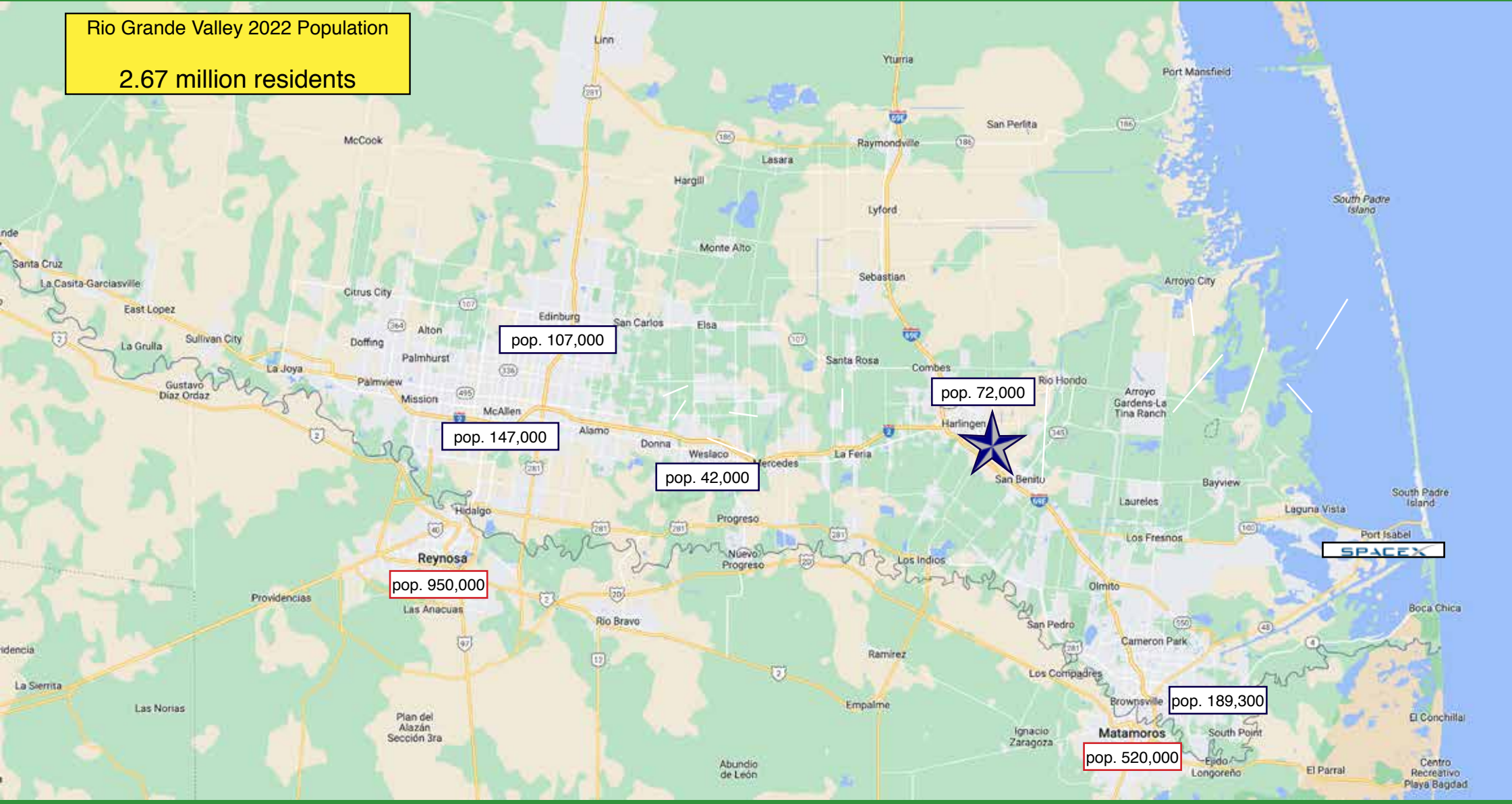




Population Centers - 7-Eleven (Stripes) Convenience Store

1610 South F Street, Harlingen, Texas 78550

Rio Grande Valley 2022 Population
2.67 million residents



Bonus Depreciation For Gas Stations With Convenience Stores

Acquiring or constructing a gas station with a convenience store (“C-store”) can be a lucrative addition to a real estate portfolio. Convenience stores have weathered economic downturns and are not affected by the internet nor the recent pandemic. Current rules allow investors to immediately write off all the improvements if certain requirements are met, and the property is placed in service after September 27, 2017. This went into effect after the Tax Cuts and Jobs Act when bonus depreciation was raised to 100% through the end of 2022. Each year thereafter the rate is reduced by 20% until 2027. For property acquired prior to December 31, 2023 the maximum bonus depreciation is 80%.

To be eligible, the property must meet the definition of a ‘retail motor fuel outlet,’ which enables qualifying Section 1250 real property to be depreciated using a 150% declining balance method with a recovery period of 15 years. Commercial buildings are typically depreciated with a recovery period of 39 years and not eligible for additional bonus depreciation.

A definition of ‘retail motor fuel outlet’ is not provided within the tax code; however, in the late 90’s the IRS released Coordinated Issue Papers (“CIP”) for Petroleum and Retail Industries Convenience Stores, which provides a detailed definition and qualifying criteria. As per the CIP paper, a C-store at the gas station will qualify as a retail motor fuel outlet (15-year property) if any of the three following tests are met:

- 50% or more of its gross revenues are generated from petroleum sales; or
- 50% or more of its floor space is devoted to petroleum marketing sales; or
- the C-store building is 1400 square feet or less (regardless of whether it meets either of the aforementioned criteria).

If none of the three tests are met, the basis of the C-Store building will be required to be depreciated over a 39-year period. However, if the C-store passes any of the above tests, the entire depreciable basis is eligible for a 15-year recovery period, and 100% bonus depreciation if acquired and placed in service after September 27, 2017.

C-Stores that do not qualify as a retail motor fuel outlet can still accelerate depreciation deductions by performing a cost segregation study, which allocates a significant portion of the C-store to components depreciated over shorter lives and currently eligible for 100% bonus depreciation.

* We advise all parties to consult a tax professional, accountant and / or attorney to determine if you qualify for this tax savings.

Source: KBGK - Tax Services and Solutions

ABOUT THE TENANT

7 - Eleven, Inc.

2022 Global Revenue: \$87 Billion

2022 North America Revenue: \$31 Billion

2022 Market Cap: \$31.2 Billion

Publicly Traded OTC as "SVNDY"

Standard & Poors Credit Rating: A

Founded as the world's first convenience store from the dock of an icehouse in Dallas in 1927, **7-Eleven** has grown to become a global brand operating and franchising more than **13,000 locations in North America** and **84,000 locations across 19 countries**. The company name is derived from their original operating hours of 7 am to 11 pm, although **most locations are now open 24 hours a day, 7 days a week**. 7-Eleven Inc. operates a family of banners and brands including **Stripes, Speedway, Laredo Taco Company & Raise the Roost Chicken and Biscuits** in locations throughout the United States. Now the world's largest convenience retailer, 7-Eleven helped pioneer the franchise model consistently ranking as a top-10 Franchisor. **The Company maintains an A credit rating - one of the highest credit ratings for any U.S. retailer**. 7-Eleven is wholly owned by Seven & I Holdings Co. Ltd., a Japan based diversified retail group. 7-Eleven has scaled growth organically and through large acquisitions including buying Sunoco and Marathon Petroleum. **According to 7-Eleven's financial reports, the company enjoyed worldwide revenue of \$87 billion, with North American stores contributing approximately \$31 billion.**

Stripes Convenience Stores operates predominantly in Texas and Louisiana. Food offerings are available in more than 450 of its stores, primarily under the proprietary Laredo Taco Company® brand. In January 2018, 7-Eleven acquired 1,030 Stripes Stores. Stripes was founded in 1938 in Corpus Christi, Texas.

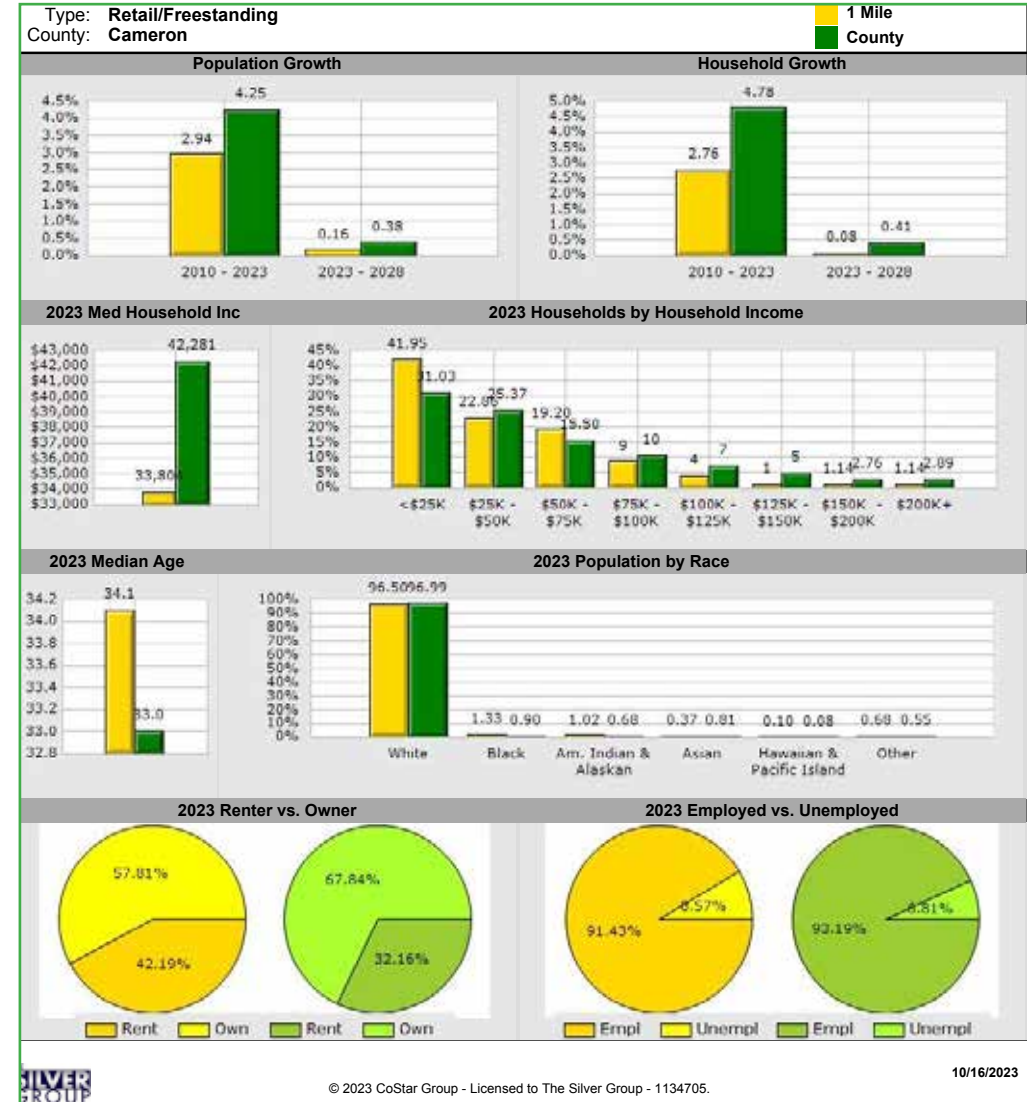
ABOUT THE AREA

Harlingen (pop. 72,000) is one of the three largest cities in the central region of the Rio Grande Valley, located at the southernmost tip of Texas. It is the principal city of the **Brownsville - Harlingen metropolitan area with approximately 420,000 residents**. Harlingen's strategic location at the intersection of U.S. Route 77 and U.S. Route 83, co-designated as Interstate 69E and Interstate 2, fostered its development as a **distribution, shipping and industrial center**. **Harlingen is a major port city**. The RGV has **12 international ports of entry which deliver \$41 billion in cross-border cargo**. **The city has invested heavily to increase the cargo volume capacity of the port by deepening and widening shipping channels, rebuilding docks to accept liquid bulk product and expanding existing railyards**. Warehouse and distribution projects and retail, office and medical facilities are also being developed to serve the diverse needs of business in Harlingen. Key growth factors include: the **Free Trade International Bridge just south of Harlingen at Los Indios provides fast and easy access between the U.S. and Mexico, a cold storage inspection facility at the Los Indios Bridge is increasing produce hauling traffic on the rail bridge and Highway 83 and Interstate 2 allow more product to ship in and out of the region**. The Free Trade Bridge at Los Indios is a state of the art international bridge located 10 miles south of Harlingen. With a full U.S. Customs inspection facility that accomodates up to 75 trucks simultaneously, it is the most time efficient border crossing in the RGV. The bridge accesses a four lane highway in north Mexico, offering a fast route to Matamoros, Reynosa and the industrial city of Monterrey providing a seamless highway connection for efficient distribution of industrial products to and from interior Mexico. Just north of the Free Trade Bridge is the **Harlingen Industrial Park**, where shippers converge to have their goods organized and efficiently distributed to the world. **The Rio Grande Valley continues to be one of the fastest growing regions in America**. The workforce is young, educated and diverse. While the total volume of commercial space is large, vacancies are consistently low, demand is high and absorption is strong across all asset classes. **Harlingen is home to University of Texas Rio Grande Valley and UT RGV Medical School. Harlingen Medical Center and Valley Baptist Medical Center are nationally recognized.**

Demographics - 7-Eleven (Stripes) Convenience Store

1610 South F Street, Harlingen, Texas 78550

Radius	1 Mile	3 Mile	5 Mile
Population			
2028 Projection	11,976	67,324	98,391
2023 Estimate	11,957	66,692	97,387
2010 Census	11,616	61,921	89,978
Growth 2023 - 2028	0.16%	0.95%	1.03%
Growth 2010 - 2023	2.94%	7.70%	8.23%
2023 Population by Hispanic Origin			
2023 Population	11,294	56,774	81,200
2023 Population			
White	11,539 96.50%	63,611 95.38%	93,224 95.73%
Black	158 1.32%	990 1.48%	1,319 1.35%
Am. Indian & Alaskan	123 1.03%	548 0.82%	825 0.85%
Asian	44 0.37%	959 1.44%	1,207 1.24%
Hawaiian & Pacific Island	12 0.10%	94 0.14%	124 0.13%
Other	81 0.68%	489 0.73%	688 0.71%
U.S. Armed Forces	1	22	41
Households			
2028 Projection	3,689	22,074	32,178
2023 Estimate	3,686	21,881	31,863
2010 Census	3,587	20,311	29,404
Growth 2023 - 2028	0.08%	0.88%	0.99%
Growth 2010 - 2023	2.76%	7.73%	8.36%
Owner Occupied	2,131 57.81%	12,756 58.30%	20,686 64.92%
Renter Occupied	1,555 42.19%	9,125 41.70%	11,177 35.08%
2023 Households by HH Income			
Income: <\$25,000	1,547 41.95%	7,198 32.90%	10,092 31.67%
Income: \$25,000 - \$50,000	843 22.86%	5,729 26.18%	7,956 24.97%
Income: \$50,000 - \$75,000	708 19.20%	3,652 16.69%	5,439 17.07%
Income: \$75,000 - \$100,000	322 8.73%	2,125 9.71%	3,115 9.78%
Income: \$100,000 - \$125,000	146 3.96%	1,569 7.17%	2,332 7.32%
Income: \$125,000 - \$150,000	38 1.03%	573 2.62%	1,143 3.59%
Income: \$150,000 - \$200,000	42 1.14%	509 2.33%	849 2.66%
Income: \$200,000+	42 1.14%	526 2.40%	938 2.94%
2023 Avg Household Income	\$45,112	\$56,089	\$59,577
2023 Med Household Income	\$33,804	\$40,415	\$42,641



Approved by the Texas Real Estate Commission for Voluntary Use

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188, 512-936-3000 (<http://www.trec.texas.gov>)