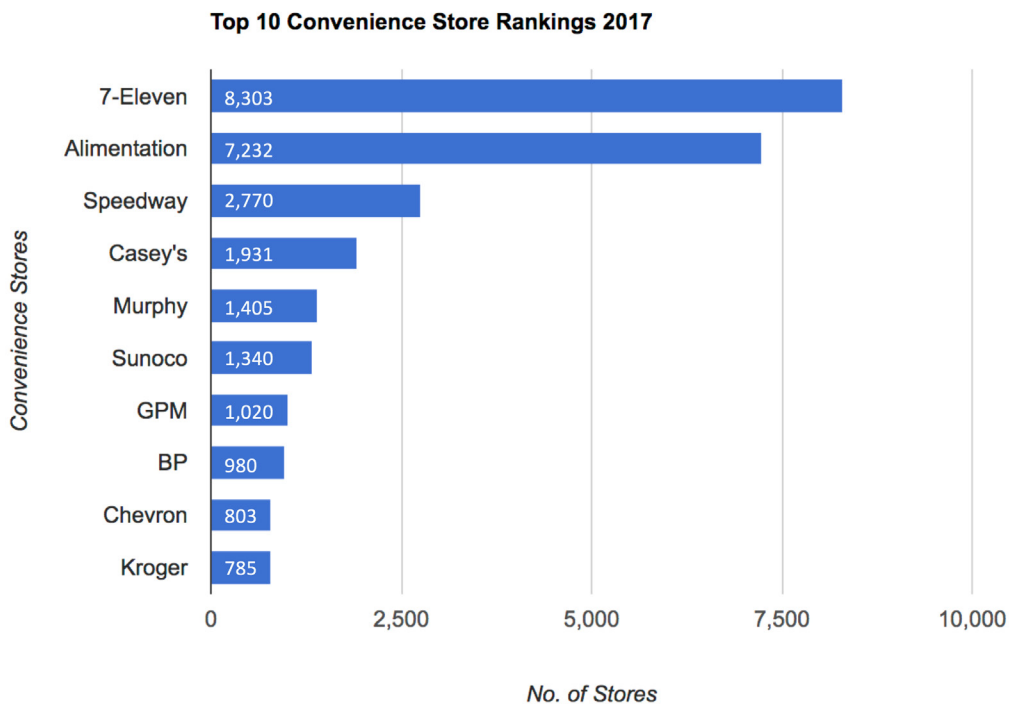


Convenience Store Report

Q4, 2017



The top 10 convenience stores account for nearly 64.3% of the top 100 top ranked stores in the country. 7-Eleven and Alimentation Couche-Tard continue to dominate their rankings in the top two. C-store data is presented based on these top market players comprising nearly 50% of properties occupied by convenience store retailers in the top 20. Cap rates for 7-Eleven have decreased by 6 basis points from 2016 to 5.12% by the middle of the fourth quarter 2017. Alimentation Couche-Tard the parent company to Circle-K, Kangaroo Express and On the Run saw a 74 point decline to 6.14%.



Nearly 1/3 of transactions in the last two quarters have been sought by 1031 buyers. The key drivers that make this asset class an attractive investment are original lease terms with 10-20 years of term remaining with multiple option, corporate guarantees, and escalations in base term. Demand in the convenience and gas industry is stable, with 268M passenger vehicles on the road. The c-store industry is also benefiting from the slowdown in other retail channels. Transactions in the last two quarters of 2017 have on average been 2,823 SF with a median sale price of \$1,569,250 based on (20) sales comps across the United States. C-Stores continue to keep apprised of trends and keeping innovation at the forefront of their business to meet market expectations. Stores continue to increase competition for consumers with the industry experiencing mergers & acquisitions and expanding food offerings in an effort to compete with QSRs.

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Convenience Store Report

Q4, 2017



7-Eleven has expanded its selection of healthy and regional food offerings to meet shopper demand and recent introduction of its cosmetic line. The company also recently announced its expanded 7Rewards Loyalty Program app after extensive testing in Canada. The number of franchises have jumped from 50% in 2006 to 90%. 7-Eleven is projecting to expand to 10,000 stores by fiscal year 2019. The company also confirmed its plans to acquire Sunoco LP's convenience store assets in a \$3.3B acquisition deal has been progressing as planned. It is subject to regulatory approval and customary closing conditions by January 2018. This acquisition will include 1,108 locations in 18 states.

Alimentation Couche-Tard reported record earnings in Q2 FY2017 despite hurricanes that struck several of its markets in the U.S. For the quarter, the company reported adjusted net earnings were approximately \$458M compared with \$328M for the second quarter of fiscal year 2017. Earnings were driven by positive contributions from newly acquired CST and CrossAmerica assets and strong fuel margins across the networks. The company continues to make strides in merchandising and growth with a reported 23.4% increase in total merchandise and service revenues with gross margins increasing by 0.2% excluding the CST stores.

C-STORE COMPARISON

	7-Eleven	Alimentation Couche-Tard
Avg CAP Rate	5.12% (12 mo avg with 10+ yr lease term)	6.14% (12 mo avg with 10+ yr lease term)
Avg \$ Sale	\$2,986,079	\$2,409,020
NOI	\$149,901	\$146,228
\$/Square Ft	\$850-\$1,100/PSF	\$500-\$1000/PSF
Building SF	2,500-3,500	2,000-4,500
Lot Size	Varies (Gas/Non-Gas)	0.5-1.0 Acres
Lease Term	10-20 Years	15-17 Years
Escalations	10% Every 5 years	5-10% Every 5 years
Credit Rating	S&P AA- Moody's Baa1	S&P BBB Moody's Baa2



Average Cap Rate Trend

5.18%  5.12%
2016 2017



Average Cap Rate Trend

6.88%  6.14%
2016 2017

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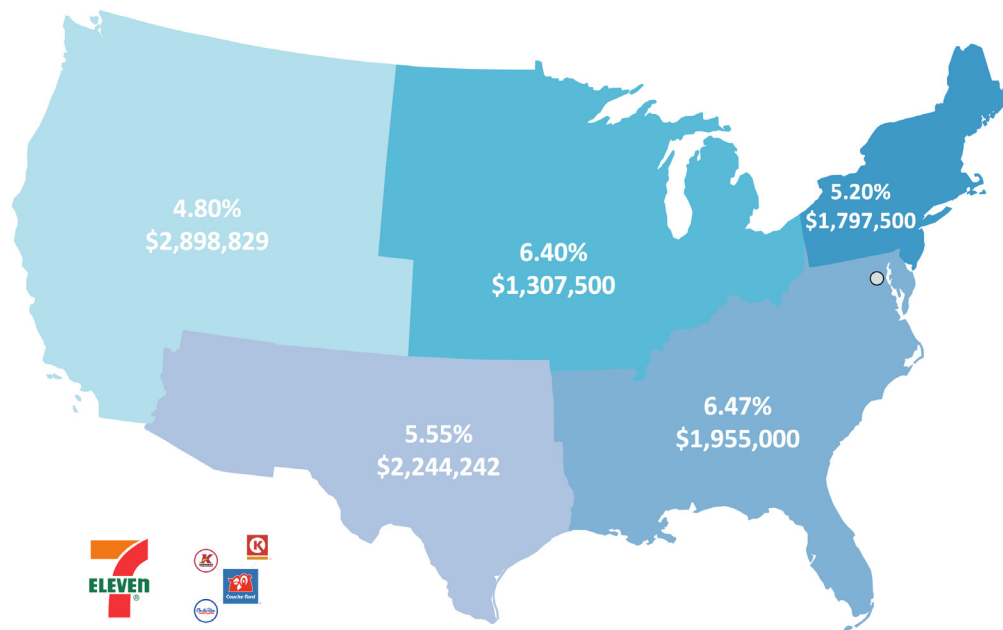


Real Estate Advisors, Inc.

SELECT C-STORE SALES COMPARABLES Q3-Q4 2017

Sale Date	Tenant	City	State	SF	Price	PSF	Cap Rate
17-Jul	7-Eleven	Phoenix	AZ	2,400	\$1,415,000	\$589.58	5.12%
17-Jul	Circle K	Santee	CA	2,201	\$1,430,000	\$649.70	5.40%
17-Aug	7-Eleven	South Gate	CA	2,400	\$3,175,000	\$1,322.92	4.25%
17-Aug	7-Eleven	Denver	CO	2,585	\$1,300,000	\$502.90	5.88%
17-Aug	Circle K	Tucson	AZ	2,700	\$1,131,000	\$418.89	5.18%
17-Aug	7-Eleven	San Diego	CA	2,403	\$1,900,000	\$790.68	4.79%
17-Aug	7-Eleven	Richmond	VA	3,573	\$1,945,000	\$544.36	4.81%
17-Aug	7-Eleven	Capitol Height	MD	2,585	\$1,482,000	\$573.31	5.00%
17-Aug	Circle K	Dawsonville	GA	1,760	\$1,365,047	\$775.59	6.42%
17-Aug	7-Eleven	Kissimmee	FL	3,858	\$3,175,000	\$822.97	6.67%
17-Aug	7-Eleven	Denver	CO	3,010	\$2,512,400	\$834.68	5.00%
17-Sep	7-Eleven	Bakersfield	CA	3,000	\$2,835,000	\$945.00	4.35%
17-Sep	7-Eleven	Signal Hill	CA	2,400	\$3,250,000	\$1,354.17	4.00%
17-Sep	Circle K	Ocala	FL	4,970	\$2,960,000	\$595.57	6.16%
17-Sep	Circle K	olorado Sprin	CO	2,755	\$1,485,000	\$539.02	-
17-Sep	Circle K	Tucson	AZ	2,700	\$1,100,000	\$407.41	5.18%
17-Oct	7-Eleven	Cleveland	OH	2,900	\$787,500	\$271.55	8.10%
17-Oct	7-Eleven	Vancouver	WA	2,400	\$1,615,000	\$672.92	5.58%
17-Nov	7-Eleven	Florissant	MO	3,180	\$1,650,000	\$518.87	6.60%
U/C	Circle K	Tampa	FL	2,680	\$1,523,500	\$568.47	5.75%

MEDIAN ASKING CAP RATE AND PRICE BY REGION



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