



QUICK STATS

1959

was the year Royal Farms was
founded in Baltimore, MD

\$200M

in revenue reported in 2019

205

locations throughout the
Mid-Atlantic as of May 2020

5,000

employees at all locations
including corporate offices

4,000+ SF

Average store footprint

Net Lease Tenant Profile

Royal Farms

Since 1959, Royal Farms convenience stores have been serving Baltimore's demand for a "one-stop shop" where customers can stock up on food and beverages while they refill their cars with gas. Over the last sixty years, behind its world famous fried chicken, chicken sandwiches, and western fries, Royal Farms has secured its place as one of the most popular retail convenient stores in the Mid-Atlantic region. The company now operates more than 200 stores throughout Maryland, Delaware, Pennsylvania, New Jersey, and Virginia. Royal Farms is a privately-owned company headquartered in Baltimore, Maryland.

Net Lease Overview

Despite steep competition from other retailers with the "one-stop shop" gas station model, Royal Farms has been able to differentiate itself from competition by staying true to its "Real Fresh. Real Fast" mantra. The company's steady growth in both revenue and

retail locations over the years show just how much commuters and travelers value their ability to serve quality products quickly. Additionally, Royal Farms gas stations are strategically located throughout the Mid-Atlantic's major thoroughfares. Their high traffic locations give them the retail exposure they need to succeed.

Beyond the strategic real estate, the lease form is very landlord friendly. The typical form of a 1031 exchange featuring a Royal Farms ground lease, has an above average lease term, when compared to its competition, of 20 years with additional option terms. To make the deal even sweeter, these contracts include rental increases that offset inflation costs. Royal Farms investors also have zero maintenance and liability costs associated with the building.

As you can see from the graph titled "Royal Farms vs STNL Average," Royal Farms had an average cap rate of 5.79%, which is 40 basis points below

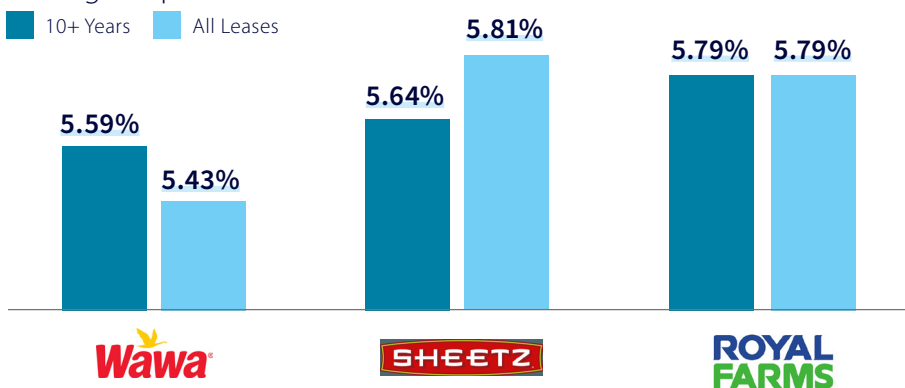
"The company's steady growth in both revenue and retail locations over the years show just how much commuters and travelers value their ability to serve quality products quickly."



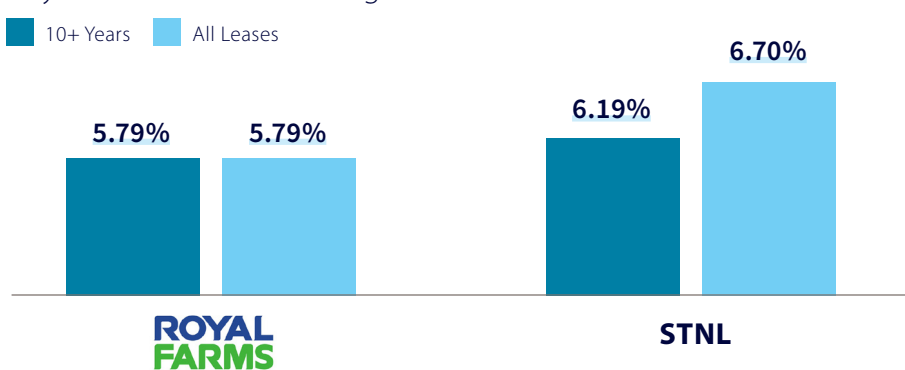
the average cap rate for single tenant net lease deals that were transacted on nationally. That lower cap rate suggests Royal Farms ground leases are one of the safer investment options in the STNL market, which should be attractive in a post COVID-19 environment.

Conversely, in the "Average Cap Rates" graph, it's 5.79% cap rate is 20 points higher than Wawa (5.59%) and Sheetz (5.64%) with 10+ years remaining on the term, and 36 basis points higher than Wawa's cap rate when you consider all lease terms. That suggests investors are still maximizing investment potential by putting their money to work in Royal Farm Ground lease investments. In the "Royal Farms vs STNL Cap Rate vs 10-Year Treasury Rates" graph, there is further evidence of the "bang for buck" investors get with a Royal Farms investment. As shown, Royal Farms transactions outperformed 10-year Treasury notes by nearly 240 basis points in 2018 and more than 300 basis points in 2019. To summarize, a Royal Farms investment is conservative compared to the broader STNL market, but at the same time it allows investors to achieve the greatest returns in the "one-stop shop" gas station market.

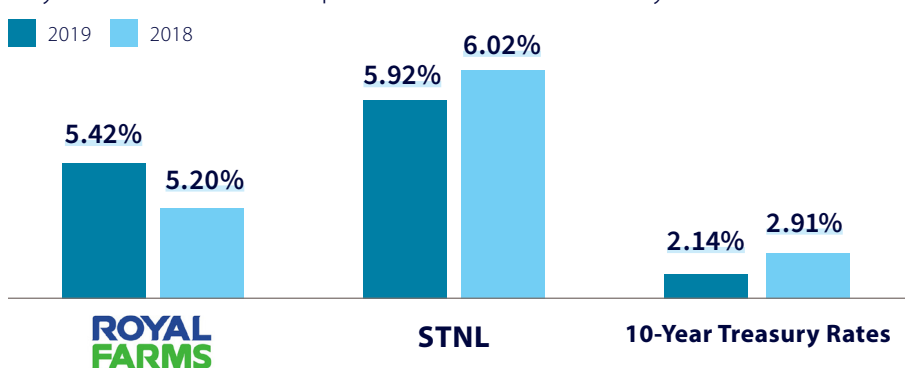
Average Cap Rates



Royal Farms vs STNL Average

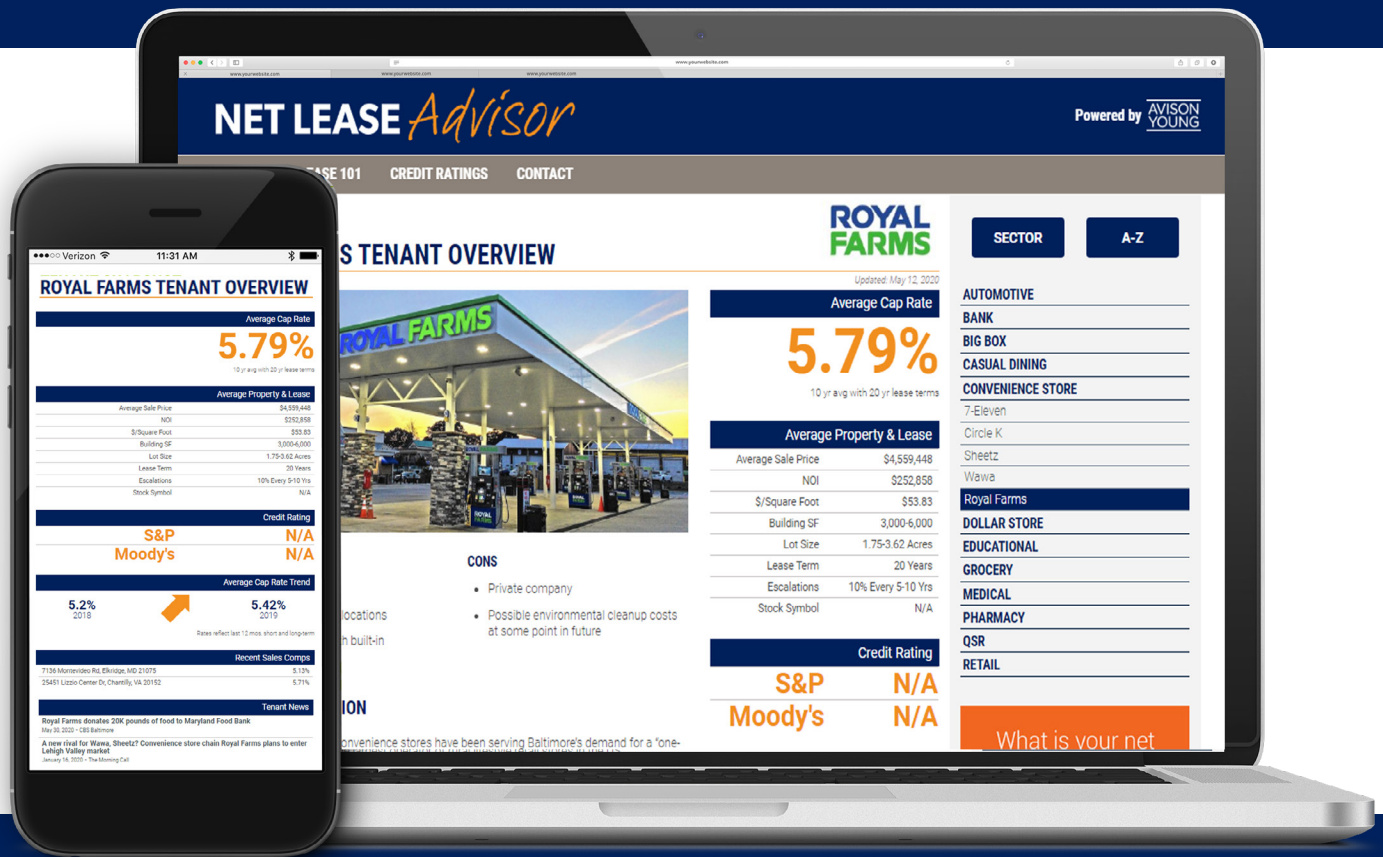


Royal Farms vs STNL Cap Rate vs 10-Year Treasury Rates



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