

PIZZA HUT SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some

properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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Investment Highlights

PRICE: \$1,904,762 | CAP: 5.25% | RENT: \$100,000



About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Sale-Leaseback
- ✓ Lease Commencement Upon Close of Escrow
- ✓ Two Percent (2.00%) Rental Increases Annually Starting Year Six (6)
- ✓ Four (4), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 40 Years

About the Location

- ✓ Dense Retail Corridor | Walmart, Target, Publix, CVS Pharmacy, Aldi, Taco Bell, Burger King, and More
- ✓ Compelling Location Fundamentals | Within a Three Mile Radius of Eustis High School | Over 1,250 Students Enrolled
- ✓ Strong Demographics | Population Exceeds 135,370 Individuals Within a Ten-Mile Radius
- ✓ Positive Real Estate Fundamentals | Approximately 28 Miles from Orlando, FL | Orlando International Airport Serves Approximately 44,000,000 Passengers Annually
- ✓ Strong Traffic Counts | Over 45,900 Vehicles Per Day Along U.S. Highway 441
- ✓ Florida | Income Tax Free State

About the Tenant / Brand

- ✓ Globally Recognized Brand – Pizza Hut Continues to Be the Top Pizza Brand in the Country in Terms of Unit Count and Revenue
- ✓ Dedicated, Drive and Experienced Operators within the Restaurant Industry and Florida Markets
- ✓ Proven Track Record with Strong Operational History Across its 16,976 Locations Throughout the United States and in 103 Other Countries
- ✓ Celebration Restaurant Group, LLC is One of the Largest Yum! Brands Domestic Franchisees – They Operate Under the Brands of Pizza Hut (132), Taco Bell (37) and KFC (4)
- ✓ CFL Pizza, LLC - Formed in December 2009 With the Acquisition of the Pizza Hut Restaurants in Central Florida – Today They Operate 132 Pizza Huts Throughout Several States



Representative Photo



Financial Analysis

PRICE: \$1,904,762 | CAP: 5.25% | RENT: \$100,000



PROPERTY DESCRIPTION

| | |
|-------------------------|----------------------|
| Property | Pizza Hut |
| Property Address | 16106 US Highway 441 |
| City, State, ZIP | Eustis, FL 32726 |
| Estimated Building Size | 2,637 |
| Estimated Lot Size | +/- 0.37 Acres |
| Type of Ownership | Fee Simple |

THE OFFERING

| | |
|----------------|-------------|
| Purchase Price | \$1,904,762 |
| CAP Rate | 5.25% |
| Annual Rent | \$100,000 |
| Rent / SF | \$37.92 |

LEASE SUMMARY

| | |
|----------------------|---|
| Property Type | Net Leased Quick Service Restaurant |
| Tenant / Guarantor | CFL Pizza, LLC (132-Units) |
| Original Lease Term | 20 Years |
| Lease Commencement | Close of Escrow |
| Lease Expiration | 20 Years From COE |
| Lease Term Remaining | 20 Years |
| Lease Type | Absolute Triple-Net (NNN) |
| Roof & Structure | Tenant Responsible |
| Rental Increases | 2.00% Annually Starting Year Six (6) |
| Options to Renew | Four (4) Periods of Five (5) Years Each |

RENT SCHEDULE

| Lease Year(s) | Annual Rent | Monthly Rent | Rent Escalation (%) |
|---------------|-------------|--------------|---------------------|
| Year 1 | \$100,000 | \$8,333 | - |
| Year 2 | \$100,000 | \$8,333 | - |
| Year 3 | \$100,000 | \$8,333 | - |
| Year 4 | \$100,000 | \$8,333 | - |
| Year 5 | \$100,000 | \$8,333 | - |
| Year 6 | \$102,000 | \$8,500 | 2.00% |
| Year 7 | \$104,040 | \$8,670 | 2.00% |
| Year 8 | \$106,121 | \$8,843 | 2.00% |
| Year 9 | \$108,243 | \$9,020 | 2.00% |
| Year 10 | \$110,408 | \$9,201 | 2.00% |
| Year 11 | \$112,616 | \$9,385 | 2.00% |
| Year 12 | \$114,869 | \$9,572 | 2.00% |
| Year 13 | \$117,166 | \$9,764 | 2.00% |
| Year 14 | \$119,509 | \$9,959 | 2.00% |
| Year 15 | \$121,899 | \$10,158 | 2.00% |
| Year 16 | \$124,337 | \$10,361 | 2.00% |
| Year 17 | \$126,824 | \$10,569 | 2.00% |
| Year 18 | \$129,361 | \$10,780 | 2.00% |
| Year 19 | \$131,948 | \$10,996 | 2.00% |
| Year 20 | \$134,587 | \$11,216 | 2.00% |

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Pizza Hut located at 16106 US Highway 441 in Eustis, FL. The site will consist of roughly 2,637 rentable square feet of building space on estimated 0.37-acre parcel of land. The Pizza Hut is subject to a 20-year absolute triple-net (NNN) sale-leaseback, which will commence upon close of escrow. The initial annual rent will be \$100,000 and is scheduled to increase by two percent (2.00%) annually starting year six (6) throughout the base term and in each of the four (4), five (5)-year renewal options.



Concept Overview



About Pizza Hut

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. As of year end 2018, Pizza Hut had 16,796 units. 97 percent of the Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

As of November, 2014 Pizza Hut revamped their menu, adding five new toppings, six sauces, 10 crust flavors (like "honey Sriracha" and "ginger boom boom"), and even health-conscious "Skinny Slice" pizzas.

About Celebration Restaurant Group

Celebration Restaurant Group, LLC is one of the largest Yum! Brands domestic franchisees. They proudly own and operate 171 restaurants in the southeastern and midwestern US and employ approximately 4,000 team members. They own 132 dine-in and delivery Pizza Huts in central Florida, including metro Orlando, Ocala, Gainesville, and Brevard and Volusia counties; as well as in metro Cincinnati, including nearby Indiana and Kentucky. These Pizza Huts operate under the CFL Pizza, LLC subsidiary. Their 37 Taco Bells are located in metro Orlando and Savannah. The Taco Bells operate under our Bravo Foods, LLC subsidiary. Their four KFC restaurants are all located in central Florida and operate under our FLG Chicken, LLC subsidiary.

CFL Pizza, LLC was formed in December 2009 with the acquisition of the Pizza Hut restaurants in central Florida, including metro Orlando, Ocala, and Brevard and Volusia counties. In March 2012, the company acquired the Pizza Hut restaurants in and around Gainesville, FL. In January 2015, they purchased the majority of the Pizza Huts in metro Cincinnati, including nearby Indiana and Kentucky. Today they operate 132 Pizza Huts offering dine-in, carry out and delivery service.

General Information

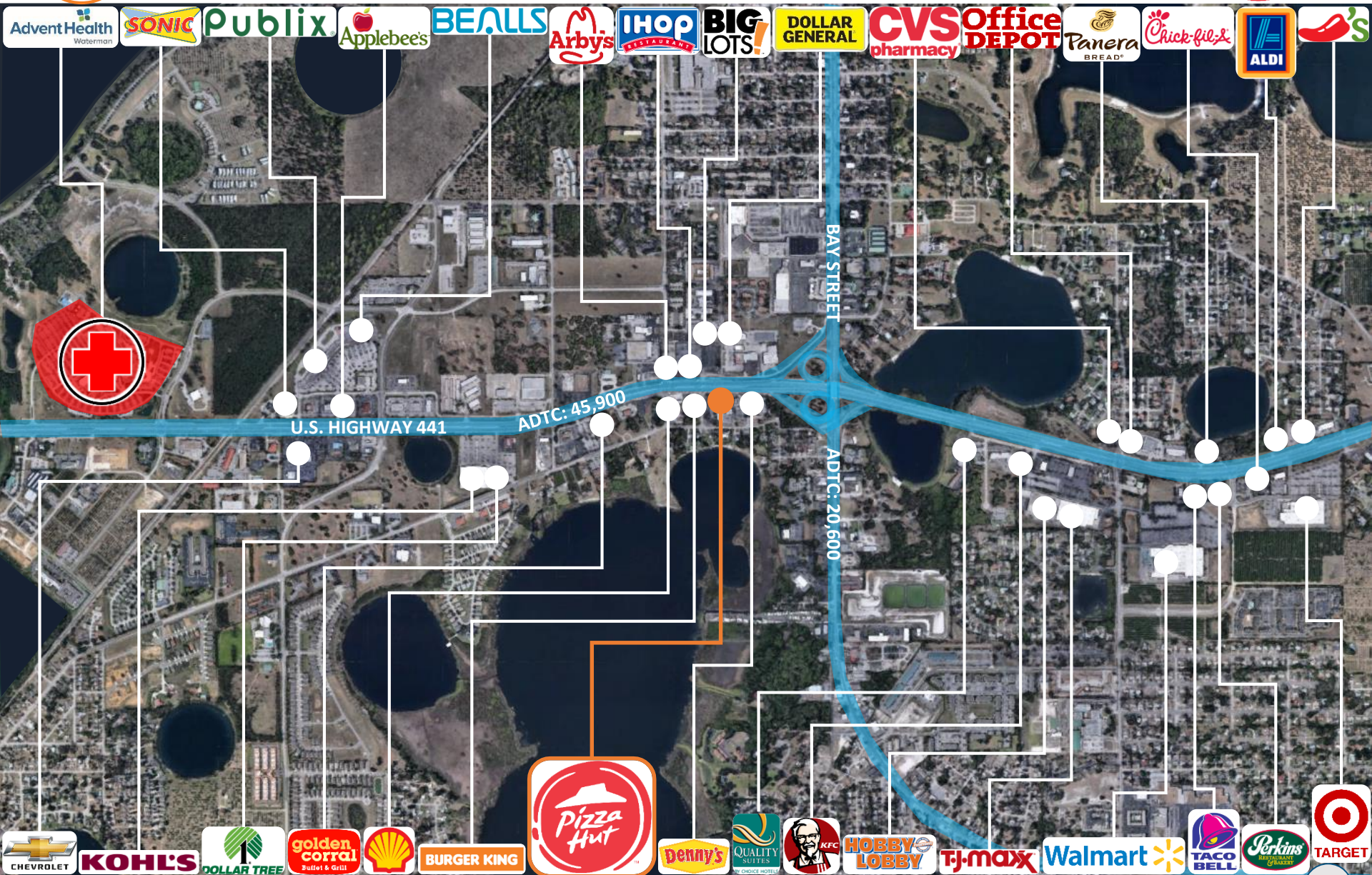
| | |
|---------------------|--|
| Founded | 1958 |
| Website | www.pizzahut.com |
| Number of Locations | 16,796 |





Surrounding Area

Property Address: 16106 US-441 – Eustis, FL 32726





Location Overview

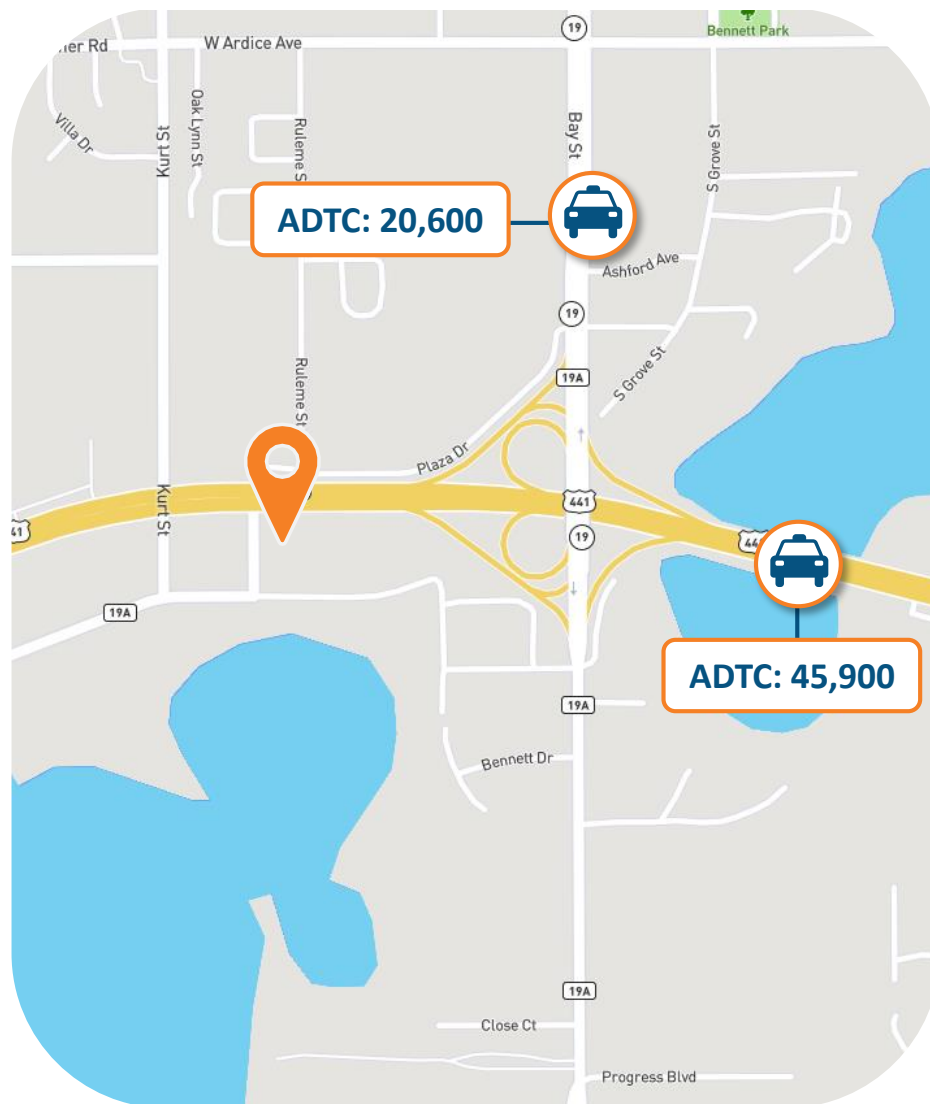
Property Address: 16106 US-441 – Eustis, FL 32726



The Pizza Hut property is situated on U.S. Highway 441, which boasts average daily traffic counts of 45,900 vehicles, respectively. U.S. Highway 441 intersects with South Bay Street, which brings an additional 20,600 vehicles into the immediate area on average daily. There are more than 68,250 individuals residing within a five-mile radius of the property and more than 135,370 individuals within a ten-mile radius.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, hospitality accommodations and medical centers all within close proximity of this property. Major national tenants in the area include: Walmart, Target, Publix, CVS Pharmacy, Bealls, Aldi, Taco Bell, Arby's, Burger King, as well as many others. Accommodations in the immediate area include: Comfort Inn & Suites and Quality Inn & Suites. This Pizza Hut also benefits from its close proximity to several academic institutions. Most notable is Eustis High School, which has a total enrollment exceeding 1,250 students and is located within three miles of the subject property. AdventHealth Waterman, a 270 bed, general medical and surgical facility, is located within a one and one half mile radius of the Pizza Hut property. Orlando International Airport, the 13th busiest airport in the United States, serves approximately 44,000,000 passengers annually and is located approximately an hour drive from the subject property.

Eustis, a city in Lake County, is part of the Orlando-Kissimmee-Sanford Metropolitan Statistical Area. Eustis is located approximately 28 miles north from the bustling city of Orlando. Located in Central Florida, Orlando is the center of the Orlando metropolitan area, which has a population of 2,509,800. These figures make it the 23rd-largest metropolitan area in the United States, the sixth-largest metropolitan area in the Southern United States, and the third-largest metropolitan area in Florida. Orlando is the 73rd-largest city in the United States, the fourth-largest city in Florida, and the state's largest inland city. As one of the world's most visited tourist destinations, Orlando's famous attractions form the backbone of its tourism industry. Today, Orlando is a global leader in the 21st century innovation economy.





Property Photo





Surrounding Area Photos

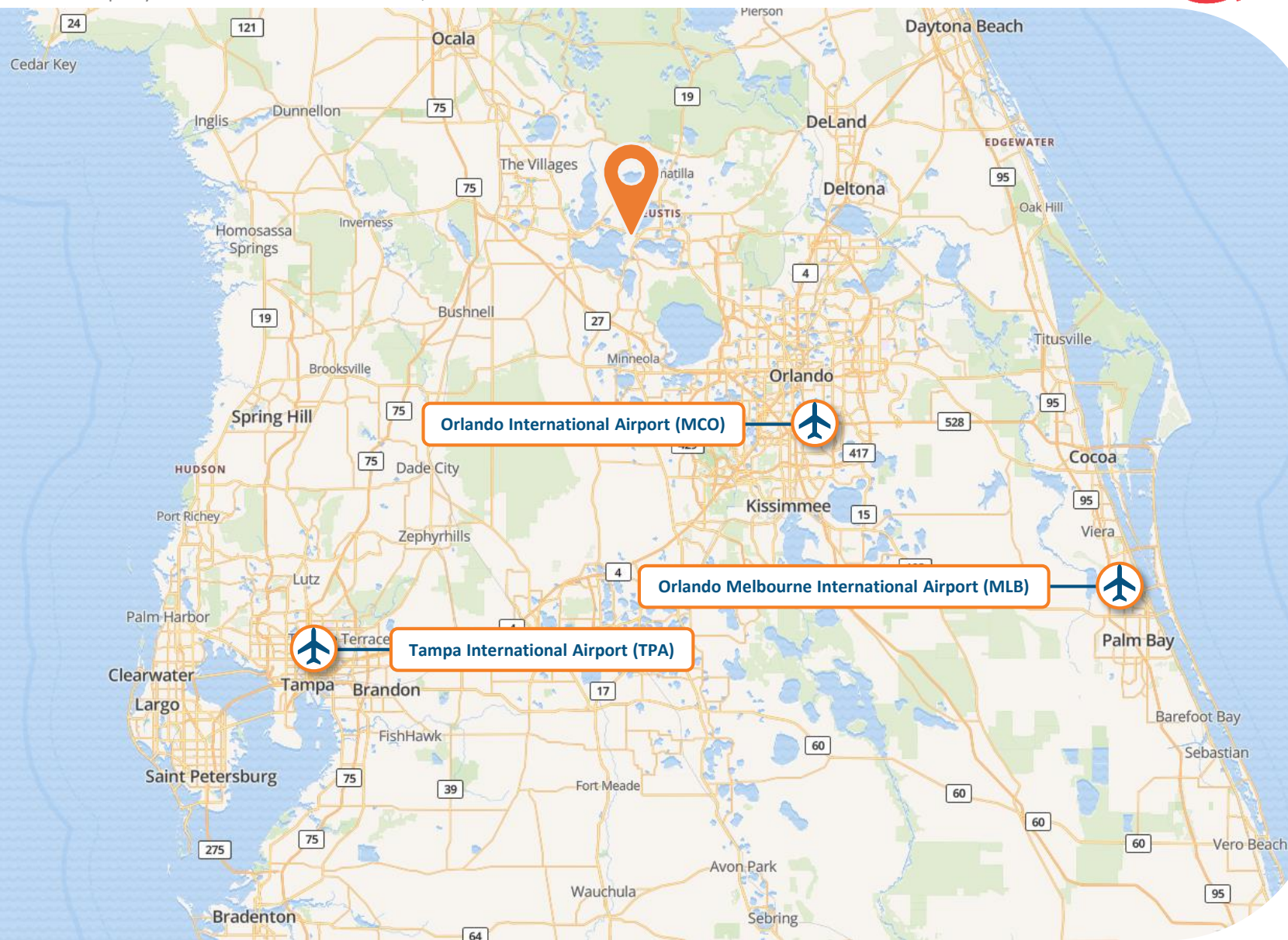




Local Map



Property Address: 16106 US-441 – Eustis, FL 32726

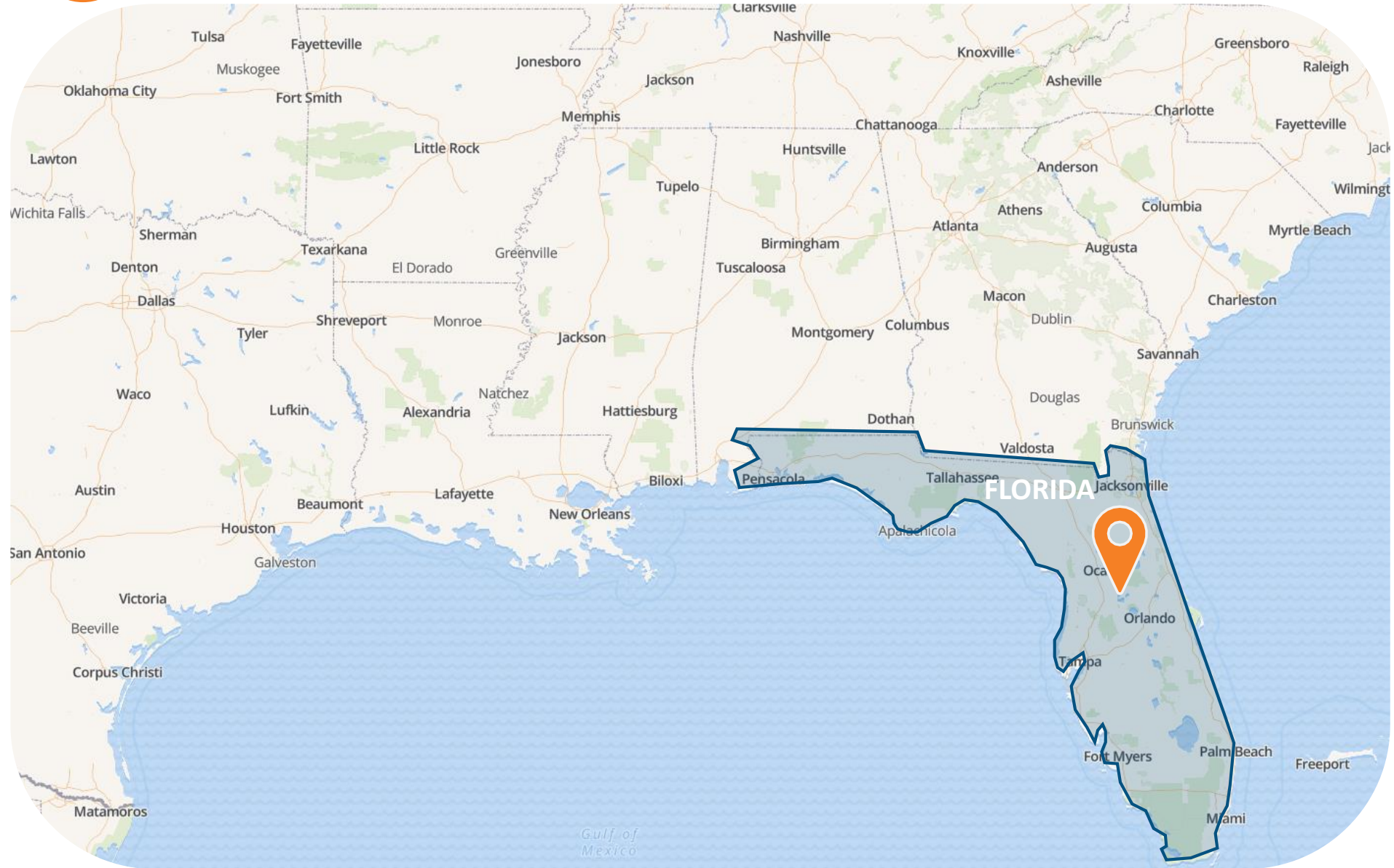




Regional Map



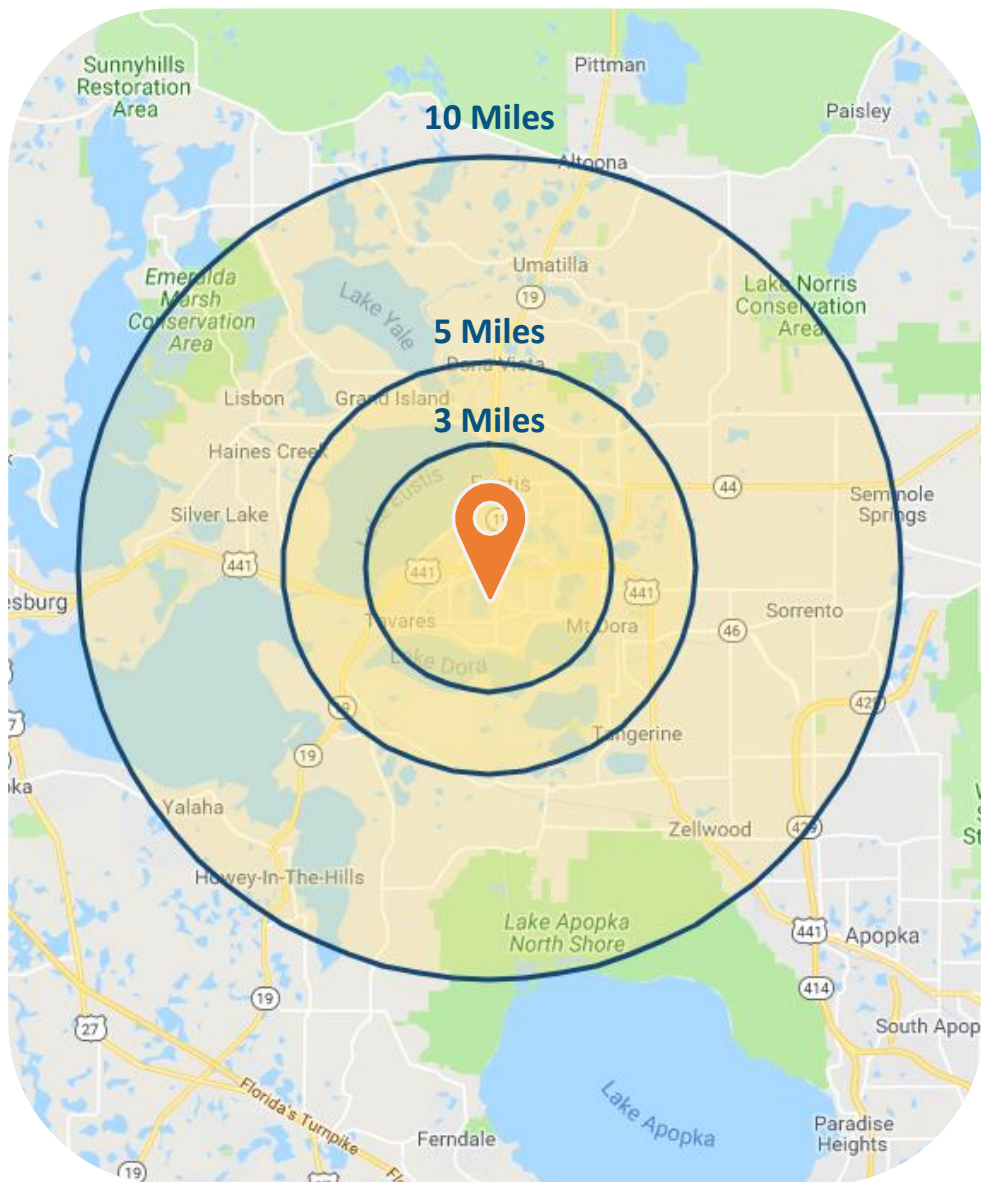
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Demographics

Property Address: 16106 US-441 – Eustis, FL 32726



POPULATION

| | 3 Miles | 5 Miles | 10 Miles |
|-----------------|---------|---------|----------|
| 2023 Projection | 35,825 | 73,031 | 147,597 |
| 2018 Estimate | 33,689 | 68,250 | 135,370 |
| 2010 Census | 30,949 | 61,175 | 118,702 |
| 2000 Census | 27,185 | 51,241 | 94,078 |

INCOME

| | 3 Miles | 5 Miles | 10 Miles |
|------------|----------|----------|----------|
| Average | \$59,174 | \$63,984 | \$67,102 |
| Median | \$42,663 | \$45,752 | \$48,953 |
| Per Capita | \$25,804 | \$27,806 | \$28,395 |

HOUSEHOLDS

| | 3 Miles | 5 Miles | 10 Miles |
|-----------------|---------|---------|----------|
| 2023 Projection | 15,497 | 31,763 | 62,666 |
| 2018 Estimate | 14,369 | 29,319 | 56,931 |
| 2010 Census | 12,981 | 25,991 | 49,764 |
| 2000 Census | 11,929 | 22,243 | 40,270 |

HOUSING

| | 3 Miles | 5 Miles | 10 Miles |
|------|-----------|-----------|-----------|
| 2018 | \$172,171 | \$175,059 | \$174,045 |

EMPLOYMENT

| | 3 Miles | 5 Miles | 10 Miles |
|---------------------------|---------|---------|----------|
| 2018 Daytime Population | 46,401 | 74,306 | 132,658 |
| 2018 Unemployment | 6.58% | 5.31% | 4.61% |
| 2018 Median Time Traveled | 26 Mins | 27 Mins | 29 Mins |

RACE & ETHNICITY

| | 3 Miles | 5 Miles | 10 Miles |
|-----------------|---------|---------|----------|
| White | 78.74% | 79.97% | 82.29% |
| Native American | 0.04% | 0.05% | 0.06% |



Market Overview

City: Eustis | County: Lake | State: Florida

Orlando, FL



Orlando is a city in the state of Florida and is the county seat of Orange County.

It is also the center of the Orlando metropolitan area, which had a population of 2,387,138, according to U.S. Census Bureau figures released in 2016. Orlando is one of the world's most visited tourist destinations, with over 68 million visitors in 2016. The two most significant tourist attractions include Walt Disney World and Universal Orlando Resort. Walt Disney World is the area's largest attraction with its many facets such as the Magic Kingdom, Epcot, Disney's Hollywood Studios, Disney's Animal Kingdom, Typhoon Lagoon, Blizzard Beach and Disney Springs. There are also many more tourist attractions located along International Drive, with one of these being the famous Orlando Eye. The city is also one of the busiest American cities for conferences and conventions, containing the Orange County Convention Center, the second-largest convention facility in the United States. According to a 2009 Pew Research Center study, Orlando ranks as the fourth-most popular American city based on where people want to live.

Orlando is also a prominent location for film, television and electronic gaming industries, aided by the presence of Universal Studios, Disney's Hollywood Studios, Full Sail University, UCF College of Arts and Humanities, the Florida Interactive Entertainment Academy, and other entertainment companies and schools. The U.S. modeling, simulation and training industry is also centered on the Orlando region, with a particularly strong presence in the Central Florida Research Park adjacent to University of Central Florida. There are also many golf courses that can be found throughout Orlando, including the Bay Hill Club and Lodge, which is home to the Arnold Palmer Invitational. Two major league professional sports teams reside in Orlando as well, including the Orlando Magic of the National Basketball Association, and the Orlando City Soccer Club of Major League Soccer. Orlando is home to two non-profit hospital systems including Orlando Health and Florida Hospital. Orlando Health's Orlando Regional Medical Center is home to Central Florida's only Level 1 trauma center, and Winnie Palmer Hospital for Women and Babies and Florida Hospital Orlando have the area's only Level III neonatal intensive care units.

Major Employers

| Employer | Estimated # of Employees |
|--------------------------------|--------------------------|
| Florida Hospital Waterman | 2,010 |
| Adventist Health System/Sunbel | 1,000 |
| Voicenetlink | 900 |
| Information Technology | 800 |
| Lake County BOCC | 770 |
| Lake Co VOC Tech Center | 714 |
| Lake County Sheriffs Office | 700 |
| Sheriffs Dept | 604 |
| Walmart | 500 |
| Lake County Schools | 473 |
| Interim Services | 400 |



Marcus & Millichap



EXCLUSIVE NET LEASE OFFERING



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