



# TACO BELL

KILLEEN, TEXAS (KILLEEN–TEMPLE–FORT HOOD MSA)

YURAS  
AICALE  
FORSYTH  
CROWLE

Leased Investment Team

## OFFERING MEMORANDUM

FILE PHOTO

### \$1,979,000 | 4.50% CAP RATE

- » 25-Year Absolute NNN Lease with 1% Annual Rental Increases
- » No Landlord Management
- » Operated by One of Taco Bell's Largest Franchisees (280+ Units)
- » High-Traffic Location with Signalized Entrance
- » Excellent Visibility and Access to 29,940 AADT on West Stan Schlueter Loop
- » Immediate Access to Highway 195/South Fort Hood Street (28,474 AADT)
- » Close to Fort Hood (40,506 Employees | \$35.4 Billion Annual Economic Impact)
- » Minutes from Texas A&M University–Central Texas
- » Can Accommodate 15,000+ Students Upon Completion | Projected Economic Impact of \$65 Million to \$129 Million Annually
- » Rapidly Growing Region with Robust Demographics
- » 155,854 Residents Within Five Miles
- » New 2018 Construction Featuring Dedicated Drive-Thru



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Cushman & Wakefield ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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# INVESTMENT SUMMARY

<b>ADDRESS</b>	1318 West Stan Schlueter Loop, Killeen, Texas	
<b>PRICE</b>	<b>\$1,979,000</b>	
<b>CAP RATE</b>	<b>4.50% return</b>	
<b>NOI</b>	\$89,034	
<b>TERM</b>	25 years	
<b>RENT COMMENCEMENT</b>	October 18, 2018	
<b>LEASE EXPIRATION</b>	October 31, 2043	
<b>RENTAL INCREASES</b>	1% annual rental increases	
	<b>YEAR</b>	<b>RENT</b>
	1-25	1% annual rental increases
	26-30 (Option 1)	1% annual rental increases
	31-35 (Option 2)	1% annual rental increases
	36-40 (Option 3)	1% annual rental increases
	41-45 (Option 4)	1% annual rental increases
	46-50 (Option 5)	1% annual rental increases
	51-55 (Option 6)	1% annual rental increases
<b>YEAR BUILT</b>	2018	
<b>BUILDING SF</b>	2,704 SF	
<b>PARCEL SIZE</b>	0.89 acres (38,768 SF)	
<b>LEASE TYPE</b>	Absolute NNN, with tenant responsible for all taxes, insurance, and maintenance, including roof, structure, and parking lot	

## LONG-TERM ABSOLUTE NNN LEASE

- » 25-year NNN lease with absolutely no landlord management, providing an ideal investment for an out-of-area investor
- » Operated by one of Taco Bell's largest franchisees, with over 280 units
- » Rare annual rental increases, providing an excellent hedge against inflation

## HIGH-TRAFFIC LOCATION WITH STRONG CUSTOMER BASE

- » Excellent visibility and convenient, signalized access to 29,940 vehicles per day directly in front of the site on West Stan Schlueter Loop
- » Immediate access to Highway 195/South Fort Hood Street, which experiencing a traffic count of 28,474 vehicles per day near the property
- » 155,854 residents live within a five-mile radius
- » Located in one of the fastest growing metro areas in Texas

## CENTRAL LOCATION NEAR FORT HOOD AND TEXAS A&M UNIVERSITY—CENTRAL TEXAS

- » Fort Hood is one of the largest military installations in the world, and the base has 35,611 active duty soldiers and 4,895 civilian employees
- » Fort Hood is a major economic driver, contributing \$35.4 billion annually to the state's economy
- » Texas A&M University—Central Texas (TAMU-CT) currently has an enrollment of 3,470 students, but is designed to accommodate over 15,000 students upon completion
- » TAMU-CT has been dubbed the second largest economic development to occur in the region only behind the establishment of Fort Hood and is expected to have a total annual economic impact on the region of between \$65 million and \$129 million

## NEW 2018 CONSTRUCTION

- » 2018 construction featuring a dedicated drive-thru, providing additional customer convenience and boosting sales revenue



FILE PHOTO



Killeen Mall  
Dillard's jcpenny  
Burlington sears



Ellison High School  
(2,633 students)



Saegert Elementary School  
(1,053 students)



Reeces Creek  
Elementary School  
(1,095 students)

South Fort Hood Street (28,474 AADT)



West Stan  
Schlueter Loop  
(29,940 AADT)

Future  
Development





## FORT HOOD

(one of the world's largest military bases | 40,506 employees | \$35.4 billion annual economic impact)



TEXAS A&M  
UNIVERSITY  
CENTRAL TEXAS

(3,470 current students | 15,000+ students upon completion | projected annual economic impact of \$65 million to \$129 million)

EXXON

TACO BELL

BIG RED  
BARN  
Self Storage

verizon

Future  
Development

West Stan Schlueter Loop (29,940 AADT)

PIZZA  
PAPA JOHN'S

South Fort Hood Street (28,474 AADT)



## FORT HOOD

(one of the world's largest military bases | 40,506 employees | \$35.4 billion annual economic impact)

Haynes  
Elementary School  
(1,213 students)



Iduna Elementary School  
(1,012 students)

Willow Springs  
Elementary School  
(962 students)

Shoemaker High School  
(2,269 students)



West Stan Schluter Loop  
(29,940 AADT)



Future  
Development





FORT HOOD

(one of the world's largest military bases | 40,506 employees | \$35.4 billion annual economic impact)

Palo Alto  
Middle School  
(876 students)

South Fort Hood Street (28,474 AADT)



West Stan Schlueter Loop (29,940 AADT)

Future  
Development



# SITE PLAN

WEST STAN SCHLUETER LOOP



CROSS ACCESS

POLE SIGN

COVERED  
OUTDOOR PATIO



2,704 SF

DRIVE-THRU

DRIVE-THRU



FATHER & SON'S SOUL FOOD

FUTURE DEVELOPMENT

# TENANT SUMMARY



Taco Bell Corp.—a subsidiary of the world’s largest restaurant company, Yum! Brands, Inc. (NYSE: “YUM”)—is the nation’s leading Mexican-inspired quick service restaurant (QSR) brand. From breakfast to late night, Taco Bell serves made-to-order and customizable tacos, burritos, and other craveable choices. Taco Bell proudly serves over two billion customers each year in 6,370 restaurants across the nation, as well as through its mobile, desktop, and delivery ordering services. Overseas, Taco Bell has over 360 restaurants, with plans to add 2,000 more restaurants internationally within the next decade. In 2016, Taco Bell was named as one of Fast Company’s Top 10 Most Innovative Companies in the World.

A Fortune 500 corporation, Yum! Brands, Inc. operates the licensed brands Taco Bell, KFC, and Pizza Hut worldwide, with over 43,000 restaurants in more than 135 countries and territories.

The franchisee for the subject property is a subsidiary of Tacala, LLC, one of the largest Taco Bell franchisees, operating over 280 restaurants across the Southeast United States and Texas. Tacala is owned by Altamont Capital Partners, a private equity firm with over \$2 billion of capital under management.

For more information, please visit [www.tacobell.com](http://www.tacobell.com) and [www.tacala.com](http://www.tacala.com).

<b>OWNERSHIP</b>	Yum! Brands, Inc. (NYSE: “YUM”)	<b>LOCATIONS</b>	6,738
<b>HEADQUARTERS</b>	Irvine, CA	<b>REVENUE</b>	\$2.03B

# LEASE ABSTRACT

<b>TENANT</b>	Tacala Austin Corp.	
<b>ADDRESS</b>	<a href="#">1318 West Stan Schlueter Loop, Killeen, Texas</a>	
<b>RENT COMMENCEMENT</b>	October 18, 2018	
<b>LEASE EXPIRATION</b>	October 31, 2043	
<b>RENEWAL OPTIONS</b>	Six (6) five (5) year options	
<b>RENTAL INCREASES</b>	<b>YEAR</b> 1-25 26-30 (Option 1) 31-35 (Option 2) 36-40 (Option 3) 41-45 (Option 4) 46-50 (Option 5) 51-55 (Option 6)	<b>RENT</b> 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases
<b>REAL ESTATE TAXES</b>	Tenant is responsible for all taxes.	
<b>INSURANCE</b>	Tenant is responsible for all insurance.	
<b>REPAIR &amp; MAINTENANCE</b>	Tenant is responsible for all maintenance and repair, including roof, structure, and parking lot.	
<b>MAINTENANCE BY LANDLORD</b>	None	
<b>RIGHT OF FIRST REFUSAL</b>	None	

# PROPERTY OVERVIEW

## LOCATION

The property is located on West Stan Schlueter Loop, with excellent visibility and convenient, signalized access to 29,940 vehicles per day directly in front of the site. The property benefits from immediate access to Highway 195/South Fort Hood Street, which experiencing a traffic count of 28,474 vehicles per day near the property. The property is close to several large shopping centers and notable retailers. Major national tenants located along West Stan Schlueter Loop include Walmart Supercenter, H-E-B, CVS, McDonald's, Dollar Tree, Starbucks, AutoZone, Family Dollar, and more. The property is also just minutes from Killeen Mall, which is visited by over 8 million people annually.

The property is centrally located between the main entrance to Fort Hood and the Texas A&M University—Central Texas (TAMU-CT) campus. Fort Hood is one of the largest military installations in the world. As the largest employer in the Killeen region and the largest single site employer in Texas, the base has 35,611 active duty soldiers and 4,895 civilian employees. Fort Hood is a major economic driver, contributing \$35.4 billion annually to the state's economy. TAMU-CT is one of the newest members of the Texas A&M University System. Located on a 662-acre campus, the university currently has an enrollment of 3,470 students, but is designed to accommodate over 15,000 students upon completion. Overall future campus development will include 19 academic buildings, 1,800 beds of student housing, a 30,000-seat football stadium, a 10,000-seat baseball field, an 8,000-seat indoor arena, parking for 6,000 cars, and much more. The university, which has been dubbed the second largest economic development to occur in the region only behind the establishment of Fort Hood, is expected to have a total annual economic impact on the region of between \$65 million and \$129 million.

## ACCESS

Access from West Stan Schlueter Loop

## TRAFFIC COUNTS

West Stan Schlueter Loop:	29,940 AADT
Highway 195/South Fort Hood Street:	28,474 AADT

## PARKING

32 parking stalls, including two (2) handicap stalls

## YEAR BUILT

2018

## NEAREST AIRPORT

Austin—Bergstrom International Airport (AUS)



**32**  
PARKING  
STALLS



**2018**  
YEAR BUILT



**30K**  
TRAFFIC  
COUNT (AADT)



**NEAREST  
AIRPORT**  
AUSTIN—BERGSTROM  
INTERNATIONAL  
AIRPORT

# AREA OVERVIEW

Killeen, population 145,482, is the largest city in Bell County, Texas. Killeen lies in the region referred to as Central Texas and is the principal city of the Killeen–Temple–Fort Hood Metropolitan Statistical Area (MSA), which has an estimated population of 450,000. Killeen is directly adjacent to the main cantonment of Fort Hood, one of the world's most populous military bases. As the largest single site employer in Texas, Fort Hood had an economic impact of \$35.4 billion on the state during fiscal 2015-16. Although Killeen depends heavily on Fort Hood, the city enjoys a diversified economy, with the construction, healthcare, and education sectors contributing to the diversity. A major economic driver is Texas A&M University–Central Texas (TAMU-CT), a public university in Killeen. One of the newest members of the Texas A&M University System, TAMU-CT opened in 2009. The university has been dubbed the second largest development in the region behind Fort Hood. TAMU-CT's continued growth is bound to have a positive impact on the local economy, with an economic impact projection predicting the university would have a total annual impact on the region of between \$65 million and \$129 million.

The Killeen–Temple–Fort Hood MSA covers three counties in Central Texas: Bell, Coryell, and Lampasas. The primary economic drivers in the region are the military, an extensive medical community (mostly due to Scott & White Medical Center in Temple), and goods distribution based on the region's central location between the Dallas-Fort Worth, San Antonio, and Houston metro areas, and proximity to larger neighbors Austin and Waco. The MSA is located at the center of the Texas Triangle megapolitan area, anchored by the metro areas of Houston, Dallas–Fort Worth, and San Antonio. The Texas Triangle is home to more than 70% of all Texans. In the next 40 years, the population of the Texas Triangle has been projected to grow more than 65%, or an additional ten million people, leading to 78% of Texans living and working within the Texas Triangle.

- » Fort Hood is one of the largest military bases in the world, with 35,611 active duty soldiers and 4,895 civilian employees.
- » Temple, located approximately 23 miles east of Killeen, is included as a stop or a crossroads on two different plans for a Texas high-speed rail (HSR) line. The HSR line, which is expected to be in operation by 2025, would bring the Killeen–Temple–Fort Hood metro area within approximately 45 minutes of Dallas, Fort Worth, Houston, and San Antonio.
- » Scott & White Medical Center is a 636-bed teaching hospital located in Temple. The primary clinical teaching campus of Texas A&M Health Science Center College of Medicine, Scott & White is ranked as one of the top 100 hospitals and one of the top 15 teaching hospitals in the U.S. by Thomson Reuters. In October 2018, Baylor Scott & White, which oversees Scott & White Medical Center, and Memorial Hermann announced their plan to merge, creating the largest health system in Texas.
- » The Killeen–Temple–Fort Hood MSA is one of the fastest growing metro areas in Texas. By 2030, the region is expected to have more than 550,000 residents.

MAJOR EMPLOYERS IN KILLEEN MSA	# OF EMPLOYEES
FORT HOOD	40,506
BAYLOR SCOTT & WHITE	9,879
KILLEEN INDEPENDENT SCHOOL DISTRICT	7,000
CIVILIAN PERSONNEL OFFICE	6,620
CENTRAL TEXAS VETERANS HEALTHCARE SYSTEM	2,734
MCLANE COMPANY	2,000
TELEPERFORMANCE	1,700
BELTON INDEPENDENT SCHOOL DISTRICT	1,700
CENTRAL TEXAS COLLEGE	1,487
METROPLEX HOSPITAL	1,450



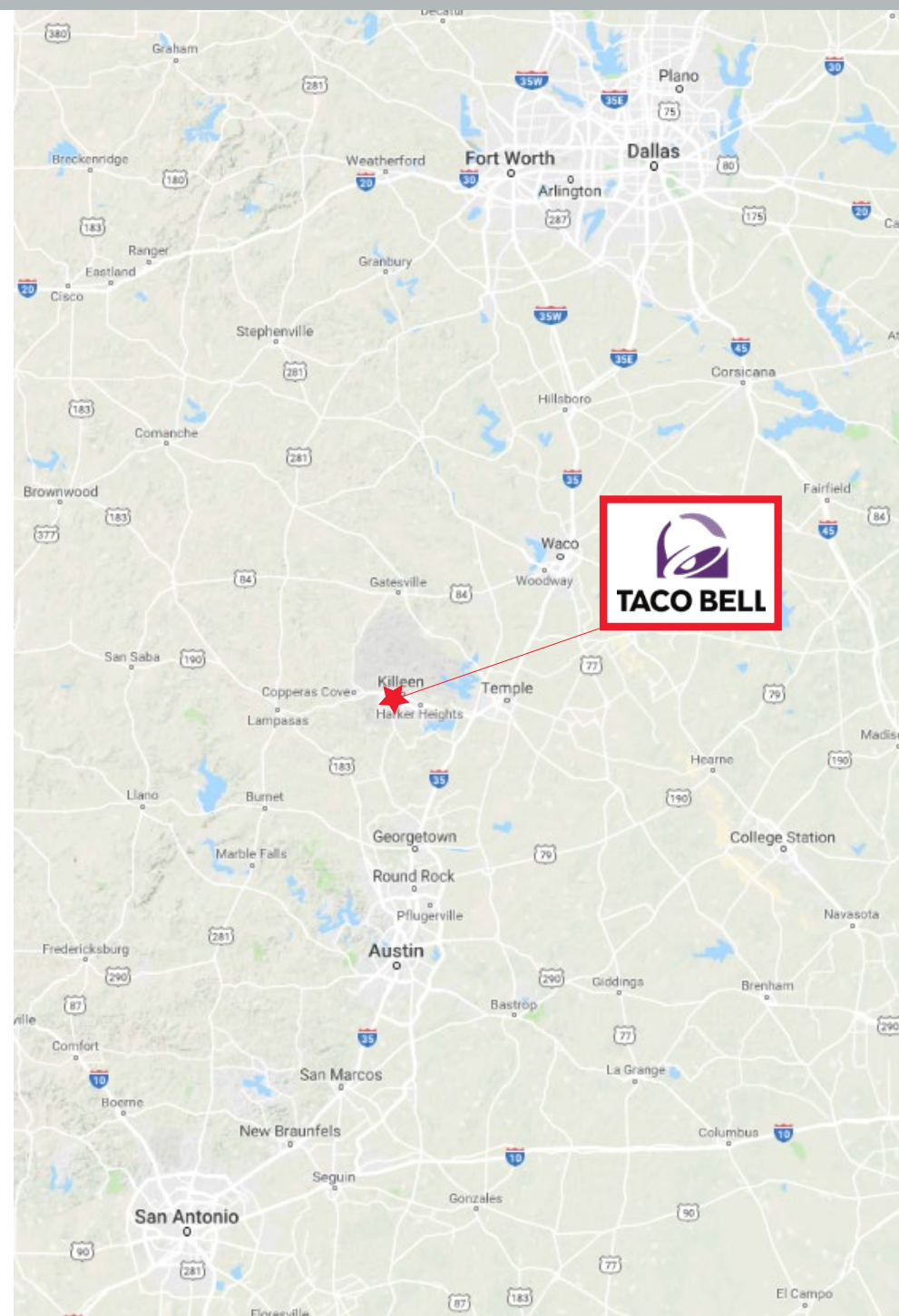
# DEMOGRAPHIC PROFILE

2018 SUMMARY	1 Mile	3 Miles	5 Miles
<b>Population</b>	<b>8,761</b>	<b>83,994</b>	<b>155,854</b>
Households	3,070	30,030	53,529
Families	2,287	21,527	38,169
Average Household Size	2.85	2.80	2.78
Owner Occupied Housing Units	1,509	14,404	23,673
Renter Occupied Housing Units	1,560	15,626	29,856
Median Age	27.6	28.1	27.5
<b>Average Household Income</b>	<b>\$61,112</b>	<b>\$62,011</b>	<b>\$61,216</b>

2023 ESTIMATE	1 Mile	3 Miles	5 Miles
<b>Population</b>	<b>9,640</b>	<b>91,195</b>	<b>167,841</b>
Households	3,353	32,440	57,550
Families	2,493	23,186	40,949
Average Household Size	2.88	2.81	2.80
Owner Occupied Housing Units	1,739	16,205	26,715
Renter Occupied Housing Units	1,615	16,234	30,835
Median Age	27.5	28.2	27.7
<b>Average Household Income</b>	<b>\$69,411</b>	<b>\$70,157</b>	<b>\$69,620</b>



**POPULATION OF 155,854  
WITHIN FIVE MILES**



# INFORMATION ABOUT BROKERAGE SERVICES



## Information About Brokerage Services

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

11-2-2015



### TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

### A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

### A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - o that the owner will accept a price less than the written asking price;
  - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

### TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Designated Broker of Firm	License No.	Email	Phone
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Sales Agent/Associate's Name	License No.	Email	Phone
Buyer/Tenant/Seller/Landlord Initials		Date	

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