



PIZZA HUT

1425 N. CHADBOURNE
SAN ANGELO, TEXAS 79603

OFFERING MEMORANDUM

MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES



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Broker of Record

LIC: 9005919 (TX)



Investment Highlights

- » 15+ year proven track record at the same location
- » 5-year lease renewal shows good commitment to the location/market
- » Above average store sales and healthy rent/sales ratio - see broker for details
- » Full term guarantee from San Angelo Pizza Partners, LP – 4-unit sub franchisee
- » Experienced franchisee operator with approximately 30 Pizza Hut locations
- » 1% annual rental increases throughout the initial term and renewal options
- » Close proximity to a mix of surrounding national retailers including Walmart, CVS, Walgreens, McDonald's, Taco Bell, Starbucks and Burger King to name a few



Financial Overview



Investment Summary

» PROPERTY ADDRESS	1425 N. Chadbourne San Angelo, TX 79603
» OFFERING PRICE	\$965,000
» NOI (YEAR 1)	\$67,659
» CAP RATE (YEAR 1)	7.01%
» TOTAL BUILDING AREA	±2,838 SF
» TOTAL LAND AREA	±0.48 Acres (20,989 SF)

Tenant Summary

Tenant Trade Name	Pizza Hut
Type of Ownership	Fee Simple
Lease Guarantor	San Angelo Pizza Partners, LP
Original Lease Term	15 Years
Lease Type	Absolute NNN
Years Remaining	(+/-) 5 Years
Lease Commencement Date	9/5/2005
Lease Expiration Date	12/31/2023
Options	Four, 5-Year Options

Annualized Operating Data

	Monthly	Annual	Cap Rate
8/1/18- 7/31/19	\$5,638.27	\$67,659.24	7.01%
8/1/19- 7/31/20	\$5,694.65	\$68,335.80	7.08%
8/1/20- 7/31/21	\$5,751.60	\$69,019.20	7.15%
8/1/21- 7/31/22	\$5,809.12	\$69,709.44	7.22%
8/1/22- 7/31/23	\$5,867.21	\$70,406.52	7.30%
8/1/23- 12/31/23	\$5,925.88	\$71,110.56	7.37%

*1% increases in option periods



Tenant Overview

» Company Name	» Year Founded	» Headquarters
Pizza Hut	1979	Plano, TX
» Ownership	» Industry	» No. of Employees
Public	Restaurants	±300,000

Pizza Hut, Inc. operates a chain of pizza restaurants in the United States and internationally. Pizza Hut offers pizzas, pastas, wings, and drinks, as well as sides and desserts, such as stuffed pizza rollers, breadsticks, cheese sticks, baked desserts, and cinnamon sticks. The company also offers catering services. In addition, Pizza Hut franchises its restaurants. Further, it provides online ordering. The Company was founded in 1979 and is based in Plano, Texas. Pizza Hut, Inc. operates as a subsidiary of Yum! Brands, Inc. Pizza Hut is split into several different restaurant formats; the original family-style dine-in locations; storefront delivery and carryout locations; and hybrid locations that offer carry-out, delivery, and dine-in options. Many full-size Pizza Hut locations offer a lunch buffet, with “all-you-can-eat” pizza, salad, breadsticks, and pasta. Additionally, Pizza Hut has a number of other business concepts that are different from the store type; Pizza Hut “Bistro” locations are “Red Roofs” which offer an expanded menu and slightly more upscale options.



Area Overview



San Angelo, TX

San Angelo is a city in and the county seat of Tom Green County, Texas. Its location is in the Concho Valley, a region of West Texas between the Permian Basin to the northwest, Chihuahuan Desert to the southwest, Osage Plains to the northeast, and Central Texas to the southeast. San Angelo is home to Angelo State University, historic Fort Concho, and Goodfellow Air Force Base. Common nicknames of the city include Angelo, Land of Sand and Jello, the Concho City, the Pearl of the Conchos, and the Oasis of West Texas. Whether it's running tracks, bike tracks, race tracks or dinosaur tracks, there are plenty of fun reasons to "make tracks" to San Angelo.

\$59,976

San Angelo, TX Average Household Income

Projected 2018-
2023 Household
Growth

4.84%

Demographics

POPULATION	1 - MILE	3 - MILE	5 - MILE
2023 Projection	9,283	58,909	95,852
2018 Estimate	8,870	56,456	91,942
2010 Census	8,025	51,732	84,704
Growth 2018-2023	4.66%	4.34%	4.25%
Growth 2010-2018	10.53%	9.13%	8.55%
HOUSEHOLDS	1 - MILE	3 - MILE	5 - MILE
2023 Projection	3,404	21,862	36,695
2018 Estimate	3,247	20,913	35,146
2010 Census	2,924	19,160	32,456
Growth 2018-2023	4.84%	4.54%	4.41%
Growth 2010-2018	11.05%	9.15%	8.29%
INCOME	1 - MILE	3 - MILE	5 - MILE
2018 Est. Average Household Income	\$51,427	\$54,702	\$59,976

Top Employers

- » Goodfellow Air Force Base
- » Shannon Health System
- » San Angelo ISD
- » Angelo State University
- » City of San Angelo
- » San Angelo Community Medical Center
- » San Angelo State Supported Living Center
- » Tom Green County
- » Verizon, Inc.
- » Ethicon (Johnson & Johnson)
- » SITEL, Inc.
- » BlueCross BlueShield of Texas
- » Lone Star Beef Processors

ECONOMY

San Angelo has consistently been ranked by many publications and rankings as one of the best small cities for business and employment. San Angelo has a diverse economy for a city of its size. Although most oil fields lie to the west, many oil-field service companies based in the city employ a large number of local residents. The agricultural industry in San Angelo also remains strong. Producer's Livestock Auction is the nation's largest for sheep and lambs, and is among the top five in the nation for cattle auctions. Though most agricultural work is done outside the city, thousands of employees work in the cattle and lamb meat-processing industries, and many more work in agriculture supporting roles inside the city. In addition, two agricultural research centers are located in San Angelo: the Angelo State University Management Instruction and Research Center and the Texas A&M Texas AgriLife Research and Extension Center at San Angelo.





Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **Pizza Hut** located at **1425 N. Chadbourne San Angelo, TX 79603** ("Property"). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.



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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.

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:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - 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.

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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