



PIZZA HUT

4 UNIT PORTFOLIO - MARYLAND & VIRGINIA

MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

OFFERING MEMORANDUM



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INVESTMENT HIGHLIGHTS

- Stabilized Lease Term – There are approximately 8 years remaining on original 20-year lease, with two (2) 5-year options to extend
- Absolute NNN Investment – Tenant is responsible for insurance, taxes, maintenance, roof and structure
- Rare Annual Increases – There are 1.00% bumps scheduled every year in the primary term and options
- Portfolio Pricing – Portfolio is listed at a 7.50% cap rate enabling an excellent cash-on-cash return opportunity with financing for buyers
- Top Ranked Multi-Concept Franchisee – NPC International is the 2nd largest restaurant operator in the country with over \$1,334,697,000 in sales according to Franchise Times (Aug. 2018) – They operate 1,144 Pizza Huts in 27 states and 384 Wendy's units in 7 states, plus Washington D.C.
- World's Largest Pizza Hut Operator – NPC International operates roughly 20% of all domestic Pizza Hut units

FINANCIAL OVERVIEW



PORTFOLIO FINANCIALS

Year	Monthly Rent	Annual Rent	Cap Rate
Current - 2/28/2019	\$23,912	\$286,941	7.50%
3/1/2019 - 2/28/2020	\$24,151	\$289,810	7.57%
3/1/2020 - 2/28/2021	\$24,392	\$292,709	7.65%
3/1/2021 - 2/28/2022	\$24,636	\$295,636	7.73%
3/1/2022 - 2/28/2023	\$24,883	\$298,592	7.80%
3/1/2023 - 2/28/2024	\$25,131	\$301,578	7.88%
3/1/2024 - 2/28/2025	\$25,383	\$304,594	7.96%
3/1/2025 - 2/28/2026	\$25,637	\$307,640	8.04%
3/1/2026 - 2/28/2027	\$25,893	\$310,716	8.12%



LIST PRICE

\$3,825,900



CAP RATE

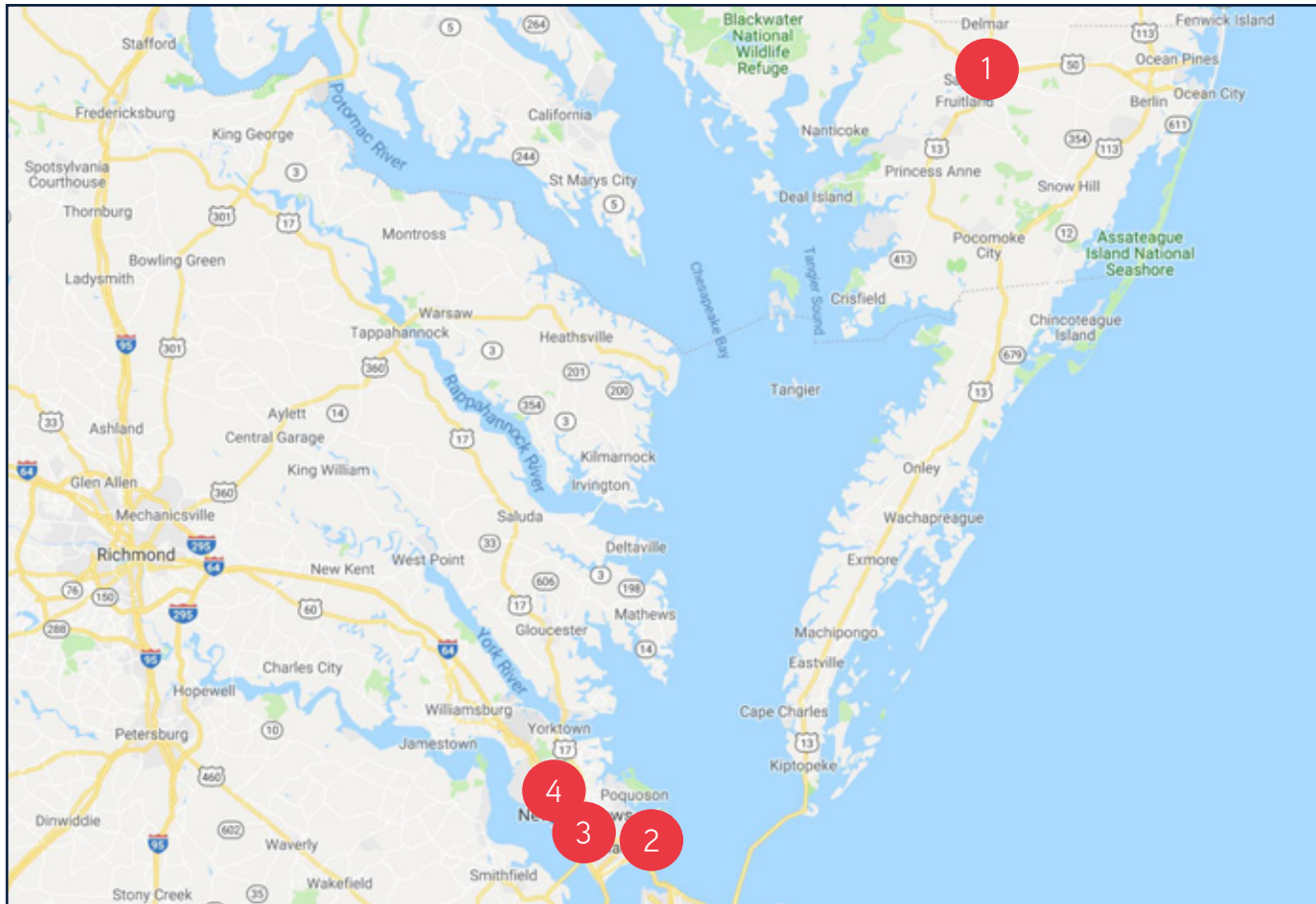
7.50%



NOI

\$286,941

PROPERTY LOCATION



	ADDRESS	CITY	STATE
1	1217 Mount Hermon Road	Salisbury	MD
2	1966 Pembroke Avenue	Hampton	VA
3	10744 Jefferson Avenue	Newport News	VA
4	13659 Warwick Boulevard	Newport News	VA



EXECUTIVE SUMMARY

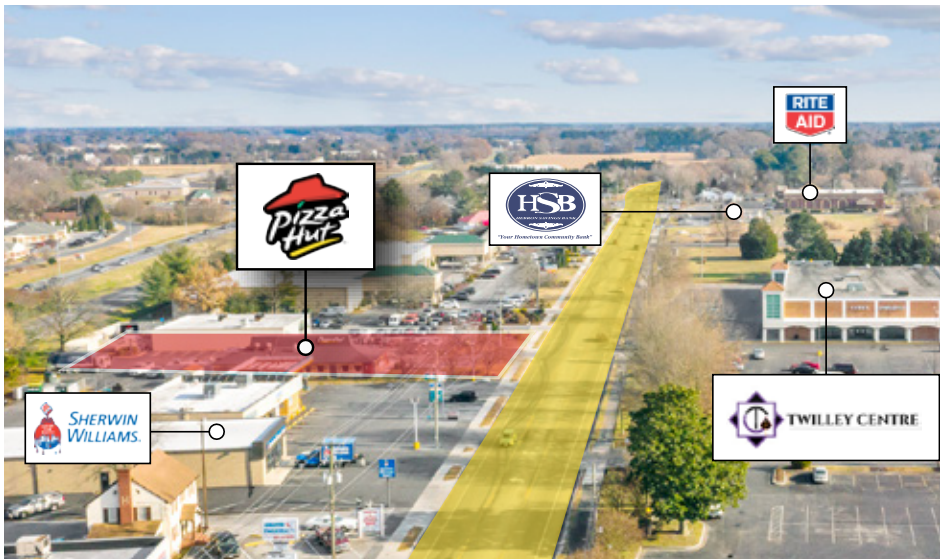
Property Name	Pizza Hut
Property Street	1217 Mount Hermon Road
City, State, Zip	Salisbury, MD 21804
GLA	± 2,000 SF
Lot Size	±0.64 AC

TENANT SUMMARY

Tenant Trade Name	Pizza Hut
Type of Ownership	Fee Simple
Lease Guarantor	Franchisee
Lease Type	NNN
Roof & Structure	Tenant Responsible
Original Lease Term	20 Years
Rent Commencement Date	3/1/2007
Lease Expiration Date	2/28/2027
Term Remaining	±8 years
Increases	1% Annually
Options	Two, 5-Year Options

ANNUAL OPERATING DATA

	Monthly Rent	Annual Rent	RPSF	Cap Rate
Current - 2/28/2019	\$5,977	\$71,729	\$35.86	7.50%
3/1/2019 - 2/28/2020	\$6,038	\$72,453	\$36.23	7.58%
3/1/2020 - 2/28/2021	\$6,098	\$73,177	\$36.59	7.65%
3/1/2021 - 2/28/2022	\$6,159	\$73,909	\$36.95	7.73%
3/1/2022 - 2/28/2023	\$6,221	\$74,648	\$37.32	7.81%
3/1/2023 - 2/28/2024	\$6,283	\$75,394	\$37.70	7.88%
3/1/2024 - 2/28/2025	\$6,346	\$76,148	\$38.07	7.96%
3/1/2025 - 2/28/2026	\$6,409	\$76,910	\$38.45	8.04%
3/1/2026 - 2/28/2027	\$6,473	\$77,679	\$38.84	8.12%



PROPERTY HIGHLIGHTS

- Next to Wicomico High School, Wicomico Middle School, and Evening High School
- Newly remodeled BK and new Walgreens development on street
- PNC Bank across the street from the site has \$97,812,000 in deposits – 16.94% of market share and third largest bank in this zip code
- 0.64 acre parcel

DEMOGRAPHICS

	1-Mile	3-Mile	5-Mile
2018 Estimate	8,147	48,771	72,902
Projected Growth 2018-2023	2.43%	2.71%	2.56%
Household Income	\$53,339	\$53,769	\$62,952



EXECUTIVE SUMMARY

Property Name	Pizza Hut
Property Street	1966 E Pembroke Avenue
City, State, Zip	Hampton, VA 23663
GLA	± 2,000 SF
Lot Size	±1.06 AC

TENANT SUMMARY

Tenant Trade Name	Pizza Hut
Type of Ownership	Fee Simple
Lease Guarantor	Franchisee
Lease Type	NNN
Roof & Structure	Tenant Responsible
Original Lease Term	20 Years
Rent Commencement Date	3/1/2007
Lease Expiration Date	2/28/2027
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PROPERTY HIGHLIGHTS

- Closest Pizza Hut from Hampton University
- Close proximity to Phoebus High School and Bryan Elementary School
- Newly remodeled Taco Bell & KFC location down the street
- 1.06 acre parcel

DEMOGRAPHICS

	1-Mile	3-Mile	5-Mile
2018 Estimate	13,647	56,649	87,269
Household Income	\$59,083	\$67,408	\$64,564



EXECUTIVE SUMMARY

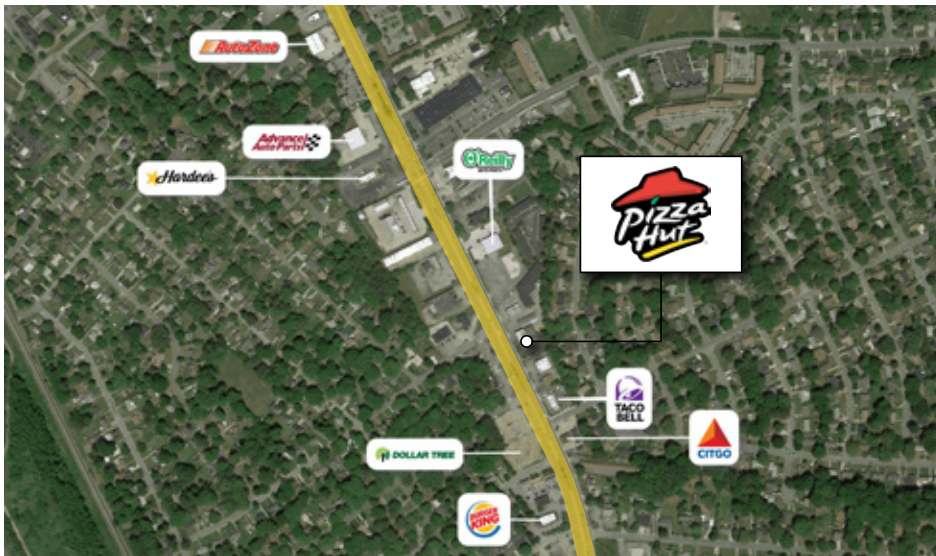
Property Name	Pizza Hut
Property Street	10744 Jefferson Avenue
City, State, Zip	Newport News, VA 23601
GLA	± 2,000 SF
Lot Size	±0.37 AC

TENANT SUMMARY

Tenant Trade Name	Pizza Hut
Type of Ownership	Fee Simple
Lease Guarantor	Franchisee
Lease Type	NNN
Roof & Structure	Tenant Responsible
Original Lease Term	20 Years
Rent Commencement Date	3/1/2007
Lease Expiration Date	2/28/2027
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PROPERTY HIGHLIGHTS

- Newly renovated Taco Bell and newly built Walmart Neighborhood Market in close proximity to site
- 12,450 people in a 1-mile radius, 75,243 people in a 3-mile radius and 164,497 people in a 5-mile radius
- Over 39,000 VPD off Jefferson Ave

DEMOGRAPHICS

	1-Mile	3-Mile	5-Mile
2018 Estimate	12,427	75,969	164,292
Projected Growth 2018-2023	0.19%	(0.96%)	0.12%
Household Income	\$66,528	\$71,514	\$74,563



EXECUTIVE SUMMARY

Property Name	Pizza Hut
Property Street	13659 Warwick Blvd
City, State, Zip	Newport News, VA 23602
GLA	± 2,000 SF
Lot Size	±0.34 AC

TENANT SUMMARY

Tenant Trade Name	Pizza Hut
Type of Ownership	Fee Simple
Lease Guarantor	Franchisee
Lease Type	NNN
Roof & Structure	Tenant Responsible
Original Lease Term	20 Years
Rent Commencement Date	3/1/2007
Lease Expiration Date	2/28/2027
Term Remaining	±8 years
Increases	1% Annually
Options	Two, 5-Year Options

ANNUAL OPERATING DATA

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3/1/2026 - 2/28/2027	\$6,473	\$77,679	\$38.84	8.12%



PROPERTY HIGHLIGHTS

- 15,012 people in a 1-mile radius, 75,104 people in a 3-mile radius and 148,444 people in a 5-mile radius
- Over 41,000 VPD off Warwick Blvd

DEMOGRAPHICS

	1-Mile	3-Mile	5-Mile
2018 Estimate	14,955	75,090	147,397
Projected Growth 2018-2023	0.38%	0.02%	0.71%
Household Income	\$59,505	\$75,912	\$78,822



TENANT OVERVIEW



1217 Mount Herman Road, Salisbury, MD



1966 Pembroke Avenue, Hampton, VA



10744 Jefferson Avenue, Newport News, VA



13659 Warwick Boulevard, Newport News, VA

PIZZA HUT

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.

NPC INTERNATIONAL

NPC International is an institutional consolidator and developer of great time-tested restaurant brands. Pizza Hut has a more than 60-year history, beginning in 1958 in Wichita, Kansas. NPC opened its first Pizza Hut restaurant shortly after in 1962. Today, Pizza Hut is an iconic global brand that delivers more pizza, pasta and wings than any other restaurant in the world. NPC currently operates more than 1,213 Pizza Hut units in 27 states and more than 386 Wendy’s units in 7 states, plus Washington D.C.

- NPC is the largest Pizza Hut franchisee in the world, operating approximately 20% of the domestic Pizza Hut system
- 5th Largest Restaurant Unit Operator in the United States (based on unit count)
- 36,500 Employees
- Operates more than 1,213 Pizza Huts in 27 states and more than 386 Wendy’s in 8 states



COMPANY NAME
PIZZA HUT



OWNERSHIP
PUBLIC



YEAR FOUNDED
1979



INDUSTRY
RESTAURANTS



HEADQUARTERS
PLANO, TX



NO. OF EMPLOYEES
± 300,000



HAMPTON ROADS

Hampton Roads is the name of both a body of water that serves as a wide channel for the James, Nansemond and Elizabeth rivers between Old Point Comfort and Sewell's Point where the Chesapeake Bay flows into the Atlantic Ocean and the surrounding metropolitan region located in the Southeastern Virginia and Northeastern North Carolina portions of the Tidewater region.

Comprising the Virginia Beach–Norfolk–Newport News, VA–NC metropolitan area and an extended Combined Statistical Area that includes the Elizabeth City, NC Micropolitan Statistical Area and Kill Devil Hills, NC Micropolitan Statistical Area, Hampton Roads is known for its large military presence, ice-free harbor, shipyards, coal piers, and miles of waterfront property and beaches, all of which

contribute to the diversity and stability of the region's economy. Hampton Roads is comprised of seven cities: Norfolk, Virginia Beach, Chesapeake, Portsmouth, Newport News, Hampton and Suffolk. These municipalities are in relatively close proximity, but are distinctly different.

The area is home to hundreds of historical sites and attractions. The harbor was the key to Hampton Roads' growth, both on land and in water-related activities and events. While the harbor and its tributaries were (and still are) important transportation conduits, at the same time they presented obstacles to land-based commerce and travel.

Hampton, VA

Hampton is an independent city in Virginia located on the mouth of the Chesapeake Bay with a population of about 137,000. As one of the seven major cities that compose the Hampton Roads metropolitan area, Hampton is graced with miles of shoreline and breathtaking water views. The city is located in the heart of the Hampton Roads region and the center of the East Coast. Located on the Hampton Roads Beltway, it hosts the Hampton Roads Bridge-Tunnel (HRBT) on Interstate 64. First opened in 1957, it was the world's first bridge tunnel, crossing the mouth of the Hampton Roads harbor, which serves as the gateway to the Chesapeake Bay and the Atlantic Ocean from the eastern United States' largest ice-free harbor and its tributary rivers. Expanded in the 1970s, the HRBT remains Virginia's busiest and deepest such facility.



Newport News, VA

Newport News is the fifth-most populous city in Virginia. It sits on a prime vantage point where the James River meets the Chesapeake Bay. The city runs approximately 23 miles along the James River and the Hampton Roads Harbor. Steeped in history, Newport News is a community of diverse trades including shipbuilding, technological research and international commerce.



Salisbury, MD

Salisbury is a city in and the county seat of Wicomico County, Maryland, and the largest city in the state's Eastern Shore region. Salisbury is the principal city of the Salisbury, Maryland-Delaware Metropolitan Statistical Area. The city is the commercial hub of the Delmarva Peninsula, which was long devoted to agriculture and had a southern culture. It calls itself "The Comfortable Side of Coastal".

Salisbury is the #1 fastest growing city in Maryland and the economic capital of the Eastern Shore. 91.1% of all business revenue in Wicomico County is received in the City of Salisbury and 83% of all employment in Wicomico County is within the City of Salisbury. The job market continues to shine, and in 2015 the city was ranked the 42nd fastest growing job market in America. In 2016, Salisbury was the 7th fastest growing job market in America. Median advertised wage for the more than 2,000 jobs available in Salisbury has risen to \$46,307 in March 2017 – an indicator of good things to come.

To accommodate these jobs and people, the construction industry is heating up. Assessments of property continue to climb and the pace of both construction and employment indicates that Salisbury's future is bright.

CONFIDENTIALITY & DISCLAIMER STATEMENT

This Offering Memorandum contains select information pertaining to the business and affairs of this **Pizza Hut Portfolio** located at **4 Different Property Sites (“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.

EXCLUSIVELY LISTED BY

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