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REAL ESTATE INVESTMENT SERVICES

OFFERING MEMORANDUM

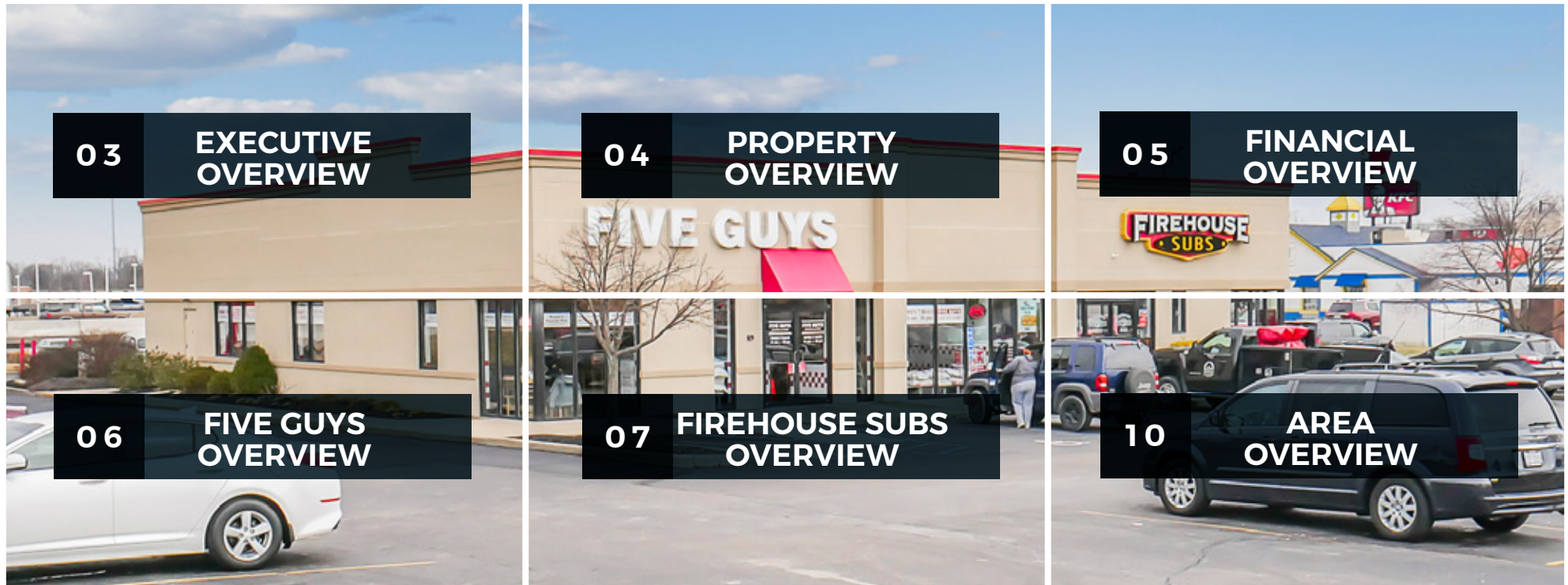


FIVE GUYS & FIREHOUSE SUBS

**830 Eastgate S Dr
Cincinnati, OH 45245**



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LISTED BY

Connor Olandt

Senior Associate

DIRECT: 949.432.4504

MOBILE: 818.618.4522

connor.olandt@matthews.com

LIC # 01985082 (CA)

Calvin Short

SVP & Senior Director

DIRECT: 949.432.4506

MOBILE: 310.567.3525

calvin.short@matthews.com

LIC # 01927216 (CA)

BROKER OF RECORD

LAURENCE BERGMAN

DIRECT: 513.322.6307

LIC # 000348029 (OH)

Executive Overview

Exceptional Retail Market



- » Situated in the main retail corridor, the site benefits from synergy being next to Walmart Supercenter, Sam's Club, Meijer, Hobby Lobby, Kroger, DICK's Sporting Goods, and Chick-fil-A to name a few.



- » Highly trafficked location, State Route 32 sees over 55,000 cars per day



- » Affluent area with an average household income over \$91,000 and 100,000+ residents in a 5-mile radius

Premier National Tenants



- » Five Guys is one of the fastest growing fast food chains in the US with over 1,500 locations worldwide



- » Firehouse Subs has over 1,150 restaurants in 45 states, current expansion is in the Pacific Northwest and West Coast



- » E-commerce resistant, service based tenant mix is ideal for a passive investor looking for long-term stability

Strong Real Estate Investment Fundamentals



- » Rents are in line with market and provide an owner comfort and flexibility in knowing that they are replaceable



- » Leases provide fixed rental increases which act as a good hedge against future inflation



- » E-commerce proof outparcel in front of Sam's Club and Walmart Supercenter



Property Overview

Investment Summary

| | |
|---------------------------|---|
| » PROPERTY ADDRESS | 830 Eastgate S Dr Cincinnati, OH 45245 |
| » SQUARE FOOTAGE | ±5,400 SF |
| » LAND AREA | ±1.31AC (± 56,950 SF) |
| » APN(S) | 41-56-07.-003 |



PRICE: \$1,848,000



CAP RATE: 7.00%



NOI: \$129,400

Parcel Map



Financial Overview

Financial Summary

| Tenant Trade Name | Five Guys |
|-------------------------|--------------|
| Type of Ownership | Fee Simple |
| Lease Guarantor | Franchisee |
| Lease Type | NN |
| Term Remaining on Lease | ±3.75 years |
| Lease Commencement Date | 1/1/12 |
| Rent Commencement Date | 1/1/15 |
| Lease Expiration Date | 12/31/22 |
| Increases | See Schedule |
| Options | Two, 5-year |

Annualized Operating Data

| | Monthly Rent | Annual Rent | Rent Per SF |
|----------------------------------|--------------|-------------|-------------|
| Current - 12/31/2022 | \$6,866.67 | \$82,400.04 | \$24.24 |
| Option 1 - 1/1/2023 - 12/31/2027 | \$7,433.33 | \$89,199.96 | \$26.24 |
| Option 2 - 1/1/2028 - 12/31/2032 | \$8,000.00 | \$96,000.00 | \$28.24 |

Financial Summary

| Tenant Trade Name | Firehouse Subs |
|-------------------------|----------------|
| Type of Ownership | Fee Simple |
| Lease Guarantor | Franchisee |
| Lease Type | NN |
| Term Remaining on Lease | ±5.75 years |
| Lease Commencement Date | 7/14/14 |
| Rent Commencement Date | 1/1/15 |
| Lease Expiration Date | 12/31/24 |
| Increases | See Schedule |
| Options | Two, 5-year |

Annualized Operating Data

| | Monthly Rent | Annual Rent | Rent Per SF |
|----------------------------------|--------------|-------------|-------------|
| Current - 12/31/2019 | \$3,916.67 | \$47,000.04 | \$23.50 |
| 1/1/2020 - 12/31/2024 | \$4,308.33 | \$51,699.96 | \$25.85 |
| Option 1 - 1/1/2025 - 12/31/2029 | \$4,738.33 | \$56,859.96 | \$28.43 |
| Option 2 - 1/1/2030 - 12/31/2034 | \$5,028.33 | \$60,339.96 | \$30.17 |

Lease Abstract

| Tenant: | Five Guys | Firehouse Subs |
|---------------------------------------|--|--|
| Lease Guarantor: | Eastgate Burgers 12, LLC. ±11 unit operator | Rescue Restaurant Group, LLC. ±12 unit operator |
| Lease Commencement: | 1/1/12 | 1/1/15 |
| Lease Expiration: | 12/31/22 | 12/31/24 |
| Original Lease Term: | 10 years | 10 years |
| Lease Term Remaining: | ±3.75 years | ±5.75 years |
| Option Periods: | Two (2), five (5) year | Two (2), five (5) year |
| Rental Increases: | 8.25% in first option, 7.62% in second option. | 10% in 2020. 9.98% in first option. 6.12% in second option |
| Percentage Rent: | Current - 12/31/2022 - 5.00% in excess of \$1,668,000 sales. Option 1 - 5.00% in excess of \$1,836,000 sales Option 2 - 5.00% in excess of \$2,004,000 sales | None |
| GLA: | ±3,400 SF | ±2,000 SF |
| Lot Size: | ±1.31 AC | ±1.31 AC |
| Percentage of GLA: | 62.96% | 37.04% |
| Maintenance: | Tenant responsible for prorata common area maintenance | Tenant responsible for prorata common area maintenance. Tenant has a 5% cap annually on CAM costs |
| Roof/Structure Responsibility: | Landlord | Landlord |
| Insurance: | Tenant to carry insurance | Tenant to carry insurance |
| Real Estate Taxes: | Tenant responsible for prorata share | Tenant responsible for prorata share |
| HVAC: | Tenant responsible for prorata share of maintenance/repair | Tenant responsible for prorata share of maintenance/repair |
| Utilities: | Tenant responsible for prorata share | Tenant responsible for prorata share |
| Right of First Refusal: | None | None |
| Security Deposit: | \$7,700.00 | \$3,916.67 |
| Assignment/Subletting: | Not without Landlord consent | Not without Landlord consent |

Five Guys



| | |
|---|--|
| » Company Name Five Guys Enterprises, LLC | » Industry Food (Fast Casual) |
| » Ownership Private | » Headquarters Lorton, Virginia |
| » Year Founded 1986 | » Website www.fiveguys.com |

\$831M
2016 Revenue

±1,500
No. of Locations

±15,000
No. of Employees

TENANT OVERVIEW

Five Guys Enterprises LLC is an American fast casual restaurant chain focused on hamburgers, hot dogs, and French fries, and headquartered in Lorton, Virginia, an unincorporated part of Fairfax County. The first Five Guys restaurant opened in 1986 in Arlington County, Virginia, and by 2001, the chain had expanded to five locations throughout the Washington, D.C. metro area.

In early 2003, the chain began franchising, beginning a period of rapid expansion. In a year and a half, permits had been sold for over 300 franchised locations. As of 2012, Five Guys had over 1,000 locations open throughout the United States and Canada, with over 1,500 locations under development. At that time, the company was the fastest-growing fast food chain in the United States, with a 32.8% sales increase from 2010 to 2011.

RECEPTION

Five Guys has received numerous awards in D.C. area publications, including "Number 1 Burger" by Washingtonian Magazine for seven years. US President Barack Obama is reportedly a fan, buying lunch for himself and his colleagues at the Washington Five Guys branch in 2011. The chain has something of a cult following and remarkable brand loyalty. Five Guys has been rated one of the most talked-about burger brands online.

Firehouse Subs



» **Company Name**

Firehouse Subs

» **Ownership**

Private

» **Year Founded**

1994

» **Industry**

Food (Fast Casual)

» **Headquarters**

Jacksonville, Florida

» **Website**

www.firehousesubs.com

TENANT OVERVIEW

Firehouse of America, Firehouse Subs is a U.S. based, fast casual restaurant chain founded in 1994 in Jacksonville, Florida by former firefighter brothers Robin and Chris Sorensen. Firehouse Subs has opened over 1,150 franchise restaurants in 45 states as well as Puerto Rico and Canada. Over the period of 23 years, Firehouse Subs has opened more than 1,150 restaurants across 45 states and Puerto Rico, and internationally in Canada, as well as growth in nontraditional locations, like airports and college campuses. Firehouse Subs is recognized as a leader in the fast-casual segment. For the last three years, Firehouse Subs was ranked No. 1 by Technomic's Chain Restaurant Consumers' Choice Awards among fast casual brands in the categories of overall brand (2017), food quality (2016), service (2015) and atmosphere (2014). Forbes recognized Firehouse Subs in 2018 as a Best Franchise to Buy.



HOUSEHOLDS

INCOME

| | | | |
|--------------------------|----------|----------|----------|
| Average Household Income | \$87,292 | \$83,756 | \$99,633 |
| Median Household Income | \$72,786 | \$65,505 | \$72,644 |

Local Map







Area Overview

Cincinnati, OH

Cincinnati, located in southwestern Ohio on the Ohio River, is the third-largest city in the state. Cincinnati MSA has a population of around 2,200,000 and is home to major corporations such as Procter & Gamble, The Kroger Company, and Macy's, Inc., amongst others. Kroger, the largest employer in the city, has 17,000 employees. The University of Cincinnati is the second largest, with 15,162 employees.

Cincinnati has two major league teams, seven minor league teams, five college institutions with sports teams, and seven major sports venues. Cincinnati's two major league teams are Major League Baseball's Reds, who were named for America's first professional baseball team, the Cincinnati Red Stockings and the Bengals of the National Football League who have made two Super Bowl appearances since its founding. On Major League Baseball Opening Day, Cincinnati has the distinction of holding the "traditional opener" in baseball each year, due to its baseball history.

5-Mile Demographics



103,351 - 2019 Population



41,686 - 2019 Households



\$101,419 - 2019 Avg. HH Income

Economy

Cincinnati has recently become a younger, more educated city with a fast-growing economy exceeding most other cities in the country. The study was done by taking a twice-a-year economic snapshot of the Greater Cincinnati economy and finding the city isn't aging as fast as the rest of the country and the population's education level is on the rise. This has caused a growth in the economy with it now being 2 percent above its pre-recession level.

With the low cost of living and unemployment rate, many people have moved to the area and it has become a hot spot for many corporations. Several Fortune 500 companies are headquartered in Cincinnati including Procter & Gamble, The Kroger Company, and Macy's. General Electric has also moved their headquarters to the city for GE Aviation and Global Operations.



THE UNIVERSITY OF CINCINNATI

The University of Cincinnati is a public institution with an undergraduate enrollment of 25,054 and a total enrollment of over 44,000 making it the second largest university in Ohio and one of the 50 largest in the United States. The school offers hundreds of programs of study including graduate degrees in business, law, and engineering but the university is known for their highly ranked fine arts and health master's programs.

The University of Cincinnati contributes greatly to the statewide economy. The university has an economic impact of around \$2 billion annually. By these measures, the University of Cincinnati does better than any of the other state universities and any other university.

Recent Developments

The city has been undergoing new developments to help renovate the city to become more modern and innovative. The Banks project is planned to finish in the next couple years and will create a riverfront area between the Paul Brown Stadium and Great America Ball Park, along the Ohio River. This will include new apartments, retail, restaurants, and offices.

The first phase is complete and every vacant space is already occupied. The next area that is going under renovation is Smale Riverfront Park, Cincinnati's newest park. A new streetcar system recently opened throughout the city, as well.



Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **Five Guys & Firehouse Subs** located at **830 S Eastgate S Dr, Cincinnati, OH** ("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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Calvin Short

SVP & Senior Director

DIRECT: 949.432.4506

MOBILE: 310.567.3525

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