

# Pep Boys

1925 SW H K DODGEN LOOP  
TEMPLE, TX 76504



**MATTHEWS**<sup>TM</sup>  
REAL ESTATE INVESTMENT SERVICES

OFFERING MEMORANDUM

Representative Photo



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## INVESTMENT HIGHLIGHTS

### PROPERTY DETAILS

- NNN Investment – Landlord has zero management responsibilities
- Short Term Lease – Just under 1 Year remaining with One (1), Five (5) Year Option
- Growing Cash Flow – 10% Increases scheduled throughout designated option periods
- Optimal 6-Bay Store Footprint – Allows tenant to maximize capacity while minimizing fixed costs
- In late January of 2017, Pep Boys – Manny, Moe, and Jack had acquired Just Brakes L.L.C, an automotive repair and maintenance chain with roughly 134 stores throughout the U.S.

### RETAIL TRADE AREA

- Healthy Average Household Income Profile – Over \$64,000 within a 1,3 & 5-Mile Radius
- Conveniently located off SW H-K Dodgen Loop that boasts traffic counts in excess of 24,000 VPD and directly faces Interstate-190 that boasts over 46,000 VPD
- Nearby Retail Tenants Include: HEB Grocery, Starbucks, Taco Bell, Chick-fil-A, ALDI, Baylor Scott & White McLane Children's Medical Center and many more.

### TENANT OVERVIEW

- In December of 2015, The Pep Boys – Manny, Moe & Jack of Delaware, Inc. was acquired by Carl Icahn's Icahn Enterprises L.P. for an excess of \$1 billion dollars
- Since Icahn's acquisition, Pep Boys has added more than 1,000 new locations with acquisitions of Just Brakes, Precision Tune Auto Care, AAMCO, Advanced Auto Service & Tire, Mathis Tire & Auto and more
- Icahn Automotive operates approximately 1,900 locations owned and franchise service locations in 49 US states and Puerto Rico being one of the longest running and world's largest automotive retail chains

# Financial Overview





## Investment Summary

» OFFERING PRICE	\$733,333
» NOI	\$66,000
» CAP RATE (YEAR 1)	9.00%
» TOTAL BUILDING AREA	± 4,085 SF
» TOTAL LAND AREA	± 0.53 Acres

## Annualized Operating Data

	Monthly Rent	Annual Rent	Rent PSF	Cap Rate
Current - 8/31/2019	\$5,500	\$66,000	\$16.16	9.00%
Option 1	\$6,050	\$72,600	\$17.77	9.90%

## Tenant Summary

Tenant Trade Name	Pep Boys Auto
Type of Ownership	Fee Simple
Lease Guarantor	Brake Center of the Southwest, Inc. (BCSW, LLC)
Lease Type	NNN
Roof and Structure	Tenant Responsible
Term Remaining on Lease	±1 Years
Lease Commencement Date	9/1/09
Rent Commencement Date	8/31/2019
Lease Expiration Date	±1 Year
Increases	10% Every 5 Years
Options	One (1), Five-Year Options

## Property Overview



Representative Photo

### Tenant Overview

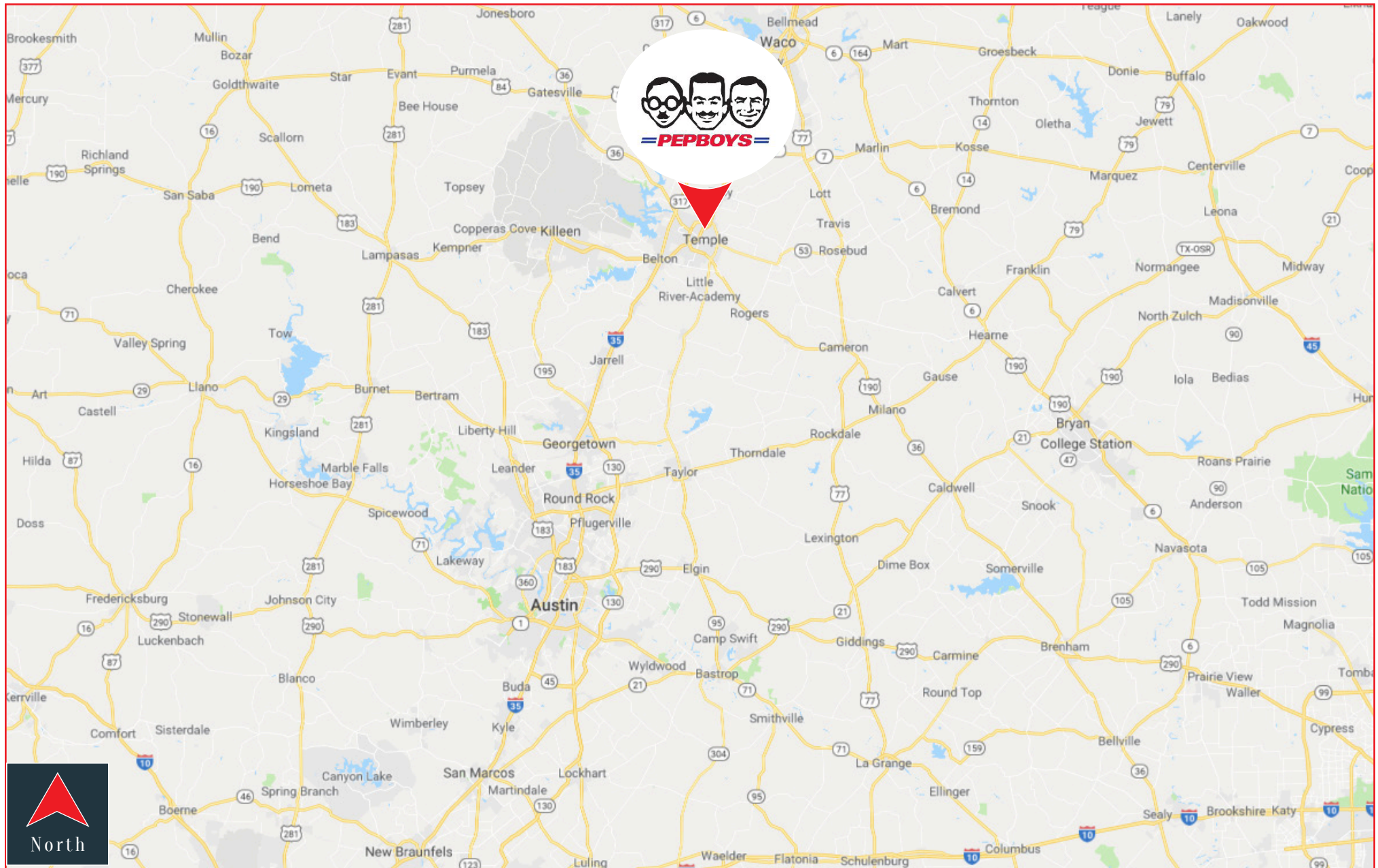
» PARENT COMPANY TRADE NAME	Icahn Enterprises, L.P.
» OWNERSHIP	Private
» NO. OF LOCATIONS	±1,900
» HEADQUARTERED	Philadelphia, PA
» WEBSITE	<a href="http://www.pepboys.com">www.pepboys.com</a>
» YEAR FOUNDED	1921

Philadelphia-based Pep Boys has operations in 47 US states and Puerto Rico. Major markets for the company include California, Florida, Pennsylvania, and Texas, home to nearly half of its stores. Pep Boys also has warehouses in California, Georgia, Texas, Indiana, New York, and Pennsylvania.

An automotive paradise for do-it-yourselfers, Pep Boys stock about 25,000 car parts and accessories, including tires, and combined, operate more than 7,500 service bays for vehicle repairs, inspections, and parts installations. It also offers credit and parts delivery to commercial customers, such as repair shops, fleet operators, schools, and municipalities. Founded in 1921 by Philadelphians Manny, Moe, and Jack, Pep Boys was acquired by billionaire investor Carl Icahn's Icahn Enterprises in February 2016.

In late 2015, Pep Boys found itself the target of a bidding war between Japanese tire company Bridgestone and activist investment firm Icahn Enterprises. After originally accepting an \$835 million offer from Bridgestone, the auto parts retailer eventually agreed to a \$1 billion-plus purchase by Icahn (which completed in February 2016). The investment firm plans to combine Pep Boys with the Auto-Plus chain, which it acquired earlier in 2015.

## Location







## TEMPLE, TX

Temple is a city in Bell County, Texas and as of 2016, the city has a population of 73,600 according to a US census estimate. Located near the county seat of Belton, Temple lies in the region referred to as Central Texas and is a principal city of the Killeen–Temple–Fort Hood Metropolitan Statistical Area. The metro region has a population of 450,051. Located off Interstate 35, Temple is 65 miles north of Austin and 34 miles south of Waco.

Temple has developed as a small city with a number of arts and retail amenities not typically associated with a smaller community. The primary economic drivers are the extensive medical community (mostly due to Scott & White Medical Center) and goods distribution based on its central location between the Dallas-Fort Worth, San Antonio, and Houston metro areas, and proximity to larger neighbors Austin and Waco.

## DEMOGRAPHICS

POPULATION	1 Mile	3 Mile	5 Mile
2023 Projection	9,237	50,947	77,808
2018 Estimate	9,003	48,775	73,885
Growth 2018-2023	2.60%	4.45%	5.31%
HOUSEHOLDS	1 Mile	3 Mile	5 Mile
2023 Projection	4,261	21,565	31,578
2018 Estimate	4,121	20,471	29,779
Growth 2018-2023	9.42%	5.34%	6.04%
INCOME	1 Mile	3 Mile	5 Mile
2018 Est. Average Household Income	\$63,281	\$65,271	\$67,397

Over a hundred years ago, the local economy began with the regional Santa Fe Railroad hospital. Temple now thrives in a complex economy, with both goods distribution and its reputation as a regional medical center leading the way. Baylor Scott & White is the largest employer in the area with over 12,000 employees, most of which are located at Scott & White Medical Center.

Temple is home to many regional distribution centers and is headquarters to two large, multi-national companies, Wilsonart International and McLane Company, as well as parent McLane Group. In addition to some manufacturing, there is also a developing customer service/call center industry. Temple is also home to the Temple Bottling Company which produces Dr. Pepper.

Temple is known as a regional medical center, with three major hospitals, Scott & White Medical Center, McLane Scott & White Children's Hospital, and Olin E. Teague Veterans' Medical Center. As a small city with such extensive medical facilities, Temple has the highest number of physicians per capita in the country with 230 physicians per 100,000 residents. Scott & White is the largest employer in town with about 12,000 employees. Temple is home to one of the Texas A&M College of Medicine campuses.



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FORBES



## AUSTIN, TEXAS

Located in Central Texas in the foothills of Texas Hill Country, Austin is the state capital and the cultural and economic center of the Austin-Round Rock metropolitan area. Regarded by most as the best choice in Texas, the Austin area provides residents a balance of a strong economy, good education, attractive housing, a pleasant climate, and plenty to do.

Visitors are welcome to indulge in the rich cultural heritage, plentiful entertainment amenities, unique attractions, and outdoor recreation opportunities of this bustling, albeit laid-back, capital city. Surrounded by beautiful natural settings and abundant sunshine, Austin offers an unparalleled quality of life for its low cost of living.

## TEXAS HILL COUNTRY

Arguably the most beautiful area in Texas, the Texas Hill Country is a 25-county region of Central and South Texas that extends from just north of Austin down south to San Antonio. Central to Texas, the Hill Country is considered the heart and soul of the state. With over 14,000 square miles of hills, lakes, live oak trees and winding roads, this region attracts millions of people each year, be it for a weekend getaway or a vacation.

Located deep in the heart of this uniquely charming area, the countryside is reminiscent of the wine growing regions of central Italy and the Rhone Valley in France. An array of visually stunning vineyards and wineries are scattered throughout the Hill Country, from downtown Austin to Fredericksburg and Lampasas to New Braunfels. Given that it is one of the fastest growing wine-producing regions in the country, the Hill Country has emerged as one of the top wine destinations in the world, drawing more than five million visitors each year to the Texas Hill Country Wineries.



## ECONOMIC DEVELOPMENT

Through the enactment of a friendly attitude into a business climate, the Austin region asserts that not only will it welcome new businesses, but it will also improve them. The city is a one-of-a-kind place, unique to Texas and to the whole country.

To effectively support and recruit business, the City's Economic Development Department (EDD) strives to create a sustainable cultural and economic environment that enhances Austin's strengths. Along with supporting local initiatives through cultural arts, music, downtown redevelopment, economic and small business programs, the EDD has integrated a core global focus to assist local businesses with international expansion and trade and increase jobs and investment in Austin. Via traditional and equity-based approaches, the EDD is leading global business expansion, urban regeneration, small business development, cultural arts, and music efforts by fostering novel programs designed to increase the prosperity of Austin's diverse communities and businesses.

Much like the EDD, the Austin Chamber of Commerce is heading development initiatives to promote regional economic growth, namely Opportunity Austin and Innovate Austin. The Chamber of Commerce has the capacity so support business growth and aims to provide tools and services that will assist with making data-driven decisions when businesses are considering relocating, starting, or expanding in the Greater Austin region.

## Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **Pep Boys** located at **1925 SW H K Dodgen Loop Temple, TX 76504** (“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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11-2-2015

## 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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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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