

Pep Boys

1965 STATE HIGHWAY 157
MANSFIELD, TX 76063

MATTHEWS™
REAL ESTATE INVESTMENT SERVICES



OFFERING MEMORANDUM

Representative Photo



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Investment Highlights

Property Details:

- » Absolute NNN Investment – Landlord has zero management responsibilities
- » Attractive Long-Term lease – Just under 12-Years remaining with Two (2), Ten (10) Year Options
- » Growing Cash Flow – Maximum 10% rental increases based off the Consumer Price Index (CPI) –providing a strong hedge against inflation
- » Optimal 6-Bay Store Footprint – Allows tenant to maximize capacity while minimizing fixed costs
- » Quality Construction Prototype – Concrete Block building built new for Just Brakes and commenced retail operations in 2010
- » 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:

- » Affluent Demographics – Average Household Income exceeding \$100,000 in a 1,3, and 5-Mile radius
- » Strong Population Growth – Minimum increase of 10% throughout the surrounding area within a 1,3, and 5-Mile radius
- » Property is ideally positioned along Hwy 157, which boasts traffic counts in excess of 27,500 VPD

Tenant:

- » 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	\$1,597,000
» NOI	\$125,400
» CAP RATE (YEAR 1)	7.85%
» TOTAL BUILDING AREA	± 4,080 SF
» TOTAL LAND AREA	± 1.16 Acres

Annualized Operating Data

	Monthly Rent	Annual Rent	Rent PSF	Cap Rate
Current - 3/31/2020	\$10,450	\$125,400	\$30.735	7.85%
4/1/2020 - 3/31/2025	\$11,495	\$137,940	\$33.809	8.64%
4/1/2025 - 3/31/2030	\$12,070	\$144,837	\$35.499	9.07%

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	±12 Years
Original Lease Term	20 Years
Lease Commencement Date	3/17/2010
Rent Commencement Date	3/25/2010
Lease Expiration Date	3/31/2030
Increases	CPI Increases Not To Exceed 10% Every 5 Years
Options	Two (2), Ten-Year Options

Property Overview



Representative Photo

Tenant Overview

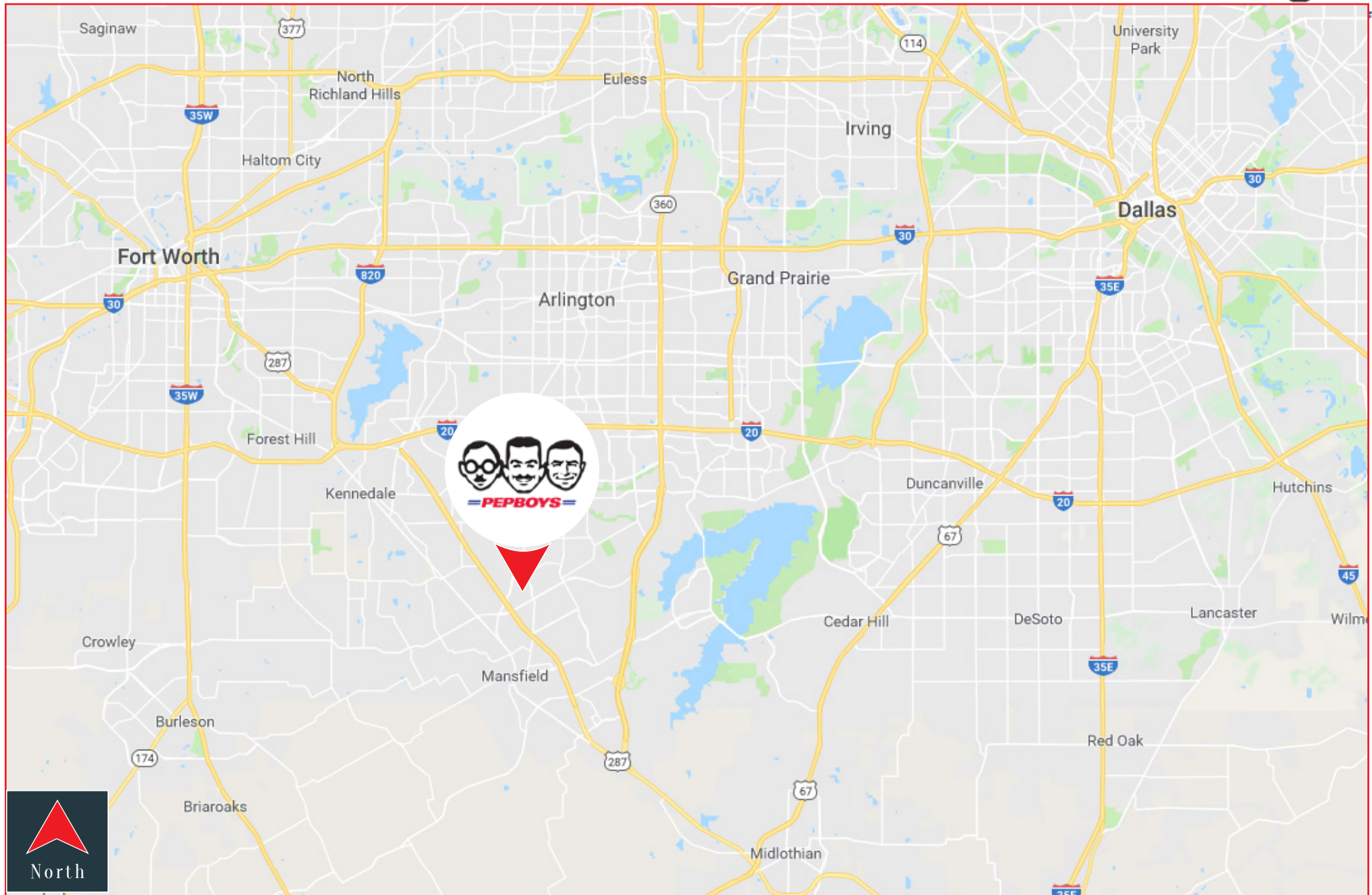
» PARENT COMPANY TRADE NAME	Icahn Enterprises, L.P.
» OWNERSHIP	Private
» NO. OF LOCATIONS	±1,900
» HEADQUARTERED	Philadelphia, PA
» WEBSITE	www.pepboys.com
» YEAR FOUNDED	1921

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





Area Overview

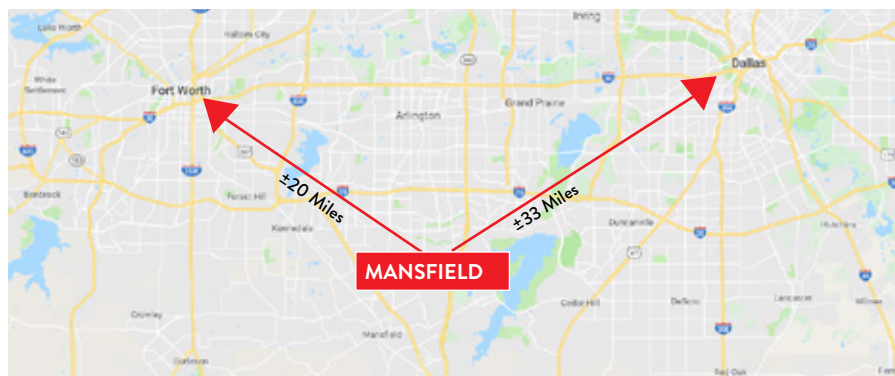




MANSFIELD, TEXAS

Mansfield, TX is a dynamic, growing community with a rich history and a bright future. The parkland, historic downtown area, recreational opportunities, and superior rated schools make Mansfield a great place to call home.

Situated between Dallas and Fort Worth, Mansfield gives residents the feel of a small town with easy access to two major cities. Mansfield is one of the most livable cities for families with a very low poverty rate and large population of younger people.



LOCAL DEVELOPMENTS

The Shops at Broad

The Shops at Broad is a mixed-use development project that is currently in the works. Two new tenants are expected to open this September at the shops with more scheduled to open in September of 2019. They will include Flix Brewhouse, and an eight-screen movie theater with an in-house brewery.

Downtown Mansfield

The highly anticipated Backyard is the latest addition in the makeover of downtown Mansfield. Grilling Twisted Root burgers, customers can relax with friends, play cornhole, or just enjoy the sunshine. There will be an addition of a stage for live music to make the restaurant more of a parklike atmosphere.

DEMOGRAPHICS

Population	1 Mile	3 Mile	5 Mile
2010 Census	8,367	73,218	171,589
2018 Estimate	10,368	87,407	200,453
2023 Projection	11,517	96,016	218,050
Percent Change: 2010 to 2018	190.42%	103.36%	62.63%
Percent Change: 2018 to 2023	23.91%	19.38%	16.82%

Household	1 Mile	3 Mile	5 Mile
2010 Census	2,523	23,556	56,467
2018 Estimate	2,965	26,843	63,767
2023 Projection	3,271	29,199	68,825
Percent Change: 2010 to 2018	176.34%	102.74%	61.61%
Percent Change: 2018 to 2023	17.52%	13.95%	12.93%

Income	1 Mile	3 Mile	5 Mile
Average Household Income	\$125,700	\$118,013	\$107,767
Median Household Income	\$99,441	\$97,214	\$88,332



Representative Photo



DALLAS-FORT WORTH

Dallas is a city where big ideas meet big opportunity. The city revolves around a bustling downtown area that expands through an assortment of neighborhoods and commercial centers, supported by a network of freeways that exceeds almost any other city. It boasts the largest urban arts district in the nation; where you'd be more likely to come across a world-class exhibit than a broken pair of chaps. Its past and present is rich in culture, an All-American city that was built on legends.

The central core of Dallas has experienced a steady and significant growth that speaks to its highly diversified economy. It has become a hub for real estate and business, establishing itself as one of the largest concentrations of corporate headquarters for publicly traded companies such as American Airlines, Neiman Marcus, Kimberly-Clark, JCPenney, ExxonMobil and many others. In 2015, Forbes reported that Dallas is "the best place for business and careers" in Texas. It's the perfect blend of big city living and rustic southern charm.

The Dallas economy is expected to grow over the next couple of decades making it the perfect time to not only invest in Dallas real estate, but also relocate. As the 9th largest city in the country, Dallas has something for everyone. It combines clashing images of the city skyline and cowboy vibes. Yet, the city of Dallas describes itself best with the motto: "Big Things Happen Here."

DALLAS BY THE NUMBERS

#9

LARGEST CITY

21

FORTUNE 500
COMPANIES

25 M

VISITORS
PER YEAR

7.1

MILLION PEOPLE

4

MAJOR SPORTS
TEAMS

\$7.8 B

TOTAL TOURISM
ECONOMIC IMPACT

DALLAS FORT-WORTH MSA

The Dallas-Fort Worth Metroplex is the largest metropolitan area in the South, and fourth largest in the United States. It is a center for sporting events, tourism and manufacturing. Dallas and its suburbs have one of the highest concentrations of corporate headquarters in the United States. Business management and operations is a major part of the economy. The Metroplex also contains the largest Information Technology industry base in the state. On the other end of the business spectrum, and on the other side of the Metroplex, the Texas farming and ranching industry is based in Fort Worth.

Much of the success can be attributed to the 21 Fortune 500 companies headquarters in North Texas, Jackson said. These companies collectively generated more than \$807 billion in revenue in the past year, which is an increase of more than \$13 billion from the previous year, according to North Texas Commission calculations. Like the state overall, North Texas has been experiencing booming population growth and will continue to grow.



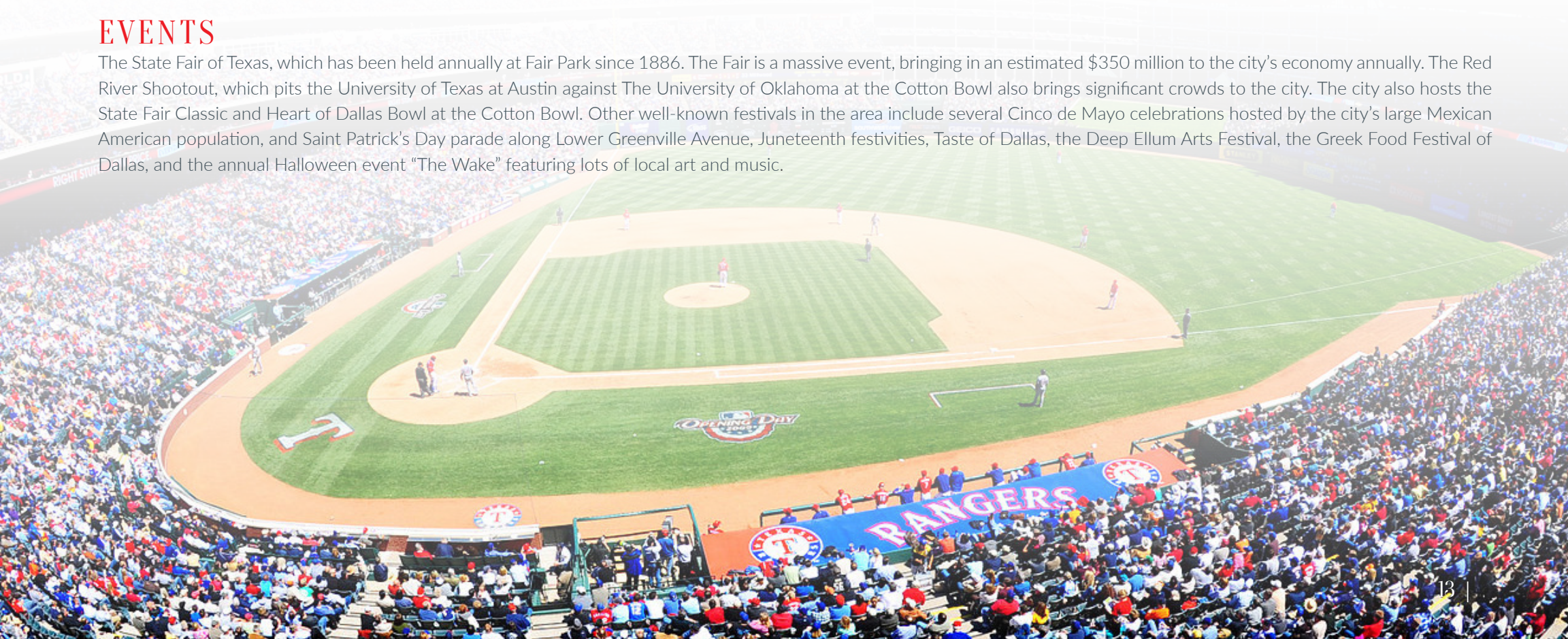
SPORTS

The City of Dallas and the Dallas metropolitan area is home to teams in five major sports: the Dallas Cowboys (National Football League), Dallas Mavericks (National Basketball Association), Texas Rangers (Major League Baseball), FC Dallas (Major League Soccer), and Dallas Stars (National Hockey League). Dallas area major college sports programs include the Mustangs of Southern Methodist University, located in the enclave of University Park and Patriots baseball of Dallas Baptist University located in southwest Dallas. Neighboring cities Fort Worth, Arlington, and Denton are home to the Texas Christian University Horned Frogs, the University of Texas at Arlington Mavericks, and University of North Texas Mean Green, respectively.



EVENTS

The State Fair of Texas, which has been held annually at Fair Park since 1886. The Fair is a massive event, bringing in an estimated \$350 million to the city's economy annually. The Red River Shootout, which pits the University of Texas at Austin against The University of Oklahoma at the Cotton Bowl also brings significant crowds to the city. The city also hosts the State Fair Classic and Heart of Dallas Bowl at the Cotton Bowl. Other well-known festivals in the area include several Cinco de Mayo celebrations hosted by the city's large Mexican American population, and Saint Patrick's Day parade along Lower Greenville Avenue, Juneteenth festivities, Taste of Dallas, the Deep Ellum Arts Festival, the Greek Food Festival of Dallas, and the annual Halloween event "The Wake" featuring lots of local art and music.



Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **Pep Boys** located at **1965 State Highway 157 Mansfield, TX 76063** ("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.



Information About Brokerage Services

11-2-2015

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:
 - 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.

Kyle Matthews/Matthews Retail Group Inc.	678067	kyle.matthews@matthews.com	(310) 919-5757
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Kyle Matthews	678067	kyle.matthews@matthews.com	(310) 919-5757
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

Regulated by the Texas Real Estate Commission

Information available at www.trec.texas.gov

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