

OFFERING MEMORANDUM

A&W

908 Aztec Blvd, Aztec, NM 87410



MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

DO NOT DISTURB BUSINESS. CONTACT BROKER FOR DETAILS



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Executive Overview



LOT SIZE
1.33 ACRES



BLDG SF
1,681 SF



SALES
**Contact Broker
for Details**



LIST PRICE
\$1,255,024



YEAR BUILT
1972/2018



INVESTMENT HIGHLIGHTS

- » Rare Opportunity to Acquire High Performing National Business with the Real Estate included. Current Operator will entertain the sale of the Business only.
- » Superb Sales - Top 10 Freestanding A&W Locations in the Nation. Contact Broker for Details.
- » Long Operating History - Operator has been at the location for over 30 years & is only open 6 out of 7 days of the week.
- » Located on the Main Artery of Aztec, NM. W Aztec Blvd boasts over ±25,000 VPD.
- » Over-sized 1.33 Acre Lot (roughly 60,000 Sq. Ft. of Land)
- » Population of ±9,517 in a 3-Mile radius with an Avg. HH Income of ±\$65,000



OPPORTUNITY

This Offering is an opportunity to own a high performing A&W business that includes the Real Estate. The Subject A&W has been an Aztec, New Mexico staple for years & is located in the heart of the town with high visibility off of Aztec Blvd. Truly a landmark location, this A&W has ranked in the top 10 of all locations in the US, and the current Operator is only open 6 out of the 7 days a week.

OVERVIEW

A&W is a strictly franchisee-owned operation that specializes in A&W draft root beer and hamburgers, hotdogs, and french fries. Though the brand operates out of many diverse areas, from exurbs to rural areas, small town locations tend to thrive. The brand attributes its success in small towns to its nostalgia and dedication to making classic and wholesome American foods.

Because of the brand's ability to generate long-term cash flow, many franchisees have turned their restaurants into family businesses, passing along restaurants from one generation to the next. The restaurant is open for lunch, dinner and evening business. Though it operates with quick, fast food like service, it is dedicated to delivering quality food of sit-down style value. Franchisees have freedom to select which items they wish to sell, within limitations. All restaurants serve the brand's signature root beer.

TRAINING, SUPPORT, & QUALIFICATIONS

Ideal franchise candidates are passionate about the A&W brand. They also have a minimum liquidity of \$150,000 and a net worth of at least \$350,000. If not already licensed, new Restaurant Managers and a minimum one other full-time manager will be required to attend an 8 to 10-day training course in Lexington, KY. The training course is also available to other members of the franchisee's organization for up to three individuals. The cost of training is \$200 per day. On-the-job training is also available for \$200 per day.

WHY A&W?

As one of America's best known and beloved restaurants, A&W ranks #4 on Time Magazine's 2018 list of the best fast food chains in America. Though always a good restaurant, it is undeniable that its switch to strictly franchisee-ownership led to its revitalization. Since 2011, A&W has experienced a nearly 33 percent increase in same-store sales on average a year. Its AUV for free-standing units with a drive-thru is an impressive \$937,000.

A&W's shareholders are also franchise partners, which means that they operate without an exit strategy. Every decision the board makes is intended to protect each person's investment for the long-haul. Board members are always thinking about what their decisions mean for the company in the next 10 to 20 years, and not just for the next quarter.

Another perk of franchising an A&W is that the brand keeps operating costs low. It does this by partnering with Restaurant Chain Supply Solutions, a supplier and distributor of the three biggest chains in the nation: Taco Bell, KFC, and Pizza Hut. The brand leverages this relationship to provide the lowest food, beverage, and equipment costs to franchisees.



HISTORY

A&W's 99-year history dates back to 1919, when founder Roy Allen handed out the first original craft root beer in a parade in Lodi, CA, to welcome home WWI veterans. The creamy root beer, which proved to be a big hit, continues to be made in-house and out of real sugar cane, a proprietary blend of herbs, spices, bark and berries, and water, and served up in a frosted mug.

In 1922, Allen partnered with a Lodi employee, Frank Wright. The two leased their first two stands to other operators so that they could expand their business to Sacramento. This was the first time the business became known as "A&W," and when it began its unofficial franchising venture.

In 1925, Allen and Wright officially began selling franchises, thus establishing themselves as the first franchise chain in America. In 1950, thanks to the prevalence of GI loans, nearly 450 new A&Ws opened across the nation. It was at this time that Allen sold the business to A&W Root Beer Co., a company based out of California. Between 1955 and 1965, A&W went international, expanding into Canada, the Philippines and Japan, to name a few markets.

In 2011, A&W was purchased by a group of franchise partners. Today, there are approximately 1,000 franchisee owned restaurants and counting.

FRANCHISE TIMES 2018 ARTICLE

Making it to 100 is a gift for anything or anyone, and A&W Restaurants is looking unusually spry as America's first and oldest restaurant chain approaches the century mark. Since late 2011, when a group of franchisees acquired A&W from YUM! Brands—check out our story on CEO Kevin Bazner's strategy—(<https://www.franchisetimes.com/October-2017/The-turnaround-A-Ws-on-the-road-again/>)—root beer lovers across the country have welcomed 54 new restaurants. There are now more than 630 locations in the U.S.

"From day one, we have focused on helping operators grow profitable same-store sales," said Bazner. He noted A&W has reported sales increases in 20 of the last 24 quarters, including the very challenging first quarter of this year. "That performance has benefited our existing operators, many of whom are adding units, but it's also driven interest from new franchisees."

Average same-store sales also are up over 33 percent for the same time period.

Bazner added that free-standing locations now average annual sales of \$951,678, based on Item 19 in A&W's recently updated Franchise Disclosure Document. This is the first time A&W has included an Item 19 since acquiring the brand. "We are seeing a lot of interest from operators looking to build new stand-alone restaurants, as well as gas and convenience units," he said.

So far this year, A&W has opened restaurants in Cape Girardeau, Mo., Spencer, Wis., Fremont, Neb., and Stansbury Park, Utah. Restaurants are currently under development in Berkeley and Hayward, Calif., Salome, Ariz., Algoma, Wis., Lima, Ohio, Hershey, Neb., Almont and Mt. Morris, Mich., Otsego, Minn., Rock Rapids, Iowa, and Las Vegas, NV.

A&W was founded in Lodi, California, in June 1919. Plans for its centennial celebration are being finalized. They include a book to be published next year with profits going to Disabled American Veterans – DAV.

A&W Restaurants ranks #188 on the Franchise Times Top 200+ list and #4 on Time Magazine's 2018 list of America's best fast-food chains. It still makes fresh root beer fresh in each restaurant from real cane sugar, water and a proprietary blend of herbs, bark, spices and berries that are served in a frosty mug alongside burgers, fries, chicken tenders and other so-called All American Food favorites. There are nearly 1,000 locations worldwide.

Source: <https://www.franchisetimes.com/news/June-2018/A-W-Looking-Good-Still-Growing-at-100/>

Additional Property Photos



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» **Company Name**
A&W Restaurants, Inc.

» **Year Founded**
1923

» **Headquarters**
Lexington, Kentucky

» **Ownership**
Private

» **Industry**
Fast Food

» **No. of Locations**
±1,000 worldwide / ±600 U.S.

A&W Restaurants, Inc. is a chain of fast-food restaurants distinguished by its draft root beer, root beer floats and burgers. The company has locations throughout much of the world with each serving a typical fast-food menu of hamburgers, french fries, and hot dogs. A number of outlets serve as drive-in restaurants that have carhops. Previously owned by Yum! Brands, the chain was sold in December 2011 to a consortium of A&W franchisees through A Great American Brand, LLC.





Area Overview

AZTEC, NM

Aztec is a city and county seat of San Juan County, New Mexico. Cultural Enthusiasts are mesmerized by Aztec Ruins National Monument. Located within the city limits, Aztec Ruins is a Unesco World Heritage site representing an outlying settlement of the ancestral Puebloan Chaco Culture. Visitors enjoy thought-provoking lectures ranging from archaeoastronomy to Native American mythology. For the more adventurous outdoor hiker, there are numerous Navajo Pueblitos and Spanish-American settlement sites to visit.

History Buffs are charmed by historic Aztec, which pre-dates statehood. Historians young and old are immersed in founders' history at the Aztec Museum and Pioneer Village, and spend hours experiencing the popular walking tour within the original town site. Visitors can also take a trip to historic downtown and experience the uniqueness of Aztec.



POPULATION	1 - MILE	3 - MILE	5 - MILE
2019 Estimate	2,806	9,133	12,428
HOUSEHOLDS	1 - MILE	3 - MILE	5 - MILE
2019 Estimate	1,082	3,530	4,743
INCOME	1 - MILE	3 - MILE	5 - MILE
2019 Est. Average Household Income	\$62,875	\$64,507	\$67,986



ALBUQUERQUE, NM

Albuquerque is the most populated city in the state of New Mexico. The high-altitude city serves as the county seat of Bernalillo County, and it is situated in the central part of the state, straddling the Rio Grande.

Albuquerque is rich in culture and heritage. There is plenty to do in Albuquerque from shopping for authentic Native American jewelry, hot air ballooning, exploring history museums, and enjoying the local events and festivals.

ECONOMY

Pima County is the south-central region of the U.S. state of Arizona which as of 2019 has an estimated population of 1,022,769 making it the 2nd largest county in Arizona. The county seat is Tucson, the second-largest populated city in AZ Albuquerque lies at the center of the New Mexico Technology Corridor, a concentration of high-tech private companies and government institutions along the Rio Grande. Larger institutions whose employees contribute to the population are numerous and include Sandia National Laboratories, Kirtland Air Force Base, and the attendant contracting companies which bring highly educated workers to a somewhat isolated region. Intel operates a large semiconductor factory or "fab" in suburban Rio Rancho, in neighboring Sandoval County, with its attendant large capital investment. Northrop Grumman is located along I-25 in north-east Albuquerque, and Tempur-Pedic is located on the West Mesa next to I-40.



INTERNATIONAL BALLOON FIESTA

Albuquerque is also home of the International Balloon Fiesta, the world's largest such gathering of balloons from around the world. The event takes place during the first week of October. The Balloon Fiesta is a nine-day event and has over 500 balloons each year. The convention has also become a major showcase of New Mexican culture and history and features numerous cultural exhibitions. The fiesta is one of Albuquerque's largest tourist attractions and constitutes a major source of income for the city and local businesses. Typically, tourists and fiesta visitors take thousands of pictures of the balloons, so it is no surprise that for several years the fiesta was sponsored by Kodak and was given the title, the Kodak Albuquerque International Balloon Fiesta, though that title was usually only used in print ads and on official memorabilia.



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Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **A&W** located at **908 Aztec Blvd, Aztec, NM 87410** ("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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