

PIZZA HUT SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Marcus & Millichap

Representative Photo



Pizza Hut

740 S Alabama Ave
Chesnee, SC 29323

OFFERING
MEMORANDUM

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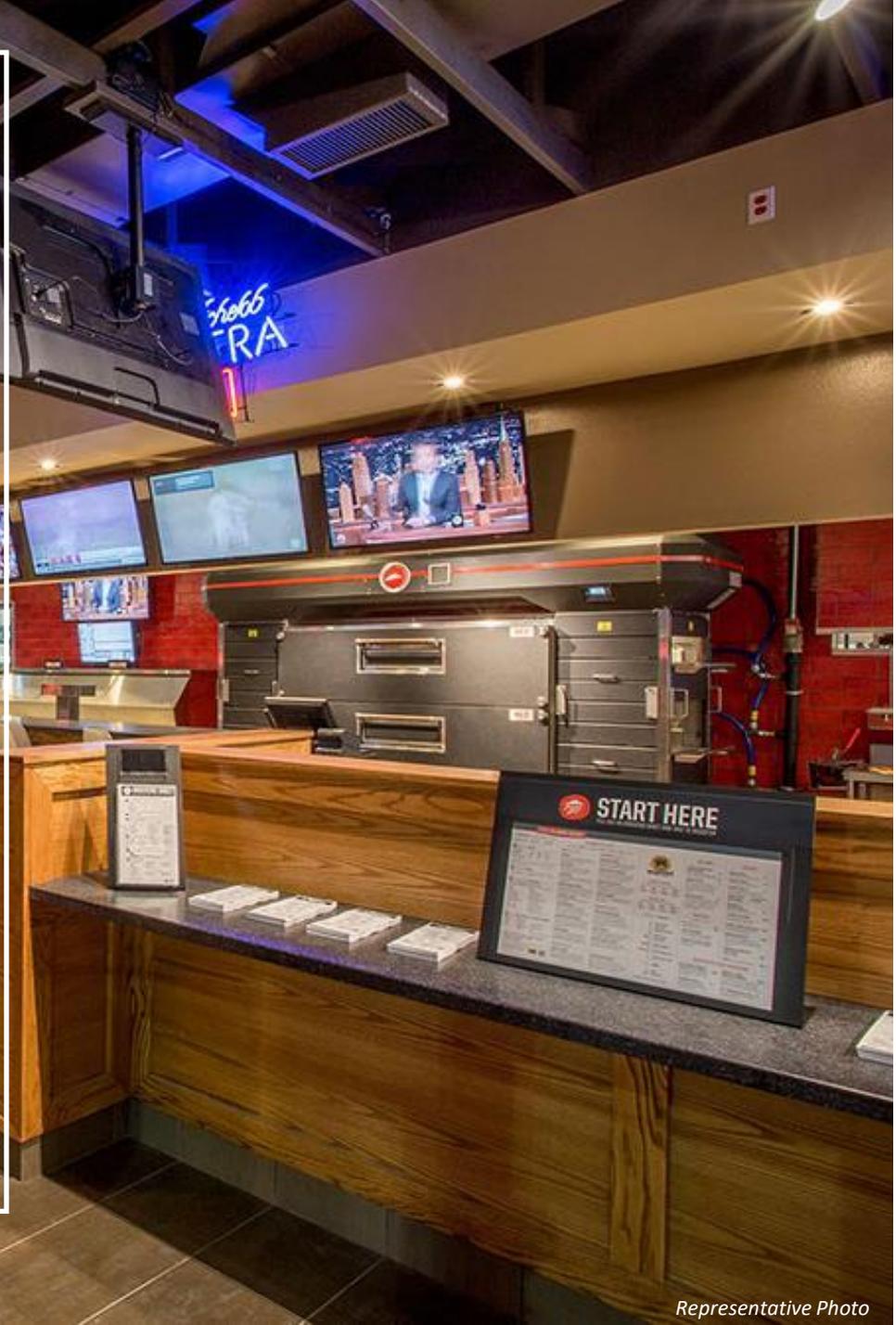
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Representative Photo



LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ New Construction Featuring the Fast Casual Delco Model | Offers a More Efficient Way to Build New Units with Greater Return for Franchisees
- ✓ Situated on South Alabama Avenue | The Main Thoroughfare from North Carolina to Spartanburg, SC
- ✓ Main Retail Corridor | Major National Tenants Include: BI-LO, CVS Pharmacy, Dollar Tree, Dollar General, Subway, Hardee's, as well as many more
- ✓ Compelling Location Fundamentals | Directly Across the Street from Chesnee High School and Middle School | Combined Total Enrollment of nearly 1,200 Students

LEASE

LEASE STRUCTURE

- ✓ Brand New 15-Year Sale Leaseback
- ✓ Attractive 10% Rental Escalations Every Five (5) Years
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Four (4), Five (5)-Year Tenant Renewal Option Periods

TENANT

TENANT

- ✓ SDS Restaurant Group is an Experienced 60 Unit Operator
- ✓ Rapidly Growing Franchisees with Plans of Operating 200 Restaurants In the Near Future
- ✓ Strong Brand Recognition | Pizza Hut has 18,431 Restaurants Worldwide
- ✓ Pizza Hut was Founded in 1958 | SDS Restaurant Groups was Formed in 2012



Financial Analysis & Investment Summary



PURCHASE PRICE: \$1,000,000 | CAP RATE: 5.50% | RENT: \$55,000

THE OFFERING

Purchase Price	\$1,000,000
CAP Rate	5.50%
Annual Rent	\$55,000

PROPERTY DESCRIPTION

Property	Pizza Hut
Property Address	740 S Alabama Ave
City, State ZIP	Chesnee, SC 29323
Building Size (SF)	2,400
Lot Size (Acres)	+/- 1.82 Acres
Type of Ownership	Fee Simple
Estimated Opening Date	September 9 th , 2019

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant	SDS Restaurant Group
Guarantor	15 Years
Lease Term	Close of Escrow
Lease Commencement	15 Years From The Close of Escrow
Lease Expiration	15 Years
Lease Term Remaining	Triple-Net (NNN)
Lease Type	Net Leased Restaurant
Roof & Structure	Tenant Responsible
Options to Renew	10% Every 5 Years
Rental Increases	Four (4), Five (5)-Years

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$55,000	\$4,583	-
Year 2	\$55,000	\$4,583	-
Year 3	\$55,000	\$4,583	-
Year 4	\$55,000	\$4,583	-
Year 5	\$55,000	\$4,583	-
Year 6	\$60,500	\$5,042	10.00%
Year 7	\$60,500	\$5,042	-
Year 8	\$60,500	\$5,042	-
Year 9	\$60,500	\$5,042	-
Year 10	\$60,500	\$5,042	-
Year 11	\$66,550	\$5,546	10.00%
Year 12	\$66,550	\$5,546	-
Year 13	\$66,550	\$5,546	-
Year 14	\$66,550	\$5,546	-
Year 15	\$66,550	\$5,546	-

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Pizza Hut sale leaseback opportunity located at 740 S Alabama Avenue in Chesnee, SC. The property will be subject to a 15-year true triple-net (NNN) lease with absolutely no landlord responsibilities. The initial annual rent will be \$55,000 and will increase by 10% every five (5) years. These rental increases will continue through each of the four (4), five (5)-year tenant renewal option periods.

The Tenant on the lease is SDS Restaurant Group, which is an experienced 60-unit operator. The tenant has been experiencing strong and sustained growth and has plans to reach 200 total units.





Concept Overview



TENANT SUMMARY

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. As of year end 2018, Pizza Hut had 18,431 restaurants worldwide. 97 percent of the Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

In its global growth path, Pizza Hut is beginning to focus on its "Delco" Model, which is a similar layout with a lower investment point geared toward delivery and carryout. This model offers a more efficient way to build new units with a greater return for franchisees.

SDS Restaurant Group was formed in 2012 with the purchase of 32 restaurants in Eastern North Carolina.

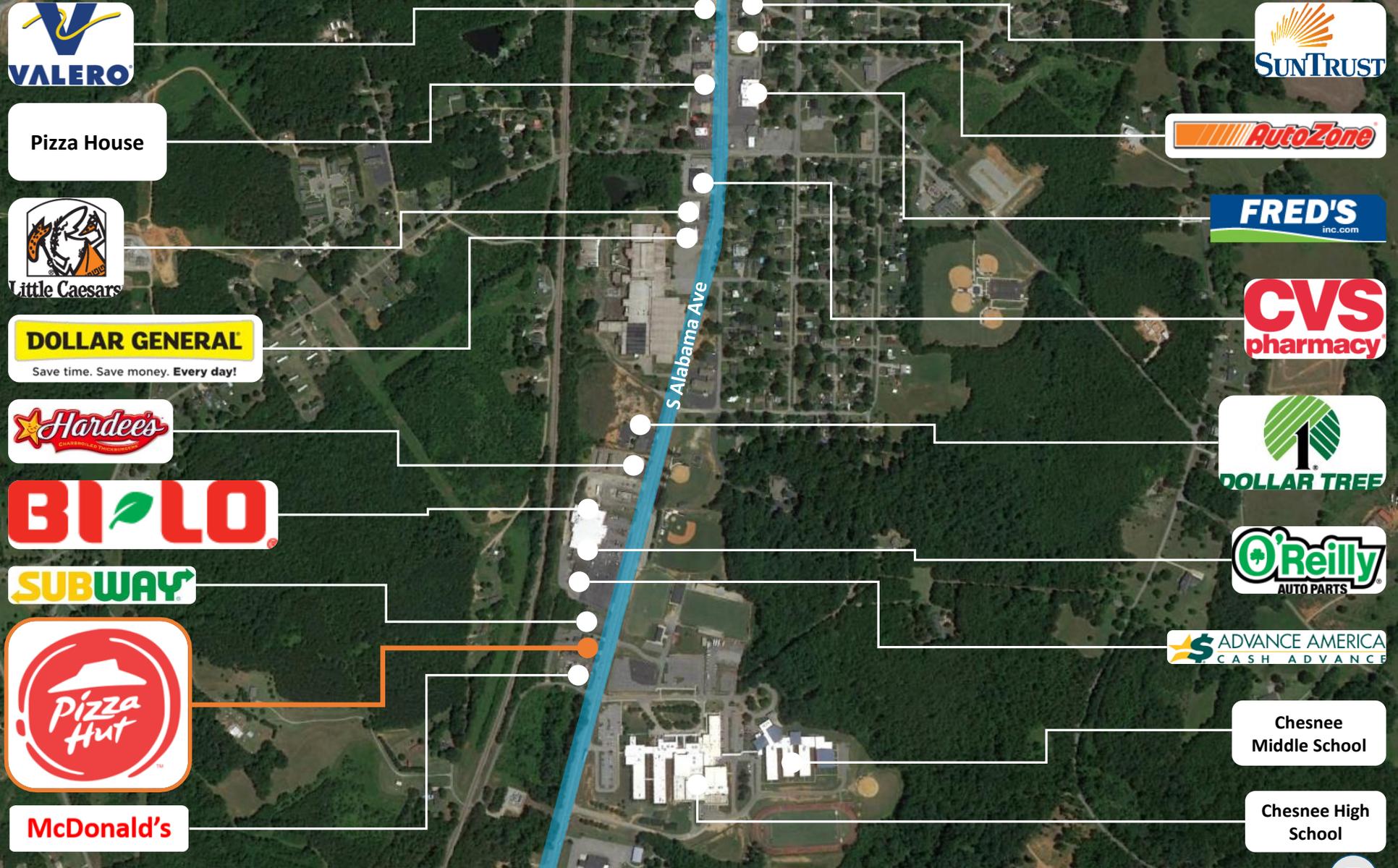


SDS currently has a 60-restaurant portfolio. Since 2012 SDS has become one of the fastest growing franchisees in the company and has plans to continue that success. The Company has a goal of operating 200 restaurants which would include other brands within the Yum portfolio (KFC, Taco Bell).





Surrounding Area





Location Overview



This Pizza Hut property is located at 740 S Alabama Avenue in Chesnee, SC. Chesnee is a city in Spartanburg and Cherokee Counties and is located just 3 miles from the border of North Carolina and 15 miles from Spartanburg, SC.

SURROUNDING RETAIL & POINTS OF INTEREST

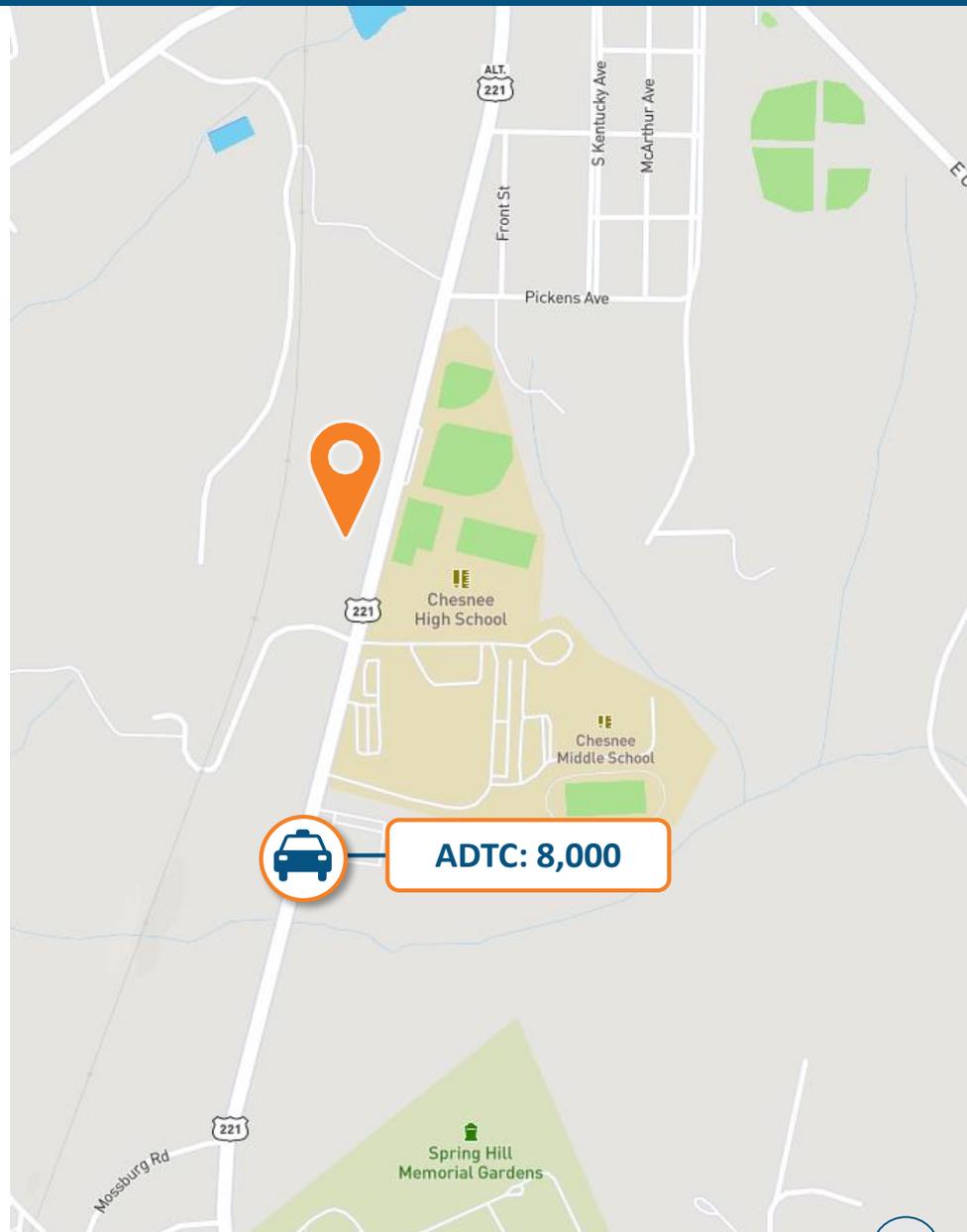
The subject property benefits from excellent visibility on South Alabama Avenue directly across the street from Chesnee High School and Chesnee Middle School. Chesnee High School and Chesnee Middle School have a combined enrollment of nearly 1,200 students. This Pizza Hut property benefits from being well positioned in a strong retail corridor consisting of national and local tenants. Major national tenants in the area include: Bi-Lo, Dollar Tree, Dollar General, CVS Pharmacy, McDonald's, Subway, Hardee's, as well as many more.

TRAFFIC COUNTS & DEMOGRAPHICS

This Pizza Hut property benefits from being located on South Alabama Avenue, also known as U.S. Route 221, which is the main road from North Carolina to Spartanburg, SC. South Alabama Avenue experiences daily traffic counts of approximately 8,000 vehicles per day. There are more than 15,500 individuals residing within a five-mile radius and nearly 72,750 individuals within a ten-mile radius.

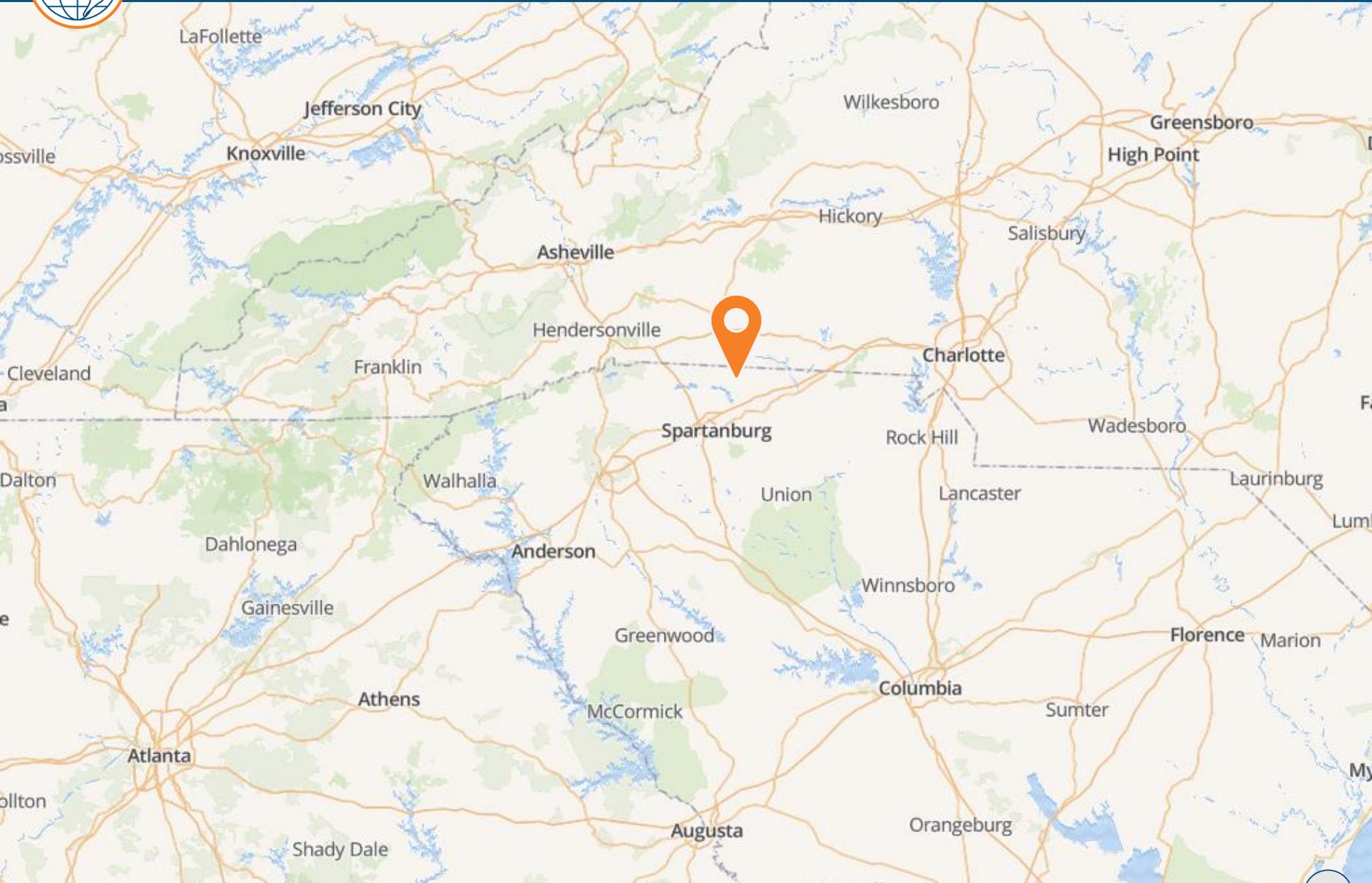
CHESNEE, SC

Chesnee is located near the northeast corner of Spartanburg county, with a small portion of the city extending east into Cherokee County. Chesnee is located just 16 miles north of Spartanburg, SC. Spartanburg is the most populous city in and the seat of Spartanburg County and the 12th-largest city by population in the state. It is the 2nd-largest city in the greater Greenville-Spartanburg-Anderson combined statistical area and is part of a 10-county region of northwestern South Carolina known as "The Upstate." Within the past decade, developers and community leaders have spearheaded an effort to revitalize Spartanburg's downtown commercial district. This has resulted in a remodeling of Morgan Square, the restoration of several historic structures and the relocation of several businesses and company headquarters to the downtown vicinity. Spartanburg is home to many large companies including Denny's, KYMOC, Smith Drug Company, Advance America Cash Advance, Southern Conference, Spartanburg Herald-Journal, RJ Rockers Brewing Company, American Credit Acceptance, and Upward Sports. The economy of Spartanburg benefits greatly from the BMW manufacturing facility located in the city of Greer, South Carolina which employed over 8,800 people with an average daily output of about 1,400 vehicles in 2017. Spartanburg is home to several institutions of higher learning. Most notable of those being The University of South Carolina Upstate and Wofford College which has a combined enrollment exceeding 7,600 students.



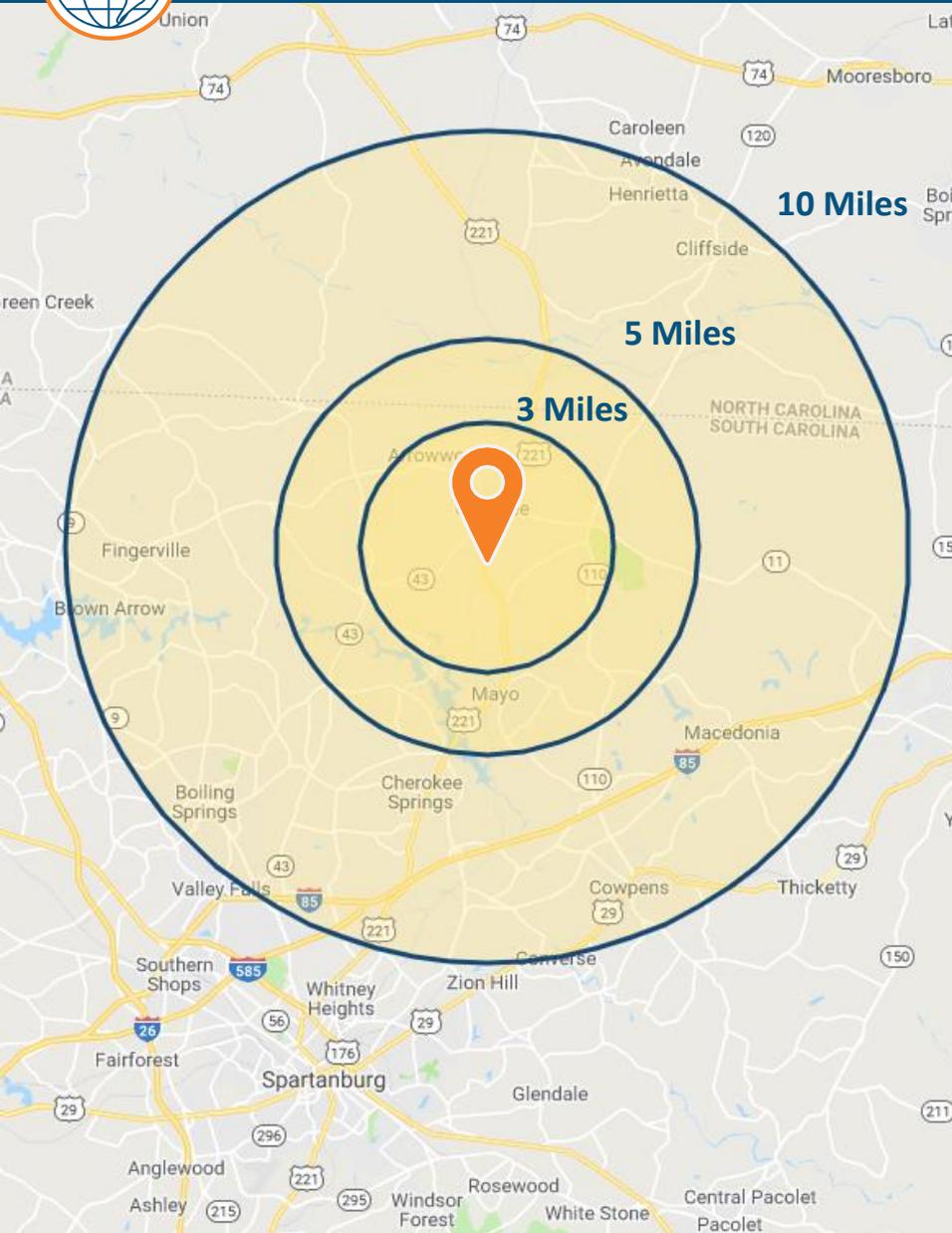


Regional Map





Demographics



MAJOR EMPLOYERS

Employer	# of Employees
Diversco	5,249
ABM Onsite Services Inc	4,500
Mancan Inc	1,400
Lsc Communications	650
Auriga Polymers Inc	430
Michelin Retread Technologies	396
McDonalds	327
Southern Management	300
Walmart	300
Bill Mason Enterprises LLC	275
Elite Day Center	230
Baylock Water Treatment Plant	200

of Employees based on 10-mile radius

DEMOGRAPHICS

Population	3 Mile	5 Miles	10 Miles
2023 Projection	7,491	15,865	76,854
2018 Estimate	7,348	15,549	72,738
2010 Census	7,124	15,002	67,986
2000 Census	7,000	14,045	58,099
Income			
Average	\$52,546	\$55,318	\$62,127
Median	\$42,109	\$45,324	\$51,171
Per Capita	\$20,707	\$21,587	\$23,805
Households			
2023 Projection	2,978	6,254	29,781
2018 Estimate	2,895	6,067	27,848
2010 Census	2,787	5,829	25,967
2000 Census	2,711	5,415	22,100
Employment			
2018 Daytime Population	5,698	10,118	51,487
2018 Unemployment	6.56%	5.71%	4.75%
2018 Median Time Traveled	28 Mins	28 Mins	26 Mins



Marcus & Millichap

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