



PIZZA HUT

6305 E 22nd St, Tucson, AZ 85710



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Executive Overview



LIST PRICE
\$1,584,912



CAP RATE
7.50%



SQUARE FOOTAGE
±3,314 SF



YEAR BUILT
2001

INVESTMENT HIGHLIGHTS

- » **Carefree Absolute Triple Net Lease (NNN) – Zero landlord responsibilities** providing the ultimate source of investment passivity
- » **Compounding Cash Flow with Rare 1.50% Annual Increases** throughout the life of the lease and throughout the **Five, 5 Year Options**
- » **Better Than Market Return – Priced at a 20% higher yield than the average QSR in Arizona**
- » **Massive growth in the pizza space in the past 15 years** – Pizza Hut has maintained **strong domestic growth** & has maintained its sale base as a concept which is a testament to their dominance over the primary competitors in the Pizza space
- » **Premium High-Quality Construction** – The restaurant has attractive curb appeal and is an RBD MP/R2K2 Prototype Design with ample parking
- » **Premier West Coast Real Estate** – Tucson is a highly desirable retail market with a strong re-development potential given strong tenant demand & high barriers to entry

TENANT HIGHLIGHTS

- » **Successful & Strong Operator** – Pizza Hut of Arizona has consistently ranked as a top Pizza Hut franchisee and was recognized as one of Pizza Hut's top 10 operators in 2014 & 2018
- » **Historically Strong AUV** – With 30 Pizza Hut restaurants in operation, current Franchisee Pizza Hut of Arizona boasts an excess of \$30M across the board, which is a phenomenal statistical figure for Pizza Hut
- » **High Performing Pizza Hut Franchisee** – Across all locations, subject operator **performs more than ±30% higher than the national avg.**, provided the national avg. in annual sales for a Pizza Hut is well below \$740,000 per store
- » **Strong & Consistent Mgmt. Team** – Franchisee has been in the Pizza Hut business for over 55 years and attributes their success to strong store management teams, area coaches averaging tenures of over 20 years, and restaurant general managers averaging tenures of over 10 years

LOCATION HIGHLIGHTS

- » **Strong Demographic Fundamentals** – Tucson is home to over 525,000 residents & also a **thriving tourist destination** with a projected **3.5M people visiting the city each year**
- » **Located on a Busy Intersection** – E 22nd St and Wilmot Rd provide high volumes of traffic with a combined vehicle count of **over ±87,000 cars per day**
- » **Strong & Evolving Retail Location** – Subject Pizza Hut benefits from the surrounding retailers such as Mister Car Wash, Wendy's, AutoZone, Whataburger, Enterprise, Taco Bell, Aaron's & more
- » Situated in a **densely populated trade area**, the subject property is **located within walking distance to 3 of Tucson's major car dealerships** & approximately **1-mile from Park Place Mall, a high traffic ±1.1M sq.ft. shopping mall** home to over 80 of the nation's most dominant retail tenants

Property Photos



Financial Overview



Investment Summary

» PROPERTY ADDRESS	6305 E 22nd St Tucson, AZ 85710
» OFFERING PRICE	\$1,584,912
» NOI	\$118,868
» CAP RATE	7.50%
» PRICE/SF	\$478.24
» RENT/SF	\$35.86
» BUILDING SIZE	±3,314 SF
» LOT SIZE (AC)	±0.58 Acres
» LOT SIZE (SF)	±25,221 SF

Tenant Summary

» TENANT TRADE NAME	Pizza Hut
» TYPE OF OWNERSHIP	Fee Simple
» LEASE GUARANTOR	Franchisee
» ORIGINAL LEASE TERM	15 Years
» LEASE TYPE	NNN
» YEARS REMAINING	±3.50 Years
» LEASE COMMENCEMENT DATE	1/23/2008
» RENT COMMENCEMENT DATE	1/23/2008
» LEASE EXPIRATION DATE	1/31/2023
» OPTIONS	Five (5), 5 Year Options
» INCREASES	Increases 1.50% Annually



Lease Detail

Lease Term	Date	Annual Rent	Rent/Sf/Yr	Increases
Start	1/23/08	\$99,420.00	\$30.00	—
Year 1	1/23/09	\$100,911.30	\$30.45	1.50%
Year 2	1/23/10	\$102,424.97	\$30.91	1.50%
Year 3	1/23/11	\$103,961.34	\$31.37	1.50%
Year 4	1/23/12	\$105,520.76	\$31.84	1.50%
Year 5	1/23/13	\$107,103.58	\$32.32	1.50%
Year 6	1/23/14	\$108,710.13	\$32.80	1.50%
Year 7	1/23/15	\$110,340.78	\$33.30	1.50%
Year 8	1/23/16	\$111,995.89	\$33.79	1.50%
Year 9	1/23/17	\$113,675.83	\$34.30	1.50%
Year 10	1/23/18	\$115,380.97	\$34.82	1.50%
Year 11	1/23/19	\$117,111.68	\$35.34	1.50%
Year 12	1/23/20	\$118,868.36	\$35.87	1.50%
Year 13	1/23/21	\$120,651.38	\$36.41	1.50%
Year 14	1/23/22	\$122,461.15	\$36.95	1.50%
Year 15	1/23/23	\$124,298.07	\$37.51	1.50%

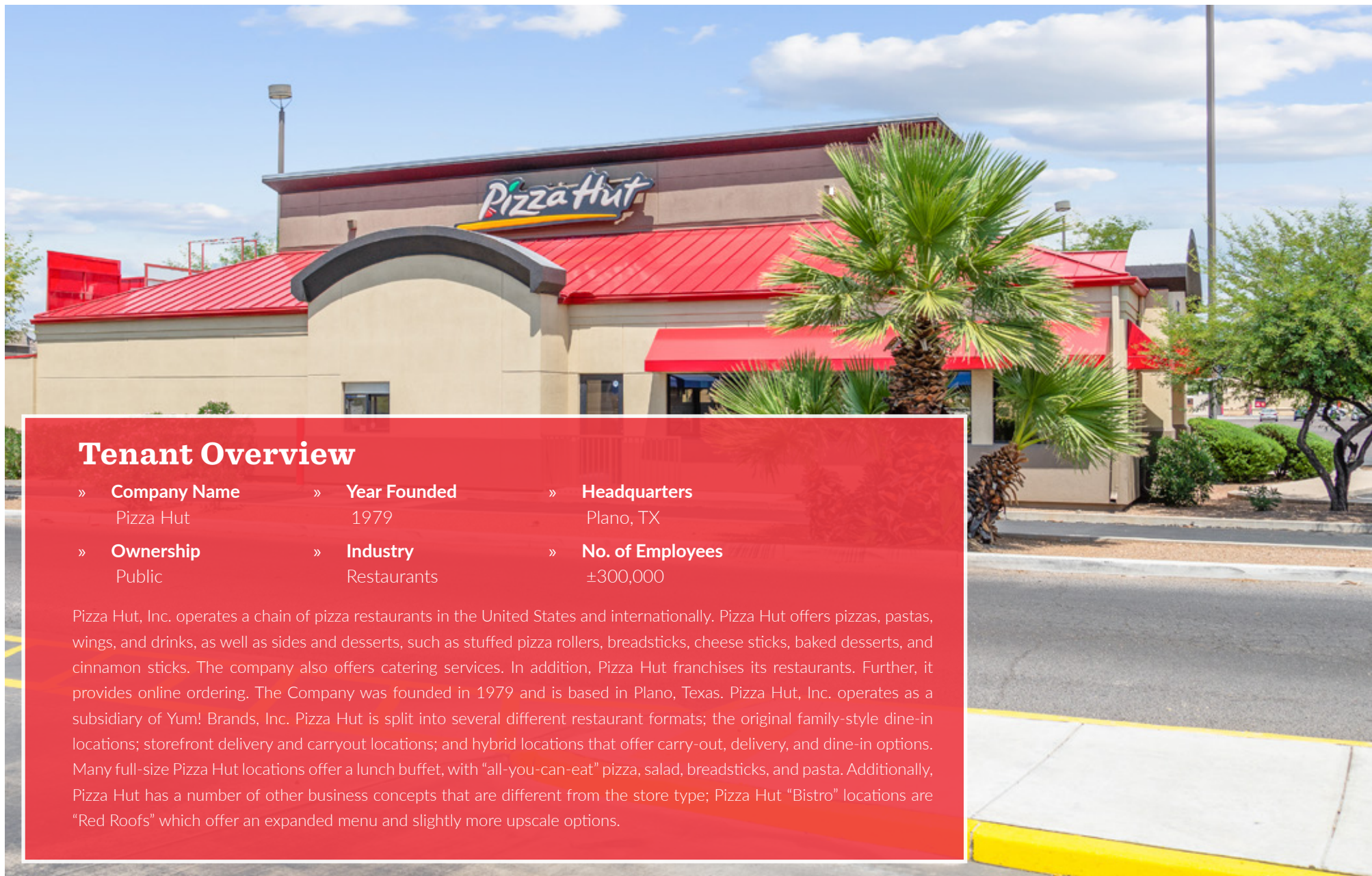
Options

Options	Dates	Increases
5, 5 Year	1/23/2024 to 1/23/2029	1.5% Annual
	1/23/2029 to 1/23/2034	
	1/23/2034 to 1/23/2039	
	1/23/2039 to 1/23/2044	
	1/23/2044 to 1/23/2049	





Additional Property Photos



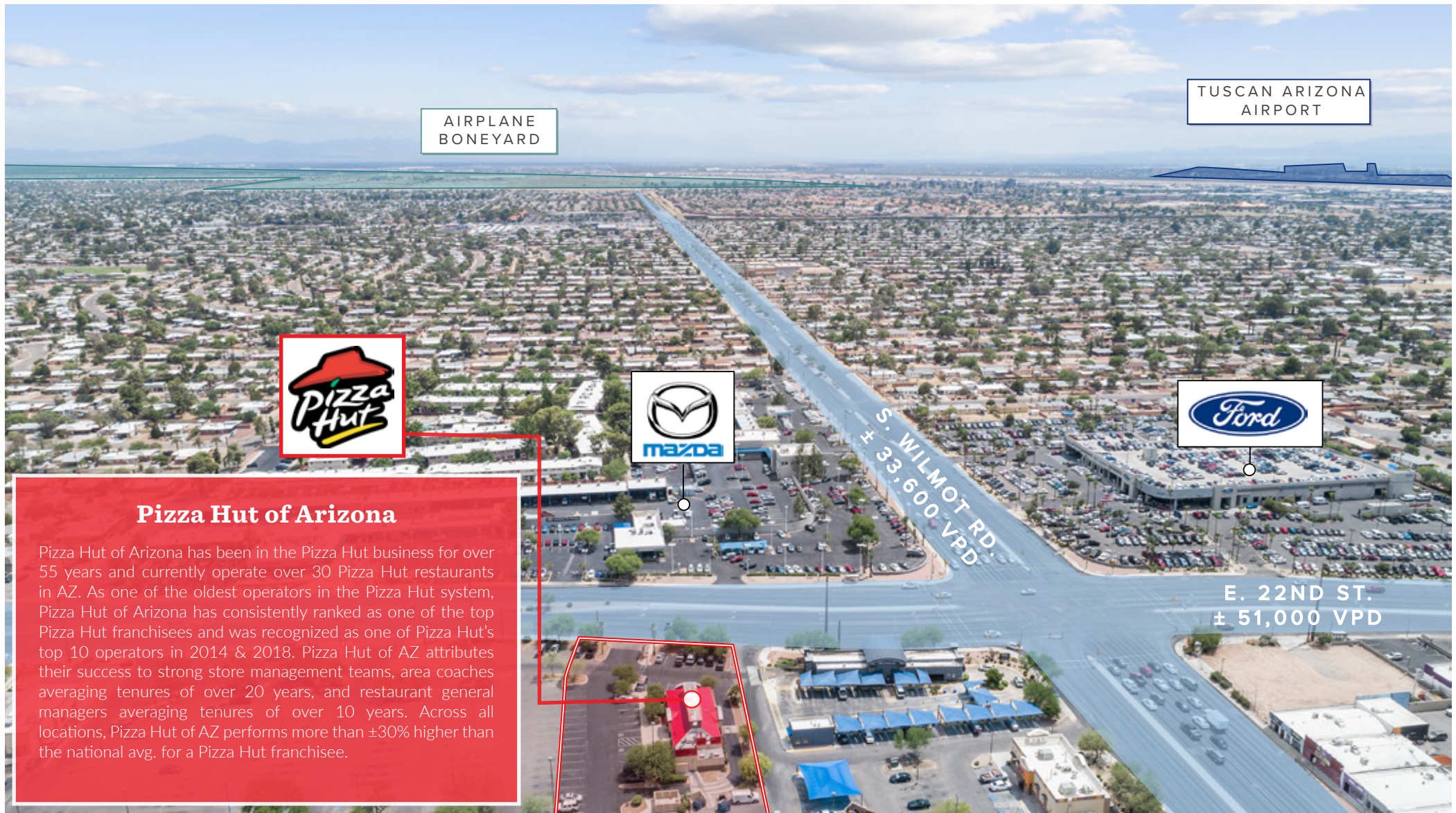
Tenant Overview

» Company Name	» Year Founded	» Headquarters
Pizza Hut	1979	Plano, TX
» Ownership	» Industry	» No. of Employees
Public	Restaurants	±300,000

Pizza Hut, Inc. operates a chain of pizza restaurants in the United States and internationally. Pizza Hut offers pizzas, pastas, wings, and drinks, as well as sides and desserts, such as stuffed pizza rollers, breadsticks, cheese sticks, baked desserts, and cinnamon sticks. The company also offers catering services. In addition, Pizza Hut franchises its restaurants. Further, it provides online ordering. The Company was founded in 1979 and is based in Plano, Texas. Pizza Hut, Inc. operates as a subsidiary of Yum! Brands, Inc. Pizza Hut is split into several different restaurant formats; the original family-style dine-in locations; storefront delivery and carryout locations; and hybrid locations that offer carry-out, delivery, and dine-in options. Many full-size Pizza Hut locations offer a lunch buffet, with "all-you-can-eat" pizza, salad, breadsticks, and pasta. Additionally, Pizza Hut has a number of other business concepts that are different from the store type; Pizza Hut "Bistro" locations are "Red Roofs" which offer an expanded menu and slightly more upscale options.

Surrounding Tenants

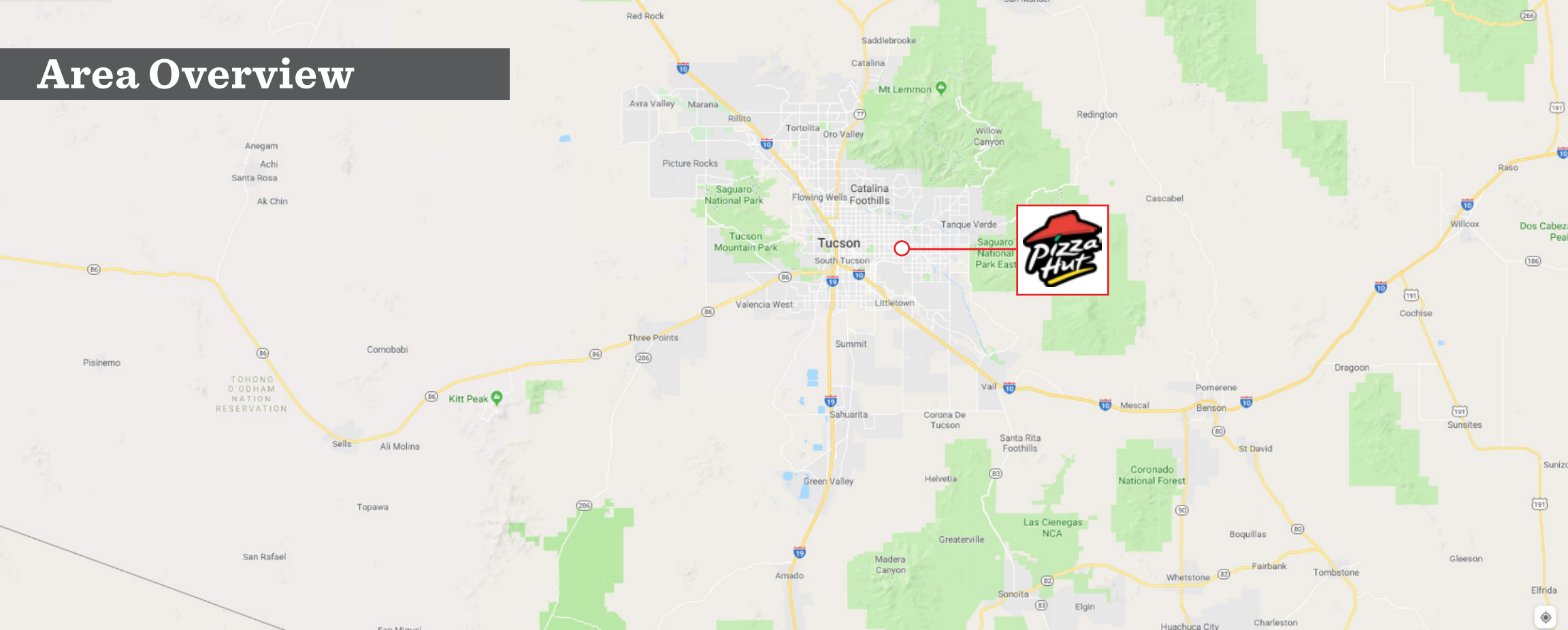




Pizza Hut of Arizona

Pizza Hut of Arizona has been in the Pizza Hut business for over 55 years and currently operate over 30 Pizza Hut restaurants in AZ. As one of the oldest operators in the Pizza Hut system, Pizza Hut of Arizona has consistently ranked as one of the top Pizza Hut franchisees and was recognized as one of Pizza Hut's top 10 operators in 2014 & 2018. Pizza Hut of AZ attributes their success to strong store management teams, area coaches averaging tenures of over 20 years, and restaurant general managers averaging tenures of over 10 years. Across all locations, Pizza Hut of AZ performs more than $\pm 30\%$ higher than the national avg. for a Pizza Hut franchisee.

Area Overview



Tucson, AZ

Located along the banks of the Santa Cruz River, Tucson is the second-largest populated city in Arizona behind Phoenix. The population continues to grow at a steady rate each year. The city is situated in the Sonoran Desert, surrounded by multiple mountain ranges including Wasson Peak, Santa Catalina Mountains, Rincon Mountains and the Santa Rita Mountains. While Tucson is a premier vacation destination, it is also a prime place to live and work. With an average of 350 sunny days per year, the city attracts people from all over the United States.

Tucson is located in Pima County. The majority of the population in Pima lives in or around Tucson. Pima County is also designated as the Tucson Metropolitan Statistical Area. In the past year, the unemployment rate in the Tucson MSA has continued to drop with the average household income being \$56,721.



ECONOMY

The University of Arizona is the second-largest employer in Tucson and most of the city's economic development has been centered around the development of this school. The campus provides many jobs for those who reside in Tucson. The development of high-tech industries has increased due to the presence of U of A.

Tourism is another huge industry aside from the university as it alone brings in \$2 billion per year and over 3.5 million visitors due to the sunny weather (an average of 350 sunny days per year), resorts, and attractions.

PIMA COUNTY

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, which is the central hub of Pima with Tucson International Airport, the 2nd busiest airport in AZ, and the University of Arizona with over 44,000 enrolled students. k



UNIVERSITY OF ARIZONA (U OF A)

Founded in 1885, the University of Arizona (U of A) was the first university in Arizona. Since then, the school has become a well-known name, both nationally and internationally. Along with undergraduate programs, the university is affiliated with the region's two medical centers, as well as, the James E. Rogers College of Law. Their graduate program is also nationally ranked. Internationally, they were ranked 68th in the Center for World University Rankings. U of A is the only elected members of the Association of American Universities from the state of Arizona.

The university accepts over 43,000 students each academic year, with over 34,000 being undergraduate students. The campus stretches across 380 acres with a total of 179 buildings on the main campus. U of A does not just rank academically, the U of A Wildcats have been Division 1 champions in football, baseball, softball, golf, and basketball. Their well-known motto, "Bear Down, Arizona," has become a staple for the school as a whole.





Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **Pizza Hut** located at **6305 E 22nd St, Tucson, AZ 85710** ("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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