



OFFERING MEMORANDUM

PRESERVE
WEST
CAPITAL



Chipotle & Pacific Dental
Waco, TX

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

www.preservewestcapital.com



PROPERTY HIGHLIGHTS	1	SITE PLAN	8
PROPERTY OVERVIEW	2	AERIALS	9
FINANCIAL ANALYSIS	3	ABOUT THE AREA	11
RENT ROLL	6	DEMOGRAPHICS	13
TENANT PROFILES	7		

Disclaimer

MGM Capital Corp dba Preserve West Capital (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

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Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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PROPERTY HIGHLIGHTS



- 100% Leased Two-Tenant Chipotle-Anchored Retail Shops Building
 - Scheduled Rental Escalations in Both Leases
 - 10+ Years Remaining on 100% of Leases
- Chipotle has Option to Build Drive-Thru Component
- Pacific Dental Corporate Guaranty
- Prominent Retail Location Adjacent to Well-Trafficked H-E-B
 - Other Major Retail Tenants in the Surrounding Area Include Target, Walmart Supercenter, ALDI, & More
- Excellent Access and Visibility within Valley Mills Road Retail Hub
 - 29,400 AADT
- 1 Mile from Extraco Events Center
 - Hosts 225 Events Annually, Drawing 420,000+ Attendees
 - Economic Impact of \$47 Million
- Approximately 5 Miles from Baylor University
- Waco's Largest Employer – Staff of Approximately 3,000
- 14,000+ Students Enrolled
- Halfway Between Austin & Dallas



Location

The property is located at 1115 North Valley Mills Road in Waco, Texas.

Lot Size

Approximately 0.69 acres or 29,969 square feet.

Improvements

A 5,445 square foot retail building demised into 2 retail suites.

Chipotle | 2,430 Square Feet

Pacific Dental | 3,015 Square Feet

Parking

There is ample parking available onsite.



PRICE

\$3,239,000

5.75% CAP Rate

Projected Gross Revenue

	YEAR 1	YEAR 10
Scheduled Base Rental Revenue	\$187,258	\$203,912
Expense Reimbursement Revenue	\$78,952	\$97,626
Billboard Income	\$5,700	\$5,700
Total Potential Gross Revenue	\$271,910	\$307,238
Effective Gross Revenue	\$271,910	\$307,238

Annual Expenses

Common Area Maintenance	\$16,553	\$21,598
Insurance	\$11,816	\$15,417
Taxes	\$49,114	\$58,696
Management @ 3%	\$8,157	\$9,217
Total Operating Expenses	\$85,640	\$104,928

Net Operating Income

\$186,270

\$202,310

Return

5.75%

6.25%

Note

The net income is an estimate and does not provide for all potential costs and expenses (i.e. maintenance, repair, etc.) that may be required of the owner. Any reserves set forth herein are merely estimates and not based on any experience, physical inspection, or prior knowledge. All prospective purchasers are strongly advised to make an independent investigation to determine their estimate of costs and expenses prior to entering into an agreement to purchase.

FINANCIAL ANALYSIS

CASH FLOW PROJECTION



	Year 1 Sep-2020 Aug-2021	Year 2 Sep-2021 Aug-2022	Year 3 Sep-2022 Aug-2023	Year 4 Sep-2023 Aug-2024	Year 5 Sep-2024 Aug-2025	Year 6 Sep-2025 Aug-2026	Year 7 Sep-2026 Aug-2027	Year 8 Sep-2027 Aug-2028	Year 9 Sep-2028 Aug-2029	Year 10 Sep-2029 Aug-2030
Net Rentable Area - Sq. Ft.	5,445									
Base Rental Revenue PSF/mo.	\$2.87	\$2.89	\$2.89	\$2.89	\$2.89	\$2.99	\$3.11	\$3.11	\$3.11	\$3.12
Total Operating Expenses PSF/yr.	\$15.73	\$16.08	\$16.44	\$16.80	\$17.18	\$17.60	\$18.03	\$18.43	\$18.84	\$19.27
Absorption & Turnover Vacancy %	-	-	-	-	-	-	-	-	-	-
General Vacancy %	-	-	-	-	-	-	-	-	-	-
Potential Gross Revenue										
Base Rental Revenue	187,258	188,615	188,615	188,615	189,105	195,204	203,000	203,000	203,000	203,912
Absorption & Turnover Vacancy	-	-	-	-	-	-	-	-	-	-
Scheduled Base Rental Revenue	187,258	188,615	188,615	188,615	189,105	195,204	203,000	203,000	203,000	203,912
Expense Reimbursement Revenue	78,952	80,828	82,753	84,724	86,745	88,816	90,938	93,114	95,343	97,626
Billboard Income (exp. 8/23)	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700
Total Potential Gross Revenue	271,910	275,143	277,068	279,039	281,550	289,720	299,638	301,814	304,043	307,238
General Vacancy	-	-	-	-	-	-	-	-	-	-
Effective Gross Revenue	271,910	275,143	277,068	279,039	281,550	289,720	299,638	301,814	304,043	307,238
Operating Expenses										
CAM - \$3.04	16,553	17,049	17,561	18,088	18,630	19,189	19,765	20,358	20,969	21,598
Insurance - \$2.17	11,816	12,170	12,535	12,911	13,299	13,698	14,109	14,532	14,968	15,417
Taxes - \$9.02	49,114	50,096	51,098	52,120	53,162	54,226	55,310	56,416	57,545	58,696
Management @ 3%	8,157	8,254	8,312	8,371	8,446	8,692	8,989	9,054	9,121	9,217
Total Operating Expenses	85,640	87,569	89,506	91,490	93,537	95,805	98,173	100,360	102,603	104,928
NET OPERATING INCOME	186,270	187,574	187,562	187,549	188,013	193,915	201,465	201,454	201,440	202,310
Leasing & Capital Costs										
Tenant Improvements	-	-	-	-	-	-	-	-	-	-
Leasing Commissions	-	-	-	-	-	-	-	-	-	-
Total Leasing & Capital Costs	-	-	-	-	-	-	-	-	-	-
Cash Flow Before Debt Service	186,270	187,574	187,562	187,549	188,013	193,915	201,465	201,454	201,440	202,310



General Assumptions

Analysis Date September 2020

Total Rentable Area 5,445 SF

Total Area for CAM Reimbursement Calculations 5,445 SF

General Inflation per Annum 3%

General Expense Growth per Annum 3%

Real Estate Tax Growth per Annum 2%

Management Fee 3%

RENT ROLL



Tenant	Sq. Ft.	Monthly Rent PSF	Annual Rent PSF	Current Annual Rent	Term	Rent Commence. Date	Lease Expiration Date	Rental Increase Date(s)	Rental Increase Amount(s)	Options	Lease Structure
Chipotle	2,430	\$2.92	\$35.00	\$85,050	23 yrs	7/1/2008	7/31/2031	8/1/2026	\$93,555	2 @ 5 yrs Option 1: \$102,911 Option 2: \$113,214	NNN with tenant responsible for all taxes, insurance, and proportionate share of common area maintenance, including roof. Tenant is responsible for an administrative fee equal to 5% of CAM costs.
Pacific Dental	3,015	\$2.75	\$33.00	\$99,495	10 yrs	3/15/2020	7/31/2030	1/1/2021 8/1/2025	\$103,565 \$109,445	2 @ 5 yrs Option 1: \$120,389 Option 2: \$132,419	NNN with tenant responsible for all taxes, insurance, and proportionate share of common area maintenance, excluding management fee. Tenant is responsible for an administrative fee equal to 12% of CAM costs. Increases in controllable CAM costs are capped at 5% annually on a cumulative basis.
Billboard (additional income)	0	n/a	n/a	\$5,700	24 years	9/1/1999	8/31/2023	none	none	none	
Leased	5,445	100%									
Vacant	0	0%									
TOTAL	5,445	100%									



Chipotle

Chipotle Mexican Grill, Inc. (NYSE: CMG) operates a chain of fast-casual Mexican restaurants serving burritos, tacos, burrito bowls, and salads. The company prepares the majority of its ingredients on site, and is set apart by its use of high-quality natural ingredients and fresh produce. The company has expanded its footprint dramatically in recent years, with more than 2,480 locations nationwide; because the company does not franchise, all locations are corporate stores. The chain's focus on food quality and distinctive interior design provides an experience that is more in line with a full service restaurant, coupled with the speed and convenience of fast food.

For 2019, the company reported revenue of \$5.59 billion, net income of \$350.1 million, nearly twice the company's net income in 2018, and total stockholder equity of \$1.68 billion.

Lessee: Chipotle Mexican Grill, Inc.

Website: www.chipotle.com



Pacific Dental

Pacific Dental provides routine dental treatments, including x-rays, cleanings, and more, emergency dentistry, orthodontia, Invisalign, teeth whitening, tooth extraction, and wisdom tooth removal.

PDS Texas Dental Services, LLC, the lease entity, operates Pacific Dental affiliated dental practices in Texas.

Pacific Dental Services, LLC, the guarantor entity, provides management, administration, and IT services to more than 700 affiliated dental practices nationwide so that dentists can focus on fixing smiles rather than managing the minutiae of business

Lessee: PDS Texas Dental Services, LLC

Guarantor: Pacific Dental Services, LLC

SITE PLAN



AERIAL

NORTHWEST VIEW



LAKE AIR MALL



N Valley Mills Dr (29,400 AADT)

Wooded Acres Dr

Lake Waco

Lake Air School

Waco High School

Extraco Events Center

Bosque Blvd



Lake Air Dr



AERIAL

SOUTHEAST VIEW



MEXICAN GRILL



WELLS FARGO



RICHLAND MALL



THE CATCH

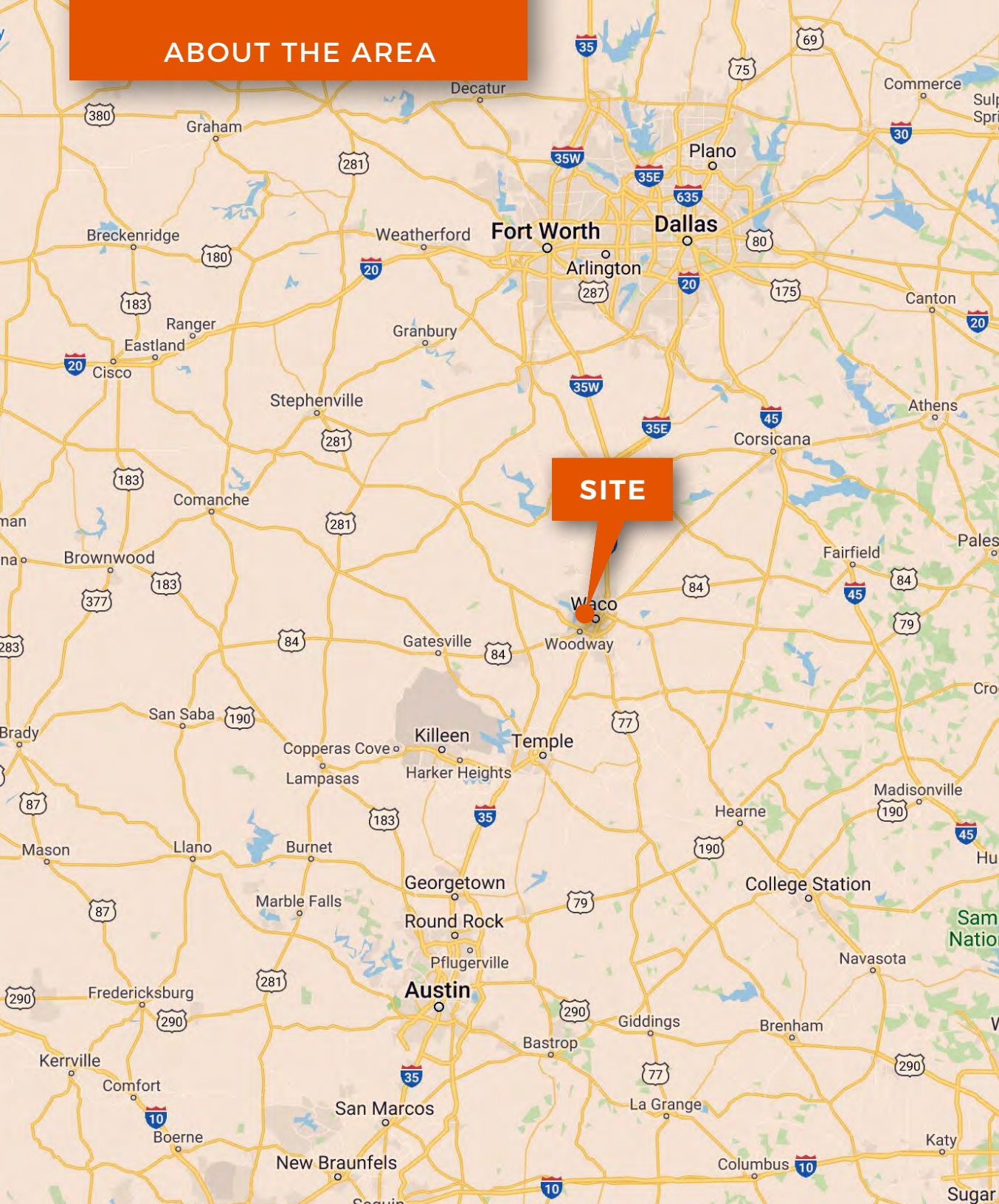
Great Clips
IT'S GONNA BE GREAT™



Lake Air Dr

N Valley Mills Dr (29,400 AADT)

ABOUT THE AREA

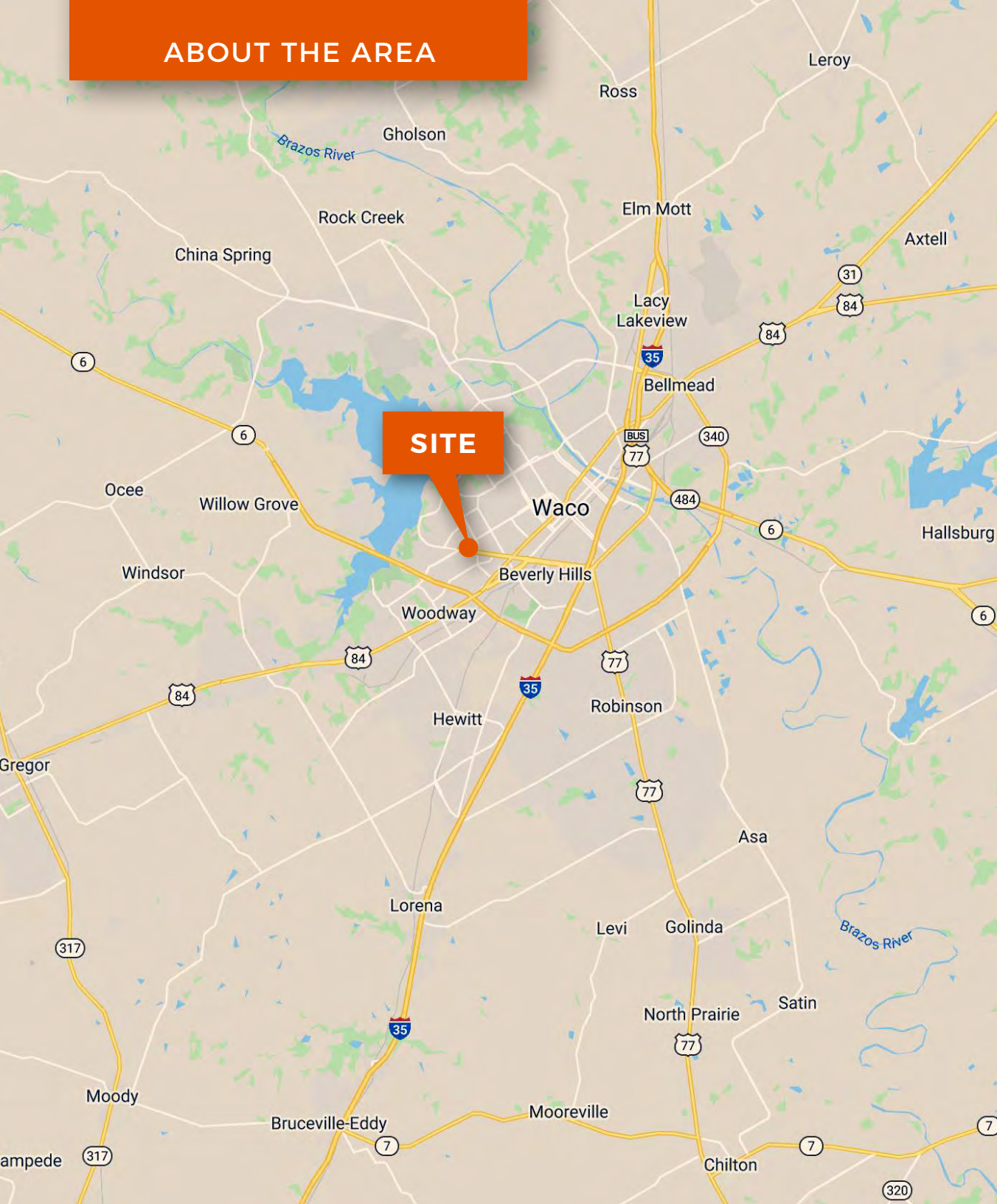


General Overview

Waco (population 133,964) is the seat of McLennan County and the 22nd most populous city in the state of Texas. The city is located approximately halfway between Dallas and Austin, in the heart of the central Texas manufacturing and technology corridor along I-35. The city is home to Baylor University, with approximately 14,000 students enrolled.

The city benefits from a broad economic base in manufacturing, education, healthcare, tourism, aerospace, and more. Major companies in the region include The Coca-Cola Company, Exxon Mobil, Mars Wrigley Confectionary, Brazos Iron Works, Jessup Housing, Swan Products, Sanderson Farms, Inc., Allergan, Inc., EMSI, L3Harris, Texas Materials, Cargill Value Added Meats, SpaceX, Trane, Blue Cross Blue Shield, Texas Life Insurance Company, Spherion, Hobbs Bonded Fibers, Scott & White Healthcare, Atmos Energy, Marathon Norco Aerospace, Inc., Keurig Dr. Pepper, and more.

ABOUT THE AREA



Site Information

The subject property is prominently situated with excellent access and visibility within a dense retail hub along Valley Mills Road (29,400 AADT). The site benefits from robust demographics with a total daytime population of 167,599 within a 5 mile radius. Average household income within 3 miles of the site exceeds \$62,650.

The property benefits from a prominent retail location adjacent to numerous shopping centers and major retail tenants. Retail centers in the surrounding area include Lake Air Mall, anchored by Target; Parkdale Shopping Center, featuring 00 Cents Only, Hobby Lobby, and dd's Discounts; Waco Center, anchored by Academy Sports & Outdoors and Gold's Gym; The Brazos Place Center, featuring Guitar Center and Half Price Books; Waco Square, anchored by Tractor Supply Co and Planet Fitness; and Franklin Village, anchored by PetSmart. Major retail tenants neighboring the site include Walmart Supercenter, H-E-B, ALDI, Walgreens, and more.

In addition, the property is located in close proximity to Waco High School and Harmony Science Academy, drawing additional traffic from students, parents, and teachers to the site. The property also neighbors Extraco Events Center, which hosts more than 225 events each year, with more than 420,000 attendees and an economic impact of \$47 million. In addition, the property is located approximately 5 miles from Baylor University, Waco's largest employer with a student body of approximately 14,190.

DEMOGRAPHICS



1115 N Valley Mills Dr | Waco, TX 76710



2019 POPULATION

141,088



AVERAGE HOME VALUE

\$168,657



AVG. HOUSEHOLD INCOME

\$62,653

Population Summary

	1 Mile	3 Miles	5 Miles
2010 Total Population	11,019	63,400	123,329
2019 Total Population	11,958	68,988	135,117
2024 Total Population	12,461	71,651	141,088
2019-2024 Annual Rate	0.83%	0.76%	0.87%
2019 Total Daytime Population	19,442	94,227	167,599

Average Household Income

2019	\$51,994	\$62,653	\$59,212
2024	\$60,130	\$72,134	\$67,540

Average Home Value

2019	\$122,644	\$168,266	\$168,657
2024	\$134,091	\$195,546	\$195,101

Top Employers in Waco

of Employees

Baylor University	2,986
Providence Healthcare Network/ DePaul Center	2,397
Waco Independent School District	2,373
Baylor Scott & White Medical Cen- ter - Hillcrest	2,177
H-E-B	2,000
Texas State Technical College Waco	1,706
City of Waco	1,578
Sanderson Farms, Inc.	1,200
Midway Independent School District	1,081
McLennan County	964



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