



725 W MAIN ST
FARMINGTON, NM 87401
OFFERING MEMORANDUM

MATTHEWS
REAL ESTATE INVESTMENT SERVICES

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BROKER OF RECORD

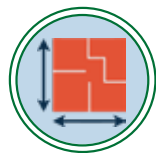
KYLE MATTHEWS

LIC # 19601 (NM)

EXECUTIVE OVERVIEW



LIST PRICE:
\$712,320



SQUARE FOOTAGE:
±4,042



LOT SIZE:
0.65 AC



YEAR BUILT:
1981



OPPORTUNITY ZONE:
YES



DRIVE-THRU:
YES

INVESTMENT HIGHLIGHTS

- **Freestanding Domino's Pizza Property:** Situated on ±0.65 Acres of Land, this STNL ±4,042 SF Domino's Investment Property has roughly Ten (10) Years Remaining on the current term.
- **Absolute Triple-Net Lease:** Fee Simple Domino's Investment operating under a 15 Year Absolute NNN Lease w/ Three (3) additional Five (5) Year Tenant Options to Renew
- **Dominant-Domino's Franchisee:** Tenant, Pecos Valley Pizza, Inc., currently operates over 80 Domino's locations in New Mexico, Colorado, and Texas & is one of America's ten largest Domino's Franchisee's. Brian Bailey, President and CEO of Pecos Valley Pizza, Inc., is actively working towards achieving the company's ultimate goal, to become a 100+ store organization!
- **Regional Training Store:** Pecos Valley Pizza, Inc. utilizes this Farmington, New Mexico location as their Regional Training Store, which is a strong indicator of long-term operational success and functional demand for this specific site
- **Healthy Hedge Against Inflation:** Lease includes escalations of 6% every Five (5) Years throughout the base term & at each 5-Year Tenant Option to Renew
- **Opportunity Zone:** Subject Domino's is located in a designated Opportunity Zone. This offering includes an additional undeveloped ±0.30 Acre Lot situated directly behind the Domino's with direct frontage off W Broadway. Opportunistic investors understand there is significant upside in the ability to develop on this space (±12,000 SF of land) because of the many tax advantages/incentives provided by the Opportunity Zone
- **Strong Site Placement:** Domino's is positioned directly across from the regional Safeway, one of two major grocery anchors on Farmington's west side. Additionally, due to being positioned in a designated Opportunity Zone, consistent new development & re-investment can be expected in the immediate trade in the near & long term
- **Excellent Visibility:** Subject property is situated directly off W Main St & benefits from a combined traffic count of roughly ±30,000 VPD provided by the adjoining streets, which include W Broadway & S Bowman Ave.

FINANCIAL OVERVIEW



TENANT SUMMARY

Tenant	Domino's
Type of Ownership	Fee Simple
Lease Guarantor	Pecos Valley Pizza, Inc.
Lease Type	NNN
Lease Commencement Date	6/1/2014
Rent Commencement Date	8/1/2014
Lease Expiration Date	6/1/2029
Square Footage	4,042 SF
Base Term	± 15 YRS
Roof and Structure	Tenant Responsibility
Parking Spaces	±20
Options	3, 5 Year Options
Increases	6% Every 5 Years



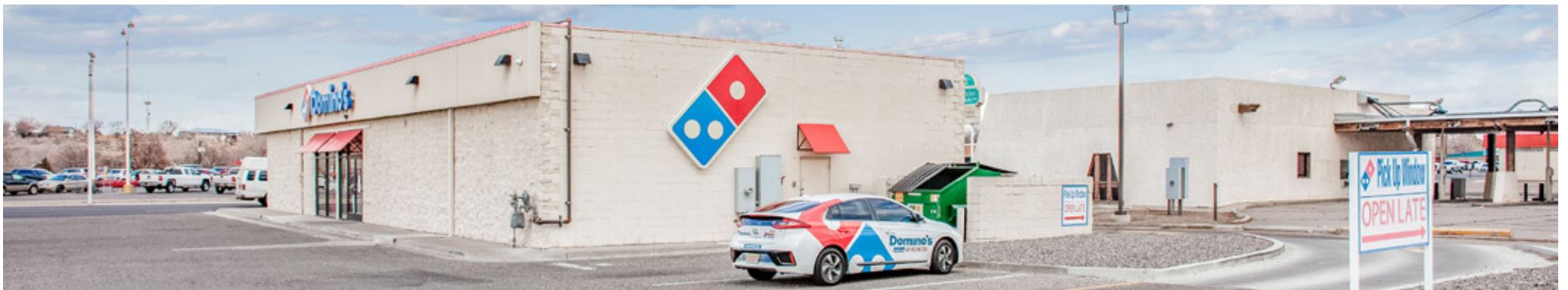
OPPORTUNITY ZONE:
YES



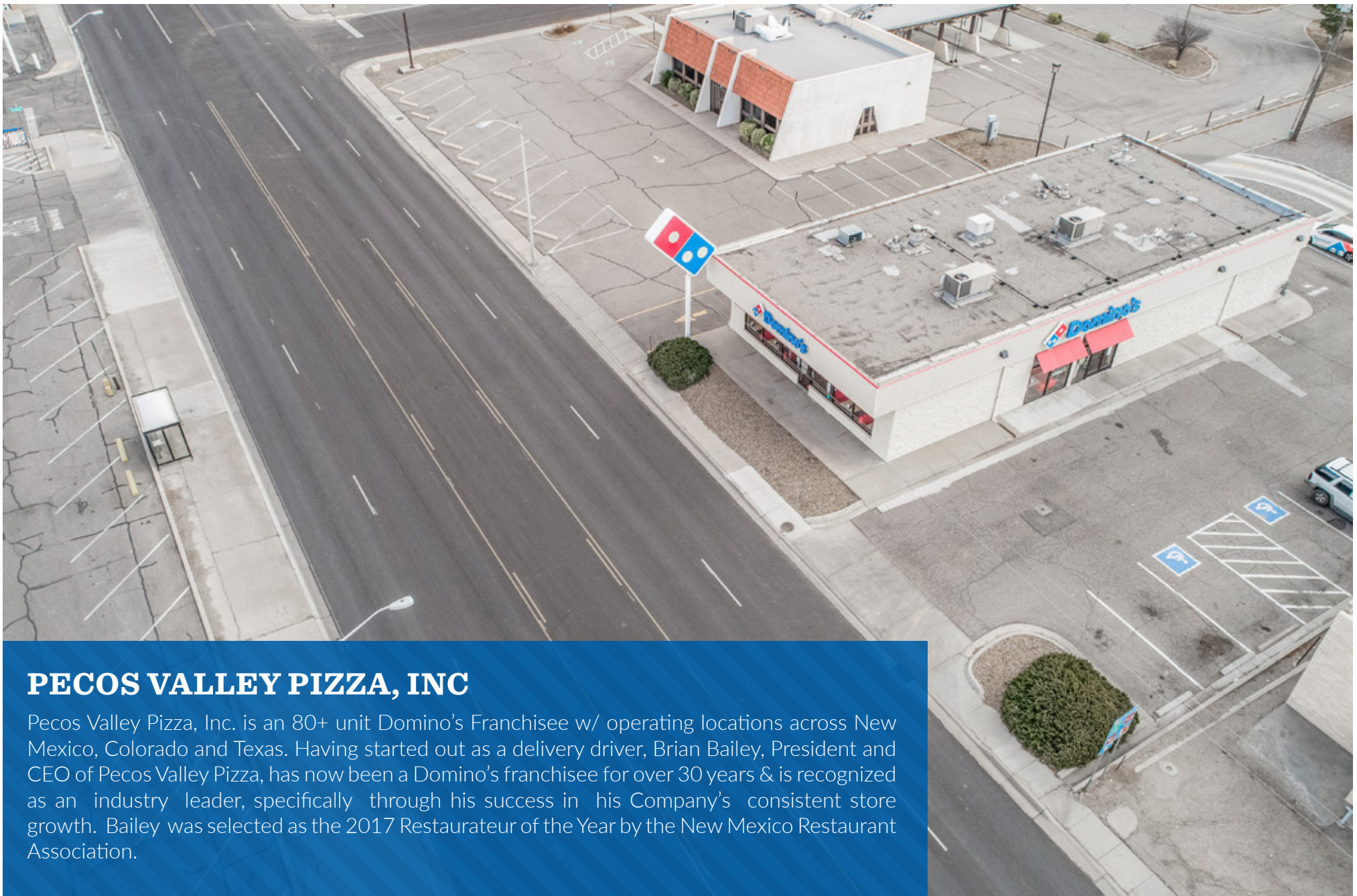
	AC	SF	APN#
Parcel 1	0.38	16,640	2076171410319
Parcel 2	0.27	11,909	2076171410333

RENT ROLL

TERM	YEARS	ANNUAL RENT	NOI/MTH	NOI/SF/YR	NOI/SF/MTH	INCREASE
Base Term	1-5	\$42,000	\$3,500.00	\$10.39	\$0.87	—
Base Term	6-10	\$44,520	\$3,710.00	\$11.01	\$0.92	6.0%
Base Term	11-15	\$47,191	\$3,932.60	\$11.68	\$0.97	6.0%
Option 1	21-25	\$50,023	\$4,168.56	\$12.38	\$1.03	6.0%
Option 2	26-30	\$53,024	\$4,418.67	\$13.12	\$1.09	6.0%
Option 3	31-35	\$56,205	\$4,683.79	\$13.91	\$1.16	6.0%



TENANT OVERVIEW



PECOS VALLEY PIZZA, INC

Pecos Valley Pizza, Inc. is an 80+ unit Domino's Franchisee w/ operating locations across New Mexico, Colorado and Texas. Having started out as a delivery driver, Brian Bailey, President and CEO of Pecos Valley Pizza, has now been a Domino's franchisee for over 30 years & is recognized as an industry leader, specifically through his success in his Company's consistent store growth. Bailey was selected as the 2017 Restaurateur of the Year by the New Mexico Restaurant Association.



Domino's

» Company Name	» Headquarters	» Year Founded	» Credit Rating
Domino's	Arbor, Michigan	1960	S&P: 400 Component
» Ownership	» No. of Employees	» Industry	» Stock Symbol
Public	±290,000	QSR	NASDAQ: DPZ

Domino's Pizza, Inc., branded as Domino's, is an American pizza restaurant chain founded in 1960. The corporation is headquartered at the Domino's Farms Office Park in Ann Arbor, Michigan, and incorporated in Delaware. In February 2018, the chain became the largest pizza seller worldwide in terms of sales. The current Domino's menu in the United States features a variety of Italian-American main and side dishes. Pizza is the primary focus, with traditional, specialty, and custom pizzas available in a variety of crust styles and toppings. Domino's Pizza, as of September 2018, has locations in 84 countries, including unincorporated territories such as Puerto Rico and Guam, overseas territories such as the Cayman Islands and states with limited recognition such as Kosovo and Northern Cyprus. It has its stores in 5,701 cities worldwide (2,900 international and 2,800 in the U.S.) In 2016, Domino's opened its 1,000th store in India. As of the first quarter of 2018, Domino's had approximately 15,000 stores, with 5,649 in the U.S., 1,127 in India, and 1,094 in the U.K.

\$811.6 M

2019 Sales

\$92.7 M

2017 Net Income

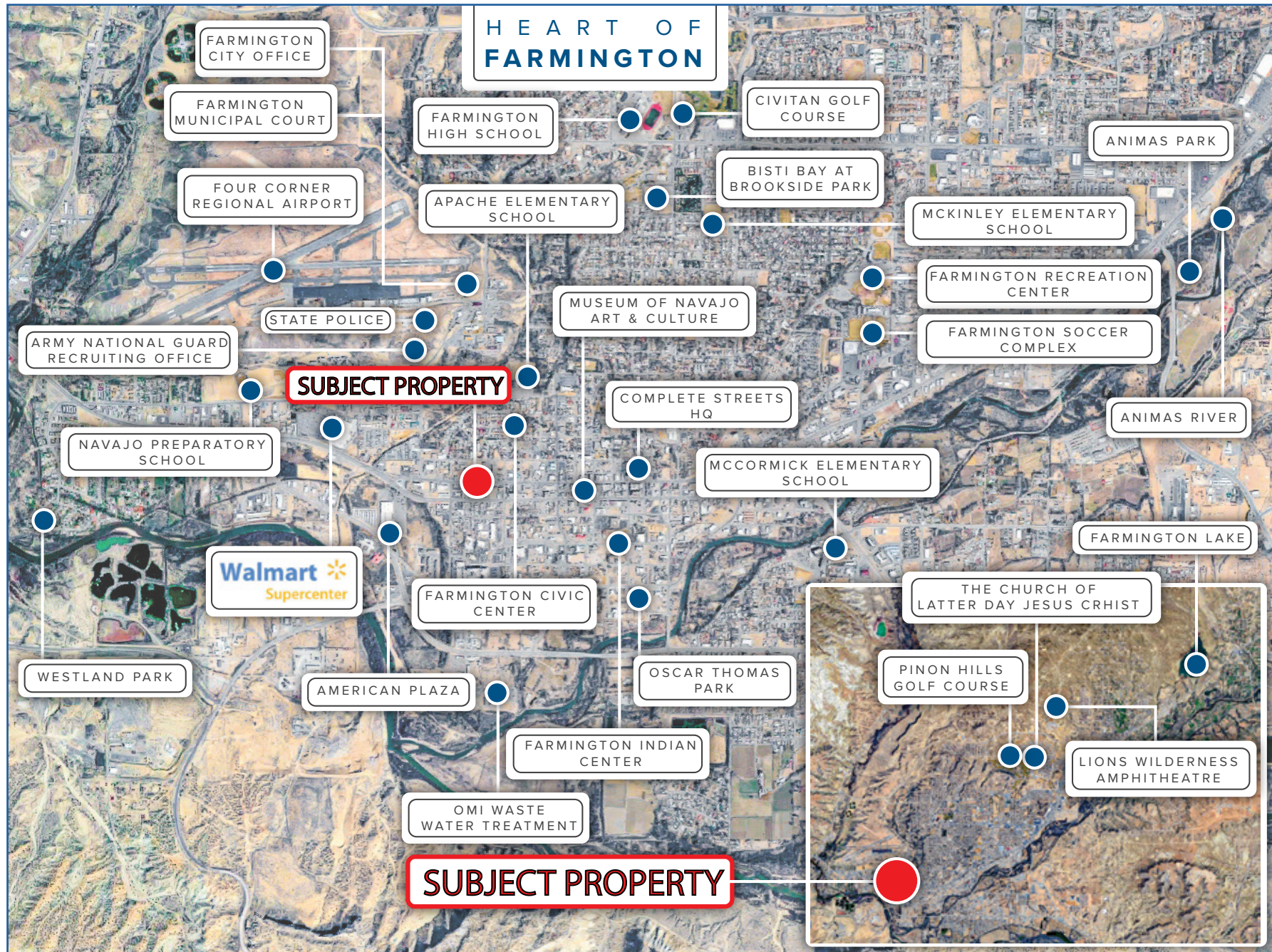
16,000

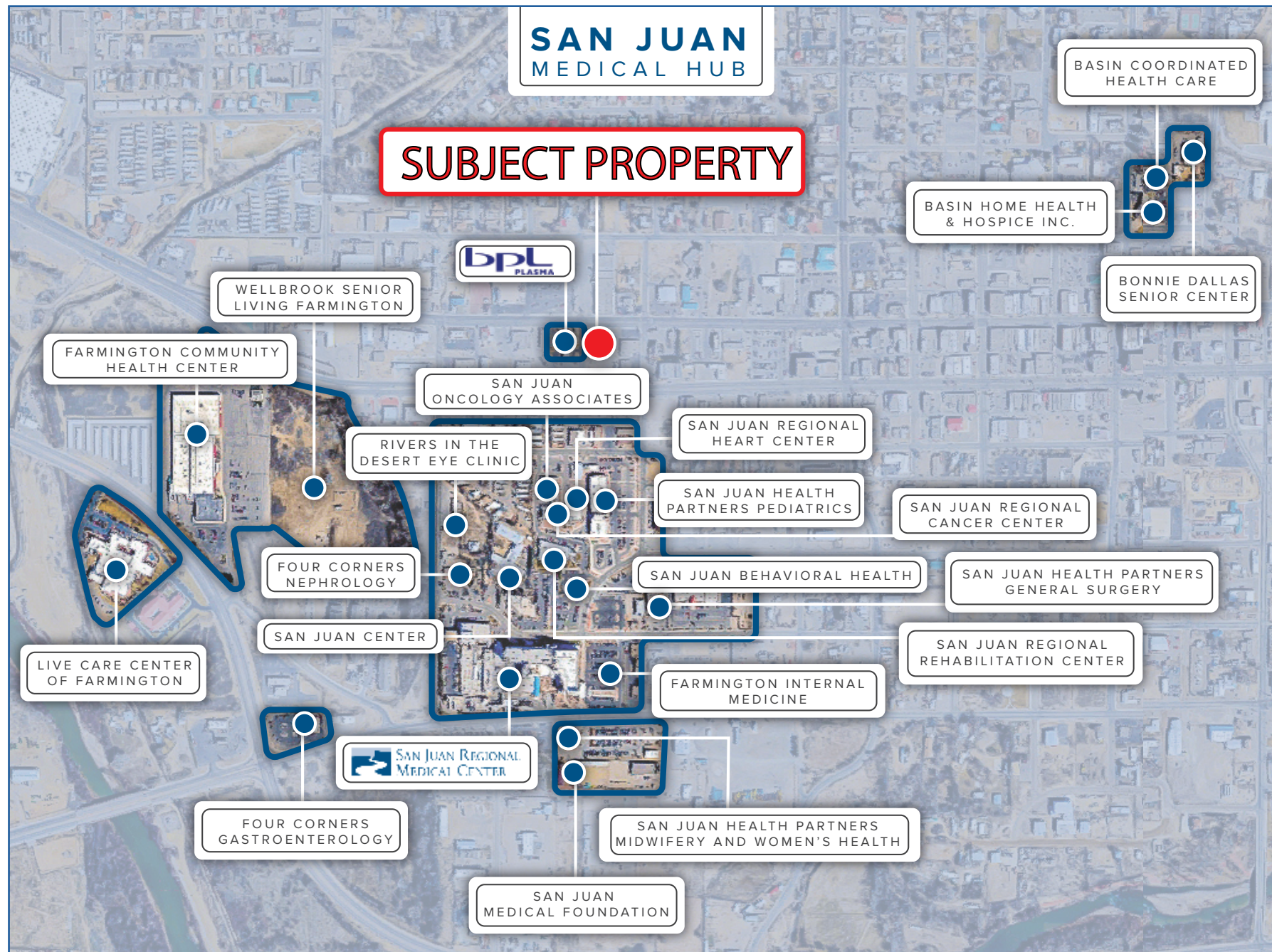
Locations Worldwide



AERIAL MAP







AERIAL MAP



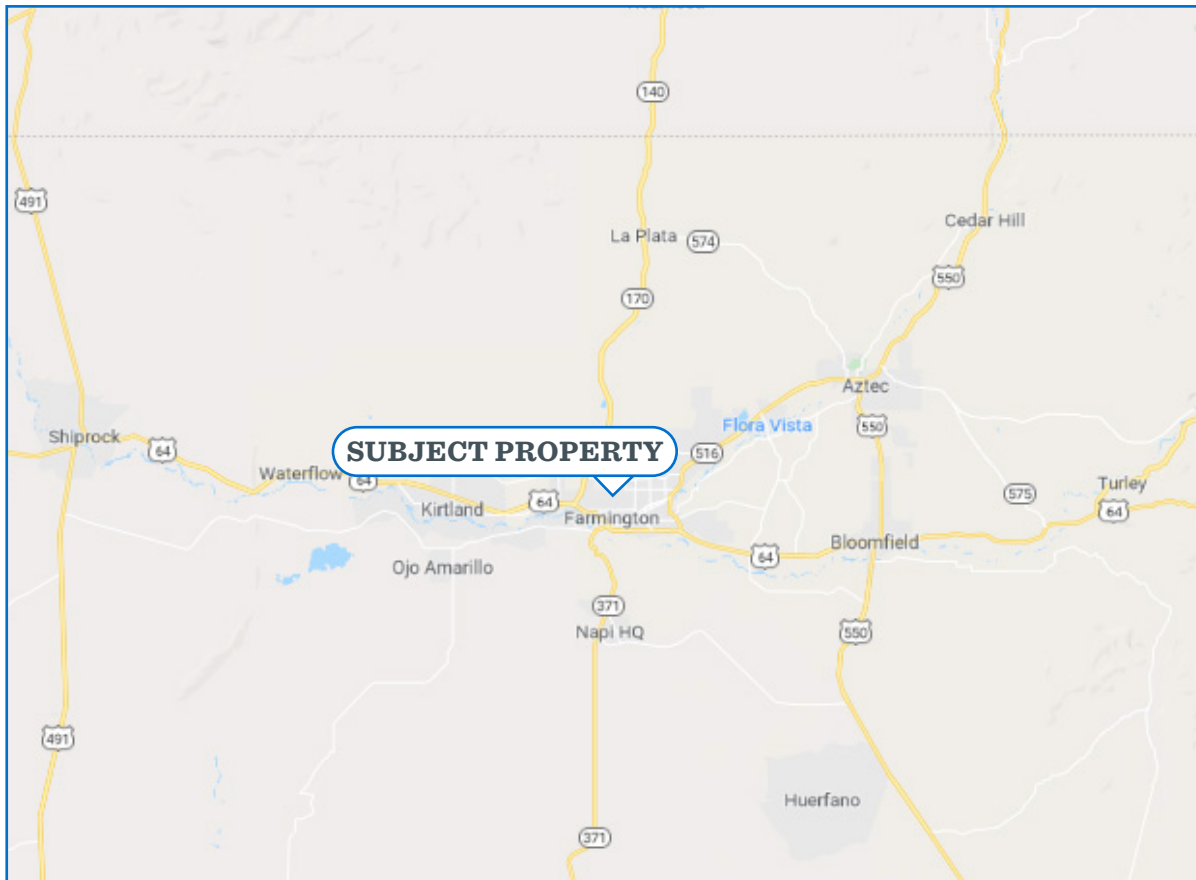
AREA OVERVIEW

FARMINGTON, NM




Located along at the confluence of 3 rivers in extreme northwestern New Mexico, Farmington is the major industrial and retail center of the entire Four Corners region. Because of its great location and nearly ideal climate, Farmington is an outdoor recreation paradise.

The city occupies 27 square miles of high Colorado Plateau desert and is considered the “Hub” of San Juan County, with a trade radius of 150 miles. Navajo Mine, just west of the city, is one of the largest coal mining operations in the world, and the extractive industries of oil, gas, and mining are the largest employers in the region.

The primary industries of San Juan County are the production of petroleum, natural gas, and coal. Major coal mines are the Navajo and San Juan mines, operated by BHP Billiton 15 to 19 miles southwest of Farmington. The coal mined from the Navajo and San Juan mines is used entirely for fuel for the nearby Four Corners Generating Station and San Juan Power Plant to produce electric power.



DEMOGRAPHICS

	1-MILE	3-MILE	5-MILE
 2020 POPULATION	4,685	27,027	42,395
 2020 HOUSEHOLDS	1,671	10,397	15,247
 2020 HH INCOME	\$51,318	\$63,983	\$66,852

FOUR CORNERS

The Four Corners is a region of the United States consisting of the southwestern corner of Colorado, southeastern corner of Utah, northeastern corner of Arizona, and northwestern corner of New Mexico. The Four Corners area is named after the quadripoint at the intersection of approximately 37° north latitude with 109° 03' west longitude, where the boundaries of the four states meet, and are marked by the Four Corners Monument. It is the only location in the United States where four states meet.

THE FUTURE OF FARMINGTON

POPULATION

The Farmington MPO region has grown even more rapidly than the county itself, increasing its share of San Juan County population from 63% in 1980 to 74% in 2010, the base year for this plan update. The MPO staff and Technical Committee looked at local land use plans and infrastructure in place, and extrapolated this population trend, estimating the region's share will grow moderately to approximately 79% of the County's population by 2040. The MPO Policy Committee concurred with this estimate, which would result in the MPO region's 2010 population of 96,925 growing to 119,316 in 2025 and 138,505 in 2040.

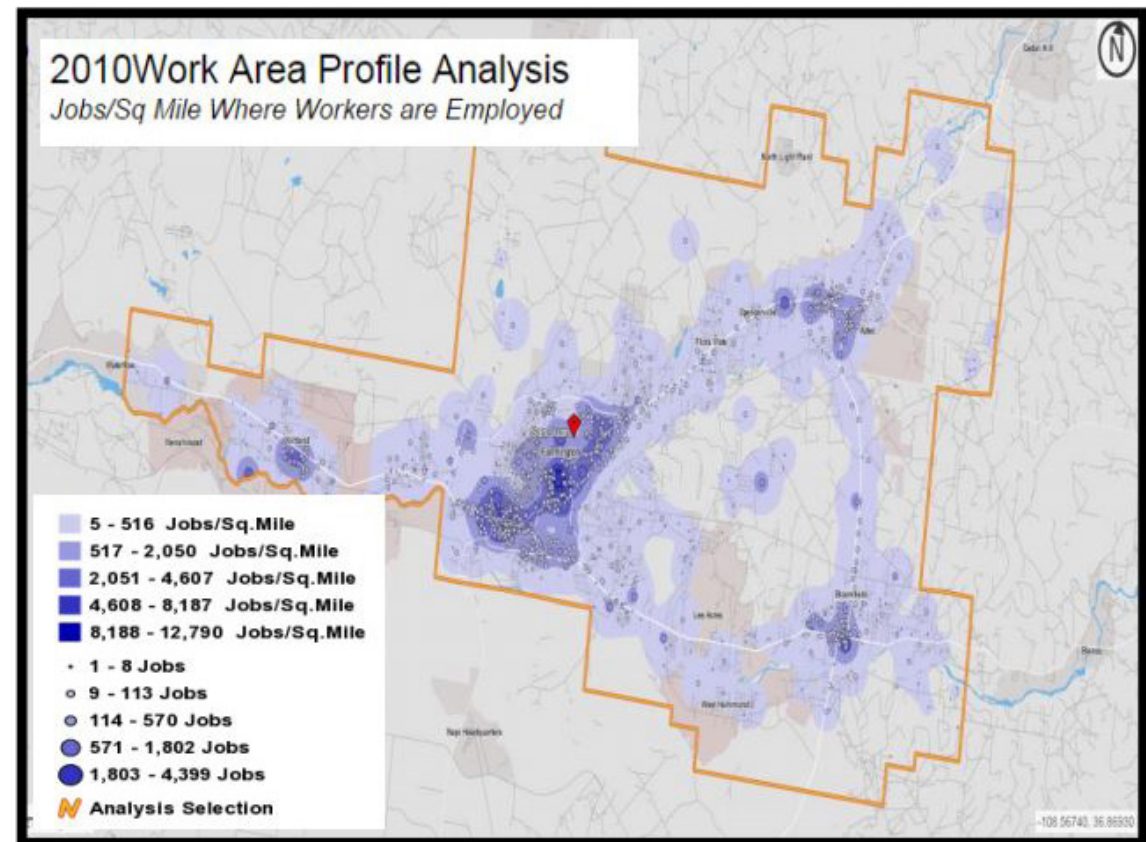
Jurisdiction	2010 Population	2020 Population	2025 Population	2030 Population	2040 Population
Aztec	6,763	7,235	7,732	8,039	8,546
Bloomfield	8,112	8,497	9,331	9,314	9,612
Farmington	45,877	47,323	51,043	51,441	54,086
Kirtland	7,875	9,006	10,404	11,270	12,881
San Juan County (within the MPO)	28,298	34,020	40,806	46,140	53,380
MPO Total	98,925	106,081	119,316	126,204	138,505
San Juan County (whole county)	130,170	146,388	154,065	161,593	176,678

EMPLOYMENT TRENDS

In 2015, almost 100,000 people live in the Farmington MPO region, and over 45,000 people work here. By the year 2040, an additional 40,000 people are expected to live in the region, and an additional 20,000 employed. Since 1996, there have been between 39,000 and 51,000 jobs counted in San Juan County by the US Census Bureau's Quarterly Workforce Indicators (QWI). In 2011, the most recent year for which reports were available, there were 47,000 jobs in San Juan County, while New Mexico Workforce Solutions estimates there will be 55,650 jobs in the County by 2020. Employment typically changes more readily than population. Employment hot spots in Farmington are concentrated in and around 20th Street and Main St. From 2002-2010 the positive growth industries in the MPO were in Other Services (37%), Wholesale Trade (28%), Real Estate (26%), Oil & Gas Extraction (23%) and Arts Entertainment & Recreation (14%).

CURRENT & FUTURE EMPLOYMENT

The Farmington Metropolitan Planning Organization statistically accounts for approximately 85 percent of the County's economic production. The MPO region has accounted for 97%-91% County employment in recent years, and with these assumptions, the MPO region's employment would grow from 45,069 in 2010 to 55,342 in 2025 and 64,485 in 2040.



LANDMARKS & CULTURE



HISTORIC DOWNTOWN: Subject Property is located in the HeART of Farmington, the Historic Downtown district, which has over 15 different eateries to choose from within a 6 block walkable stretch.

- **ART:** The HeART of Farmington, this area is a designated New Mexico Arts and Cultural District and is the major hub for arts and culture in Farmington. Home to multiple galleries, art events, and exhibits in local shops, you'll never get bored with Historic Downtown's array of eclectic and unique art forms.
- **SHOPPING:** Historic Downtown is undoubtedly Farmington's go-to district for unique, local retail and has the best shopping selection in the city. You'll find clothing, groceries, jewelry, art, home necessities, cosmetics, novelties, and much more!
- **ENTERTAINMENT:** Downtown Farmington has two live theater venues and several smaller event venues. You'll find the Farmington Civic Center, home of the Four Corners Musical Theatre Company, the Totah Theater, the HEart Space behind Studio 116, North Allen Co-Working and Venue, and Artifacts302. Additionally, many of Farmington's locally-owned restaurants feature live musical performances, and during the summer the Downtown Maker's Market often features a Thursday night open mic night, and Downtown Farmington also hosts several community festivals throughout the year.



FOUR CORNERS AIRPORT: The Four Corners Regional Airport serves a population exceeding 125,000 & is a logical choice for general aviation and military operations. For the 12-month period ending May 31, 2014, the airport had 35,479 aircraft operations, an average of 97 per day.



MUSEUM OF NAVAJO ART & CULTURE: The Museum of Navajo Art & Culture is the newest facility of the Farmington Museum System and celebrates the vibrant art, culture and history of the Diné (Navajo) people. The Culpepper's textile collection, along with Farmington Museum's permanent collection will be used to exhibit, program, and educate our visitors to the wonderful indigenous cultures in our Four Corners Region.



GOLF COURSES: The City of Farmington is proud to have two excellent, affordable golf facilities: Piñon Hills Golf Course and Civitan Golf Course.

- **PIÑON HILLS:** Farmington's nationally-recognized, 18-hole, regulation golf course that is consistently ranked by Golf Digest as the number four municipal golf course in the nation.
- **CIVITAN GOLF COURSE:** is our nine-hole par three course that allows golfers of all levels to enjoy the game of golf. We are gathering public input on a proposed miniature golf course at Civitan Golf Course. If built, this project would not increase taxes or cut into existing city services. In fact, it should break even or possibly earn money. Complete our online survey by Thursday, June 15th to give us your opinion.



INDIAN CENTER: The Farmington Indian Center takes pride in offering and inviting the citizens of Farmington and its visitors to share, participate, learn, and preserve its rich cultural heritage by offering a variety of cultural showcases and educational activities and opportunities.

FARMINGTON IN THE NEWS

SRP Seeks Solar Energy From Bidders including Navajo Nation:

One of Arizona's largest utilities is seeking companies to build solar plants to provide up to 400 megawatts of power, including 200 megawatts from Navajo Nation facilities. The Farmington Daily Times reported Salt River Project issued a request for proposals January 2020. SRP officials say the energy will be delivered to customers in central Arizona. The request from the Phoenix-based utility asks for proposals for plants that can produce between 100 and 200 megawatts. The company says Navajo Nation plants could be located anywhere within its territory that can connect to the SRP grid.



New Mexico Tech Seeks Funding To Study Carbon Storage Near San Juan Generating Station

The San Juan Basin may be an ideal location to inject carbon dioxide into underground reservoirs, and the New Mexico Institute of Mining and Technology hopes to make this a reality. New Mexico Tech is partnering with Enchant Energy, Sandia and Los Alamos national labs, University of Utah and other entities. They hope to receive federal funding through the U.S. Department of Energy's CarbonSAFE grant program. If the project is successful, there is a potential for \$50 to \$100 million of future funding. The U.S. Department of Energy has \$35 million to distribute and a competitive field of applicants. The project has garnered support from communities in northwest New Mexico INCLUDING: San Juan County, Farmington, Aztec, Four Corners Economic Development and Bloomfield. If the study finds that carbon dioxide could safely be stored in an underground saline aquifer, it could help plans to retrofit the San Juan Generating Station with carbon capture technology and keep it open after 2022.



CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **Domino's** located at **725 W Main St, Farmington, NM 87401** ("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:

- The Offering Memorandum and its contents are confidential;
- You will hold it and treat it in the strictest of confidence; and
- 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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