



BRAND NEW CORPORATE LEASE
INVESTMENT GRADE OPPORTUNITY



AT&T

NEQ I-69/US-59 & S Kirkwood Road
Stafford, Texas (Houston MSA)



AT&T

12449 Southwest Freeway
Stafford, Texas 77477 (Houston MSA)

CONFIDENTIAL OFFERING MEMORANDUM

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PROPERTY	AT&T (Corporate)	PRICE	\$2,080,000
LOCATION	12449 Southwest Freeway, Stafford, Texas 77477	CAP RATE	6.0%
GLA	2,500 SF	YEAR BUILT	2020 (Under construction)



Representative Image



Actual Site | Under Construction

OVERVIEW

- **Investment Grade, New Corporate Lease:** 100% leased by AT&T (NYSE: T), and features a brand new 7-year lease with two 3-year option periods. AT&T operates over 5,600 locations and has investment grade credit with an S&P rating of BBB.
- **10% Rental Escalations:** 10% rent increases every five years through the primary term and option periods.
- **Brand New, High Quality Construction:** The Class A Property is currently under construction and features high-end architectural elements and finishes.
- **High Visibility & Traffic:** Excellent visibility and easy access to and from US-59, the region's major thoroughfare which carries over 230,000 cars per day.
- **Front Door of The Grid Mixed-Use Development:** Included within Phase II of The Grid, a 192-acre mixed-use development, which at build out will feature more than 350,000 square feet of retail, restaurants and entertainment; 500,000+ square feet of creative-focused office space; multiple hotels; pop-up shops; food hall; rooftop dining and 2,400+ urban residences.
- **Dense Retail Corridor:** Ideally positioned adjacent to Pluckers Wing Bar, In-N-Out Burger, Outback Steakhouse and Whiskey Cake. Additionally, the Property is in close proximity to a top-performing Walmart Supercenter and Sam's Club as well as several major retailers including Hobby Lobby, AMC Theater, Rooms To Go, Ross Dress for Less, Five Below and Old Navy, all of which provide ample cross traffic.

GLA	2,500 sf
LAND	16,407 sf (0.377 ac)
PRICE	\$2,080,000
CAP RATE	6.0%
YEAR BUILT	2020 (Under construction)
% LEASED	100%



Corporate guarantee by national credit tenant with an investment grade rating and a \$211B market cap



Located near Walmart Supercenter and Sam's Club, both of which boast some of the highest customer counts in the MSA and outrank all other stores within a 15-mile radius*



Fort Bend County is comprised of a diverse, highly educated populous and has been ranked one of the richest counties in Texas



Situated within a regional employment hub, the Property benefits from a thriving daytime population of 404,000 people within five-miles



Surrounded by 134,000 homes within a five-mile radius and adjacent to new Class-A multi-family that will bring an additional 2,500 units to the immediate area

INVESTMENT OPPORTUNITY

Located in southwest Houston, the Property is well-positioned within an established, yet growing trade area. The Property is leased and corporately guaranteed by AT&T, the world's largest telecommunications company. Named the Nation's Best Network, AT&T Mobility boasts 169 million subscribers as of Q1 2020 and a consolidated revenue of \$181 billion in 2019.

Situated in the Stafford trade area in Fort Bend County, within close proximity of the flourishing communities of Sugar Land and Missouri City, the Property is supported by a dense and affluent population of 400,000+ people and a daytime population of 404,000 people within 5 miles. There are over 134,000 homes within 5 miles with an average home value exceeding \$219,000.

CORE INVESTOR MARKET

Fort Bend County is nationally recognized for its explosive population and job growth as well as its well-educated population base. Fort Bend County is home to many top rankings including being number four in the U.S. for incoming investments and number one in greater Houston. Further, it was ranked number five in the nation for purchasing power. With a median household income of \$96,000+ it was also named the Wealthiest County in Texas. Fort Bend County is the second most populated of the eleven counties within the MSA, second only to Harris. From 2010 to 2019, Fort Bend County grew in population by 38.8%, from 584,699 to 811,688, ranking as the fifth-fastest-growing county in the state and the 12th-fastest in the United States based on percentage growth. Fort Bend County is home to a large, diversified mix of major employers including Schlumberger Technology Corp, Methodist Sugar Land Hospital, Fluor Corporation, Memorial Hermann - Sugar Land Hospital, United Parcel Service, Frito-Lay Inc., Minute Maid, St. Luke's Sugar Land Hospital and National Oilwell Varco.

LOCATION

AT&T is located along US-59 between South Kirkwood Road and West Airport Boulevard and enjoys excellent visibility to a combined 304,000 cars per day. Additionally, the Property is adjacent to a Class-A multi-family complex that is currently in the process of leasing the first phase which includes 380 units and will ultimately feature ±2,500 units upon completion.

AT&T is included in Phase II of The Grid's 192-acre, \$500 million mixed-use development. Situated within an infill location along US-59, Houston's primary southwest freeway and encircled by a dense industrial hub, The Grid benefits from both a high traffic exposure as well as a strong employment base. Currently the Grid is open to numerous category-leading restaurants and an urban living Class A apartment complex. Upon completion, the Grid will feature exciting entertainment and recreation options that will serve both area residents and office workers, as well as creating a new regional destination.

With its convenient location along I-69/US-59, the Property's location provides ample accessibility to multiple business districts including Galleria/Uptown (9 miles), the Texas Medical Center (11 miles) and the Houston Central Business District (14 miles).



Founded in 1983, AT&T is the world's largest telecommunications company, the largest provider of mobile telephone services, and the largest provider of fixed telephone services in the U.S. through AT&T Communications. Since June 14, 2018, it is also the parent company for mass media conglomerate WarnerMedia, making it the world's largest media and entertainment company in terms of revenue. In 2004, Cingular acquired AT&T Wireless, a spinoff of AT&T Corp, which had been the largest provider of wireless service in the U.S. In 2006, AT&T and BellSouth Corp merged and consolidated ownership of the Cingular Wireless brand and began to operate under one global brand. As of 2019, AT&T is ranked #9 on the Fortune 500 rankings of the largest U.S. corporations by total revenue. AT&T originates back to the original Bell Telephone Company founded by Alexander Graham Bell in the late 1800's. In addition to their telephone services, AT&T also provides high-speed fiber internet as well as broadband television services since acquiring DirecTV for \$48.5 billion in 2015.



**#1 LARGEST COMMUNICATIONS COMPANY
IN THE WORLD**



**\$181 BILLION CONSOLIDATED
REVENUES IN 2019**

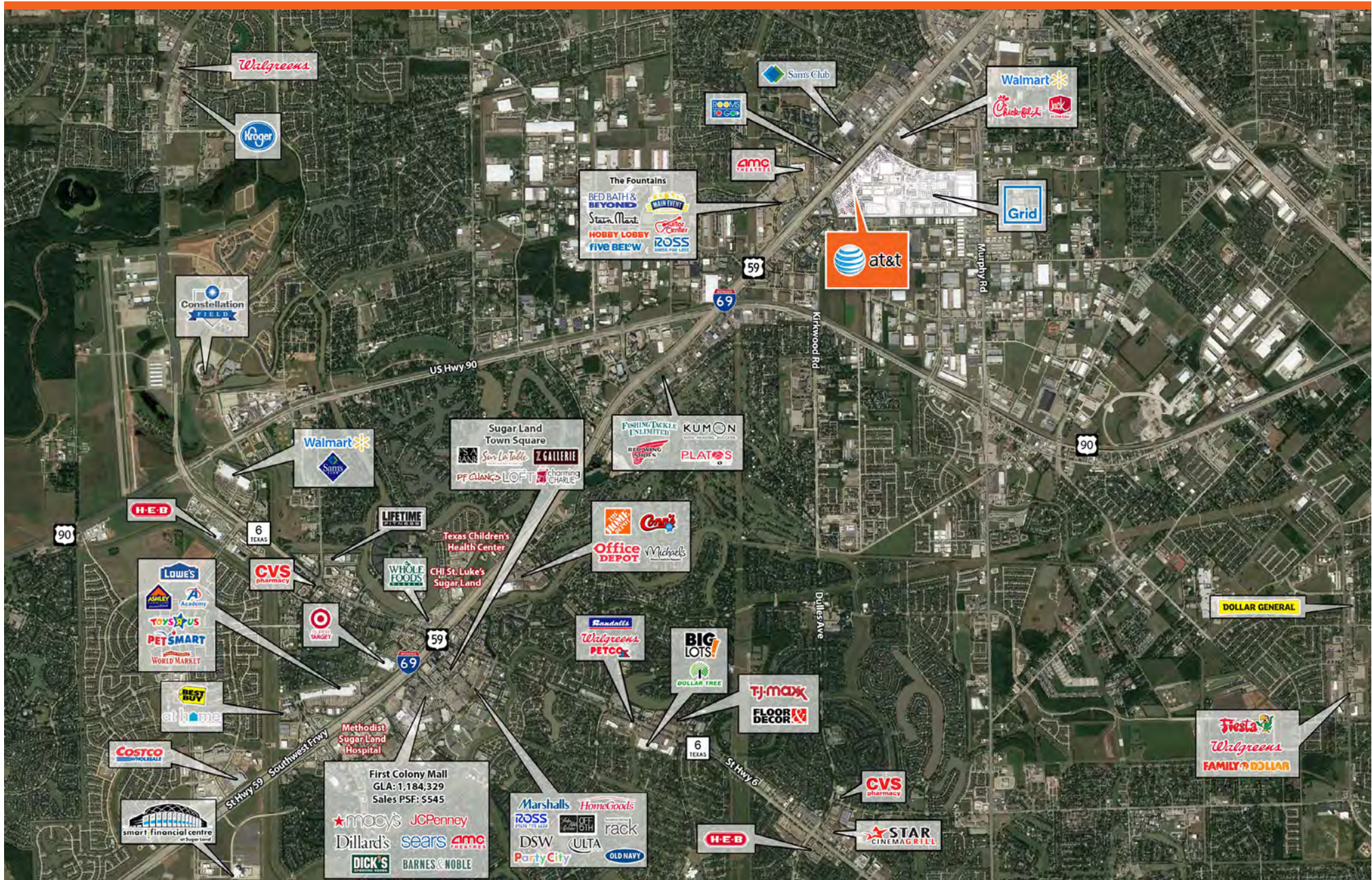


**36 YEARS CONSECUTIVE INCREASES IN
QUARTERLY DIVIDEND**

TENANT OVERVIEW

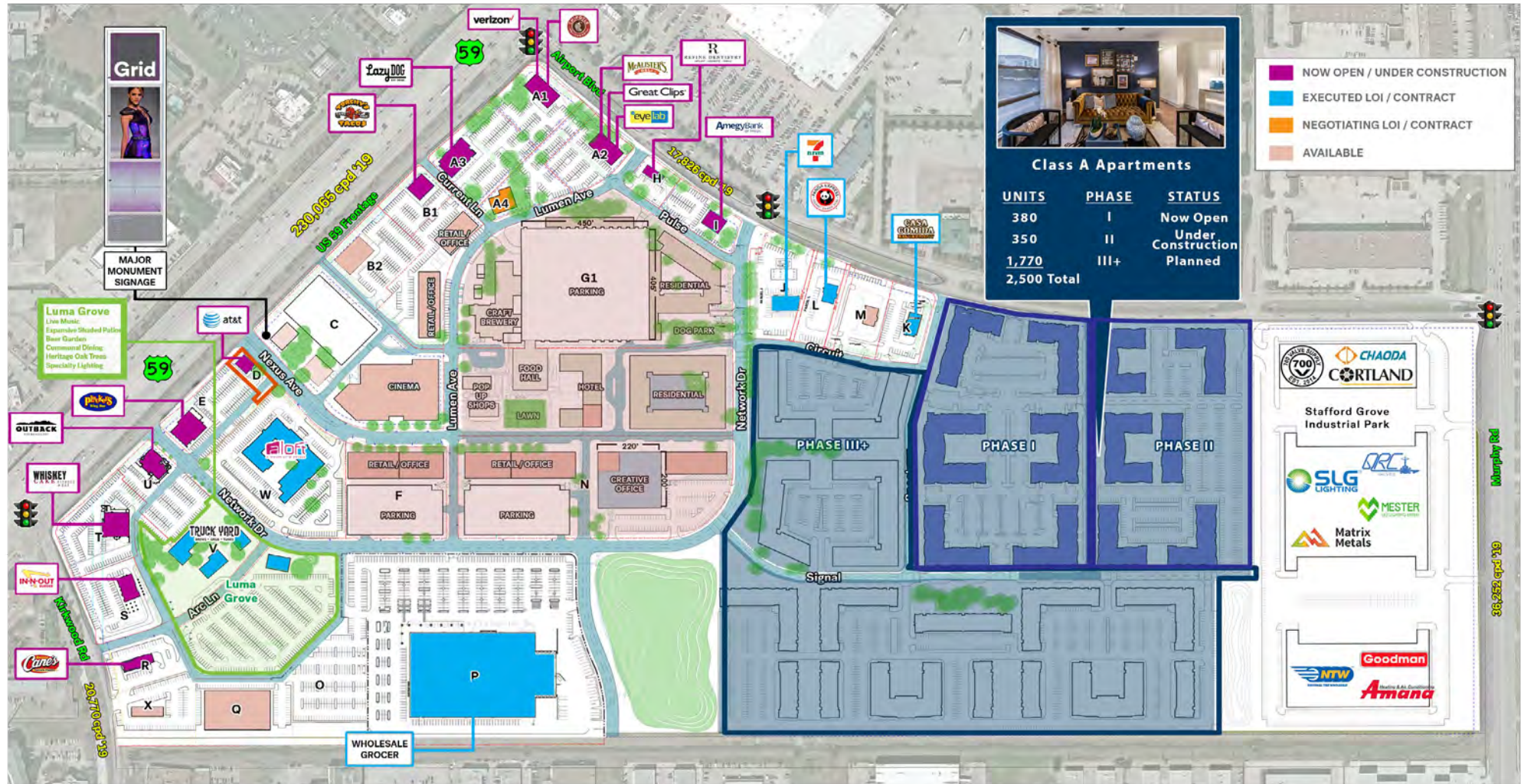
COMPANY	AT&T
TYPE	PUBLIC (NYSE: T)
CREDIT RATING (S&P)	BBB
INDUSTRY	COMMUNICATIONS
HEADQUARTERS	DALLAS, TEXAS
YEARS IN BUSINESS	144
# OF LOCATIONS	5,663
# OF EMPLOYEES	243,000
2019 REVENUE	\$181 BILLION
MARKET CAP	\$211 BILLION

The Property









Subject to Change





The Financials

TENANT	GLA	RENT COMMENCEMENT	LEASE EXPIRATION	BASE RENT (PSF)	NNN (PSF)	CURRENT MONTHLY		GROSS MONTHLY	GROSS ANNUAL
						BASE RENT	NNN (1)		
AT&T	2,500	Oct-20	Sep-27	\$50.00	\$8.90	\$10,416.67	\$1,854.17	\$12,271	\$147,250.00
Total	2,500							\$12,271	\$147,250
Total Project Occupancy		100.0%							

Notes:

<i>Tenant</i>	<i>Rental Bumps / Notes</i>	<i>Renewal Option(s)</i>
AT&T	Year 6: \$55.00 psf/year 5% cap on controllable CAM	Two (3-year) options to renew at \$55.00 psf in the first option period and \$60.50 in the second option period

Comments:

(1) NNN expenses and recovery based on estimates provided in lease

Income	Current
Rental Income	125,000
Add-backs	22,250
Total Income	147,250
Direct Expenses	
RE Taxes	11,000
Insurance	1,250
CAM	10,000
Total Direct Expenses	22,250
Operating Income	125,000

* Operating Statement expenses based on Year 1 expense estimates per the lease



Lease Abstract

TENANT DBA:	AT&T			
TENANT:	New Cingular Wireless PCS, LLC			
SQUARE FOOTAGE:	2,500			
SPECIFIC USE:	Premises shall be used for (i) the sale of wireless communication products and services, local and long distance services and products, cable television products and services, satellite products and services, video entertainment products and services, internet access products and services, mobile electronic devices and services, home or office automation and security products and services, and any other related products and services available now or in the future from AT&T, its parent, subsidiaries or affiliated companies; (ii) the installation, repair and servicing of such equipment; (iii) the incidental storage of equipment used in connection with such business and (iv) any activities reasonably related to or arising in connection with the conduct of such permitted businesses.			
DOCUMENTATION:	Lease dated September 24, 2019.			
RENT COMMENCEMENT DATE:	October 1, 2020			
LEASE EXPIRATION DATE:	September 30, 2027			
TERM:	7 years			
SECURITY DEPOSIT:	None.			
BASE RENT:	Period	Per Month	Annual	PSF
	October 1, 2020 - September 30, 2025	\$10,416.67	\$125,000.00	\$50.00
	October 1, 2025 - September 30, 2027	\$11,458.33	\$137,500.00	\$55.00
	Remaining Renewal Options			
	Term 1: October 1, 2027 - September 30, 2030	\$11,458.33	\$137,500.00	\$55.00
RENEWAL OPTION(S):	Term 2: October 1, 2030 - September 30, 2033	\$12,604.17	\$151,250.00	\$60.50
	2, 3-year renewal options remaining. Tenant shall provide written notice of at least 6 months prior to the expiration of the term.			
CAM PAYMENTS:	Tenant shall reimburse Landlord its pro rata share of CAM expenses including management or administrative fees not exceeding 8% of such expenses. The increase in controllable CAM expenses is capped at 5% per year over previous year expenses.			
INSURANCE PAYMENTS:	Tenant shall reimburse Landlord its pro rata share of Insurance expenses.			
RE TAX PAYMENTS:	Tenant shall reimburse Landlord its pro rata share of Real Estate Tax expenses.			
UTILITIES:	Tenant shall pay all charges for utilities used in the premises.			
TENANT MAINTENANCE:	Tenant shall (i) maintain in good order and condition, the non-structural interior portion of the premises and (ii) maintain the plumbing, electrical and mechanical lines and equipment associated therewith.			
LANDLORD MAINTENANCE:	Landlord shall be responsible for the repair, maintenance and replacements to (i) the structural components of the building, including but not limited to the roof, exterior walls, bearing walls, support beams, foundations, columns, floor slab, exterior canopies, gutters, water spouts and lateral support to the building (ii) the dividing walls of the building and (iii) the utility connections.			
EXCLUSIVES / RESTRICTIONS:	Tenant shall have the exclusive right in the shopping center to sell and service the following goods and services: communication products and services including but not limited to wireless communication products and services, local and long distance products and services, cable television products and services, internet access products and services, home or office automation and security products and services and any substitutes which are a technological evolution of the foregoing.			
ESTOPPEL CERTIFICATE:	Tenant shall provide an estoppel certificate upon not less than 15 days' prior written request by the Landlord.			

The Market



POPULATION
29,104,064



2nd FASTEST GROWING ECONOMY IN THE U.S.



TOP STATE FOR JOB GROWTH
342,800 JOBS CREATED IN 2019

2nd

LARGEST CIVILIAN LABOR WORKFORCE:
13+ MILLION WORKERS

48

FORTUNE 500 COMPANIES CALL TEXAS HOME



BEST STATE FOR BUSINESS
FOR THE 14TH YEAR IN A ROW BY CHIEF EXECUTIVE MAGAZINE



OVER 3,000 COMPANIES
HAVE LOCATED OR EXPANDED FACILITIES IN TEXAS SINCE 2009



AWARDED 2018 GOVERNOR'S CUP
FOR THE MOST NEW & EXPANDED CORPORATE FACILITIES: **608**



LARGEST MEDICAL CENTER
Texas Medical Center, Houston
2ND LARGEST CANCER CENTER
MD Anderson, Houston



NO STATE INCOME TAX



FORT WORTH

TOP 20 LARGE U.S. CITIES TO START A BUSINESS 2018

DALLAS

#1 FASTEST GROWING MSA 2019
#5 BEST PERFORMING CITIES IN U.S.

HOUSTON

#2 TOP U.S. METROS FOR JOB GROWTH 2019
#2 METROS WITH MOST CORPORATE HEAD-QUARTERS

AUSTIN

#1 BEST PLACE IN AMERICA TO START A BUSINESS 2019
#3 BEST PERFORMING CITIES IN U.S.

SAN ANTONIO

#1 BEST CITY FOR VETERANS 2019



POPULATION
7,000,000

**4th LARGEST
CITY IN THE
UNITED STATES**

21

**FORTUNE 500
COMPANIES
BASED IN HOUSTON**



**WITHIN THE
TOP 10 CITIES
FOR JOB GROWTH**



**HOME SALE PRICES UP 2.4%
OVER THE LAST 12 MONTHS**



ENERGY CAPITAL OF THE WORLD
**HOME TO 39 OF THE NATION'S LARGEST PUBLICLY TRADED
OIL AND GAS EXPLORATION & PRODUCTION FIRMS**



TEXAS MEDICAL CENTER
LARGEST MEDICAL COMPLEX IN THE WORLD



PORT OF HOUSTON
**LARGEST PORT ON THE GULF
& 2ND LARGEST IN THE U.S.**
**GENERATES \$5.6 BILLION IN
STATE AND LOCAL REVENUE**

68%

**U.S. GULF COAST
CONTAINER TRAFFIC
PASSES THROUGH THE
PORT OF HOUSTON**

58 MILLION AIRLINE PASSENGERS

GEORGE BUSH INTERCONTINENTAL AIRPORT:
SERVES OVER 170 DESTINATIONS WITH NONSTOP FLIGHTS

RETAIL MARKET



OVER \$126 BILLION
GROSS ANNUAL RETAIL SALES

Texas Comptroller data, 2019

94.5%
OCCUPANCY RATE

4,550,000 SF
12 MO. NET ABSORPTION

3,345,000 SF
UNDER CONSTRUCTION
(1% OF TOTAL INVENTORY)

398,018,000 SF
TOTAL INVENTORY

CoStar data, February 2020

LARGEST EMPLOYERS

MEMORIAL HERMANN HEALTH SYSTEM	24,108 Employees
THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER	21,086 Employees
HOUSTON METHODIST	20,000 Employees
UNITED AIRLINES	14,941 Employees
SCHLUMBERGER	12,069 Employees
SHELL OIL CO	11,507 Employees
EXXONMOBIL	11,000 Employees
TEXAS CHILDREN'S HOSPITAL	10,992 Employees
HCA	10,830 Employees

Positioned at the
Gateway
to Fort Bend County

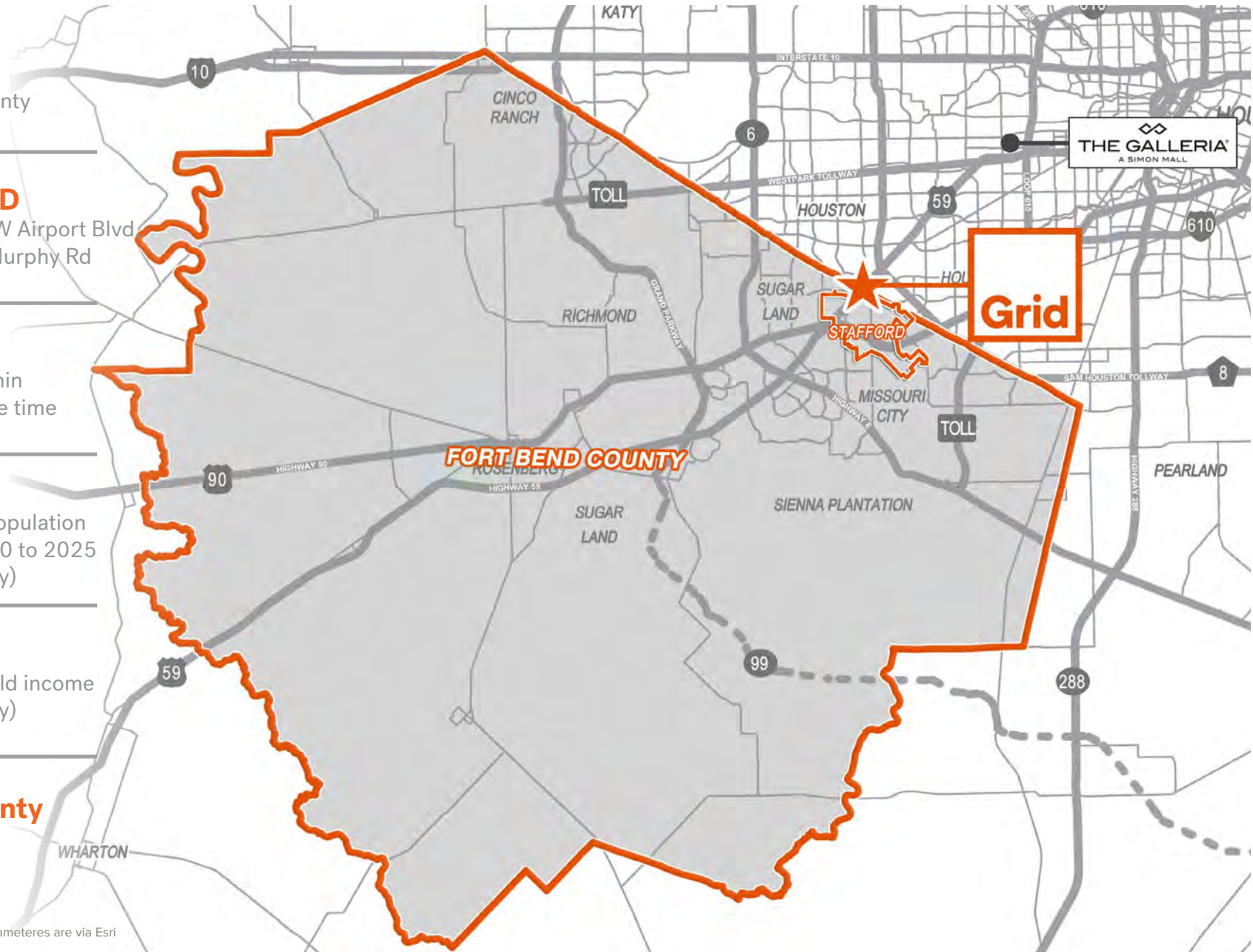
305,000 CPD
on Highway 69, W Airport Blvd
Kirkwood Rd & Murphy Rd

1,563,885
people living within
a 20-minute drive time

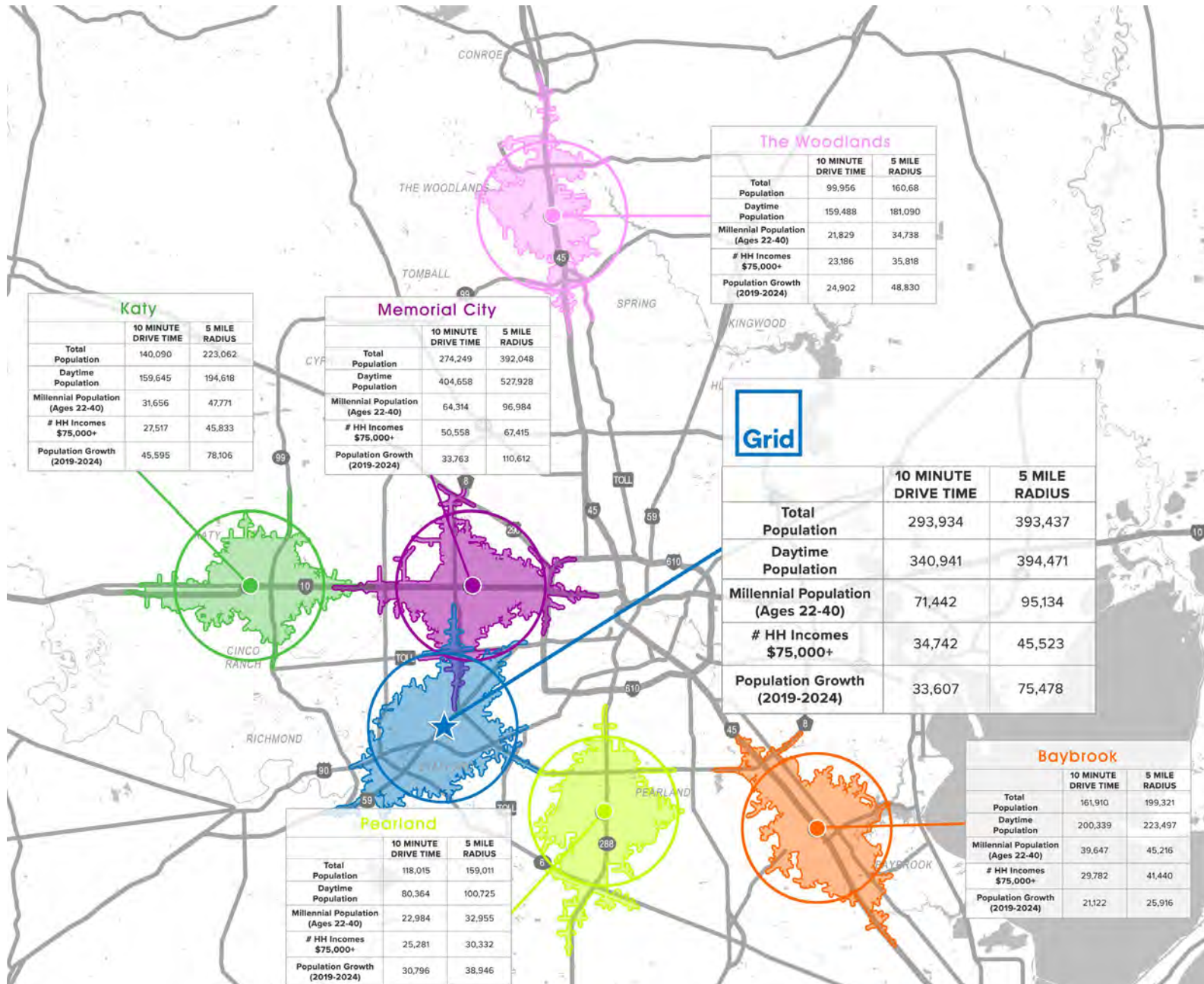
585,375
projected total population
growth from 2010 to 2025
(Fort Bend county)

\$104,967
average household income
(Fort Bend county)

Richest County
in Texas



Per Sitewise. Drive-time parameters are via Esri
Updated August 2020



293,934

Total Population

#1 in the MSA

340,941

Daytime Population

#2 in the MSA behind
Memorial City

71,442

Millennial Population

#1 in the MSA

34,742

Number of Households with
Incomes \$75,000+

#2 in the MSA behind
Memorial City

33,607

Estimated Population
Growth from 2019-2024

#3 in the MSA behind
Katy and Memorial City

*PerSitewise. Drive-time parameters are via Esri



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AT&T

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AS OF: AUGUST 18, 2020

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