



Offering Memorandum

3721 N Hwy 75
Sherman, TX 75090



Marcus & Millichap
THE SANDELIN GROUP



INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present an opportunity to purchase the fee simple interest in a Taco Cabana with Drive-Thru located at 3721 N Hwy 75, Sherman, Texas. The property contains 2,844 SF of net leasable area and is situated on 1.13 acres. This absolute triple-net leased Taco Cabana is subject to a 20-year sale-lease-back with 1.50% annual rent increases.

Sherman is a U.S. city in and the county seat of Grayson County, Texas. The city has a population of approximately 43,000 people. It is one of the two principal cities in the Sherman – Denison Metropolitan Statistical Area, and it is part of the Texoma region of North Texas and southern Oklahoma.

Fiesta Restaurant Group (NASDAQ: FRGI) is a Dallas, Texas-based restaurant chain, primarily owning Taco Cabana locations in Texas and Pollo Tropical locations in Florida. Fiesta employs over 10,000 people and had a 2019 revenue of \$661 million. The property's high-visibility location, surrounding demographics and sale-lease-back structure are all considered to be highly advantageous.

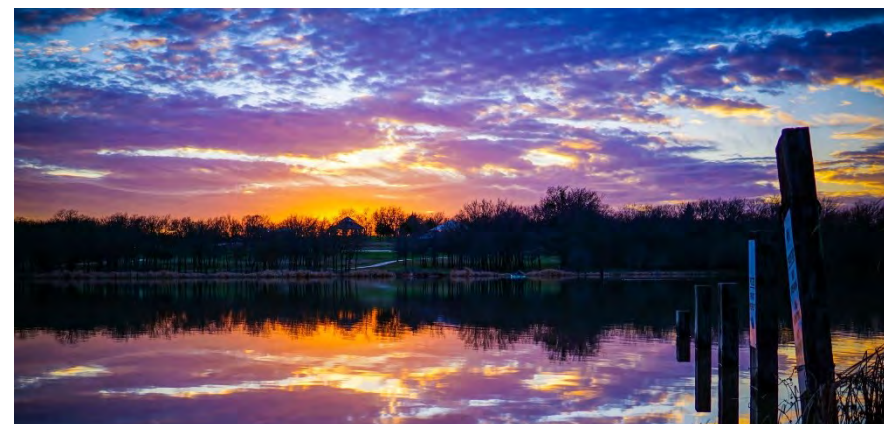
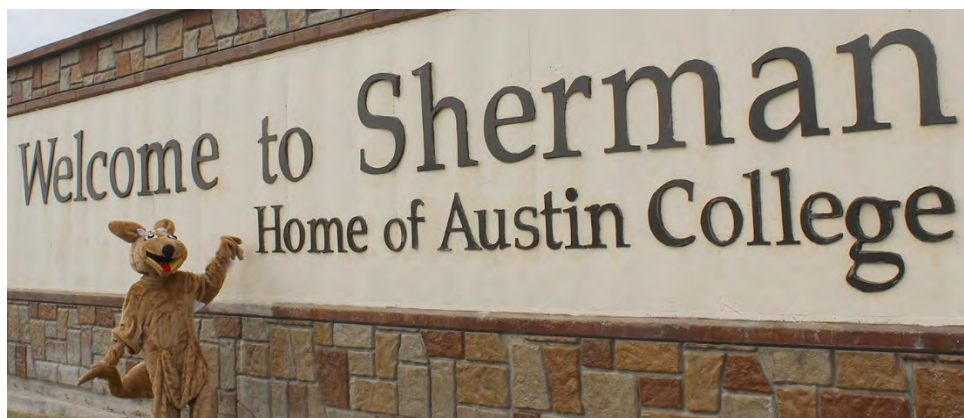
INVESTMENT HIGHLIGHTS

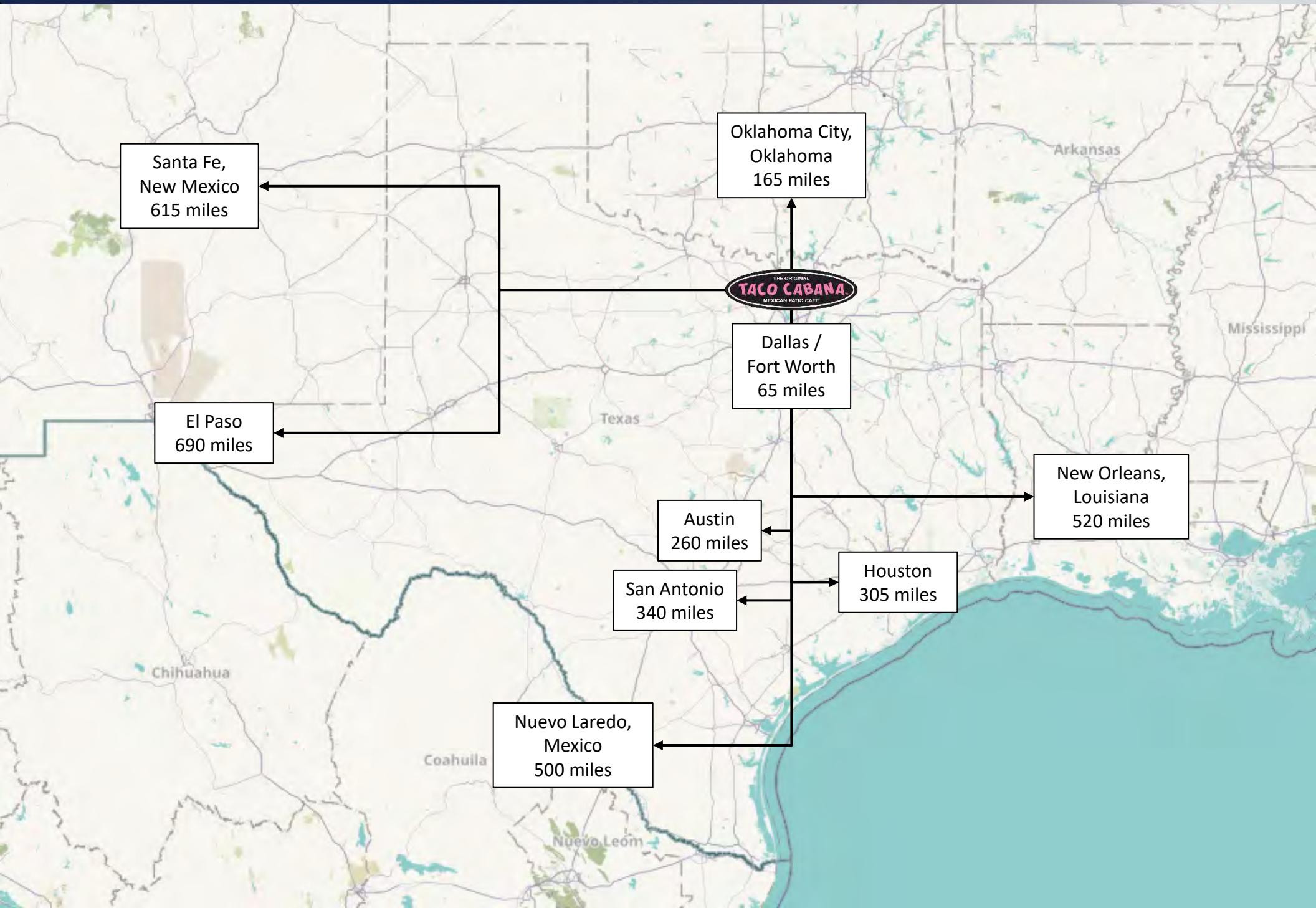
- Absolute Triple-Net (NNN) Lease – Zero Landlord Responsibility
- 20 Year Lease Term Commencing Upon Close of Escrow
- 1.5% Annual Rent Increases – Excellent Hedge Against Inflation
- Just Off US Hwy 75 – 60,000+ Vehicles per Day
- Three Miles From Austin College
- Surrounded by National Retailers Including: Walmart, Sam's Club, Home Depot, Best Buy, Target and More
- Sherman is Rapidly Growing – Est. 9% Population Growth '20-'25
- Texas is an Income Tax-Free State

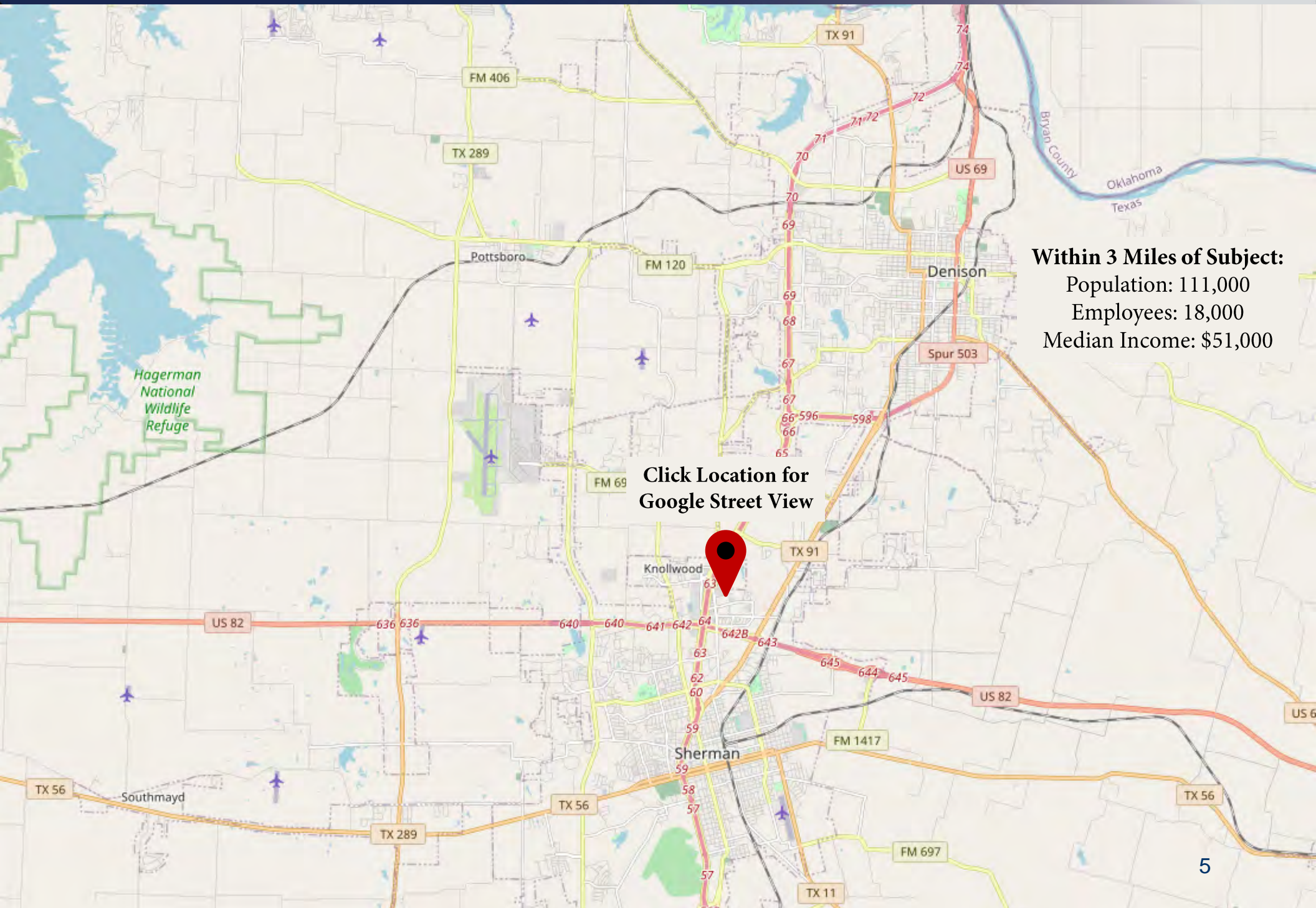


SHERMAN, TEXAS

Sherman is a city in and the county seat of Grayson County, Texas. The city is one of the two principal cities in the Sherman – Denison MSA and is part of the Texoma region of North Texas and southern Oklahoma. The city of Sherman has a total area of 42 square miles. It is approximately 70 miles north of Dallas and 31 miles southwest of Durant, Oklahoma. It is home to Austin College, a private liberal arts college affiliated with the Presbyterian Church. The college was founded in 1849, making it the oldest college or university in Texas operating under its original character. The city is also home to a branch of Grayson County College, based in neighboring Denison. Sherman has a richly diverse history and is near Lake Texoma, one of the largest reservoirs in the state of Texas. The city is well-known for its champion bass fishing, sailing, camping and hiking.







Within 3 Miles of Subject:
Population: 111,000
Employees: 18,000
Median Income: \$51,000

Click Location for
Google Street View





60,000 Vehicles per Day

1.13 ACRE LOT



US Hwy 82
18,000 Vehicles per Day

PROPERTY SUMMARY



THE PROPERTY

| | |
|-------------------|---------------------------------------|
| Property Address | 3721 N US Hwy 75 Sherman, TX 75090 |
| Net Leasable Area | 2,844 Square Feet |
| Land Area | 1.13 Acres |
| Ownership | Fee Simple |
| Year Built | 2007 |

TAX PARCEL INFO

| | |
|-----------------------|--------|
| Number of Tax Parcels | 1 |
| Tax Parcel Number | 260216 |

VEHICLES PER DAY

| | |
|-------------|--------|
| N US Hwy 75 | 60,000 |
| US Hwy 82 | 18,000 |

SITE ATTRIBUTES

| | |
|------------|-------------------------|
| Visibility | Excellent |
| Access | Very Easy |
| Frontage | 140 Feet on N US Hwy 75 |



PROPERTY PHOTOS



PRICING

| | |
|----------------------|-------------|
| Price | \$1,703,068 |
| Net Operating Income | \$96,223 |
| Cap Rate | 5.65% |

LEASE HIGHLIGHTS

| | |
|-------------------------|--|
| Tenant | Taco Cabana |
| Net Leased Area | 2,844 Square Feet |
| Lease Commencement | Close of Escrow |
| Primary Lease Term | 20 Years |
| Rent Increases | 1.50% Annually |
| Extension Options | Four, Five Year Terms |
| Lease Type | Absolute NNN |
| Landlord Responsibility | None |
| Tenant Responsibility | All Expenses Including Roof & Structure |
| Lease Guarantor | Taco Cabana, Inc. |

ANNUALIZED OPERATING DATA

| PERIOD | ANNUAL RENT | MONTHLY RENT |
|-------------------|--------------------|--------------|
| Year 1 | \$96,223 | \$8,018.61 |
| Year 2 | \$97,667 | \$8,138.89 |
| Year 3 | \$99,132 | \$8,260.97 |
| Year 4 | \$100,619 | \$8,384.89 |
| Year 5 | \$102,128 | \$8,510.66 |
| Year 6 | \$103,660 | \$8,638.32 |
| Year 7 | \$105,215 | \$8,767.90 |
| Year 8 | \$106,793 | \$8,899.41 |
| Year 9 | \$108,395 | \$9,032.91 |
| Year 10 | \$110,021 | \$9,168.40 |
| Year 11 | \$111,671 | \$9,305.93 |
| Year 12 | \$113,346 | \$9,445.51 |
| Year 13 | \$115,046 | \$9,587.20 |
| Year 14 | \$116,772 | \$9,731.00 |
| Year 15 | \$118,524 | \$9,876.97 |
| Year 16 | \$120,301 | \$10,025.12 |
| Year 17 | \$122,106 | \$10,175.50 |
| Year 18 | \$123,938 | \$10,328.13 |
| Year 19 | \$125,797 | \$10,483.06 |
| Year 20 | \$127,684 | \$10,640.30 |
| Total Rent | \$2,225,036 | |



TENANT OVERVIEW

Taco Cabana is an American fast casual restaurant chain that specializes in Mexican cuisine. Founded in 1978, Taco Cabana pioneered the Mexican patio cafe concept with its first restaurant in San Antonio, Texas. Taco Cabana operates 164 corporate restaurants in Texas, six franchised restaurants in New Mexico, and two non-traditional locations on college campuses. Their menu includes a variety of loaded tacos, flame-grilled fajitas, quesadillas, flautas, enchiladas, burritos, bowls, and flour tortillas, as well as a selection of made-from-scratch salsas and sauces. Taco Cabana is a wholly owned subsidiary of Fiesta Restaurant Group, Inc, and is headquartered in San Antonio, Texas.

Fiesta Restaurant Group, Inc. owns, operates and franchises Pollo Tropical and Taco Cabana restaurant brands. The company specializes in the operation of fast casual and quick service restaurants that offer unique flavors at a compelling value. The brands feature fresh-made cooking, drive-thru service and catering.



Click Logos for Company Websites



LET US COOK FOR YOU!

Pollo Tropical Order with **Uber Eats**



Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.



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THE SANDELIN GROUP

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