

THE ORIGINAL
TACO CABANA[®]
MEXICAN PATIO CAFE

ABSOLUTE NNN LEASE | 20-YEAR OPERATING HISTORY | FREEWAY VISIBLE PYLON SIGNAGE



In Association with Scott Reid & ParaSell, Inc. | A Licensed Texas Broker #9009637

OFFERING MEMORANDUM
SAN ANTONIO, TEXAS

 **HANLEY INVESTMENT GROUP**
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

SAN ANTONIO, TEXAS

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LOCATION

Taco Cabana
4622 Rittiman Road
San Antonio, TX 78218



OFFERING SUMMARY

Price:	\$2,815,000
Current Net Operating Income (NOI):	\$164,561
Current Capitalization Rate:	5.85%
Net Rentable Area:	2,587
Year Built:	1986
Lot Size (Acres):	0.83

LEASE TERMS (1)

Lease Commencement:	12/29/2000
Lease Expiration:	12/31/2025
Lease Type:	Absolute NNN
Roof & Structure:	Tenant Responsibility
Monthly Rent:	\$13,713
Annual Rent:	\$164,561
Rental Increases:	CPI (11.4% Max) Each Option
Renewal Options:	Three 5-Year
Right of First Refusal:	30 Days

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.



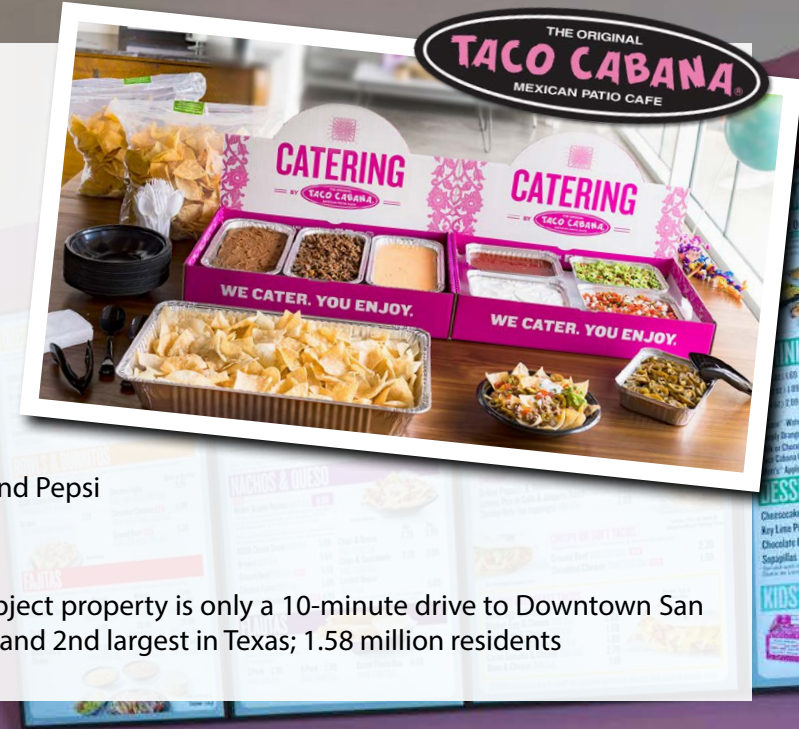


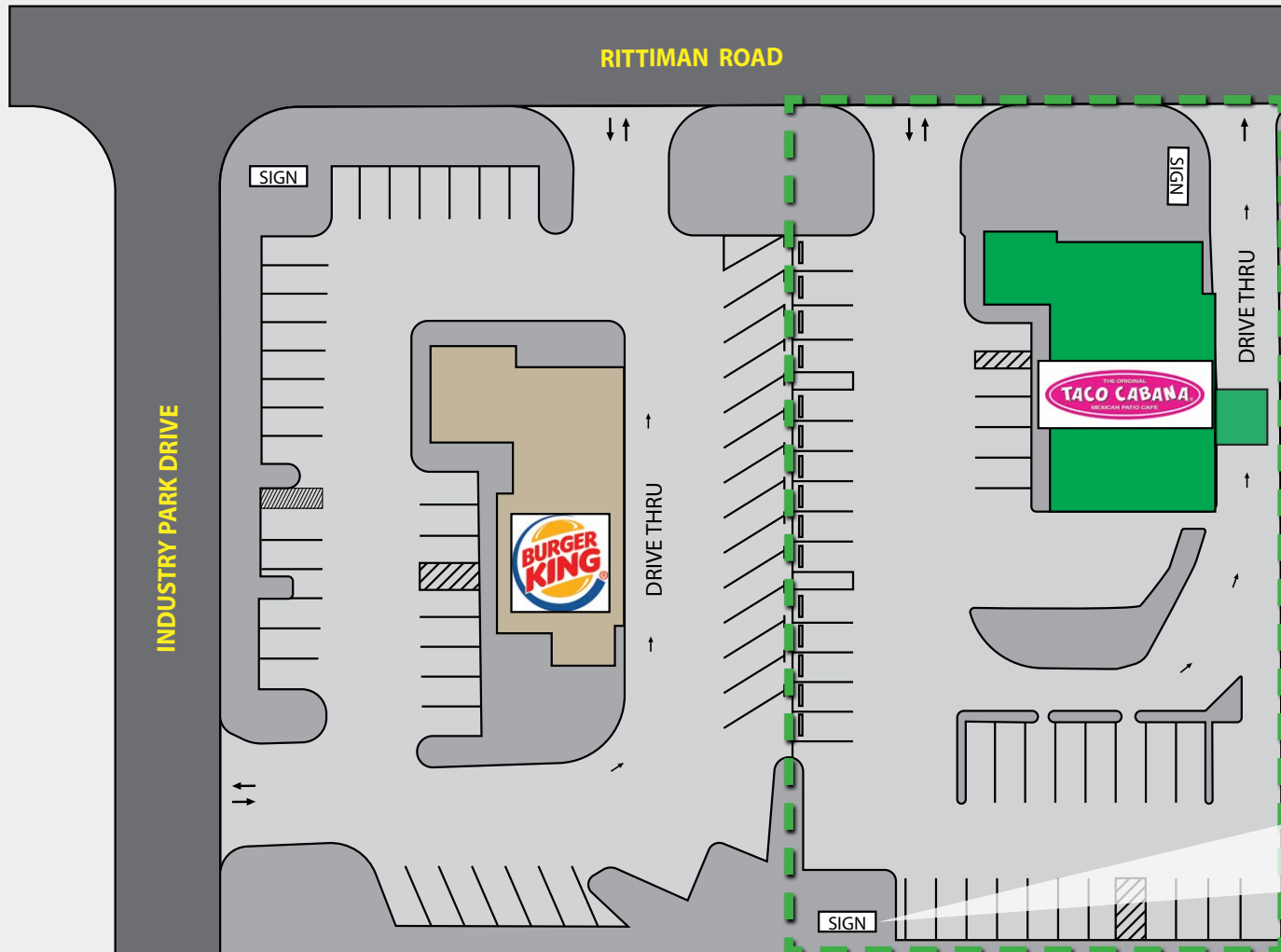
- **Single-Tenant Absolute NNN Taco Cabana Drive-Thru:**
 - Absolute NNN lease; zero landlord responsibilities
 - Taco Cabana recently exercised their first 5-year option
 - Taco Cabana is a popular “made-to-order” Tex-Mex restaurant, owned by publicly traded Fiesta Restaurant Group (NASDAQ: FRGI), which was established over 30 years ago
 - Taco Cabana has 143 locations in Texas and New Mexico
 - #1 “Best Fast Food Tacos in Texas” by Texas Monthly (2020)
 - “10 of the Best Fast-Food Taco Chains Across the U.S.” by Insider (2019)
- **Long-Term Operating History:** Taco Cabana has been operating at this location for 20 years, further ensuring the future success of the brand and location
- **In Q4 2020, Taco Cabana Saw a 24% Year-Over-Year Increase in Drive-Thru Sales:** Due to increased drive-thru sales and evolving customer behavior, Fiesta Restaurant Group announced it is improving its drive-thru order-taking devices and menu boards, and recently launched curbside pickup and a new mobile app
- **Excellent Accessibility and Visibility:** Taco Cabana is located along Rittiman Road (39,000 CPD) and is adjacent to Interstate-35 (208,000 CPD)
 - Prominent freeway visible pylon signage provides excellent exposure traveling along Interstate-35





- **Close Proximity to Fort Sam Houston Joint Base San Antonio:**
 - Joint Base San Antonio (JBSA) is the nation's largest joint base and consists of JBSA-Fort Sam Houston, JBSA-Lackland, and JBSA-Randolph
 - Fort Sam Houston is home to 36,976 active duty and civilians, 48,415 family members, and 76,580 retirees
 - Fort Sam Houston is home to the Medical Education and Training Campus (METC), which graduates over 16,500 students annually
- **Significant Daytime Population:** The property benefits from over 117,500 employees within a 5-mile radius of the subject property
 - Several major distribution centers surround the property including H-E-B, Dollar General, Frito Lay, and Pepsi
- **Dense, Infill Demographics:** There are 232,400 people within a 5-mile radius of the subject property
- **San Antonio is the Center of the San Antonio-New Braunfels Metropolitan Statistical Area:** The subject property is only a 10-minute drive to Downtown San Antonio and a 15-minute drive to San Antonio International Airport; 7th largest city in the United States and 2nd largest in Texas; 1.58 million residents





 **SUBJECT PROPERTY**

 **PROPERTY PARCEL**

APN: 14525-000-0120



AERIAL OVERVIEW

TACO CABANA



AERIAL OVERVIEW

TACO CABANA



AERIAL OVERVIEW

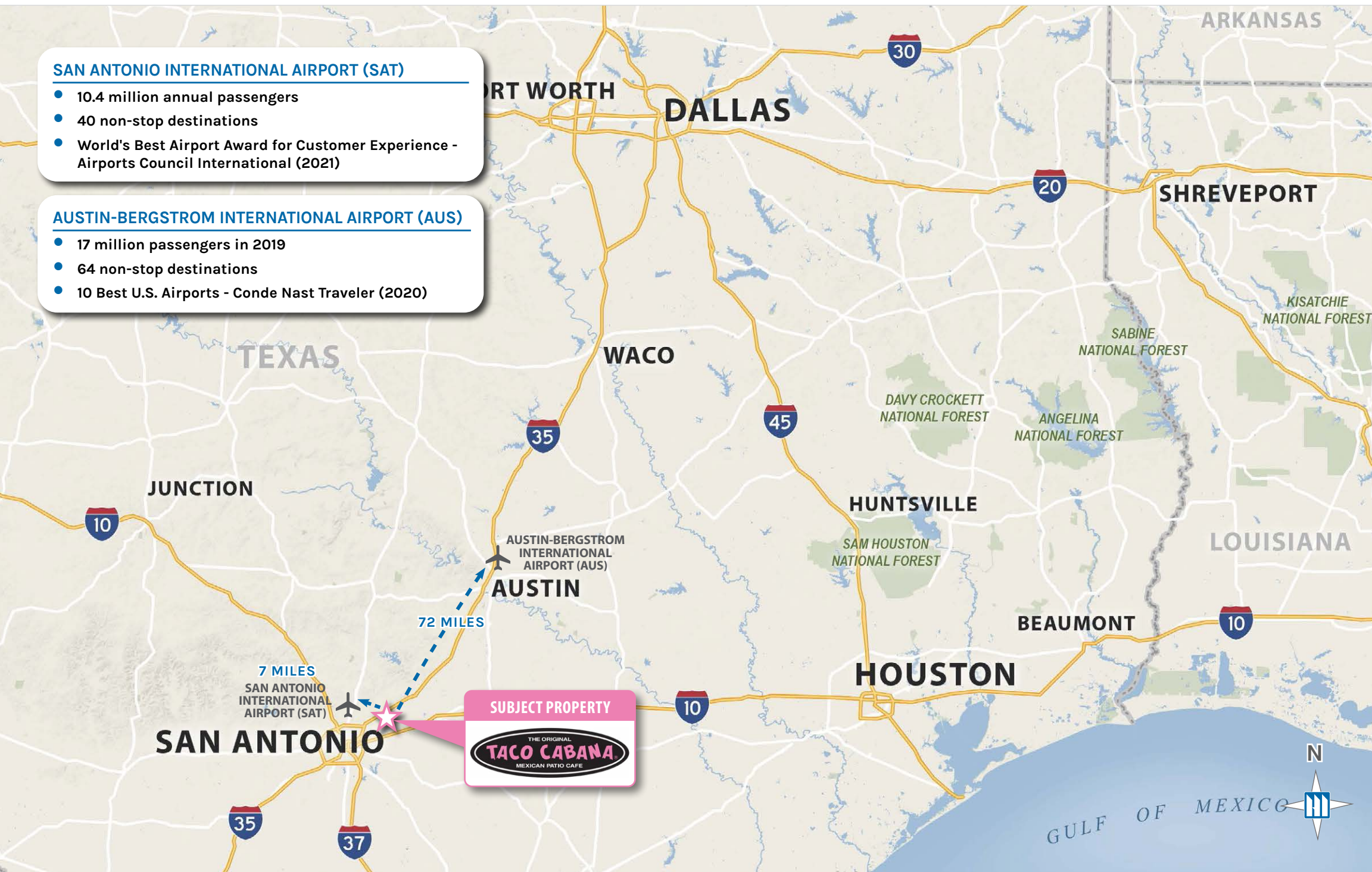
TACO CABANA



AERIAL OVERVIEW

TACO CABANA







Taco Cabana is an American fast-casual restaurant chain specializing in Tex-Mex-inspired food made fresh by hand from unique authentic recipes and ingredients. A wholly-owned subsidiary of Fiesta Restaurant Group, it is headquartered in San Antonio, Texas. Taco Cabana is known for its pink stores and semi-enclosed patio dining areas. As of January 2021, Taco Cabana had 143 locations throughout Texas and New Mexico. All restaurants feature open-display cooking, convenient drive-thrus, open-air patio dining, a variety of draft beers, a rotating selection of frozen and on-the-rocks alcoholic beverages, refreshing tequila margaritas, and sangrias. Taco Cabana is consistently ranked "best of" in numerous publications and most recently was listed at #1 on Texas Monthly's December 2020 "Best Fast Food Tacos In Texas" list for their breakfast tacos. For fiscal year ending January 3, 2021, average annual sales per restaurant were approximately \$1.6 million.

Fiesta Restaurant Group, Inc. owns, operates, and franchises two restaurant brands, Pollo Tropical and Taco Cabana, which have over 30 and 40 years, respectively, of operating history and loyal customer bases. Both brands offer distinct and unique flavors with broad appeal at a compelling value, which differentiates them in the competitive fast-casual and quick-service restaurant segments. As of January 2021, the company owns and operates 138 Pollo Tropical restaurants and 143 Taco Cabana restaurants for a total of 281 restaurants. For fiscal year ending January 3, 2021, Fiesta Restaurant Group, Inc. generated consolidated revenues of \$554.8 million. For the year ending January 3, 2021, the Taco Cabana brand generated total revenues of \$239.4 million.

TOP HONORS

- **#1 "Best Fast Food Tacos in Texas"** - Texas Monthly (2020)
- **#131 "Top 500 Chains"** - Restaurant Business (2020)
- **"10 of the Best Fast-Food Taco Chains Across the US"** - Insider (2019)

Company Type: Public (NASDAQ: FRGI)
Locations: 143
Website: www.tacocabana.com | www.frgi.com

QSR



Pollo Tropical, Taco Cabana Throw Weight Behind Drive Thru

By Ben Coley | November 9, 2020

With dine-in accounting for 26 percent of sales, Fiesta Restaurant Group, the parent of fast casuals Pollo Tropical and Taco Cabana, has pushed itself to find new and better ways to drive profitable growth amid the pandemic.

So it shouldn't be a surprise that drive-thrus have been a source of much investment. At Pollo, average drive-thru sales in Q3 grew 16 percent compared to Q2 and 29 percent compared to 2019. At Taco, the channel lifted 36.6 percent in Q3 compared to last year. Drive-thru soared to 83 percent of sales at Taco and 67 percent at Pollo in the quarter. Average check at drive-thrus lifted 15 percent at Pollo because of an increase in items per order and 17.4 percent at Taco due to alcohol promotions.

CFO Dick Montgomery explained that Fiesta is upgrading order-taking devices to process payments faster.

QSR

[CLICK FOR ARTICLE](#)

RESTAURANT BUSINESS



Drive-Thru, Delivery Gives Pollo Tropical and Taco Cabana a Q3 Boost

By Heather Lalley | November 5, 2020

Fiesta Restaurant Group's stock price jumped more than 10% early Thursday on news that the parent company of fast casuals Pollo Tropical and Taco Cabana was seeing sales growth in Q3.

The operator is banking on its drive-thrus, investing in improving the customer experience and speed of service, as well as adding drive-thru-friendly menu items, such as a new line of Cuban pressed sandwiches at Pollo Tropical.

At Pollo Tropical, drive-thru sales in Q3 were up 29% year over year, the brand said during a call with analysts Wednesday. Drive-thru sales penetration increased to 67% of net sales for the quarter ended Sept. 27 and average check for drive-thru grew more than 14.6% year over year.

At Taco Cabana, the drive-thru saw 37% growth in average weekly sales in Q3 over the previous year.

RB

[CLICK FOR ARTICLE](#)

San Antonio, TX

- A major city in south-central Texas; home of the Alamo which is visited by 2.5 million people each year
- 1.58 million city population; 2nd most populous city in Texas; 7th most populous city in the country
- San Antonio serves as the seat of Bexar County and is the center of the San Antonio-New Braunfels metropolitan statistical area

ECONOMY

- Healthcare, bioscience, aerospace, information technology, cybersecurity, and new energy are the major industries in the local economy
- 9.5% job growth from 2015-2020, outpacing the U.S. average of only 6.2%
- Home to 4 Fortune 500 companies
- Fort Sam Houston is home to 36,976 active duty and DoD civilians, 48,415 family members, and 76,580 retirees
- Home to the Medical Education and Training Campus (METC), which graduates over 16,500 students annually
- **Joint Base San Antonio** - The largest Joint Base in the Department of Defense; \$41 billion economic output; accounts for 211,000 direct and indirect jobs
- **Port San Antonio** - A 1,900-acre dynamic technology and innovation campus with 80 tenants who employ 14,000 people in aerospace, defense, global logistics, manufacturing, cybersecurity, and education
 - Generates \$5+ billion in annual economic activity

DEVELOPMENTS

- 55,100 apartment units added in the metro area from 2010-2020
- **Amazon Facilities** - 3 facilities to create a combined 1,500 new jobs
- **Brooks** - A mixed-use development home to 40 businesses with another 350 acres available for development; expected to support 19,000 jobs by 2024

EDUCATION

- San Antonio hosts over 100,000 students across its 31 higher-education facilities, which include the University of Texas at San Antonio, Texas A&M University-San Antonio, and the Alamo Community College district's five colleges

TOURISM

- Tourism contributes significantly to the city's economy; over 32 million tourists visit the city every year
- The tourism industry employs over 123,000 people and has an annual economic impact of over \$13.4 billion to the local economy
- The two biggest attractions are the San Antonio River Walk and the Alamo

City of San Antonio HIGHLIGHTS

7th

**MOST POPULOUS
CITY IN THE COUNTRY**



**2ND LARGEST POPULATION
INCREASE IN U.S. IN 2019**



**ONLY LARGE U.S. CITY
WITH AAA BOND RATING**



SAN ANTONIO SKYLINE



JOINT BASE SAN ANTONIO



THE ALAMO



	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2025 Projection	7,773	95,601	235,612
2020 Estimate	7,892	93,720	232,406
2010 Census	7,583	84,418	212,035
2000 Census	7,530	74,843	187,109
Growth 2000-2010	0.70%	12.79%	13.32%
Growth 2010-2020	4.07%	11.02%	9.61%
Households			
2025 Projection	2,789	35,063	88,811
2020 Estimate	2,816	34,352	87,369
2010 Census	2,681	30,794	79,086
2000 Census	2,781	28,434	71,774
Growth 2000-2010	-3.60%	8.30%	10.19%
Growth 2010-2020	5.04%	11.55%	10.47%
2020 Est. Population by Single-Classification Race			
White Alone	4,709	55,239	140,373
Black or African American Alone	1,320	18,744	46,202
American Indian and Alaska Native Alone	101	843	1,952
Asian Alone	283	3,130	6,717
Native Hawaiian and Other Pacific Islander Alone	16	253	627
Some Other Race Alone	1,136	11,509	26,239
Two or More Races	315	3,605	9,372
2020 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	4,654	44,222	103,732
Not Hispanic or Latino	3,238	49,498	128,674
2020 Est. Average Household Income	\$49,427	\$66,833	\$75,358

CONFIDENTIALITY AGREEMENT

TACO CABANA



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

Neither Owner nor Broker nor any of their respective officers, Agents or principals has made or will make any representations or warranties, express or implied, as to the accuracy or completeness of this Marketing Package or any of its contents, and no legal commitment or obligation shall arise by reason of the Marketing Package or its contents. Analysis and verification of the information contained in the Marketing Package is solely the responsibility of the prospective buyer, with the Property to be sold on an as is, where-is basis without any representations as to the physical, financial or environmental condition of the Property.

Owner and Broker expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers to purchase the Property and/or terminate discussions with any entity at any time with or without notice. Owner has no legal commitment or obligations to any entity reviewing this Marketing Package or making an offer to purchase the Property unless and until such sale of the Property is approved by Owner in its sole discretion, a written agreement for purchase of the Property has been fully delivered, and approved by Owner, its legal counsel and any conditions to the Owner's obligations thereunder have been satisfied or waived.

This Marketing Package and its contents, except such information which is a matter of public record or is provided in sources available to the public (such contents as so limited herein called the Contents), are of a confidential nature. By accepting this Marketing Package, you unconditionally agree that you will hold and treat the Marketing Package and the Contents in the strictest confidence, that you will not photocopy or duplicate the Marketing Package or any part thereof, that you will not disclose the Marketing Package or any of the Contents to any other entity (except in the case of a principal, who shall be permitted to disclose to your employees, contractors, investors and outside advisors retained by you, or to third-party institutional lenders for financing sought by you, if necessary, in your opinion, to assist in your determination of whether or not to make a proposal) without the prior authorization of the Owner or Broker, and that you will not use the Marketing Package or any of the Contents in any fashion or manner detrimental to the interest of the Owner or Broker.

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\$7.7 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



GLOBEST. INFLUENCERS
in retail & net lease sales



NATIONWIDE REACH
retail & investors across the U.S.



\$2 BILLION IN RETAIL SOLD
over 400 transactions in last 36 mos.



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.

11-2-2015



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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Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date