*** TEXAS - NO STATE INCOME TAX ***



SCHLOTZSKY'S

1050 GILMER STREET
SULPHUR SPRINGS, TEXAS 75482

OFFERING MEMORANDUM Represented By:

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COMMERCIAL INVESTMENT ADVISORS, INC. CIA BROKERAGE COMPANY

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In Association with Texas Designated Broker: Paul Blackburn | Blackburn Properties | TX License # 376821



INVESTMENT OVERVIEW

SCHLOTZSKY'S

LOCATION

1050 Gilmer Street Sulphur Springs, Texas 75482

MAJOR CROSS STREETS

NWC of Gilmer St & Bill Bradford Rd

TENANT

DMFH RESTAURANT ENTERPRISES, LLC

GUARANTOR

LOTZ OF BUNZ, LLC

PURCHASE PRICE

\$1,400,000

CAP RATE

5.00%

ANNUAL RENT

\$70,000

GROSS LEASEABLE AREA
RENTAL ESCALATIONS

±3,143 SF

7.50% Every 5 Years

LEASE TYPE

Absolute NNN

OWNERSHIP

(Building & Land) Fee Simple

YEAR BUILT

2016

LOT SIZE

±0.606 Acre

LEASE EXPIRATION

September 30, 2041

OPTIONS

Four 5-Year Renewal Options

POINTS OF INTEREST

RETAIL | ENTERTAINMENT: Sulphur Springs has major retailers such as Walmart Supermarket, Lowe's Home Improvement, Atwoods, Tractor Supply Co., Harbor Freight Tools, Ivan Smith Furniture, Cato, Hibbett Sports, PetSense, Brookshire's, Dollar Tree, Dollar General, Family Dollar, Goodwill, Rent-A-Center, Aaron's, AutoZone, O'Reilly Auto Parts, NAPA Auto Parts, Walgreens, CVS, Verizon, T-Mobile, AT&T, etc.

HIGHER EDUCATION: 3 miles from Paris Junior College - Sulphur Springs (a public community college offering various degree programs with 717 students)

HEALTHCARE: 3 miles from **CHRISTUS Mother Frances Hospital - Sulphur Springs** (is licensed for 96 beds & includes a 4-suite operating room department, a medical surgical unit, IC unit, prenatal unit & rehab)

INVESTMENT HIGHLIGHTS

LEASE

Brand New 20-Year Absolute NNN Lease with Attractive 7.50% Rental Escalations Every 5 Years!

TENANT I OPERATOR

DMFH Restaurant Enterprises, LLC/Lotz of Bunz, LLC (the 3rd Largest Franchisee in the Schlotzsky's System) Owns & Operates 22 Locations in 3 States!

TRAFFIC COUNTS | HARD CORNER

Positioned on the Hard Corner with Great Drive-By Visibility & Access on Gilmer St (Main North/South Thoroughfare), where Traffic Counts Exceed 14,720 CPD - Less than a Half of a Mile North of I-30 (36,363 CPD)!

2021 DEMOGRAPHICS (5-MI)

Total Population: 18,980 | Average Household Income: \$72,130



2016

FINANCIAL ANALYSIS

SUMMARY

TENANT DMFH Restaurant Enterprises, LLC YEAR BUILT

GUARANTOR Lotz of Bunz, LLC LOT SIZE ±0.606 Acre

PURCHASE PRICE \$1,400,000 This is an Absolute NNN lease.

CAP RATE 5.00%

EXPENSE REIMBURSEMENT
Tenant is responsible for all expenses.

GROSS LEASABLE AREA ±3,143 SF

FINANCING

All Cash or Buyer to obtain new financing at Close of Escrow.

RENT ROLL

TENANT INFO		LEASE TERMS	RENT SUMMARY		
TENANT NAME	SQ FT	TERM	INCREASE	RENT	ANNUAL INVESTOR RETURN
DMFH Restaurant Enterprises, LLC	3,143	Years 1-5: 10/01/21 to 09/30/26	Current	\$70,000	5.00%
		Years 6-10: 10/01/26 to 09/30/31	7.50%	\$75,250	5.38%
		Years 11-15: 10/01/31 to 09/30/36	7.50%	\$80,894	5.78%
		Years 16-20: 10/01/36 to 09/30/41	7.50%	\$86,961	6.21%
					5.59% AVG ANNUAL RETURN
RENEWAL OPTIONS		1st Option: 10/01/41 to 09/30/46	7.50%	\$93,483	
	1	2nd Option: 10/01/46 to 09/30/51	7.50%	\$100,494	
		3rd Option: 10/01/51 to 09/30/56	7.50%	\$108,031	
		4th Option: 10/01/56 to 09/30/61	7.50%	\$116,133	

TENANT OVERVIEW



TYPE PRIVATELY HELD PARENT FOCUS BRANDS

OF LOCATIONS 332 INDUSTRY RESTAURANTS - FAST FOOD

https://www.schlotzskys.com/ https://www.focusbrands.com/



Schlotzsky's is a privately held franchise chain of restaurants, specializing in sandwiches. The company is headquartered in Atlanta, Georgia. Schlotzsky's has more than 330 franchised and company-owned locations worldwide. Most locations are in the south and southwestern United States, but the company is expanding into areas across the country, particularly the north and southeast.

FOCUS Brands® is a leading developer of global foodservice franchise systems and the indirect parent company of Schlotzsky's®, as well as six other iconic foodservice brands. They are the franchisor and operator of over 6,300 ice cream shops, bakeries, restaurants, and cafes in 54 countries.

ABOUT THE TENANT

JJ Ramsey is a seasoned/successful operator whose story with the Schlotzsky's brand started when he was 14 years old working (every position) alongside his parents in the mid 90's. After college, Ramsey worked his way up the ladder and became team leader, assistant manager, general manager and eventually went onto a district manager overseeing 7 locations in Tulsa and Oklahoma City overseeing 30 plus managers, 150 employees and 8.5 million in annual sales.

In 2011, Ramsey moved to Austin Texas and worked as a franchise business consultant overseeing 30 franchisees and 55 of their Schlotzsky's stores.

In June of 2015, Ramsey bought their first 3 Schlotzsky's in NW Arkansas and formed their company "DMFH Restaurant Enterprises, LLC and Lotz of Bunz, LLC". In April of 2018, purchased their 4th location in Springfield. In February of 2019, Ramsey bought 6 additional locations in Arkansas and Kansas. In 2020, opened their first new location in Wichita Kansas, acquired 2 locations in Terrell and Forney, Texas and acquired 5 additional locations in East Texas. Most recently, they opened a Schlotzsky's in Mountain Home Arkansas and Derby Kansas in July 2021!

DMFH Restaurant Enterprises, LLC/Lotz of Bunz, LLC is the <u>3rd largest franchisee in the Schlotzsky's system</u> with 22 locations in Kansas, Texas & Arkansas. JJ Ramsey is also on the <u>Franchise</u> Advisory Board & engaged daily in his restaurant operations.

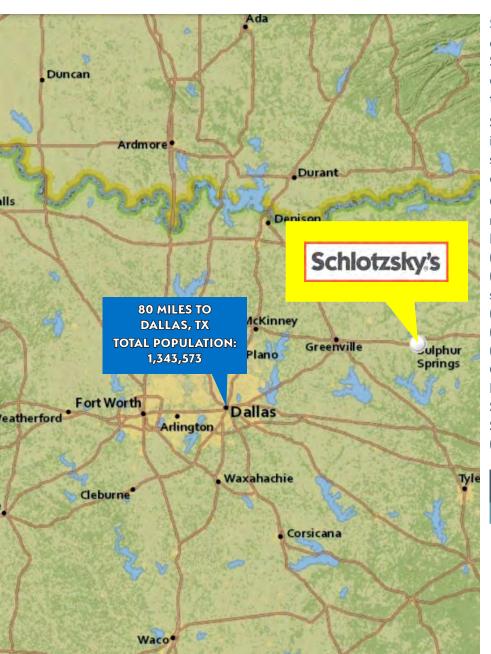








LOCATION OVERVIEW



Sulphur Springs is the county seat of Hopkins County. Hopkins County comprises the Sulphur Springs Micropolitan Statistical Area. Sulphur Springs is located in Northeast Texas on the Interstate 30 corridor just a short drive east of the Dallas-Ft. Worth Metroplex and its 34 major transportation routes.

Sulphur Springs ISD is one of 7 school districts in Hopkins County. SSISD is the largest with more than 4,400 students enrolled in five elementary schools, a middle school and high school. There are three private school campuses in the community and a center for higher education, as well.

COMPANIES IN SULPHUR SPRINGS include: Aluf Plastics (plastics mfg); Armorock Polymer Concrete (polymer concrete manholes); Bob Evans Farms (BEF Foods - food product mfg); Berger Horticultural (produce wholesaler); Cell-O-Core (plastic straw mfg); Clayton Homes (manufactured homes dealer); Diversified Storage Systems (storage silos); Flowserve (flow control products oil & gas mfg); Grocery Supply (wholesale grocer); J-B Weld Co. (epoxy adhesive mfg); Jeld-Wen (window & door mfg); Load Trail (trailer mfg); M & F Western Products (western apparel wholesale distribution); NET Data (software company); Ocean Spray (cranberry & fruit drink production); Plant Process Fabricators (chemical processing equipment mfg); Redneck Trailer Supplies (trailer supplies dealer); Saputo (dairy products production); Sulta Mfg (steel fabricator); and We Pack Warehousing & Distribution (packaging & warehouse).

2021 DEMOGRAPHICS								
	1-MI	3-MI	5-MI					
Total Population	6,175	16,444	18,980					
Projected Population (2026)	6,295	16,973	19,754					
Daytime Demographics Age 16+	5,460	15,373	16,865					
Population Median Age	34.4	37.2	37.5					
Average Household Income	\$65,575	\$67,854	\$72,130					

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