

20-Year NNN Sale-Leaseback

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



351 E Cedar Creek Pkwy, Seven Points, TX 75143

Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some

properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

CONFIDENTIALITY AND DISCLAIMER

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NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

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

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.



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SONIC
*America's
Drive-In®*





Investment Highlights

PRICE: \$1,636,868 | CAP: 5.00% | RENT: \$81,843



About the Investment

- ✓ 20-Year Absolute Triple-Net (NNN) Sale-leaseback
- ✓ Franchisee Guarantee from AFG SR OP I, LLC (25 Units)
- ✓ 1.50% Annual Rental Increases Starting Year Six (6)
- ✓ Four (4), Five (5)-Year Tenant Renewal Option Periods

About the Location

- ✓ Seven Point's Main Retail Corridor | Brookshire's Food & Pharmacy, Dollar General, O'Reilly Auto Parts, Subway, Dairy Queen, and More
- ✓ Cedar Creek Reservoir | Less than One Mile Away | One of the Largest Lakes in Texas
- ✓ Immediate Access to Healthcare | UT Health East Texas Cedar Creek Lake | Less than Six Miles Away
- ✓ Well Trafficked Area | Cedar Creek Parkway | 25,500 Vehicles Per Day
- ✓ Compelling Business Incentives | Located in the Income Tax-Free State of Texas

About the Brand

- ✓ Sonic Drive-In Opened Their First Restaurant in 1953 and Now Maintains More Than 3,600 Drive-In Restaurants
- ✓ Sonic Continues to Thrive | Maintenance of Strong Real Sales Growth, Industry-Leading Customer Frequency, and High Returns for Stockholders
- ✓ Rated Top QSR Restaurant Chain in 14 States Amidst Covid-19 Pandemic





Financial Analysis



PRICE: \$1,636,868 | CAP: 5.00% | RENT: \$81,843

PROPERTY DESCRIPTION

Property	Sonic
Property Address	351 E Cedar Creek Parkway
City, State, ZIP	Seven Points, TX 75143
Estimated Building Size	1,545
Estimated Lot Size	+/- 0.67 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$1,636,868
CAP Rate	5.00%
Annual Rent	\$81,843

LEASE SUMMARY

Property Type	Net Leased Quick Service Restaurant
Tenant / Guarantor	AFG SR Seven Points, LLC / AFG SR OP I, LLC (25 Units)
Original Lease Term	20 Years
Lease Commencement	Close of Escrow
Lease Expiration	20 Years From COE
Lease Term Remaining	20 Years
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.50% Annually Starting Year Six (6)
Options to Renew	Four (4) Periods of Five (5) Years Each

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$81,843	\$6,820	-
Year 2	\$81,843	\$6,820	-
Year 3	\$81,843	\$6,820	-
Year 4	\$81,843	\$6,820	-
Year 5	\$81,843	\$6,820	-
Year 6	\$83,071	\$6,923	1.50%
Year 7	\$84,317	\$7,026	1.50%
Year 8	\$85,581	\$7,132	1.50%
Year 9	\$86,865	\$7,239	1.50%
Year 10	\$88,168	\$7,347	1.50%
Year 11	\$89,491	\$7,458	1.50%
Year 12	\$90,833	\$7,569	1.50%
Year 13	\$92,196	\$7,683	1.50%
Year 14	\$93,578	\$7,798	1.50%
Year 15	\$94,982	\$7,915	1.50%
Year 16	\$96,407	\$8,034	1.50%
Year 17	\$97,853	\$8,154	1.50%
Year 18	\$99,321	\$8,277	1.50%
Year 19	\$100,811	\$8,401	1.50%
Year 20	\$102,323	\$8,527	1.50%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Sonic located at 351 East Cedar Creek Parkway in Seven Points, TX. The site will consist of roughly 1,545 rentable square feet of building space on estimated 0.67-acre parcel of land. The Sonic is subject to a 20-year absolute triple-net (NNN) sale-leaseback, which will commence upon close of escrow. The initial annual rent will be \$81,843 and is scheduled to increase by one-and-a-half percent (1.50%) annually starting year six (6) throughout the base term and in each of the four (4), five (5)-year renewal options.



Concept Overview



SONIC DRIVE-IN OVERVIEW

Sonic Corporation operates and finances the largest chain of drive-in restaurants in the United States. The first Sonic Drive-In restaurant was opened in 1953, and as of September 2020, there are approximately 3,600 Sonic's nationwide. The typical Sonic Drive-In has 16 to 24 parking space, each having its own payment terminal, intercom speaker system and menu board. Sonic offers a highly diverse menu. The menu is built around the finest quality items available, offering conveniently priced items as well as healthy alternatives. Signature food items include specialty drinks (such as cherry limeades and slushes), ice cream desserts, made-to-order chicken sandwiches and hamburgers, a variety of hot dogs including six-inch premium beef hot dogs and foot long quarter-pound coneys, hand-made onion rings and tater tots.



Highly Popular Amidst Covid-19 Pandemic Map of Top QSR Chain in Each State



top data



Surrounding Area





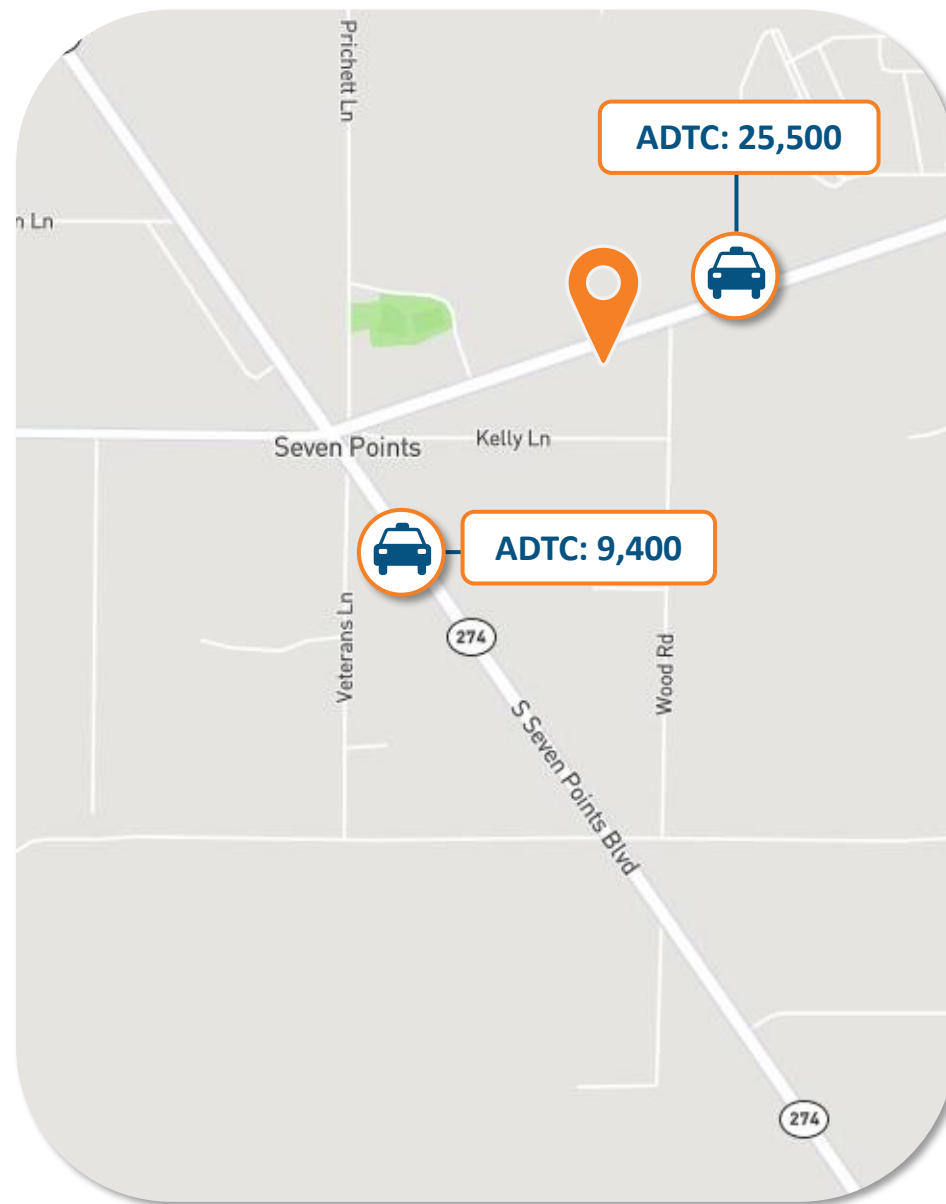
Location Overview



This Sonic Drive-In property is located at 351 East Cedar Creek Parkway in Seven Points, Texas. Cedar Creek Parkway boasts an average daily traffic count of 25,500 vehicles. Cedar Creek Parkway intersects with Seven Points Road which brings an additional 9,400 vehicles per day to the area. There are more than 15,500 individuals residing within a five-mile radius of the property and more than 37,800 within a 10-mile radius.

The subject property benefits from its strategic location in Seven Point's main retail corridor, which consists of national and local tenants, shopping centers, government buildings and several other points of interest. Major retail tenants in the surrounding area include Brookshire's Food & Pharmacy, Dollar General, O'Reilly Auto Parts, Subway, Dairy Queen, and more. The property is also across the street from Seven Points City Hall and Cedar Creek Public Library. The property is less than one mile from Cedar Creek Reservoir, which is one of the largest lakes in Texas. The reservoir provides various types of recreation, including fishing, water skiing, swimming, kayaking, and much more. Additionally, the property is located less than a half-mile from Whatz-Up Fun Park. The fun park features paintball, rock climbing, go-carting, mini golf, and much more, which attracts visitors from across the region. Additionally, the property benefits from its immediate access to healthcare. UT Health East Texas Cedar Creek Lake is located less than six miles from the subject property.

Seven Points is a city in Henderson and Kaufman Counties in the U.S. state of Texas. Seven Points is on State Highway 274, twenty miles northwest of Athens in far northwestern Henderson County. The largely residential community grew up in the 1960s after the construction of nearby Cedar Creek Reservoir and was incorporated in the 1970s. The population was 224 in 1980. In 1990 the population grew to 723, and the community had spread into Kaufman County. The city is named for an intersection where seven roads converge. The 7 roads consist of two state highways (3 directions), a farm-to-market road & 3 county roads.





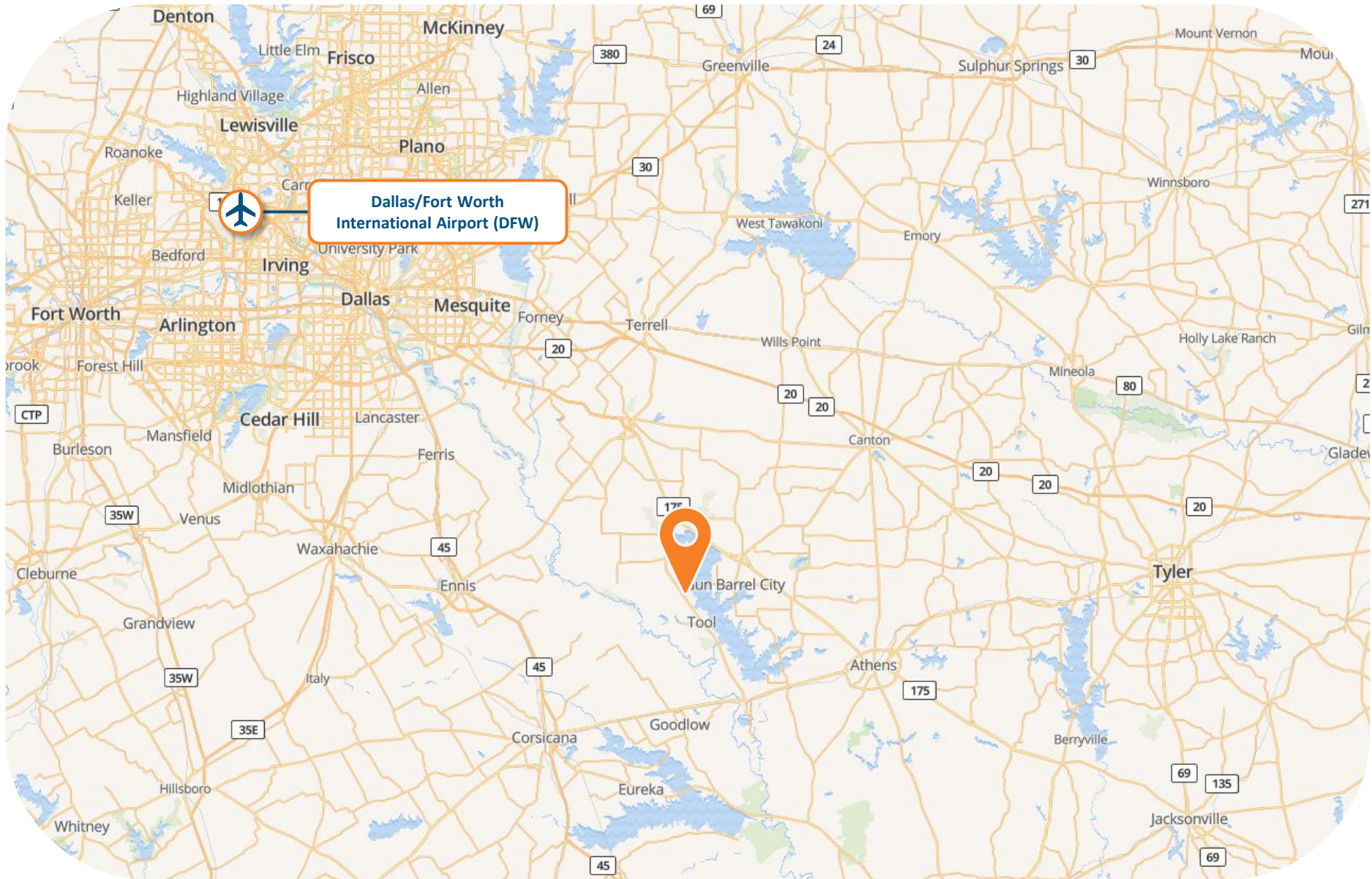
Property Photo





Surrounding Area Photos







Regional Map





Demographics



	3 Miles	5 Miles	10 Miles
POPULATION TRENDS			
2010 Population	5,898	13,873	32,388
2020 Population	6,225	15,526	37,801
2025 Population Projection	6,550	16,590	41,290
Growth 2010 - 2020	0.50%	1.10%	1.50%
Growth 2020 - 2025	1.00%	1.40%	1.80%
POPULATION BY RACE (2020)			
White	5,923	14,667	35,430
Black	82	232	868
American Indian/Alaskan Native	52	143	371
Asian	29	106	275
Hawaiian & Pacific Islander	8	21	59
Two or More Races	131	357	797
Hispanic Origin	620	1,512	3,763
HOUSEHOLD TRENDS			
2010 Households	2,396	5,692	13,076
2020 Households	2,511	6,325	15,137
2025 Household Projection	2,636	6,739	16,452
Growth 2010 - 2020	0.50%	0.60%	0.70%
Growth 2020 - 2025	1.00%	1.30%	1.70%
AVERAGE HOUSEHOLD INCOME (2020)	\$60,572	\$67,001	\$68,459
MEDIAN HOUSEHOLD INCOME (2020)	\$44,598	\$47,774	\$51,177
HOUSEHOLDS BY HOUSEHOLD INCOME (2020)			
<\$25,000	702	1,650	3,746
\$25,000 - \$50,000	739	1,655	3,637
\$50,000 - \$75,000	488	1,289	3,156
\$75,000 - \$100,000	233	667	1,806
\$100,000 - \$125,000	117	324	1,000
\$125,000 - \$150,000	72	177	480
\$150,000 - \$200,000	62	225	619
\$200,000+	97	339	695



Market Overview



Dallas, TX



Dallas Forth Worth is the ninth-largest city and part of the fourth-largest metropolitan area in the nation, Dallas covers approximately 343 square miles. The ultra modern sophisticated city attracts worldwide travelers, making the area the No. 1 visitor and leisure destination in Texas.

The Dallas-Forth Worth MSA has one of the largest concentrations of corporate headquarters for publicly traded companies in the United States. Dallas will remain a top destination for corporate relocations due to its business-friendly environment. Twenty-two Fortune 500 companies are headquartered in the metro, making it the third largest concentration in the nation, including companies such as Southwest Airlines, AT&T, Texas Instruments and Exxon Mobil. The area also has one of the highest concentrations of privately held companies, with at least 1 billion in annual revenues headquartered in the area. More than 10,000 national and international corporations maintain regional and subsidiary headquarters in the MSA.

Outdoor activities abound in Dallas as a result of the city's favorable location and climate. With seven major league sport teams, rodeo, NASCAR and marathons, the adrenaline is year-round. Dallas has been named one of the top 3 Sports Town in the nation by Sports Illustrated. In addition to its large number of sport related activities, Dallas has more shopping centers per capita than any other city in the United States. Dallas is the third most popular destination for business travel in the United States, and the Kay Bailey Hutchison Convention Center is one of the largest and busiest convention centers in the country, at over 1,000,000 square feet and the world's single-largest column-free exhibit hall.

INFORMATION ABOUT BROKERAGE SERVICES



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:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o 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.	Phone
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