

PIZZA HUT

20-Year NNN Lease

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



544 Water St - Chardon, OH 44024

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Investment Highlights

PRICE: \$1,111,535 | CAP: 5.00% | RENT: \$55,577



About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Lease that Commenced on February 22, 2022
- ✓ 1.75% Rental Increases Annually Starting Year Seven (7)
- ✓ Six (6), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 50 Years
- ✓ Franchisee Guarantee from SFR XI Holdings, LLC – Approximately 120+ Units
- ✓ Certain principals of the selling entity, including but not limited to Glen Kunofsky and Nicoletti DePaul, are Exclusive Listing Agents and part fee-simple owners of the property. See back page for full disclosure.

About the Location

- ✓ Positioned in Strong Retail Artery | Walmart, Home Depot, CVS Pharmacy, Rite Aid, Aldi, AutoZone, O'Reilly Auto Parts, Marathon, McDonald's, Subway and More
- ✓ Affluent Suburban Community | Average Annual Household Income Exceeds \$101,000 for Homes within a Five-Mile Radius of the Subject Property
- ✓ Strong Demographics | Population Exceeds 122,000 Individuals within a 10-Mile Radius of the Subject Property
- ✓ Heavily Trafficked Area | Over 14,000 Vehicles Per Day Along Center Street

About the Brand / Tenant

- ✓ Pizza Hut, a subsidiary of Yum! Brands, Inc., is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products.
- ✓ The brand has a longstanding history with the first Pizza Hut opening in Wichita, KS. Within a year, the first franchise unit was opened.
- ✓ As of December 31, 2021, there were 18,381 Pizza Hut locations around the world.
- ✓ SFR XI Holdings, LLC is the 11th largest Pizza Hut franchisee, operating 120+ locations across Ohio, West Virginia, Pennsylvania, and Indiana.



Representative Photo



Financial Analysis

PRICE: \$1,111,535 | CAP: 5.00% | RENT: \$55,577



PROPERTY DESCRIPTION

Property	Pizza Hut
Property Address	544 Water St
City, State ZIP	Chardon, OH 44024
Building Size (SF)	2,827
Lot Size (AC)	1.55
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$1,111,535
CAP Rate	5.00%
Annual Rent	\$55,577

LEASE SUMMARY

Property Type	Net Leased Quick Service Restaurant
Tenant / Guarantor	SFR X Holdings, LLC / SFR XI Holdings, LLC (120+ Units)
Original Lease Term	20 Years
Lease Commencement	February 22, 2022
Lease Expiration	February 28, 2042
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.75% Annually, Starting Year Seven (7)
Options to Renew	Six (6), Five (5)-Year Options

RENT SCHEDULE

Lease Year(s)	Start Date	End Date	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	2/22/2022	2/28/2023	\$55,577	\$4,631	-
Year 2	3/1/2023	2/29/2024	\$55,577	\$4,631	-
Year 3	3/1/2024	2/28/2025	\$55,577	\$4,631	-
Year 4	3/1/2025	2/28/2026	\$55,577	\$4,631	-
Year 5	3/1/2026	2/28/2027	\$55,577	\$4,631	-
Year 6	3/1/2027	2/29/2028	\$55,577	\$4,631	-
Year 7	3/1/2028	2/28/2029	\$56,549	\$4,712	1.75%
Year 8	3/1/2029	2/28/2030	\$57,539	\$4,795	1.75%
Year 9	3/1/2030	2/28/2031	\$58,546	\$4,879	1.75%
Year 10	3/1/2031	2/29/2032	\$59,570	\$4,964	1.75%
Year 11	3/1/2032	2/28/2033	\$60,613	\$5,051	1.75%
Year 12	3/1/2033	2/28/2034	\$61,674	\$5,139	1.75%
Year 13	3/1/2034	2/28/2035	\$62,753	\$5,229	1.75%
Year 14	3/1/2035	2/29/2036	\$63,851	\$5,321	1.75%
Year 15	3/1/2036	2/28/2037	\$64,968	\$5,414	1.75%
Year 16	3/1/2037	2/28/2038	\$66,105	\$5,509	1.75%
Year 17	3/1/2038	2/28/2039	\$67,262	\$5,605	1.75%
Year 18	3/1/2039	2/29/2040	\$68,439	\$5,703	1.75%
Year 19	3/1/2040	2/28/2041	\$69,637	\$5,803	1.75%
Year 20	3/1/2041	2/28/2042	\$70,856	\$5,905	1.75%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Pizza Hut located at 544 Water St, Chardon, OH 44024. The site will consist of roughly 2,827 rentable square feet of building space on estimated 1.55-acre parcel of land. The Pizza Hut is subject to a 20-year absolute triple-net (NNN) lease that commenced on 2/22/2022. The initial annual rent will be \$55,577 and is scheduled to increase by one-and-three-quarters percent (1.75%) annually starting year seven (7) of the base term and continuing through six (6), five (5)-year renewal periods.



Concept / Tenant Overview

About Pizza Hut

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. Pizza Hut currently operates 18,000+ units in over 100 countries. 97 percent of Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

Pizza Hut recently revamped their menu, adding five new toppings, six sauces, 10 crust flavors (like "honey Sriracha" and "ginger boom boom"), and even health-conscious "Skinny Slice" pizzas.

About SFR XI Holdings, LLC

SFR XI Holdings, LLC is the 11th largest Pizza Hut franchisee, operating 124 Pizza Hut restaurants in four contiguous, business-friendly states: Ohio, West Virginia, Pennsylvania, and Indiana.



General Information

Founded	1958
Website	www.pizzahut.com
Number of Locations	18,000+

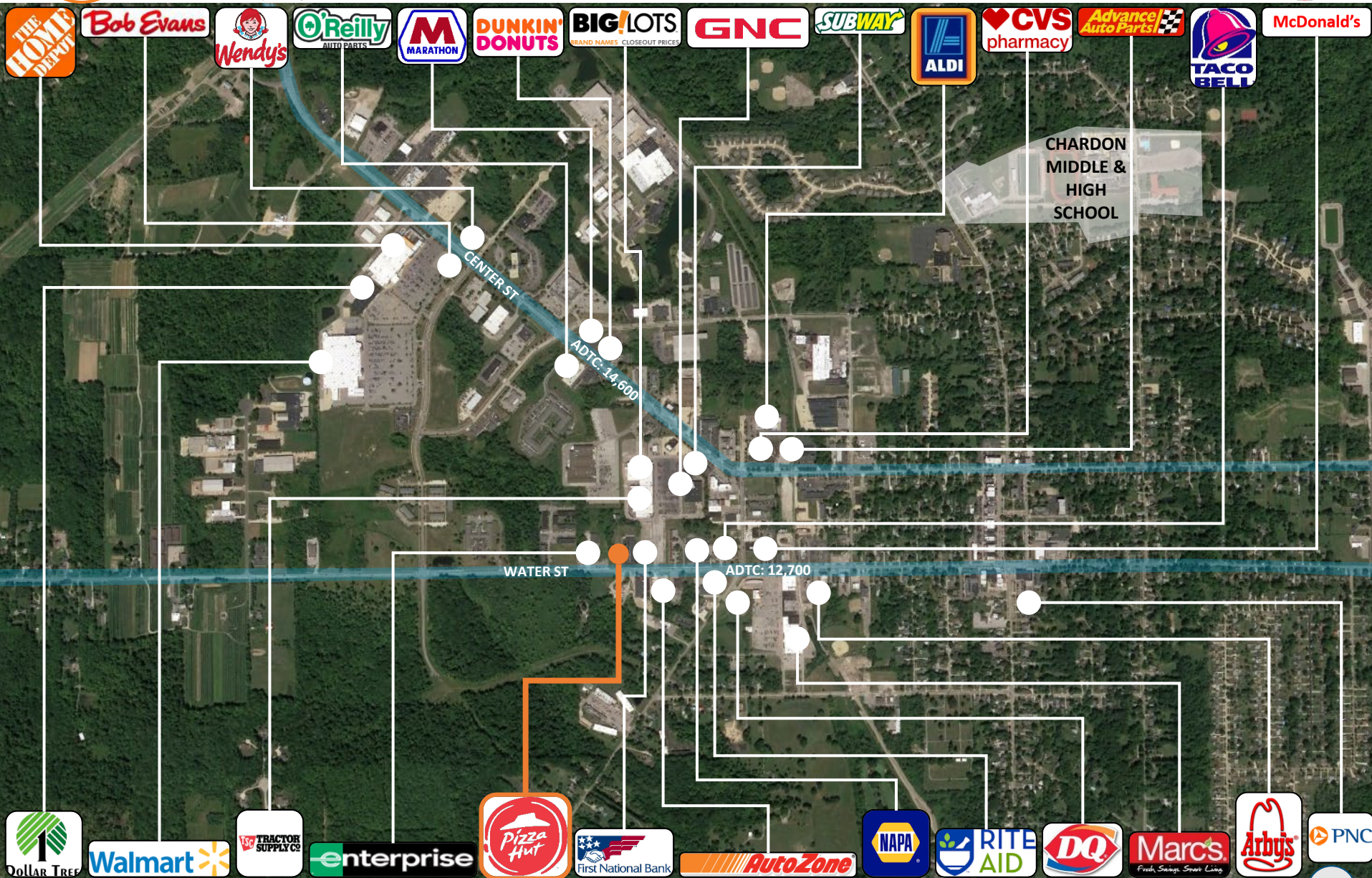


Representative Photo



Surrounding Area

Property Address: 544 Water St - Chardon, OH 44024





Location Overview

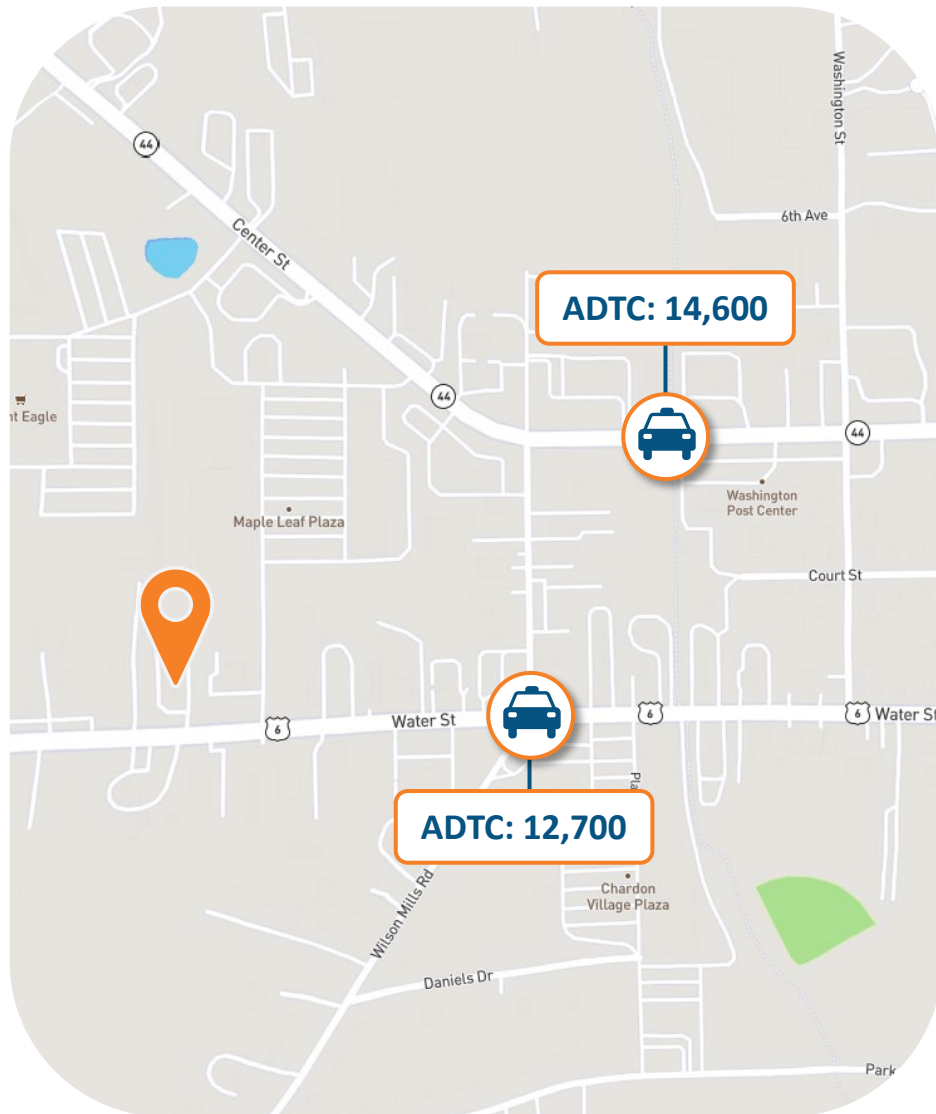
Property Address: 544 Water St - Chardon, OH 44024



The Pizza Hut property is situated on Water Street, which boasts average daily traffic counts of 12,700 vehicles. Water Street runs parallel through Chardon with Center Street, which brings an additional 14,600 vehicles into the immediate area on average daily. More than 122,000 individuals reside within a 10-mile radius of the subject property. Average annual household income exceeds \$101,000 for homes within five miles of the subject property.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants and large shopping centers, all of which are located within close proximity of this property. Major national tenants in the immediate area include: Walmart, Home Depot, CVS Pharmacy, Rite Aid, Aldi, AutoZone, O'Reilly Auto Parts, Marathon, McDonald's, and Subway, in addition to numerous others. This Pizza Hut also benefits from its close proximity to Chardon High School and Chardon Middle School. Both institutions have a combined enrollment of over 2,000 students.

Chardon is a city in and the county seat of Geauga County, Ohio and is within the "snowbell" of the Great Lakes. It is about 10 miles south of Lake Erie and 30 miles east of downtown Cleveland. Chardon is known for its maple syrup industry and hosts the four-day Geauga County Maple Festival every year. Greater Chardon features numerous parks and golf courses. Chardon Lakes Golf Course is located in the heart of Chardon, two minutes from the square. The district contains Chardon High School, Chardon Middle School, and two elementary schools: Park and Munson.





Property Photos





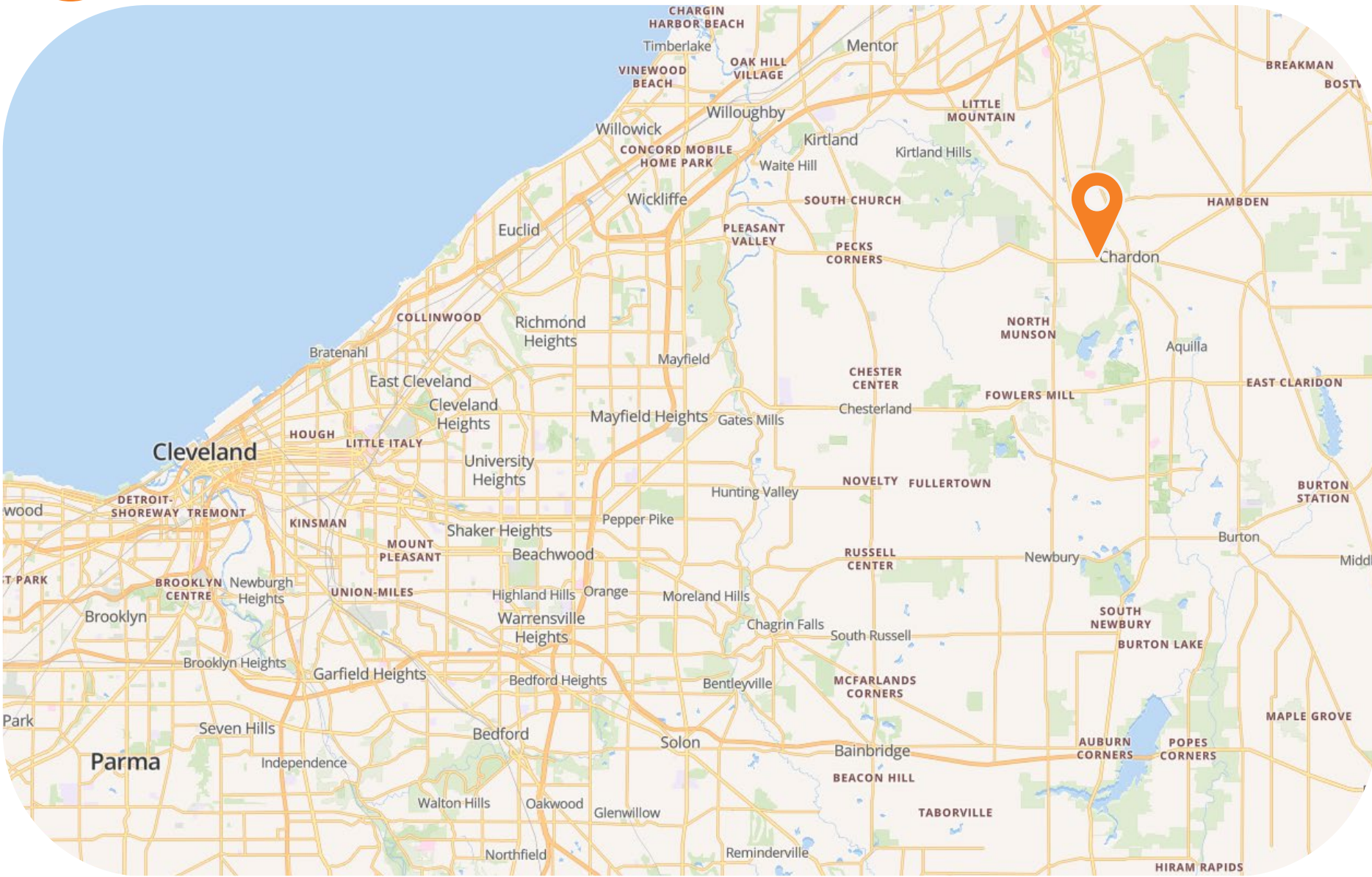
Surrounding Area Photos





Local Map

Property Address: 544 Water St - Chardon, OH 44024







Demographics

Property Address: 544 Water St - Chardon, OH 44024



3 Miles 5 Miles 10 Miles

POPULATION TRENDS

2010 Population	11,848	22,147	120,823
2021 Population	12,202	22,920	122,788
2026 Population Projection	12,240	23,026	123,291
Annual Growth 2010-2021	0.30%	0.30%	0.10%
Annual Growth 2021-2026	0.10%	0.10%	0.10%

POPULATION BY RACE (2021)

White	11,879	22,335	115,575
Black	72	141	3,571
American Indian/Alaskan Native	31	42	216
Asian	84	175	1,475
Hawaiian & Pacific Islander	2	2	32
Two or More Races	133	226	1,920
Hispanic Origin	230	434	5,459

HOUSEHOLD TRENDS

2010 Households	4,865	8,663	47,039
2021 Households	4,983	8,913	47,810
2026 Household Projection	4,993	8,944	48,012
Growth 2010 - 2021	0.30%	0.30%	0.30%
Growth 2021 - 2026	0.00%	0.10%	0.10%

AVERAGE HOUSEHOLD INCOME (2021)

MEDIAN HOUSEHOLD INCOME (2021)

HOUSEHOLDS BY HOUSEHOLD INCOME (2021)

<\$25,000	687	1,049	6,194
\$25,000 - \$50,000	1,009	1,764	9,711
\$50,000 - \$75,000	893	1,494	8,575
\$75,000 - \$100,000	760	1,236	6,527
\$100,000 - \$125,000	401	874	5,396
\$125,000 - \$150,000	479	817	3,712
\$150,000 - \$200,000	382	788	3,977
\$200,000+	373	892	3,719



Market Overview

Property Address: 544 Water St - Chardon, OH 44024



Cleveland is a major city in the U.S. state of Ohio, and the county seat of Cuyahoga County. It is located along the southern shore of Lake Erie, across the U.S. maritime border with Canada and approximately 60 miles west of the Ohio-Pennsylvania state border.

The largest city on Lake Erie, Cleveland anchors the Greater Cleveland Metropolitan Statistical Area (MSA) and the Cleveland–Akron–Canton Combined Statistical Area (CSA). The CSA is the most populous combined statistical area in Ohio and the 18th largest in the United States.

Cleveland's location on the Cuyahoga River and Lake Erie has been key to its growth. The Ohio and Erie Canal coupled with rail links helped the city become an important business center. Steel and many other manufactured goods emerged as leading industries. The city has since diversified its economy in addition to its manufacturing sector. The city's economy relies on diversified sectors such as manufacturing, financial services, healthcare, biomedical, and higher education. The city is also home to the corporate headquarters of many large companies such as Aleris, American Greetings, Applied Industrial Technologies, Mettler Toledo, Cleveland-Cliffs, Inc., Parker Hannifin, Eaton, Forest City Enterprises, Heinen's Fine Foods, and many more.

Cleveland's current major professional sports teams include the Cleveland Guardians (Major League Baseball), Cleveland Browns (National Football League), and Cleveland Cavaliers (National Basketball Association), and the Cleveland Crunch (Major Arena Soccer League). Local sporting facilities include Progressive Field, FirstEnergy Stadium, Rocket Mortgage FieldHouse, and the Wolstein Center. Other professional teams in the city include the Cleveland Fusion of the Women's Football Alliance and Cleveland SC of the National Premier Soccer League.

Designated as a "Gamma -" global city by the Globalization and World Cities Research Network, the city's major cultural institutions include the Cleveland Museum of Art, the Cleveland Museum of Natural History, the Cleveland Orchestra, Playhouse Square, and the Rock and Roll Hall of Fame. Known as "The Forest City" among many other nicknames, Cleveland serves as the center of the Cleveland Metroparks nature reserve system. Cleveland is known for its beautiful parklands, vibrant art and culture scene, musical history, and Cleveland Clinic medical center.

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EXCLUSIVE NET LEASE OFFERING



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