

OFFERING MEMORANDUM

In-N-Out Burger Ground Lease San Antonio, TX

TheMaffiaTeam

\$4,000,000
3.75% CAP Rate

- New 20-Year Corporate Absolute Net Ground Lease to In-N-Out
 - In-N-Out has 311 Locations Throughout Texas, California, Nevada, Arizona, and Utah
- Fixed 10% Rental Increase Every Five Years
- Rare Opportunity to Acquire Highly Desirable In-N-Out Location in San Antonio
- Situated within Stone Oak Retail Center with Strong Co-Tenants such as Pei Wei Asian Diner & Chipotle
- Dense Retail Corridor Location with Various Anchors Including Super Target
- Excellent Visibility in Highly Trafficked Corridor - Combined 127,766 AADT at Intersection
- Adjacent to Affluent Stone Oak Community - \$140,800 Average Household Income within One Mile Radius



REPRESENTATIVE PHOTO

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

www.maffiateam.com

Disclaimer

The Maffia Team has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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Property Information

Location

The property is located at 22226 U.S. 281 North in San Antonio, Texas.

Lot Size

Approximately 0.971 acres, or 42,340 square feet. *Only the land is for sale.*

Improvements

The premises have been delivered to tenant and tenant is under construction with its improvements. Construction is expected to be completed in February 2017 of an approximately 3,909 square foot quick-service restaurant building with drive thru component for **In-N-Out Burger**. *The improvements are being built and will be owned by the tenant. Upon expiration or termination of the lease, title to all such improvements shall become vested in landlord. The improvements are not for sale.*

Parking

Approximately 41 parking spaces are available on site.

Ground Lease

Leased to **In-N-Out Burger** for 20 years. Rent commenced in January 2017 at an initial annual rent of \$150,000. There are six five-year options to renew the lease. The annual rent increases by 10% every five years throughout the initial term and option periods. The lease is net, with the tenant responsible for all taxes, insurance, and maintenance.

Net Operating Income

Years	Annual Rent	Return
1-5	\$150,000	3.75%
6-10	\$165,000	4.13%
11-15	\$181,500	4.54%
16-20	\$199,650	4.99%
21-25 (Option 1)	\$219,615	5.49%
26-30 (Option 2)	\$241,577	6.04%
31-35 (Option 3)	\$265,734	6.64%
36-40 (Option 4)	\$292,308	7.31%
41-45 (Option 5)	\$321,538	8.04%
46-50 (Option 6)	\$353,692	8.84%

Price: \$4,000,000 (3.75% Return)

Financing

The property will be delivered free and clear of permanent financing.

Note

The above income is an estimate and does not provide for all potential costs and expenses (i.e., maintenance, repair, etc.) that may be required of the owner. Any reserves set forth herein are merely estimates and not based on any experience, physical inspection, or prior knowledge. All prospective purchasers are strongly advised to make an independent investigation to determine their estimate of costs and expenses prior to entering into an agreement to purchase.

Tenant Information



In-N-Out Burger is a privately-held regional chain of fast food restaurants that has held a commitment to serve quality hamburgers, fries, and shakes since its founding in 1948 by Harry and Esther Snyder. The company has resisted franchising its operations or going public in order to prevent the quality of its service and food being compromised by rapid growth. As a result, In-N-Out has been rated as one of the top fast food restaurants in several notable customer satisfaction surveys. In-N-Out locations are primarily located in the Southwest and Pacific Coast, with its very first store opening in Baldwin Park, California. The company has slowly expanded outside of Southern California into the rest of California, as well as into Texas, Arizona, Nevada, Utah and recently Oregon (September 9, 2015). The first In-N-Out locations in Texas opened in the Dallas-Fort Worth Area in 2011 and has since expanded to 30 locations in Texas. This particular In-N-Out location is the second in San Antonio, whereas the first San Antonio location opened on November 14, 2014. Overall, In-N-Out currently has 315 locations with plans to continue expanding. The chain is currently headquartered in Irvine, California.

For more information, please visit www.in-n-out.com.



REPRESENTATIVE PHOTO

Elevations



SOUTH / FRONT ELEVATION

SCALE: 1/8" = 1'-0"



EAST / RIGHT ELEVATION

SCALE: 1/8" = 1'-0"

Site Plan | Stone Oak Retail Center



TPC PARKWAY

281

IN-N-OUT
BURGER

MATTRESS FIRM

sleep + number

PEPPER

HOMEVACATIONS

DELTA

VERTSKEDAP

DRIVE THRU

PAD 1





Site Plan | Close Up

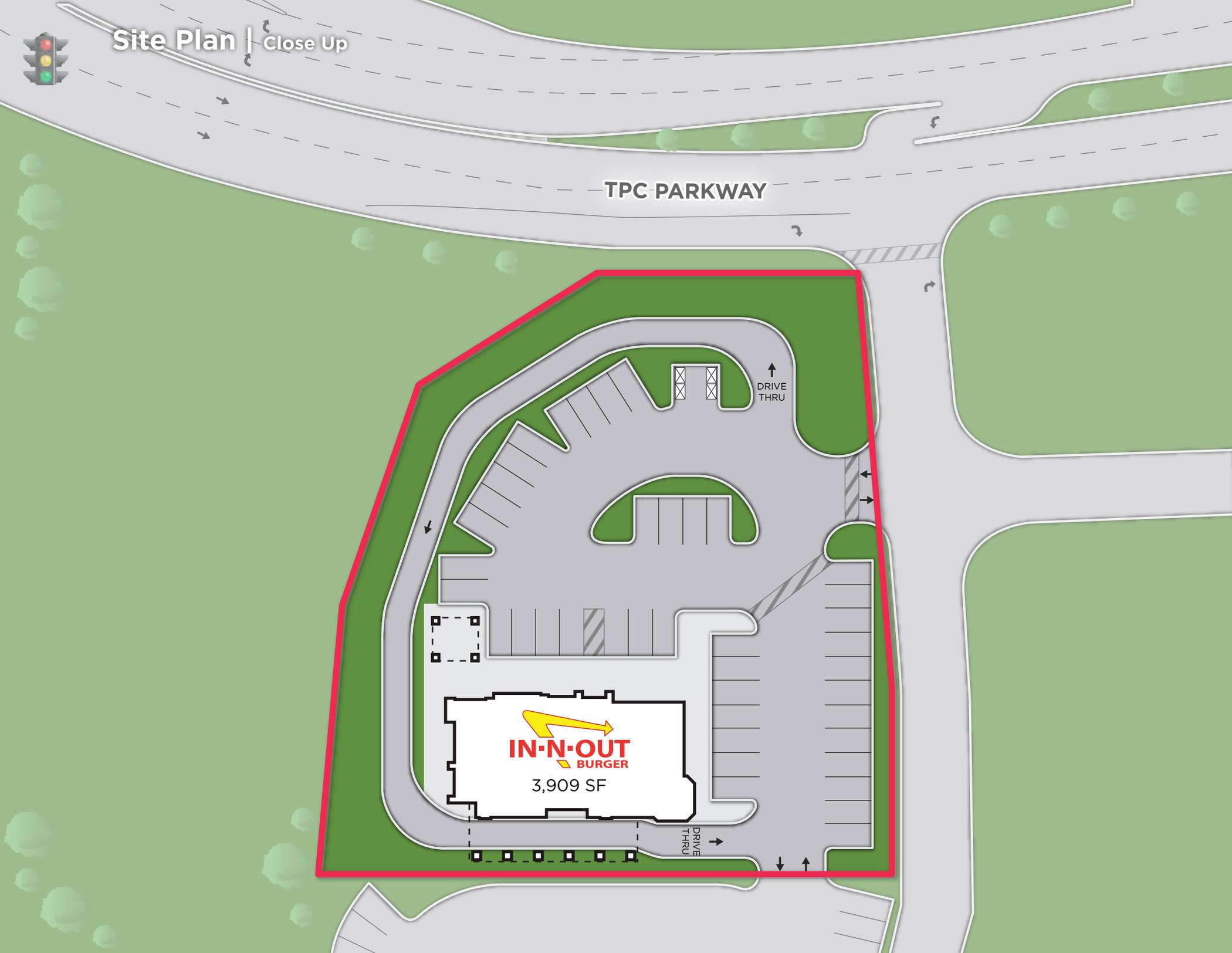
TPC PARKWAY

↑
DRIVE
THRU

IN-N-OUT
BURGER

3,909 SF

↑
DRIVE
THRU



Aerial | South View

DOWNTOWN
SAN ANTONIO

San Antonio
International Airport

University of Texas
San Antonio

NORTHWOODS SHOPPING CENTER

H-E-B Marshalls KOHL'S
Academy Starbucks Stein Mart RED ROBIN ULTA BED BATH & BEYOND OLD NAVY
SUPERCUTS T-Mobile SUBWAY PEI WEI

Walmart COSTCO WHOLESALE
TACO BELL KFC IHOP Krispy Kreme SONIC WINGSTON
FIVE GUYS Jason's Deli CHUCK E CHEESE'S Chick-fil-A DUNKIN' DONUTS

Methodist Stone
Oak Hospital

San Antonio
Christian School

STONE RIDGE MARKET

H-E-B plus! PET SMART
FREEBIRDS SALLY'S HALP PRICE BOOKS
Papa Murphy's CHASE Chick-fil-A

Encino Park
Elementary

BEST BUY STAPLES BB&T
MATTRESS FIRM LIFETIME FITNESS
Starbucks Vitamin Shoppe SPECS

Barbara Bush
Middle School

HOME DEPOT McDonald's DISCOUNT TIRE
TACO CABANA UPS

Canyon Ridge
Elementary

Walgreens Jack in the box
Bank of America goadwill PopeYes Arby's WHATABURGER

281
(110,000 AADT)

GOLDEN
SCHICKS

Chipotle DECA PEI WEI VERTSKEBAP

New
Development

IN-N-OUT
BURGER

iHeart
MEDIA

MATTRESS FIRM
sleep number

tru

Stone Oak Pkwy

CHASE

VILLAGE AT STONE OAK

SUPER TARGET HOBBY LOBBY
ALAMO DRAPHOUSE CINEMA ULTA HomeGoods
OfficeMax PETCO RESTAURANT BRAWOOSI
WORLD MARKET KIRKLAND'S SPECS
WHITE BLACK Tuesday Morning
Starbucks WELLS FARGO talbots chilis ISA BANK DSW

TPC PKWY (17,766 AADT)

LONGHORN
STEAKHOUSE

Olive Garden

Aerial | Northeast View

JW MARRIOTT
SAN ANTONIO
HILL COUNTRY

VILLAGE AT STONE OAK

- SUPER TARGET
- HOBBY LOBBY
- ALAMO DRAFTHOUSE CINEMA
- OfficeMax
- WORLD MARKET
- WHITE BREAD
- Starbucks
- WELLS FARGO
- HomeGoods
- PETCO
- KIRKLAND'S
- Tuesday Morning
- chili's
- SA BANK
- DSW
- ULTA
- RESTAURANT
- SPEC'S

- DUNKIN' DONUTS
- PAPA JOHN'S
- RBFCU
- SUPERCUTS

Cibolo Green Elementary

Primrose School

Claudia Taylor Johnson High School

Roan Forest Elementary

- CVS pharmacy
- ANYTIME FITNESS
- Brewer's
- Great Clips

Walgreens

CHASE

Sam's CLUB

IN-N-OUT
BURGER

TPC PKWY (17,766 AADT)

- MATTRESS FIRM
- sleep number

tru
by HILTON

- Chipotle
- DECA DENTAL
- PEI WEI
- VERTSKEBAP

Frank Tejada Middle School

CHASE

LONGHORN RESTAURANT

Olive Garden

New Development

281

(110,000 AADT)

iHeart MEDIA

GOLDEN CHICKEN

Stone Oak Pkwy

Aerial | Northwest View

Champions Estates

Altamira Homes

Canyon Springs Golf Club

The Estates at Stonegate

Tuscany Elementary

The Abbey at Stone Oak

CHASE

Stone Oak Pkwy

iHeart MEDIA

Monticello Homes

LONGHORN

Olive Garden

VILLAGE AT STONE OAK

- SUPER TARGET
- HOBBY LOBBY
- ALAMO DRAFTHOUSE CINEMA
- ULTA
- OfficeMax
- HomeGoods
- PETCO
- RESTAURANT BREWHOUSE
- WORLD MARKET
- KIRKLAND'S
- Tuesday Morning
- SPECS
- Starbucks
- WELLS FARGO
- Talbots
- chili's
- US A BANK
- DSW

Sam's CLUB
CVS pharmacy

281 (110,000 AADT)

IN-N-OUT BURGER

TPC Pkwy (17,766 AADT)

GOLDEN CHICKEN

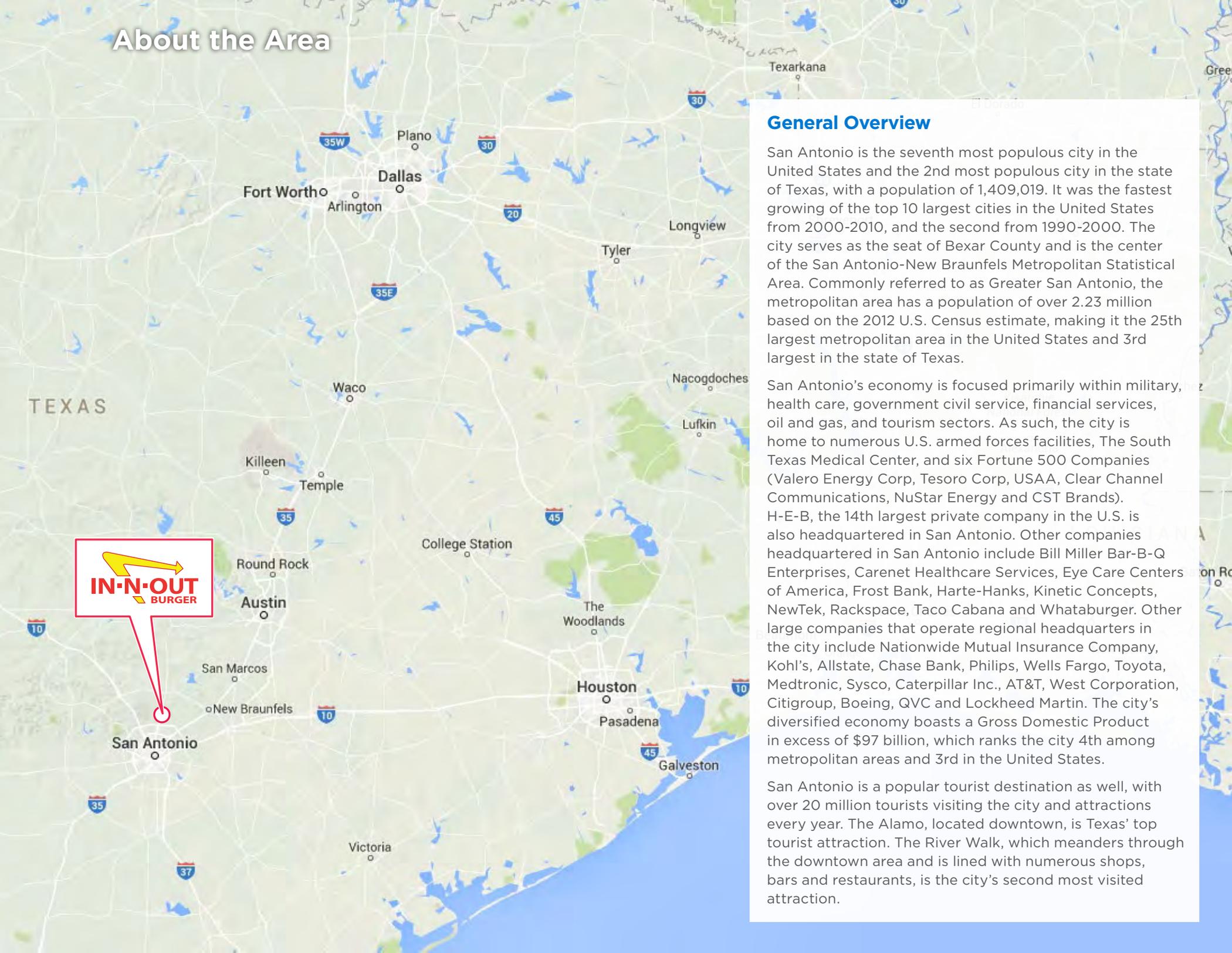
New Development

MATTRESS FIRM
sleep number

tru
by HILTON

Chipotle
DECA
PET WEL
VERTSKÉBAP

About the Area



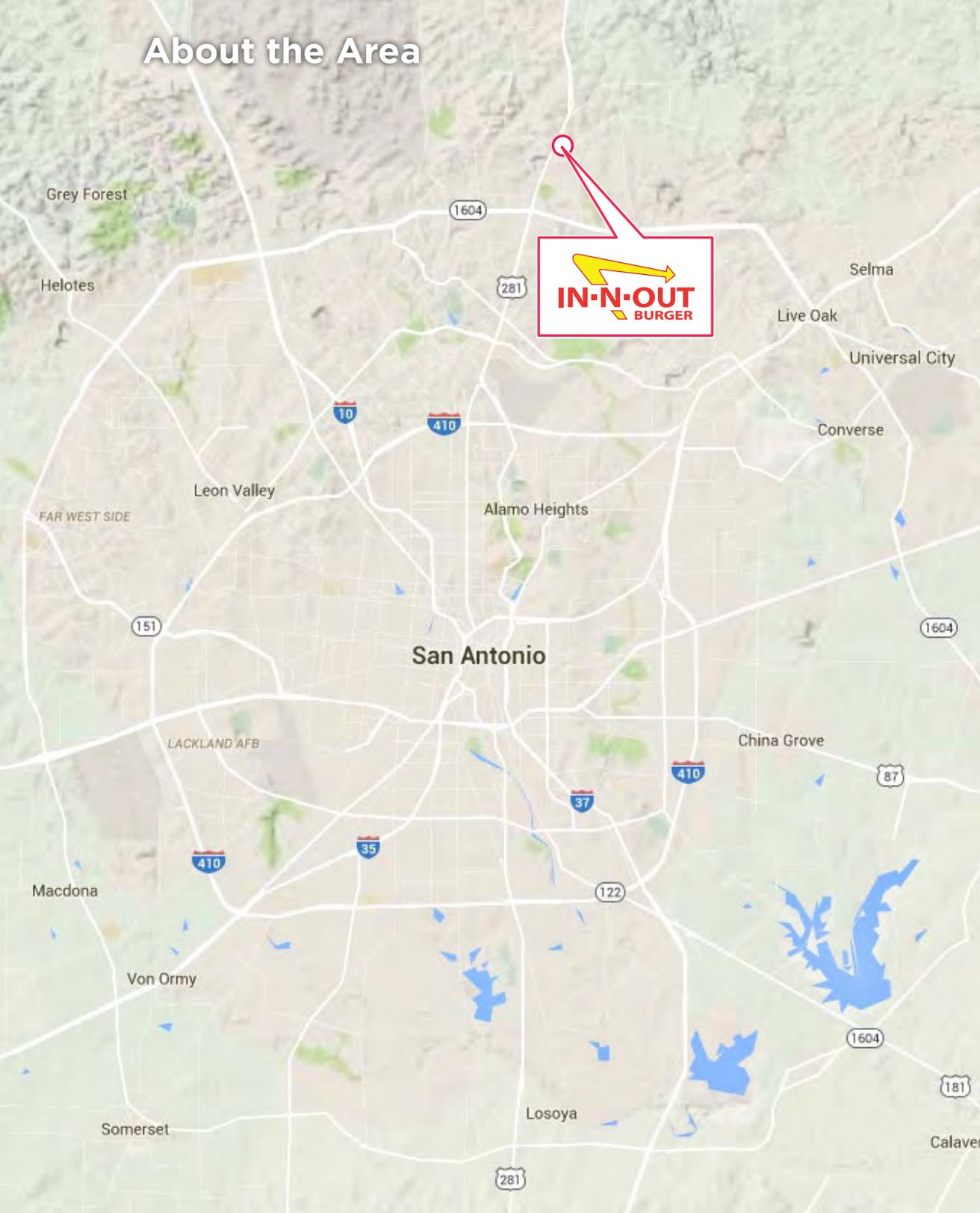
General Overview

San Antonio is the seventh most populous city in the United States and the 2nd most populous city in the state of Texas, with a population of 1,409,019. It was the fastest growing of the top 10 largest cities in the United States from 2000-2010, and the second from 1990-2000. The city serves as the seat of Bexar County and is the center of the San Antonio-New Braunfels Metropolitan Statistical Area. Commonly referred to as Greater San Antonio, the metropolitan area has a population of over 2.23 million based on the 2012 U.S. Census estimate, making it the 25th largest metropolitan area in the United States and 3rd largest in the state of Texas.

San Antonio's economy is focused primarily within military, health care, government civil service, financial services, oil and gas, and tourism sectors. As such, the city is home to numerous U.S. armed forces facilities, The South Texas Medical Center, and six Fortune 500 Companies (Valero Energy Corp, Tesoro Corp, USAA, Clear Channel Communications, NuStar Energy and CST Brands). H-E-B, the 14th largest private company in the U.S. is also headquartered in San Antonio. Other companies headquartered in San Antonio include Bill Miller Bar-B-Q Enterprises, Carenet Healthcare Services, Eye Care Centers of America, Frost Bank, Harte-Hanks, Kinetic Concepts, NewTek, Rackspace, Taco Cabana and Whataburger. Other large companies that operate regional headquarters in the city include Nationwide Mutual Insurance Company, Kohl's, Allstate, Chase Bank, Philips, Wells Fargo, Toyota, Medtronic, Sysco, Caterpillar Inc., AT&T, West Corporation, Citigroup, Boeing, QVC and Lockheed Martin. The city's diversified economy boasts a Gross Domestic Product in excess of \$97 billion, which ranks the city 4th among metropolitan areas and 3rd in the United States.

San Antonio is a popular tourist destination as well, with over 20 million tourists visiting the city and attractions every year. The Alamo, located downtown, is Texas' top tourist attraction. The River Walk, which meanders through the downtown area and is lined with numerous shops, bars and restaurants, is the city's second most visited attraction.

About the Area



Site Information

The subject property is located at the southeast corner of TPC Parkway (17,766 AADT) and U.S. Highway 281 (110,000 AADT) adjacent to Stone Oak Community – an affluent master-planned multi-use development that has seen its population grow by nearly 36% since 2000. The area is a rapidly growing commercial node that is supported by a robust trade area with a population of 361,500 and average household income of \$102,300.

The property will be a newly constructed In-N-Out restaurant situated at a highly trafficked signalized intersection, where it benefits from excellent visibility and access. In-N-Out is in a strong position to capitalize from consumer draw to the immediate area, as it is located within a larger development that features a synergistic tenant mix; the property is included within the Stone Oak Retail Center development, which includes national credit tenants such as Chipotle, Pei Wei Asian Diner, and Mattress Firm. Also included in the development will be Tru by Hilton, a new brand of mid-scale hotels launched by Hilton Worldwide, with the first locations expected to open in late 2016. Tru already has 102 signed hotels in place with an additional 30 in stages of approval.

Furthermore, the property is directly across from the Village at Stone Oak, a 622,326 square foot power center anchored by a 175,000 square foot Target. Other notable tenants within the center feature Hobby Lobby, HomeGoods, and Cost Plus World Market. Overall, there are 36 stores and services operating in the center. Just south of the property are various prominent shopping centers anchored by the likes of The Home Depot and H-E-B Plus!, with shops buildings and pad sites outparcel that are tenanted by Walgreens, Panda Express, Smashburger, Wingstop, McDonald's, Wells Fargo Bank, and Bank of America, amongst others. Besides the strong presence of retail, there are a number of office buildings in proximity to In-N-Out, such as the facilities for the Chase Bank Operations Center and the iHeartMedia Entertainment Inc. offices, further generating business for this particular In-N-Out location. Moreover, Lady Bird Johnson High School (2,800+ students enrolled) is less than a mile northeast of the property.

Demographics

22226 US Hwy 281 N, San Antonio, TX 78258



	1 mile	3 miles	5 miles
Population Summary			
2010 Total Population	7,793	59,361	136,701
2016 Total Population	9,408	71,343	159,698
2021 Total Population	10,560	80,780	177,838
2016-2021 Annual Rate	2.34%	2.52%	2.18%
Average Household Income			
2016	\$125,202	\$126,612	\$119,572
2021	\$134,563	\$135,037	\$128,339
Median Home Value			
2016	\$262,352	\$266,402	\$250,207
2021	\$259,183	\$266,593	\$254,899

Top Employers in San Antonio, TX	# of Employees
H-E-B	20,000
USAA	17,000
Bill Miller Bar-B-Q	4,190
Cullen/Frost Bankers	3,982
Valero Energy	3,700
Rackspace	3,300
Southwest Research Institute	2,715
Toyota Motoring Manufacturing	2,900
Clear Channel Communications, Inc.	2,800
KCI	1,400

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

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you,

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.





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