

Offering Memorandum
SERVICE KING

4545 South Sam Houston Parkway East | Houston, Texas



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For more information, please contact one of the following individuals:

MARKET ADVISORS

MIKE SPEARS SIOR, CCIM
Managing Principal
(713) 744-7404
mspears@lee-associates.com

THOMAS LEGER, SIOR
Principal
(713) 744-7430
tleger@lee-associates.com

OFFERING MEMORANDUM DISCLAIMER

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the Owner, to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to any interested persons. In this Memorandum, certain documents are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the material referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or Lee & Associates-Ontario nor any of their respective officers, directors, employees, affiliates or representatives make any representation or warranty, express or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserves the right, at its sole discretion, to reject any and all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with our without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any person reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

EXECUTIVE SUMMARY

Lee & Associates - Houston, in its capacity as exclusive agent for the seller ("broker"), is pleased to offer for sale 4545 South Sam Houston Parkway East, Houston TX (the "property"). The property consists of approximately 152,460 square feet of land with a 12,000 square foot auto repair facility under a long-term Lease with Service King Paint and Body, LLC. The building was built in 2016 and has been occupied by Service King since with the current lease expiring in 2036. The additional land lends the ability to accommodate future growth for the tenant and/or the potential for future development of the site. Excellent highway access and visibility from Beltway 8 make this a solid investment opportunity for investors looking for stable long-term income with zero landlord responsibilities and a strong national credit tenant.



INVESTMENT OVERVIEW



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INVESTMENT SUMMARY

OFFERING SUMMARY

Sale Price	\$4,500,000
CAP Rate	4.16%
Net Operating Income	\$187,000

INVESTMENT SUMMARY

Address	4545 South Sam Houston Parkway East Houston, TX 77048
Building Size	± 12,000 SF
Lot Size	± 3.5 AC
Year Built	2006
Parking	±43 Free Surface Spaces
Lease Expiration	3/31/2036
Corporate Guaranty	Service King Paint and Body, LLC
Lease Type	Absolute NNN (No Landlord Responsibilities)
Lease Commencement	October 6, 2015
Lease Expiration	March 31, 2036
Term Remaining	± 14.5 Years
Rent Escalations	10% Every 5 Years
Option Periods	Four (4) Five (5) Year Option Periods



INVESTMENT HIGHLIGHT

- Base Rent Escalations of 10% Every 5 Year
- Absolute NNN Lease - Zero Landlord Responsibilities
- The Lease is Under Corporate Guaranty by Service King Paint and Body, LLC
- Texas is One of the Seven Non-Income Tax States, Offering Higher After-Tax Yield to Investors
- The property was Constructed in 2006.
- Four (4) 5-Year Option Periods
- Direct Access to Beltway-8 with Average Daily Traffic Counts Approach 26,000 Vehicles per Day

NET LEASE STRUCTURE

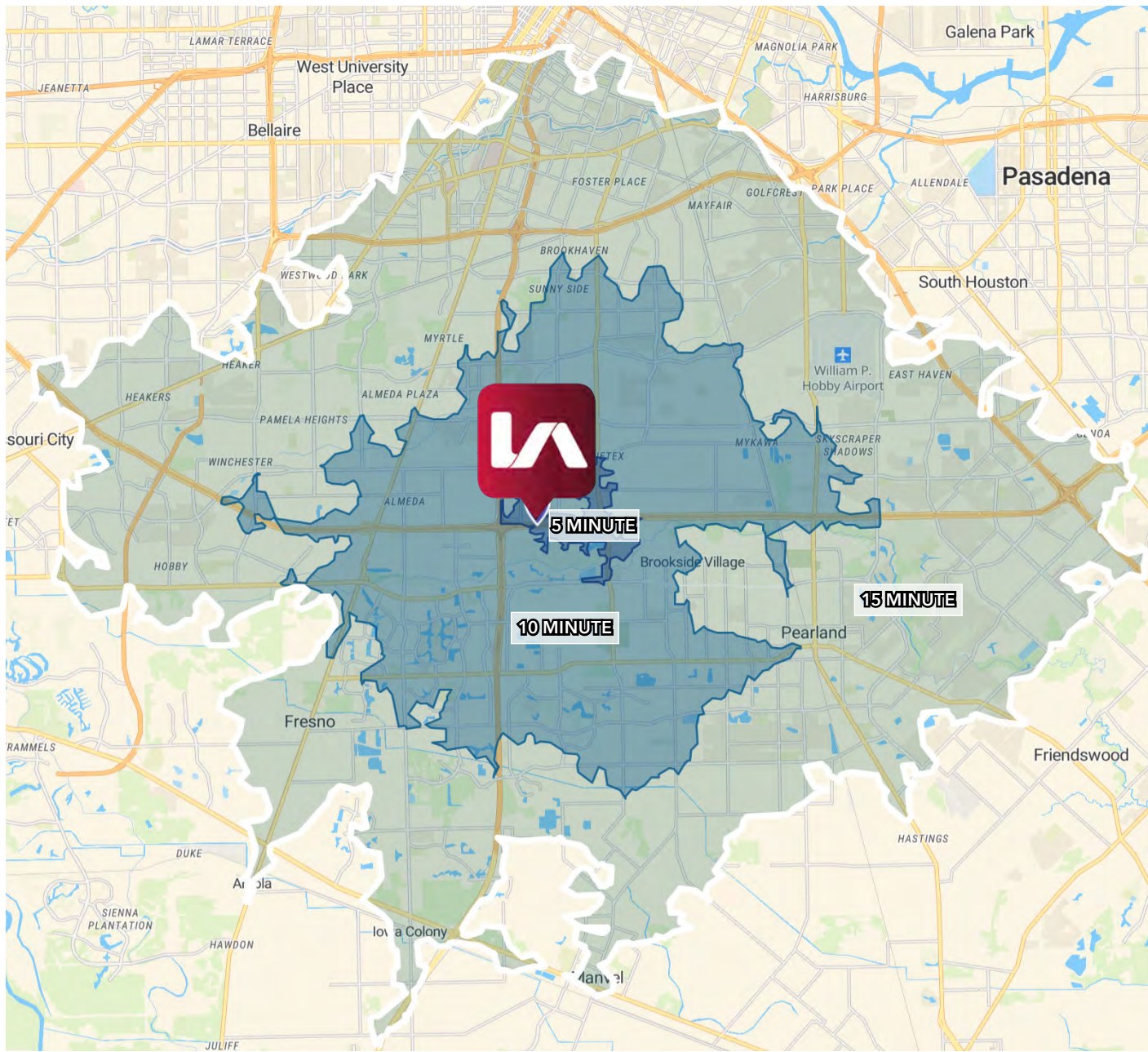
The Lease is structured on an absolute net basis, whereby the Tenant is responsible for all expenses the repair and replacement of the roof and exterior structural components, HVAC units, property taxes, utilities, insurance premiums, and all interior portions of the premises.

EXPENSE CATEGORY	TENANT RESPONSIBILITY	LANDLORD RESPONSIBILITY
Structural/Roof Repair	✓	
Structural/Roof Replacement	✓	
Landscaping & Snow Removal	✓	
HVAC Repair	✓	
HVAC Replacement	✓	
Janitorial	✓	
Taxes	✓	
Insurance	✓	
Utilities	✓	
Common Area Maintenance	✓	

LOCATION OVERVIEW



DEMOGRAPHICS & DRIVE TIMES



5-MILE TOTAL POPULATION

191,914



5-MILE TOTAL HOUSEHOLDS

65,348



5-MILE AVERAGE HOUSEHOLD INCOME

\$90,894



5-MILE AVERAGE AGE

36.2

FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

PURCHASE PRICE
\$4,500,000

CAP RATE
4.16%

NOI
\$187,000



TENANT PROFILE



Tenant Name	Service King
Parent Company Trade Name	Service King Holdings, LLC
Ownership	Non-Public
Revenue	± 1 Billion
Number of Locations	+ 324
Number of Employees	+ 6,000
Headquartered	Richardson, Texas
Year Founded	2012
Website	serviceking.com

Service King is the largest provider of collision repair services in Texas and one of the largest independently owned and operated provider of collision repair services in the United States. They provide automotive body repair, automotive painting, hail damage repair, and glass replacement on all vehicle makes and models throughout multiple metro areas in the United States.

The Service King story begins more than 40 years ago in Dallas, Texas through the vision of Eddie Lennox, a young businessman and repair technician, who aimed to provide a different type of repair experience for customers. The business began inside a single body shop in West Dallas and through placing the customer at the center of the repair experience, Service King has steadily grown into the premier collision repair provider of choice across the U.S.

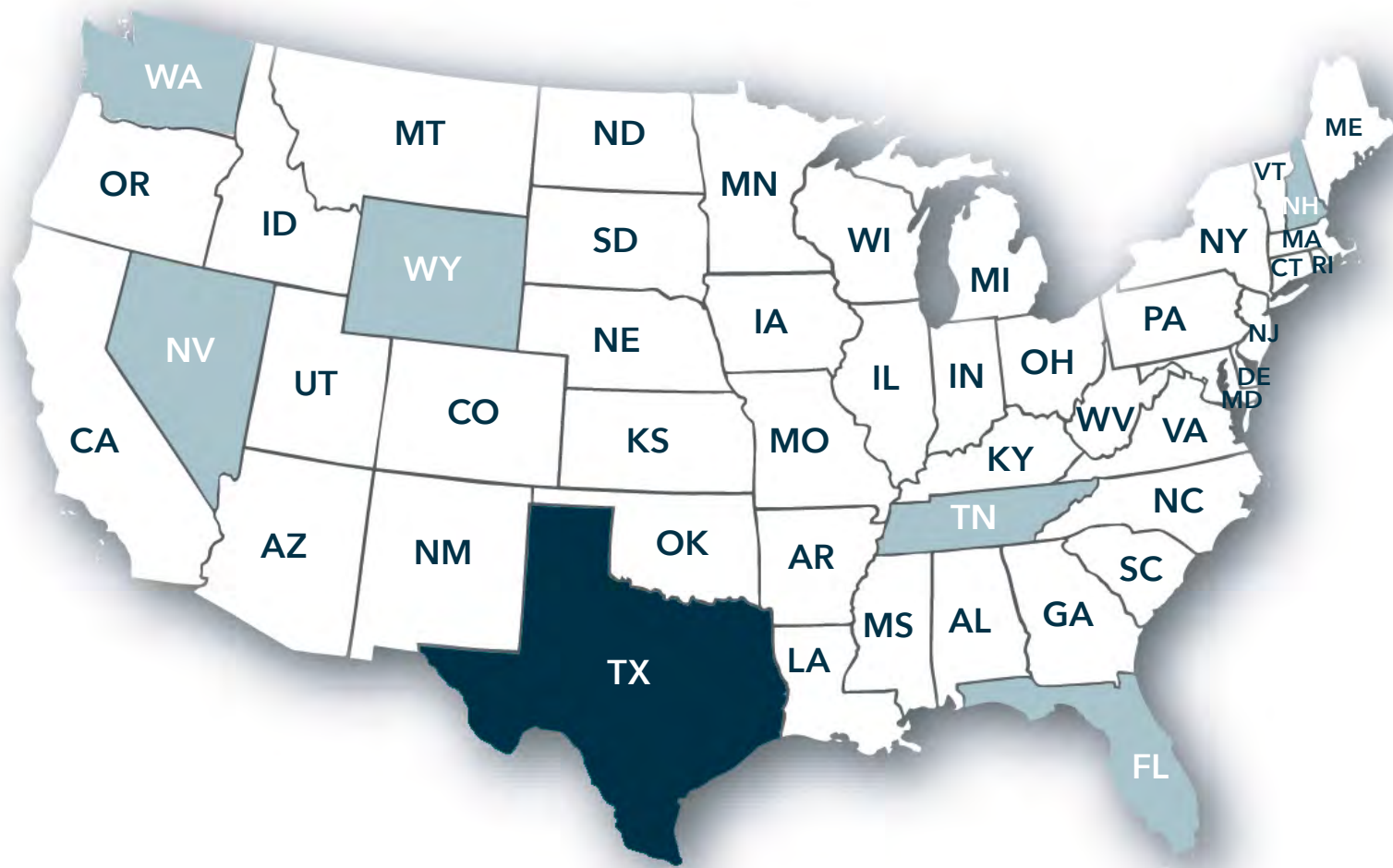
Service King strives to be the collision repair operator of choice by providing a secure, fulfilling workplace that motivates our teammates to deliver safe, superior repairs with excellent customer service while ensuring sustainable, profitable growth and opportunity.

RENT SCHEDULE

YEAR	MONTHLY RENT	ANNUAL RENT	RENT/SF	CAP RATE
March 2016 - March 2021	\$14,167	\$170,000	\$14.17	3.78%
March 2021 - March 2026	\$15,583	\$187,000	\$15.58	4.16%
March 2026 - March 2031	\$17,142	\$205,700	\$17.14	4.57%
March 2031 - March 2036	\$18,856	\$226,270	\$18.86	5.03%



NON-INCOME TAX STATES



Most individual U.S. states collect a state income tax in addition to the federal income tax. Additionally, some local governments impose an income tax, often based on state income tax calculations. This tax is imposed at a fixed or graduated rate on the taxable income of individuals, corporations, and certain estates and trusts. These rates vary by state as a benefit to the landlord, Texas is one of the non-income tax states throughout the nation; therefore, a new owner's overall net income after taxes is greater than it would customarily be if he or she would to invest in one of the other 41 states with income tax levies.

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Information About Brokerage Services

Texas law requires all real estate licensees 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.

DFW Lee & Associates, LLC - Houston Office	9003955	kwesson@lee-associates.com	(972)934-4000
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Ken Wesson, SIOR, CCIM	439839	kwesson@lee-associates.com	(972)934-4000
Designated Broker of Firm	License No.	Email	Phone
N/A	N/A	N/A	N/A
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Thomas Leger, SIOR	583559	tleger@lee-associates.com	(713)744-7430
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission

TXR-2501

DFW Lee & Associates LLC -Houston Office - Corporate, 9805 Katy Freeway Ste. 800 Houston, TX 77024
Ken Wesson

Information available at www.trec.texas.gov

IABS 1-0 Date

Phone: 713-744-7440

Fax:

IABS - Thomas

Produced with Lone Wolf Transactions (zipForm Edition) 231 Shearson Cr. Cambridge, Ontario, Canada N1T 1J5 www.lwolf.com