



OFFERING MEMORANDUM



877 Old Airport Rd – Bristol, VA 24201



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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.

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Investment Highlights



About the Investment

- ✓ Brand New 20-Year Absolute Triple-Net (NNN) Sale-Leaseback
- ✓ Strong Inflation Hedge | 2.0% Annual Rental Increases Beginning In Year Six
- ✓ Four (4), Five (5)-Year Tenant Renewal Option Periods
- ✓ Large Franchisee Operator | SD Missouri | 60+ Sonic Unit Operator

About the Location

- ✓ Dense Retail Corridor | Surrounded By Ross, Target, Best Buy, The Home Depot, Walmart, Sam's Club, Chili's, Red Lobster, Cheddar's, Bojangles', Starbucks, Chick-fil-A, Dollar General, Shell, Wells Fargo, Food City, and Taco Bell
- ✓ Four Schools Located Within A Two-Mile Radius | Joseph Van Pelt Elementary School, High Point Elementary School, Wallace Middle School, John S. Battle High School | Total Enrollment of Nearly 2,100 students

About the Brand

- ✓ SD Holdings | 100+ Outlets Across Alabama, Georgia, Tennessee, Virginia, Iowa, and Nebraska
- ✓ Sonic Drive-In Opened Their First Restaurant in 1953 and Now Maintains More Than 3,500 Drive-In Restaurants
- ✓ Sonic Continues to Thrive | Maintenance of Strong Real Sales Growth, Industry-Leading Customer Frequency, and High Returns for Stock Holders





Financial Analysis



PRICE: \$1,199,882 | CAP: 6.00% | Rent: \$71,993

Property Description

Property	Sonic Drive-In
Property Address	877 Old Airport Rd
City, State, ZIP	Bristol, VA 24201
Building Size (Square Feet)	1,368
Lot Size	+/- 0.63 Acres
Type of Ownership	Triple-Net (NNN)

The Offering

Purchase Price	\$1,199,882
CAP Rate	6.00%
Annual Rent	\$71,993

Lease Summary

Property Type	Net-Leased Restaurant
Tenant	SD Missouri (60+ Sonic Unit Operator)
Original Lease Term	20 Years
Lease Commencement	Close of Escrow
Lease Expiration	20 Years from the Close of Escrow
Lease Term Remaining	20 Years
Lease Type	Triple-Net (NNN)
Rental Increases	2.0% Annually Starting In Year Six
Options to Renew	Four, Five-Year Option Periods
Increases in Options	2.0% Annually

Rent Schedule

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$71,993	\$5,999	-
Year 2	\$71,993	\$5,999	-
Year 3	\$71,993	\$5,999	-
Year 4	\$71,993	\$5,999	-
Year 5	\$71,993	\$5,999	-
Year 6	\$73,433	\$6,119	2.00%
Year 7	\$74,902	\$6,242	2.00%
Year 8	\$76,400	\$6,367	2.00%
Year 9	\$77,928	\$6,494	2.00%
Year 10	\$79,486	\$6,624	2.00%
Year 11	\$81,076	\$6,756	2.00%
Year 12	\$82,697	\$6,891	2.00%
Year 13	\$84,351	\$7,029	2.00%
Year 14	\$86,038	\$7,170	2.00%
Year 15	\$87,759	\$7,313	2.00%
Year 16	\$89,514	\$7,460	2.00%
Year 17	\$91,305	\$7,609	2.00%
Year 18	\$93,131	\$7,761	2.00%
Year 19	\$94,993	\$7,916	2.00%
Year 20	\$96,893	\$8,074	2.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Sonic Drive-In located in Bristol, Virginia. This property is subject to a brand new Triple-Net (NNN) lease that will commence at the close of escrow. The offering consists of 1,368 rentable square feet of building space and sits on approximately 0.63 acres of land. The current annual rent is \$71,993 and is subject to 2.0% annual rental increases starting in year six, and continuing through the four (4), five (5)-year tenant renewal option periods.



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 2017, there are approximately 3,557 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.



TENANT OVERVIEW

Founded in North Carolina in 1999, SD Holdings boasts strong restaurant operations experience in the quick service restaurant and fast casual industry, providing a solid foundation for future growth and success. For more than 18 years, the franchise group has expanded its footprint. SD Holdings now owns and operates a portfolio of four brands with more than 100 outlets across six states, including more than 60 Sonic Drive-In locations in Alabama, Georgia, Tennessee, Virginia, Iowa, and Nebraska. SD Holdings has also cemented their successful brand in the operations of concepts such as McAlister's Deli, Fuzzy's Taco Shop, and Mod Pizza. CEO, Yaron Goldman, began his career in the restaurant business over 21 years ago as an hourly employee, before opening his first franchise location in 1999. Goldman continues to play a pivotal role in the groups successful growth and expansion.





Surrounding Area





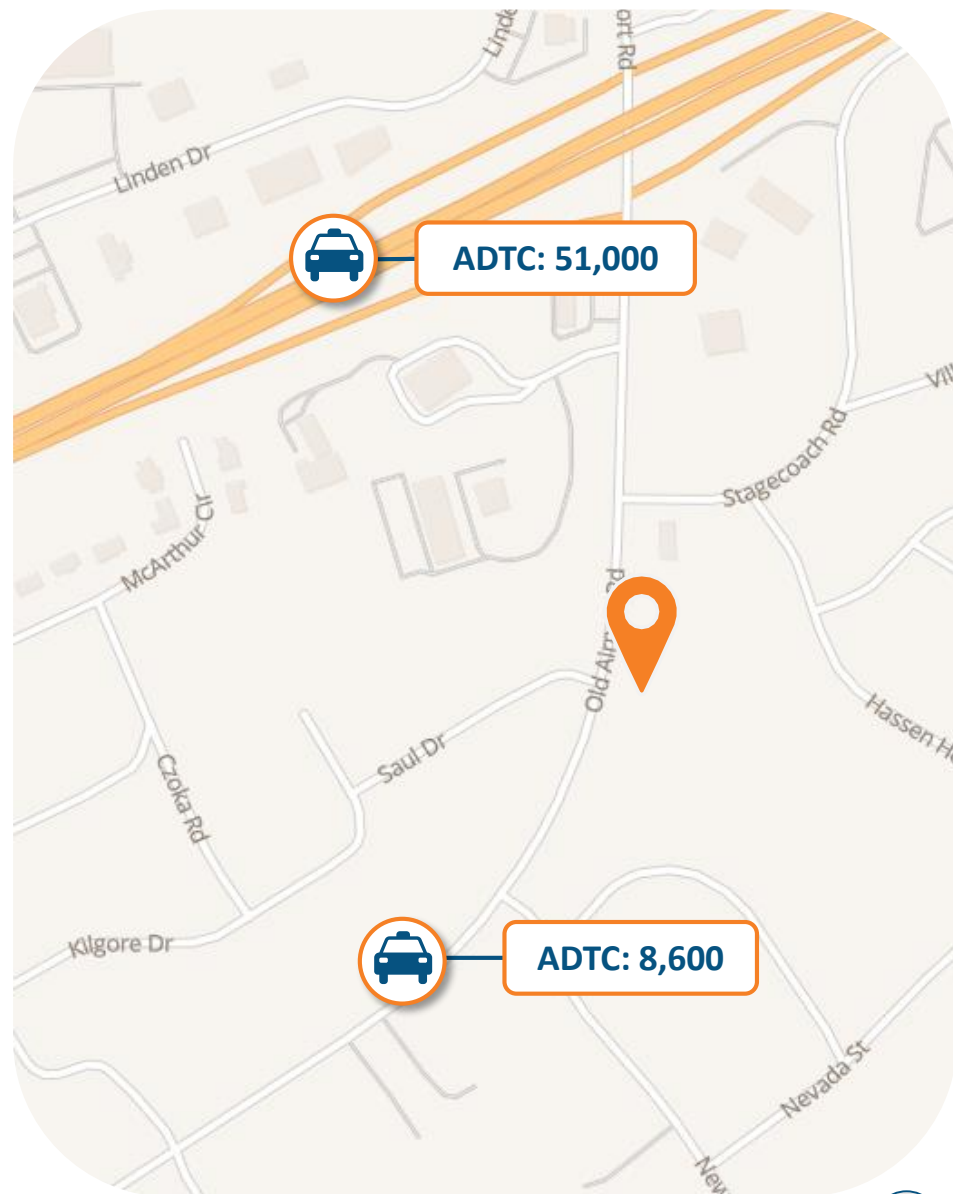
Location Overview



This subject investment property is situated at 877 Old Airport Road in Bristol, VA. Old Airport road has an average daily traffic count of 8,600 vehicles. The subject property is located just down the road from a point of ingress/egress for Interstate-81. The interstate brings another 51,000 vehicles into the immediate area each day, on average. There are approximately 15,523 people living within a three-mile radius of the subject property and 40,375 people living within a five-mile radius.

The subject property is well-positioned in a highly dense retail corridor consisting of shopping centers and national and local retail tenants, which are all situated in the immediate surrounding area. Major national tenants in the area include: Ross, Target, Best Buy, The Home Depot, Walmart, Sam's Club, Chili's, Red Lobster, Cheddar's, Bojangles', Starbucks, Chick-fil-A, Dollar General, Shell, Wells Fargo, Food City, and Taco Bell, as well as many other national and local retail and restaurant concepts. In addition to these numerous restaurant and retail concepts, there are four schools within a two-mile radius of the subject property. John S. Battle High School, Wallace Middle School, High Point Elementary School, and Joseph Van Pelt Elementary School combine to have a total enrollment of nearly 2,100 students.

Bristol, VA is an independent city in the Commonwealth of Virginia and is the twin city of Bristol, TN. The two cities are located just across the state line, which runs down the middle of its main street, from each other. Bristol is the principal city in the Kingsport-Bristol-Bristol, TN-VA Metropolitan Statistical area, which is a component of the Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area, and is commonly known as the "Tri-Cities" Region. The city boasts one of the more advanced broadband networks in the country. In the late 1990s Bristol Virginia Utilities (BVU) funded a project that would be the first of its kind, with the goal of creating one of the nations strongest broadband networks. Since its inception, the project has received \$22.7 Million in government funding, and has created almost 300 new jobs while providing service to over 500 businesses, schools, and hospitals. Bristol is eager to welcome new business to the city, and actively works with new investors who wish to bring new businesses to the city, or invest in existing ones, to help to grow the city's economy.





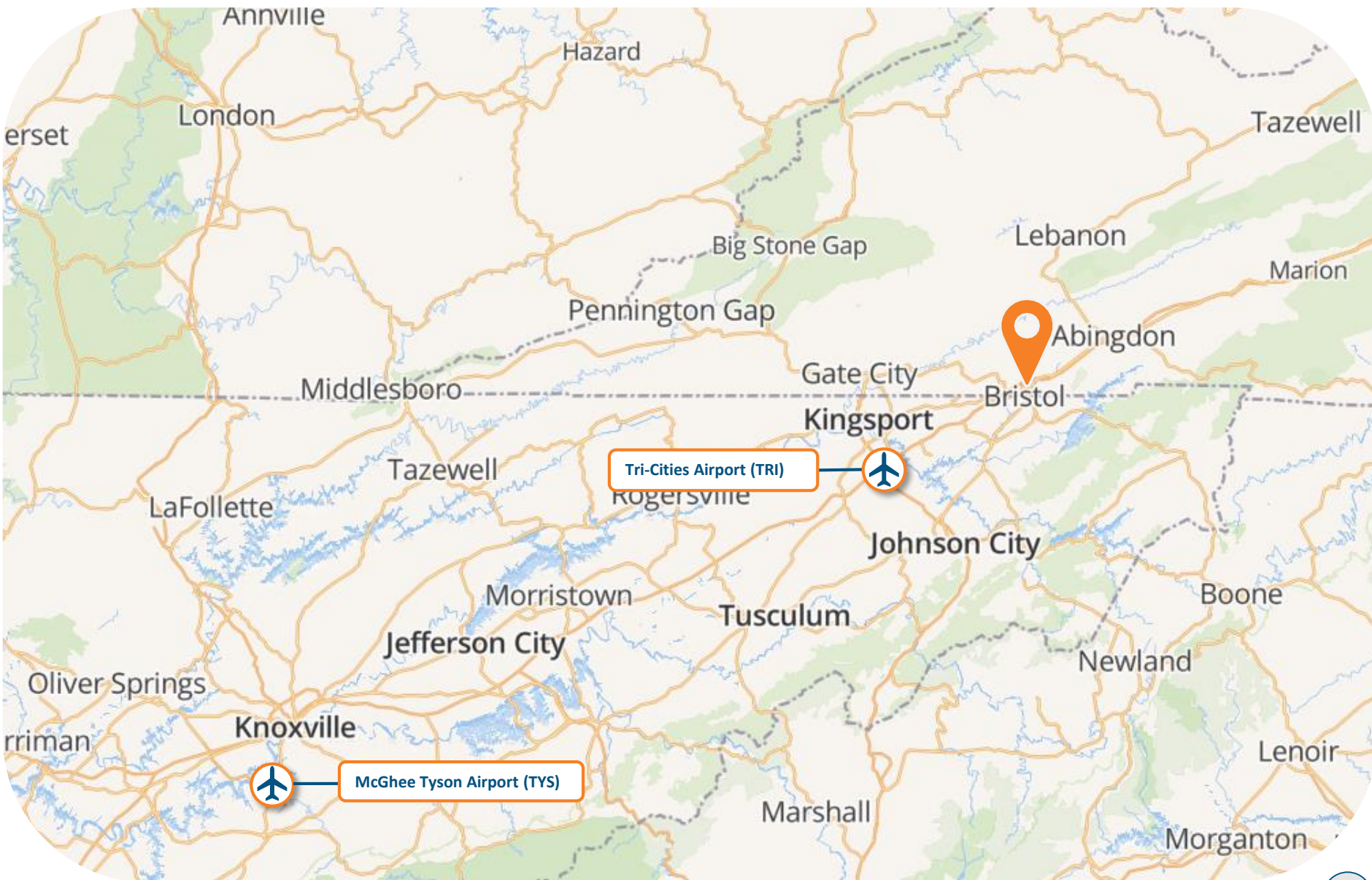
Property Photo





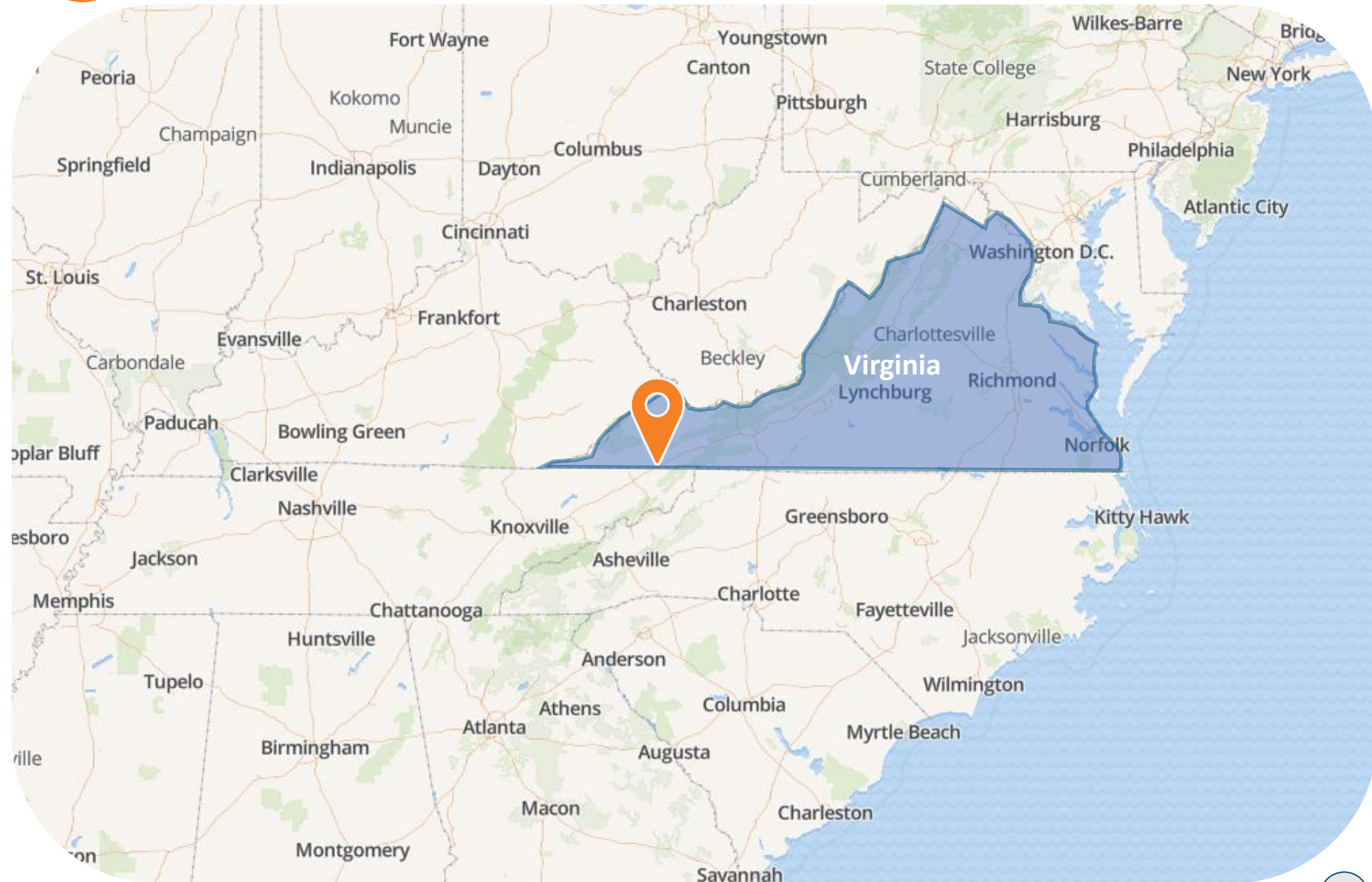
Surrounding Area Photos





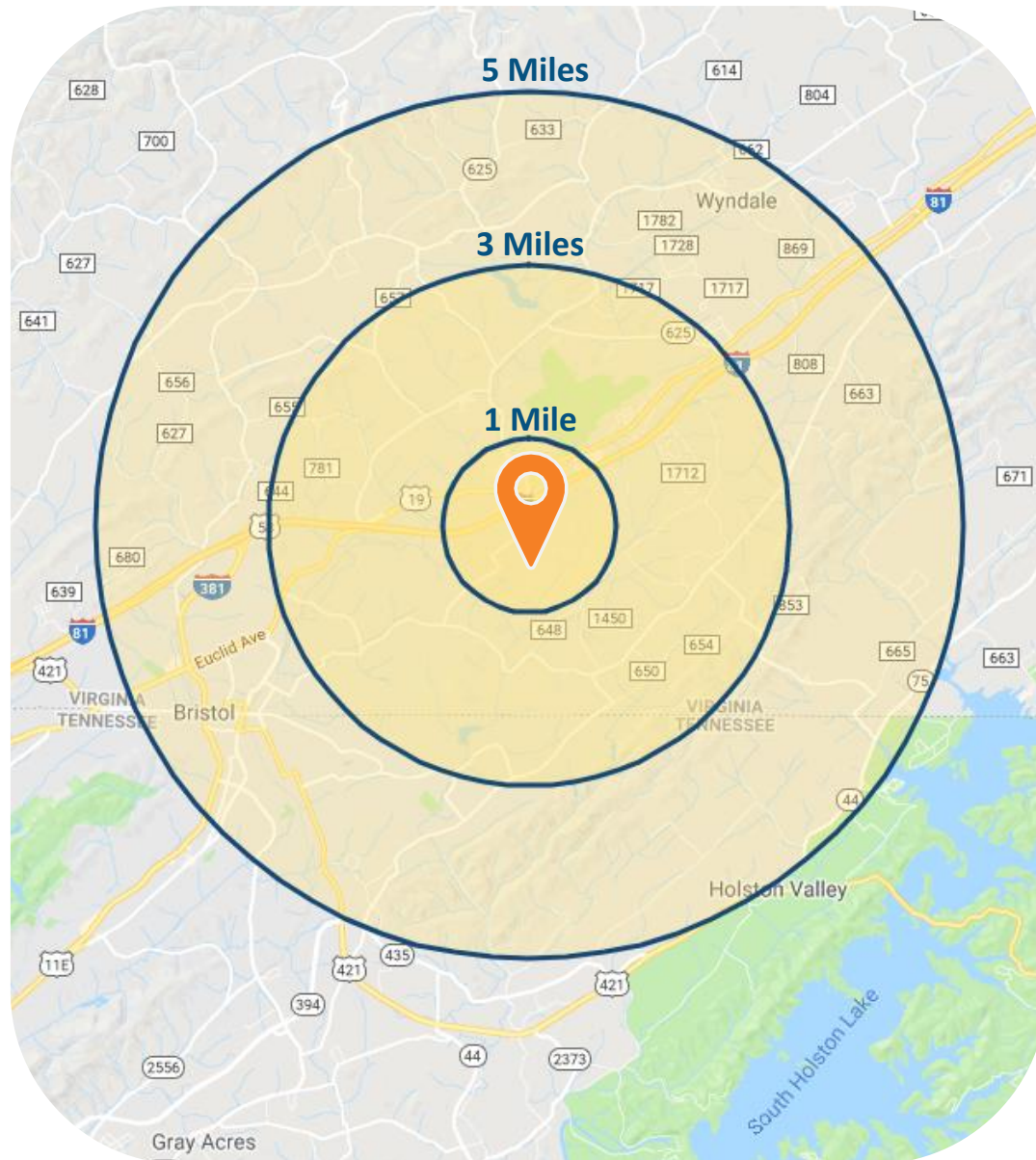


Regional Map





Demographics



	1 Miles	3 Miles	5 Miles
POPULATION			
2022 Projection	1,779	16,178	41,124
2017 Estimate	1,703	15,523	40,375
2010 Census	1,750	15,760	40,998
2000 Census	1,514	14,534	39,180
INCOME			
Average	\$58,751	\$66,109	\$56,376
Median	\$47,471	\$49,453	\$39,493
Per Capita	\$25,547	\$27,906	\$24,248
HOUSEHOLDS			
2022 Projection	777	6,906	17,656
2017 Estimate	740	6,549	17,193
2010 Census	769	6,692	17,467
2000 Census	682	6,082	16,710
HOUSING			
2017	\$121,696	\$135,211	\$119,452
EMPLOYMENT			
2017 Daytime Population	3,633	16,344	47,211
2017 Unemployment	2.72%	4.00%	4.61%
2017 Median Time Traveled	20	21	21
RACE & ETHNICITY			
White	93.70%	93.61%	92.23%
Native American	0.03%	0.03%	0.02%
African American	1.61%	2.68%	3.99%
Asian/Pacific Islander	2.12%	1.36%	0.95%



Market Overview



Bristol is an independent city in the Commonwealth of Virginia and is the twin city of Bristol, TN. The two cities are located just across the state line, which runs down the middle of its main street, from each other. Bristol is the principal city in the Kingsport-Bristol-Bristol, TN-VA Metropolitan Statistical area, which is a component of the Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area, and is commonly known as the “Tri-Cities” Region. The city boasts one of the more advanced broadband networks in the country. In the late 1990s Bristol Virginia Utilities (BVU) funded a project that would be the first of its kind, with the goal of creating one of the nations strongest broadband networks. Since its inception, the project has received \$22.7 Million in government funding, and has created almost 300 new jobs while providing service to over 500 businesses, schools, and hospitals. Bristol is eager to welcome new business to the city, and actively works with new investors to help to grow the city’s economy. Bristol has a unique cultural identity, which is primarily based around country music, as the city is known for being the birthplace of country music, a title that was confirmed by the US Congress in 1988. Since 1994 the Birthplace of Country Music Alliance has promoted the city as a destination to learn about the history of the region and its role in the creation of an entire genre of music.

Major Employers

Employer	Estimated # of Employees
Contura Energy Inc	2,300
Equipment District	1,000
Bristol Compressors Intl LLC	750
Metal Castings Co	688
Monarch Pharmaceuticals Inc	667
Virginia Dept Transportation	489
Pfizer	435
Snack Alliance Inc	400
Universal Fibers Inc	381
Strongwell Corporation	350
Yukon Coal Company	342

Bristol, VA



Marcus & Millichap
Offering Memorandum