

Marcus & Millichap

RESIDENTIAL
NEIGHBORHOODS

Recently Developed
TRELLIS APARTMENTS

RESIDENTIAL
NEIGHBORHOODS



FUTURE DEVELOPMENT



47,710
ADT

E BELL ROAD

Dunkin' Donuts | PHOENIX, AZ

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Shaded lot area is approximate and the actual property boundary may vary. Buyer will need to verify during their Due Diligence period.

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Dunkin' Donuts
1000 E BELL ROAD, PHOENIX, AZ 85022

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NEW 20-YEAR ABSOLUTE NNN GROUND LEASE

BRAND NEW 20-YEAR ABSOLUTE NNN GROUND LEASE
WITH NO LANDLORD MANAGEMENT OR MAINTENANCE RESPONSIBILITIES

RARE PHOENIX INFILL LOCATION

DENSE INFILL LOCATION WITH STRONG DEMOGRAPHICS:
338,654 RESIDENTS / \$71,108 AVG. HHI (5-MILE RADIUS)

INVESTMENT OVERVIEW

Dunkin' Donuts | PHOENIX, AZ

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INVESTMENT HIGHLIGHTS

NEW 20-YEAR ABSOLUTE NNN GROUND LEASE

The subject property operates under a brand new 20-year absolute NNN ground lease with no landlord management or maintenance responsibilities whatsoever. The lease provides landlord-friendly rent escalations every 5 years of 10% during the initial term and at each 5-year option period.

RARE INFILL PHOENIX SINGLE TENANT INVESTMENT

The subject property represents a rare long-term single tenant investment opportunity in the city of Phoenix, the 6th largest metro in the U.S. with over 4.49 million residents (and rapidly expanding).

NEWLY CONSTRUCTED BUILDING WITH DRIVE-THRU

The building was completed in 2018 and features one of the latest Dunkin' Donuts prototype designs. The building offers an upscale contemporary design complete with a wrap-around drive-thru pick-up window and outside dining area.

IRREPLACEABLE RETAIL LOCATION SURROUNDED BY NATIONAL TENANTS

The property is well-located with excellent visibility and access along E Bell Road, with high average daily traffic counts of 47,710 ADT. It is also situated within close proximity to Fry's Marketplace and Sprouts Farmers Market. The property is directly adjacent to a newly constructed, multi-tenant retail center with Cafe Rio Mexican Grill, Smashburger, Blaze Pizza, and Raising Cane's. National retailers in the trade area include Chipotle, Arby's, Firestone, Chase Bank, Sprint, Subway, Verizon, Wendy's, Bank of America, 7-Eleven, and many more.

WELL-ESTABLISHED AND EXPANDING FRANCHISEE

The franchisee has been in the QSR business since 2009. They have successfully managed and held equity interests in a portfolio of 57 Dunkin' Donuts in New York, New Jersey and Arizona, as well as 29 Taco Bells in New York and Kentucky. The franchisee has over 39 years of combined real estate experience.



EXECUTIVE SUMMARY

DUNKIN' DONUTS
PHOENIX, AZ

1000 EAST BELL ROAD, PHOENIX, ARIZONA 85022

OFFERING PRICE

\$1,900,000

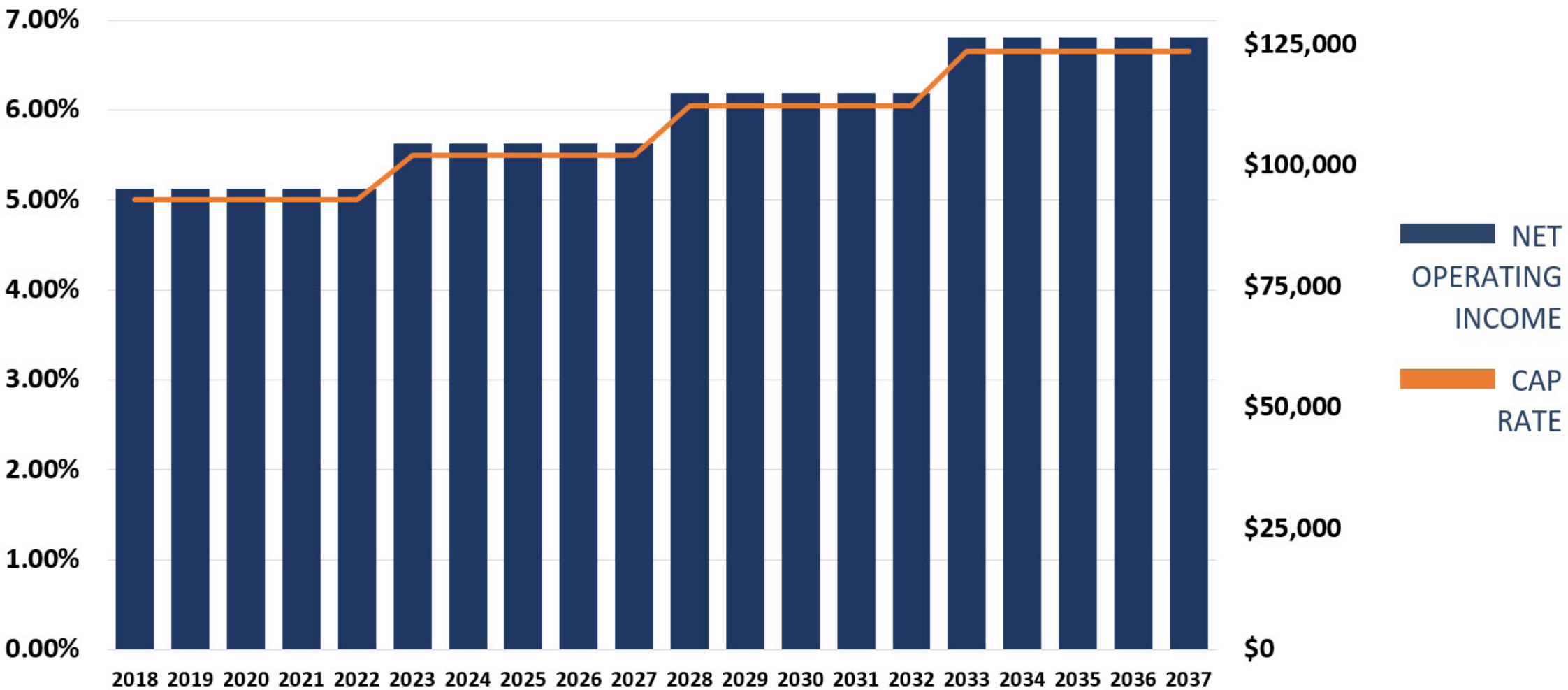
CAP RATE

5.00%

Net Operating Income	\$95,000
Lease Type	NNN Ground Lease
Years Remaining	20 Years
Lease Commencement	9/1/2018
Lease Expiration Date	8/31/2038
Year Built/Renovated	2018 ⁽¹⁾
Rentable Area	2,400 SF ⁽¹⁾
Lot Size	34,405 SF ⁽¹⁾
Primary Term Escalations	10% Every 5 Years ⁽¹⁾
Extension Term Escalations	10% Every Option ⁽¹⁾
Options	(5) Five-Year Options ⁽¹⁾
Tenant	Franchisee

(1) Year Built, Rentable Area, Lot Size and Lease Terms are approximate. Buyer will need to verify the accuracy of these estimates during their Due Diligence period.
(2) Rent Escalations and CAP Rate Growth Chart reflect the scheduled 10% rent increases every 5 years during the Primary Lease Term. Pro forma returns are not guaranteed and do not take into consideration any unforeseen expenses. Buyer must conduct their own due diligence to confirm these estimates.

CAP RATE GROWTH CHART⁽²⁾



338,654 RESIDENTS

THERE ARE STRONG DEMOGRAPHICS IN THE AREA WITH 338,654 RESIDENTS HAVING AN AVG. HHI OF \$71,908 IN A 5 MILE RADIUS

47,710 ADT

THE SUBJECT PROPERTY IS SITUATED ALONG A MAJOR SIX-LANE THOROUGHFARE WITH 47,710 ADT

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LOCATION & MARKET OVERVIEW

Dunkin' Donuts | PHOENIX, AZ

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LOCATION OVERVIEW | PHOENIX MSA



338,654 RESIDENTS
WITHIN 5 MILES

CENTRALLY LOCATED NEAR
I-17, HWYS 101 AND 51

PHOENIX IS THE 5th
LARGEST CITY IN THE U.S.

"RANKED #19 IN BEST
PLACES TO LIVE"⁽¹⁾

GREATER PHOENIX HAS A
TOTAL POPULATION OF
APPROXIMATELY
4.49 MILLION

The subject property has direct street frontage along E. Bell Road, a main six-lane thoroughfare with average daily traffic counts of 47,710 ADT. It is situated in a dense infill area, directly adjacent to a newly constructed multi-tenant retail property with Cafe Rio, Blaze Pizza, and Smash Burger, as well as several newly built apartment complexes and residential homes. There are strong demographics in the area with 338,654 residents having an average household income of \$71,908 within a 5-mile radius of the subject.⁽¹⁾

One of the fastest-growing regions in the nation, the Greater Phoenix area has a population of nearly 4.49 million residents. The region's population increased by 39% from 1997 to 2005, which significantly outpaced the national rate of 12%. Greater Phoenix is the 5th largest city in the U.S.⁽²⁾

Dependable sunshine and warm temperatures make outdoor activities a way of life in Phoenix. Golf, tennis, hiking, cycling, mountain biking and rock climbing are popular Phoenix activities. Horseback riding is a great way to see the Sonoran Desert, as is a rugged Jeep or Hummer ride. Thrill seekers can soar above the desert plateau in a glider, sailplane or hot-air balloon, or satisfy their need for speed at the Bondurant School of High Performance Driving.⁽²⁾

Visitors can choose from water skiing, sailing, fishing and tubing in the region's lakes and rivers. Greater Phoenix is home to more than 450 hotels and 64,000 guest rooms. That total includes more than 40 luxury resorts.⁽²⁾ Phoenix experiences more than 20 million visitors annually.⁽³⁾

Greater Phoenix annually plays host to the PGA Tour's Waste Management Phoenix Open (at the Tournament Players Club of Scottsdale), NASCAR's March and November events (at ISM Raceway), the Rock 'n' Roll Marathon, and college football's Fiesta Bowl and Cactus Bowl. Phoenix has played host to the Super Bowl XLIX in 2015 and 2008 (University of Phoenix Stadium), the College Football Playoff National Championship Game of the Bowl Championship Series (formerly BCS) in 2016, and the 2017 NCAA Men's Basketball Final Four (University of Phoenix Stadium). Phoenix is one of 13 U.S. cities with franchises in all four major professional sports leagues: Phoenix Suns (NBA), Arizona Diamondbacks (MLB), Arizona Cardinals (NFL) and Arizona Coyotes (NHL).⁽²⁾

(1) Marcus & Millichap Research Services, CoStar

(2) <https://www.visitphoenix.com/media/media-kit/greater-phoenix-overview/>

(3) <https://realestate.usnews.com/places/arizona/phoenix>



AERIAL VIEW

The subject property is centrally located at a major intersection within Phoenix, AZ, on 1000 E Bell Road.



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HOUSEHOLD INCOME

YEAR 2018	1 MILE	3 MILES	5 MILES
AVERAGE	\$59,020	\$71,890	\$71,908
MEDIAN	\$43,359	\$53,289	\$53,835

POPULATION

YEAR	1 MILE	3 MILES	5 MILES
2023 Projection Total Population	28,999	154,247	366,133
2018 Estimated Total Population	26,756	142,695	338,654
2010 Census Total Population	23,494	127,715	302,777



EXPERIENCED FRANCHISEE

THE FRANCHISEE OPERATES DUNKIN' DONUTS AND TACO BELL
LOCATIONS IN A NUMBER OF REGIONS ACROSS THE U.S.

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TENANT OVERVIEW

Dunkin' Donuts | PHOENIX, AZ

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BRAND OVERVIEW⁽¹⁾



Dunkin' Donuts is the world's leading baked goods and coffee chain, serving more than 3 million customers each and every day. True to their name, they offer 50+ varieties of donuts, but you can also enjoy dozens of premium beverages, bagels, breakfast sandwiches and other baked goods.

In 1950, Bill Rosenberg opened the first Dunkin' Donuts shop in Quincy, MA. Just five years later, a franchise legacy was born. There are more than 11,300 Dunkin' Donuts restaurants worldwide – that's over 8,500 restaurants in 41 states across the U.S.A. and over 3,200 international restaurants across 36 countries.

With over 130 years of franchising experience, Dunkin' Brands is home to two of the world's most recognized, beloved franchises: Dunkin' Donuts and Baskin-Robbins.

Source: www.dunkindonuts.com

FRANCHISEE PROFILE

ABDD has been in the QSR business since 2009, holding both equity interests in and management responsibility for a portfolio which includes 57 Dunkin' Donuts in New York, New Jersey and Arizona and 29 Taco Bells in New York and Kentucky. ABDD's two founders have backgrounds in finance and banking at Goldman Sachs and Deutsche Bank, respectively. ABDD's CEO has over 25 years of fast food and franchise experience and a proven track record of managing multi-unit organizations, including an early stage network of 19 Dunkin's in Phoenix. ABDD's local (Phoenix) Director of Operations was previously an Arizona Operations Manager at Dunkin' Brands where he was responsible for opening the first 40 corporate-owned Arizona Dunkin's and for providing store opening support and training, cost control systems and compliance reviews.

- ▶ STRONG FRANCHISEE WITH OPERATIONAL HISTORY OF 57 DUNKIN' DONUTS AND 29 TACO BELLS IN FOUR DIFFERENT STATES
- ▶ OVER 39 YEARS OF COMBINED REAL ESTATE EXPERIENCE
- ▶ SUBSTANTIAL EXPERIENCE AND KNOWLEDGE OF THE ARIZONA REAL ESTATE MARKET HAS DRIVEN THE SUCCESS ON THEIR ARIZONA EXPANSION
- ▶ THE FRANCHISEE'S BACKGROUND WITH DUNKIN' DONUTS OPERATIONS, REAL ESTATE LAW, REAL ESTATE DEVELOPMENT, INVESTMENT BANKING, AND INSTITUTIONAL MARKETING ARE KEY FACTORS TO THEIR CONTINUED EXPANSION TRIUMPHS



DUNKIN' BRANDS - FINANCIAL HIGHLIGHTS⁽¹⁾



- ▶ “Dunkin’ Brands Group Inc. said sales of iced coffee, frozen beverages and breakfast sandwiches boosted domestic comparable-store sales in the third quarter despite fewer people visiting its restaurants. The company said Thursday that both Dunkin’ Donuts and Baskin-Robbins stores in the U.S. saw less traffic in the latest period but average ticket prices rose. Comparable sales at Dunkin’ Donuts locations in the U.S. rose 1.3% in the quarter. Internationally, comparable sales at Dunkin’ Donuts stores rose 2.9%. Overall sales rose 6% to \$350 million, above consensus forecasts of \$342.9 million. The company also has said it was investing \$100 million in the U.S. in the coming year, and more than half of the funds would go toward restaurant technology, including the espresso machines. Profit in the latest period climbed 61% to \$66.1 million, or 79 cents a share. Adjusted earnings were 83 cents a share. Analysts polled by FactSet were expecting earnings of 70 cents a share, or 73 cents a share as adjusted. For fiscal 2018, the company raised its earnings outlook to between \$2.60 and \$2.64 a share, from between \$2.48 and \$2.56 a share as previously guided. On adjusted basis, it now expects to earn between \$2.80 and \$2.82 a share, up from its prior target range between \$2.49 and \$2.58 a share. Shares in Dunkin’ are up 27% over the past 12 months.” - Kimberly Chin, MarketWatch
- ▶ “Updated branding is one more step in the company’s journey to transform into a beverage-led, on-the-go brand. New branding to be reflected on packaging, in advertising, online and on new and remodeled restaurants beginning January 2019 Dunkin’ Donuts has been on a first-name basis with its fans long before the introduction of its iconic tagline, “America Runs on Dunkin,’” with customers around the world naturally and affectionately referring to the brand as “Dunkin.” In recognition of this relationship, and as one of many steps to transform itself into the premier beverage-led, on-the-go brand, the company today unveiled its new branding at its Global Franchisee Convention that officially recognizes its name as simply “Dunkin.” The change will officially take place in January 2019.” - Michelle King, Dunkin’ Brands Group, Inc.
- ▶ “First, Dunkin’ dropped the “Donuts” from its name. Now it’s adding fancy espresso drinks to its menu. Dunkin’ says U.S. customers will be able to buy upgraded lattes, cappuccinos and other espresso-based hot and cold drinks at most of its 9,200 U.S. stores by the holiday season. It’s part of an effort by Canton, Massachusetts-based Dunkin’ to increase beverage sales — already 60 percent of its revenue — and compete more directly with Starbucks Corp.” - Dee-Ann Durbin, APNews.com

- ▶ “Dunkin’ wants customers to see it as cheaper than Starbucks and just as good. The company dropped the “Donuts” from its name last month and is also encroaching on Starbucks turf by selling cold-brew coffee in its shops and bottled iced coffee in grocery stores. Starbucks has generated lackluster sales growth in recent quarters in the U.S., its largest market, and competition to sell high-quality coffee is intensifying. The price of a 16-ounce hot latte at a Dunkin’ in Baltimore, where the chain has been testing the new drinks, is \$3.59, with tax, compared to \$4.19 for the same-sized drink at a nearby Starbucks.” “Dunkin’ has been remodeling its stores with cold-brew taps and drive-through lanes for mobile orders.” - Julie Jargon, WSJ
- ▶ “Last year, the company added 280 units to its system, raising its total store count to 12,538 and propelling system-wide sales to nearly \$9.2 billion. Central to that effort is Dunkin’s DD Perks rewards program. Powered by more than 2 million new enrollees in 2017, the loyalty program is pushing toward 9 million members. We see DD Perks as an important part of our brand strategy, especially as we look for ways to further reward our loyal guests and offer them more relevant promotions tailored just for them, as well as in-store conveniences with our On-the-Go Mobile Ordering,” Weisman says. Indeed, Dunkin’s DD Perks program is uniquely tied to its mobile-ordering platform, which strives to make the brand even more convenient and accessible for guests. With On-the-Go Mobile Ordering, guests can place their order ahead of time and then speed past the line to pick up their order at the store. Our On-the-Go Mobile Ordering has roughly a 80 percent retrial rate, showing that the program is clearly resonating with our guests and bringing them value,” Weisman says, adding that Dunkin’ will continue exploring ways to make DD Perks more flexible and attractive to guests.” - Daniel P. Smith, QSR Magazine

Third quarter highlights of 2018 include:

- ▶ Dunkin’ U.S. comparable store sales increase of 1.3%
- ▶ Baskin-Robbins U.S. comparable store sales increase of 1.8%
- ▶ Added 77 net new Dunkin’ and Baskin-Robbins locations globally including 52 net new Dunkin’ locations in the U.S.
- ▶ Revenues increased 6.0%
- ▶ Diluted EPS increased by 75.6% to \$0.79
- ▶ Diluted adjusted EPS increased by 69.4% to \$0.83
- ▶ \$662.5 million in total revenue in fiscal year 2017

Historical Stock Prices - Past 6 Years:

	12/29/2012	12/28/2013	12/27/2014	12/26/2015	12/31/2016	12/30/2017
Dunkin’ Brands Group, Inc. (NASDAQ: DNKN)	\$100.00	\$150.44	\$136.10	\$139.11	\$176.52	\$222.00

(1) These are partial financial highlights for Dunkin’ Brands Group, Inc. All financial information shown is for Dunkin’ Brands Group, Inc. and not for the franchisee. Dunkin’ Brands Group, Inc. is not the tenant . Marcus & Millichap and its affiliates has not made any investigation, and makes no warranty or representation, with respect to the information contained herein. This information has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. Individuals are strongly advised to take appropriate measures to verify all of the information set forth herein. Buyer must conduct their own Due Diligence.

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Broker of Record: Ryan Sarbinoff, AZ: BR023173000

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