

# BURGER KING SALE-LEASEBACK



Representative Photo

# OFFERING MEMORANDUM



12506-12080 Lebanon Road, Cincinnati, Ohio 45241

**BURGER KING**

# Confidentiality and Disclaimer

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12506-12080 Lebanon Road - Cincinnati, OH

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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

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thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure 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. All potential buyers must take appropriate measures to verify all of the information set forth herein.

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# INVESTMENT SUMMARY



Marcus & Millichap is pleased to present this exclusive listing for a Burger King located at 12056-12080 Lebanon Road in Cincinnati, Ohio. Built in 2019, the subject property will consist of roughly 2,811 square feet of building space. This investment opportunity is subject to a brand new 20-year Triple-Net (NNN) sale-leaseback with zero landlord responsibilities, the lease will commence upon the close of escrow and will be subject to six (6), five (5) year tenant renewal options. The initial annual rent will be \$147,193 and is scheduled to increase by one percent (1.00%) annually starting in year 11 and continuing throughout the base term and option periods. In each option period the rent will increase by one percent (1.00%) annually in years 1 through 3 and the rent will remain flat in years 4 and 5. The property is strategically situated on approximately a 0.77-acre parcel on Lebanon Road. The sites positioning on Lebanon Road offers excellent visibility and exposure to the nearly 24,600 vehicles that travel through each day.

The subject investment property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, and hotels all within close proximity of this property. Major national tenants include: Kroger, Walgreens, CVS, Gabe's, McDonalds, Wendy's, Chipotle Mexican Grill, 99 Restaurant, KFC, Waffle House, White Castle, as well as many more. The subject property is located less than five miles from the Sharon Woods Golf Course, a 750-acre park with running and biking trails, 18-hole golf, picnic spots and a lake with boat rentals. Additionally, located less than a mile away from the Burger King property is I-275 which is an 83.71-mile-long loop in Ohio, Indiana, Kentucky that forms a complete beltway around the Cincinnati, Ohio area.

Carrols, LLC is Burger King's largest franchisee and has operated BURGER KING® restaurants since 1976. As of October 5, 2018, the Company completed the acquisition of 43 additional BURGER KING® restaurants in Michigan, Virginia, West Virginia, South Carolina, Georgia and currently owns and operates 848 BURGER KING® restaurants. Carrols LLC's direct parent company, Carrols Restaurant Group, INC. (Nasdaq: TAST), is one of the only publicly traded companies solely controlling Burger King Franchises and one of the largest restaurant companies and franchisee's in the United States.



# Investment Highlights

PRICE: \$2,453,223 | CAP: 6.00% | RENT: \$147,193

**BURGER KING**

## About the Investment

- ✓ Brand New 20-Year Sale-Leaseback
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases of One Percent (1.0%) Annually Beginning in Year 11
- ✓ Six (6) Tenant Renewal Periods of Five (5) Years Each

## About the Location

- ✓ Dense Retail Corridor | Kroger, Walgreens, CVS, Gabe's, McDonalds, Wendy's, Chipotle Mexican Grill, 99 Restaurant, KFC, Waffle House, White Castle, and More
- ✓ Strong Traffic Counts | Lebanon Road and I-275 | 24,567 and 127,360 Vehicles Respectively
- ✓ Affluent Suburban Community | Average Income within a 3-Mile Radius Exceeds \$104,800
- ✓ Robust Population | Over 137,500 Individuals within a 5-Mile Radius
- ✓ Unparalleled Location | Situated Less Than 10-Miles North of Downtown Cincinnati

## About the Tenant / Brand

- ✓ Carrols Restaurant Group is One of the Largest Restaurant Companies and Franchisee's in the United States | 848-Unit Operator
- ✓ Strong Track Record With Proven Operational Expertise
- ✓ Burger King Brand is One of the World's Most Recognized Consumer Brands





# Financial Analysis

PRICE: \$2,453,223 | CAP: 6.00% | RENT: \$147,193

**BURGER KING**

## PROPERTY DESCRIPTION

Property	Burger King
Property Address	12056-12080 Lebanon Road
City, State, ZIP	Cincinnati, OH 45241
Year Built / Renovated	2019
Estimated Building Size	2,811
Lot Size	+/- 0.77 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$2,453,223 <sup>1</sup>
CAP Rate	6.00%
Annual Rent	\$147,193

## LEASE SUMMARY

Property Type	Net-Lease Quick-Service Restaurant
Tenant / Guarantor	Carrols LLC
Ownership Type	Public (NYSE: TAST)
Original Lease Term	20.0 Years
Lease Commencement	Upon Close of Escrow
Lease Expiration	20 Years from COE
Lease Term Remaining	20.0 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.0% Annually Starting Year 11
Options to Renew	Six (6), Five (5)-Year Options
Rental Increases in Options	Years 1-3: 1.0% Annual Increase Years 4-5: Flat Rent

<sup>1</sup> Pricing is subject to change +/- \$250,000.

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1-10	\$147,193	\$12,266	-
Year 11	\$148,665	\$12,389	1.00%
Year 12	\$150,152	\$12,513	1.00%
Year 13	\$151,653	\$12,638	1.00%
Year 14	\$153,170	\$12,764	1.00%
Year 15	\$154,702	\$12,892	1.00%
Year 16	\$156,249	\$13,021	1.00%
Year 17	\$157,811	\$13,151	1.00%
Year 18	\$159,389	\$13,282	1.00%
Year 19	\$160,983	\$13,415	1.00%
Year 20	\$162,593	\$13,549	1.00%







# Concept Overview: Burger King

**BURGER KING**

## GREAT FOOD COMES FIRST

Every day, more than 11 million guests visit BURGER KING® restaurants around the world. And they do so because our restaurants are known for serving high-quality, great-tasting, and affordable food. Founded in 1954, BURGER KING® is the second largest fast food hamburger chain in the world. The original HOME OF THE WHOPPER®, our commitment to premium ingredients, signature recipes, and family-friendly dining experiences is what has defined our brand for more than 50 successful years.

### #2 Fast Food Hamburger Chain, Globally

- More than \$16 billion in annual system-wide sales, and nearly 350,000 team members, worldwide. The concept has a market capitalization of roughly \$10 billion.

### Global Brand Presence | Fully – Franchised Business Model

- Nearly 14,000 restaurants in 100+ countries. QSR industry-leading EBITDA margins

### Rich Heritage | Stable, Reliable Long-Term Ownership

- Founded in 1954 with deep ties to the Miami Community. Burger King has been actively managed by 3G since 2010.

### 3G Capital

3G Capital is a global investment firm focused on long-term value, with a particular emphasis on maximizing the potential of brands and businesses. The firm and its partners have a strong history of operational excellence, board involvement, deep sector expertise, and an extensive global network. 3G Capital works in close partnership with management teams at its portfolio companies and places a strong emphasis on recruiting, developing and retaining top-tier talent. In October 2010, 3G Capital completed the acquisition of Burger King®, one of the most widely-recognized consumer brands in the world.

## General Information

Address	Oakville, ON
Website	<a href="http://www.rbi.com">http://www.rbi.com</a>
Stock Ticker	QSR (NYSE)
Current Price*	\$57.99
52 Week High/Low	\$68.89/ \$53.09

\*As of October 10, 2018

### Carrols, LLC

Carrols, LLC is Burger King's largest franchisee and has operated BURGER KING® restaurants since 1976. As of October 5, 2018, the Company completed the acquisition of 43 additional BURGER KING® restaurants in Michigan, Virginia, West Virginia, South Carolina, Georgia and currently owns and operates 848 BURGER KING® restaurants. Carrols LLC's direct parent company, Carrols Restaurant Group, INC. (Nasdaq: TAST), is one of the only publicly traded companies solely controlling Burger King Franchises and one of the largest restaurant companies and franchisee's in the United States.

### Burger King Worldwide, Inc.

Founded in 1954, Burger King® is the second largest fast food hamburger chain in the world. The original Home of the Whopper, the Burger King® system operates in approximately 14,000 locations serving more than 11 million guests daily in 100 countries and territories worldwide. Approximately 100 percent of Burger King® restaurants are owned and operated by independent franchisees, many of them family-owned operations that have been in business for decades.

### Restaurant Brands International

Restaurant Brands International is one of the world's largest quick service restaurant companies with approximately \$23 billion in system sales and over 18,000 restaurants in 100 countries. Restaurant Brands International owns two of the world's most prominent and iconic quick service restaurant brands – Tim Hortons® and Burger King®. These independently operated brands have been serving their respective guests, franchisees, and communities for over 50 years.





# Surrounding Area

**BURGER KING**



LEBANON RD ADTC: 24,567  
ADTC: 127,360







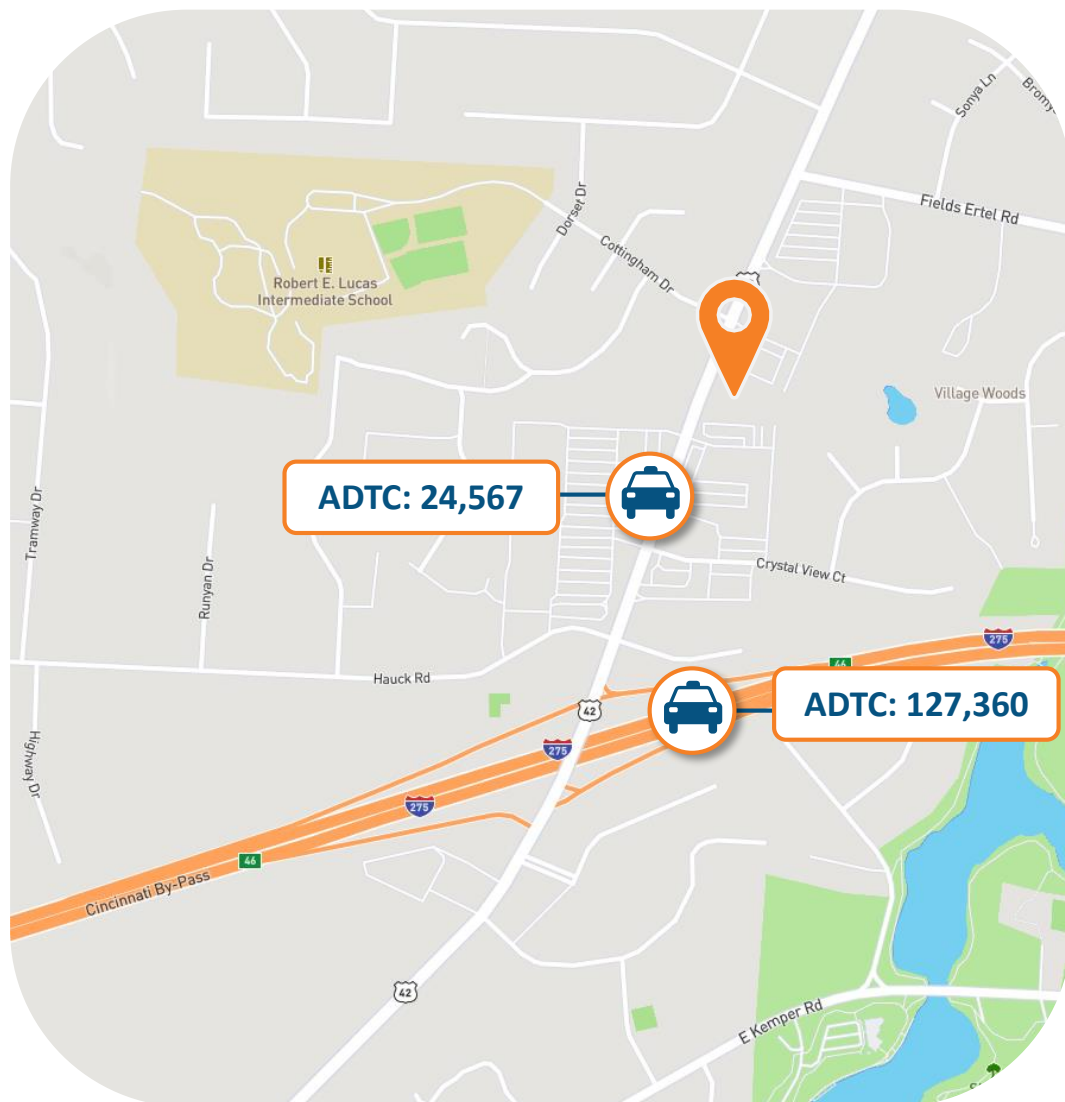
# Location Overview

**BURGER KING**

The subject investment property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, and hotels all within close proximity of this property. Major national tenants include: Kroger, Walgreens, CVS, Gabe's, McDonalds, Wendy's, Chipotle Mexican Grill, 99 Restaurant, KFC, Waffle House, White Castle, as well as many more. The subject property is located less than five miles from the Sharon Woods Golf Course. Sharon woods is a 750-acre park with running and biking trails, 18-hole golf, picnic spots and a lake with boat rentals. Located less than a mile away from the Burger King property is I-275 which is an 83.71-mile-long loop in Ohio, Indiana, Kentucky that forms a complete beltway around the Cincinnati, Ohio area.

The subject property is located in Lebanon Road, which boasts average daily traffic counts exceeding 24,500 vehicles. Lebanon Road intersects with I-275, which brings an additional 127,360 vehicles into the immediate area on average daily. There are more than 137,500 individuals residing within a five-mile radius of the subject property. The subject property is situated in an affluent suburban community with an average household income of over \$104,800 within a three-mile radius.

Cincinnati is a city in the state of Ohio and is the government seat of Hamilton county. With a population of 301,301, Cincinnati is the third-largest city in Ohio and 65<sup>th</sup> in the United States. It is the fastest growing economic power in the Midwestern United States based on percentages. Cincinnati is home to three major sports teams: the Cincinnati Reds, the oldest team in Major League Baseball, the Cincinnati Bengals of the National Football League, and the FC Cincinnati United Soccer League team. The city's largest institution of higher education, the University of Cincinnati, was founded in 1819 as a municipal college and is now ranked as one of the 50 largest in the United States. Cincinnati is home to historic architecture with many structures in the urban core having remained intact for 200 years. Cincinnati is commonly referred to as the "Paris of America," due mainly to such ambitious architectural projects such as the Music Hall, Cincinnati Hotel, and Shillito Department Store.







**BURGER KING**

Property Address: 12056-12080 Lebanon Road – Cincinnati, Ohio



Marcus & Millichap



# Demographics

Property Address: 12056-12080 Lebanon Road – Cincinnati, Ohio

**BURGER KING**

**1 Mile 3 Miles 5 Miles**

## Population Trends:

2023 Projection	6,525	38,914	137,539
2018 Estimate	6,423	38,186	134,828
2010 Census	6,234	37,123	130,692
2018 Population Hispanic Origin	372	1,821	8,660

## Population by Race (2018):

White	5,255	32,410	105,050
Black	487	2,509	13,647
Am. Indian & Alaskan	16	79	338
Asian	423	2,127	12,299
Hawaiian & Pacific Island	64	158	424
Other	178	902	3,070

## Household Trends:

2023 Projection	2,859	15,464	53,878
2018 Estimate	2,817	15,189	52,813
2010 Census	2,746	14,799	51,085
Owner Occupied	1,755	11,994	37,337
Renter Occupied	1,062	3,195	15,475

## Average Household Income (2018)

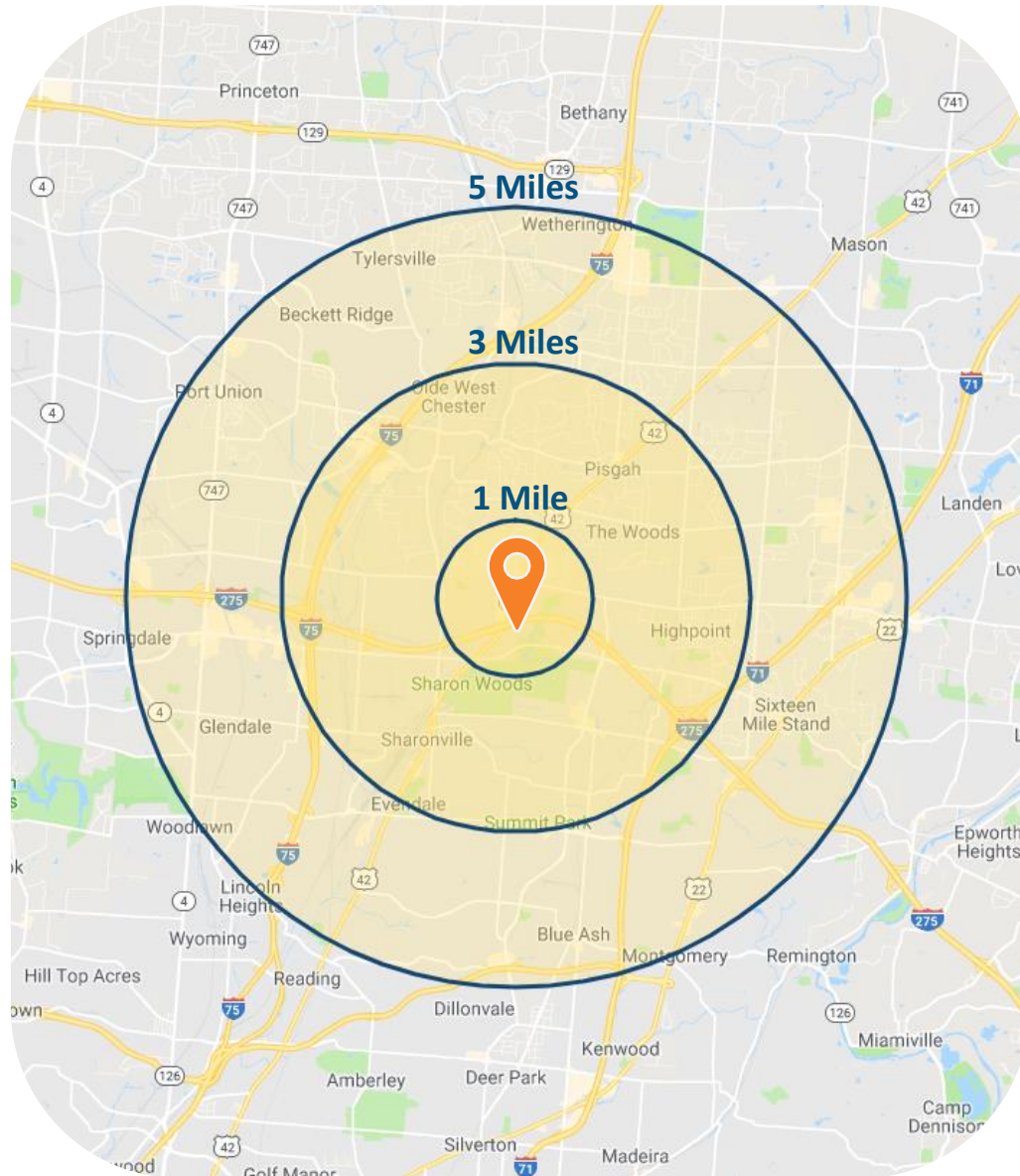
<b>\$98,477</b>	<b>\$104,873</b>	<b>\$105,245</b>
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## Households by Household Income (2018):

<\$25,000	464	1,883	6,941
\$25,000 - \$50,000	462	2,655	9,985
\$50,000 - \$75,000	591	2,663	9,139
\$75,000 - \$100,000	282	1,983	6,472
\$100,000 - \$125,000	227	1,515	5,069
\$125,000 - \$150,000	228	1,353	4,122
\$150,000 - \$200,000	284	1,484	4,643

## Median Household Income (2018):

<b>\$69,263</b>	<b>\$79,967</b>	<b>\$76,315</b>
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# Market Overview

City: Cincinnati | County: Hamilton | State: Ohio

*Cincinnati, Ohio*

**Cincinnati** is a city in the U.S. state of Ohio and is the government seat of Hamilton County, and is within a single day's drive of two-thirds of the United States population. Cincinnati has the 28<sup>th</sup> largest economy in the United States and the seventh largest in the Midwest. It currently has the fastest-growing economic capital based on percentages. The gross domestic product for the region was \$127 billion as of 2015. Several Fortune 500 companies are headquartered in Cincinnati, such as Procter & Gamble, The Kroger Company, and Macy's Inc, and General Electric. The Kroger Company employs almost 22,000 people locally, making it the largest employer in the city.

The University of Cincinnati is positioned within the city's limits. The University of Cincinnati is a major economic force for the city, having an economic impact of over \$3.5 billion dollars each year. Xavier University, which is also located in Cincinnati, along with the University of Cincinnati have a combined enrollment of more than 50,000 students. Listed as fourth on CNN's Top 10 cities for new graduates, many of the 50,000 students stay in Cincinnati after they graduate. Cincinnati is the cultural hub of its region, boasting award winning bars, one of the oldest zoo's in America, an active theatre community, and historic architecture, as well as Major League Baseball's Cincinnati Reds and the National Football League's Cincinnati Bengals.

## Major Employers

Employer	Estimated # of Employees
AK Steel	6,200
Uc Health Llc	4,415
US Foods Inc	3,300
Belcan	3,000
GE	2,655
Npc Group Inc	2,493
Procter & Gamble	2,286
Trustaff Travel Nurses	2,000
Ford	1,703
Cintas Corporation	1,560
Bethesda North Hospital	1,500
Cintas R US Inc	1,500

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**EXCLUSIVE NET LEASE OFFERING**

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