

# BURGER KING SALE-LEASEBACK



# OFFERING MEMORANDUM

*Subject Property*



2718 East 3rd Street, Bloomington, Indiana 47401

**BURGER KING**

# Confidentiality and Disclaimer

## Table of Contents

Investment Overview.	3
Investment Highlights.	4
Financial Analysis.	5
Concept Overview.	6
Surrounding Area.	7
Property Photos.	8-9
Surrounding Area Photos.	10
Location Overview.	11
Regional Map.	12
Demographics.	13
Market Overview.	14

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

### CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a

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.

### NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.



2718 East 3<sup>rd</sup> Street – Bloomington, Indiana





# INVESTMENT SUMMARY



Marcus & Millichap is pleased to present this exclusive listing for a Burger King located at 2718 East 3<sup>rd</sup> Street, Bloomington, Indiana. Newly built in 2018, the subject property consists of roughly 2,811 square feet of building space. The Burger King is subject to a 20-year absolute triple net (NNN) lease, which commences upon the close of escrow. The initial annual rent will be \$148,488 and is scheduled to increase by one percent (1.00%) annually starting in year 11 and continuing throughout the remainder of 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 a 0.497-acre parcel on East 3<sup>rd</sup> Street. The sites positioning on East 3<sup>rd</sup> Street offers excellent visibility and exposure to the nearly 20,280 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: Best Buy, CVS, Macy's, Target, Dick's Sporting Goods, Panera Bread, Taco Bell, Chick-fil-A, Starbucks, Applebee's Grill + Bar, Steak 'n Shake, McDonalds, KFC, Chipotle, Red Lobster, Fazoli's, as well as many others. The subject property benefits from its close proximity to Indiana University Bloomington. Indiana University Bloomington is the flagship institution of the Indiana University system and its largest university, with a total enrollment exceeding 40,000 students, it is located less than a mile from the subject property. In addition, Indiana University Health Hospital, a 275-bed medical and surgical hospital is located approximately less than 4 miles from the subject property.

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: \$2,607,590 | CAP: 6.15% | RENT: \$160,367

**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 | Best Buy, CVS, Macy's, Target, Dick's Sporting Goods, Panera Bread, Taco Bell, Chick-fil-A, Starbucks, Applebee's Grill + Bar, Steak 'n Shake, McDonalds, KFC, Chipotle, Red Lobster, as well as many others
- ✓ Indiana University Bloomington | Less Than One Mile From the Subject Property | Total Enrollment Exceeding 40,000 Students
- ✓ Strong Traffic Counts | East 3<sup>rd</sup> Street and State Road 46 | 20,280 and 21,481 Vehicles Respectively
- ✓ Positive Real Estate Fundamentals | Positioned on Hard Corner of a Signalized Intersection
- ✓ Compelling Location Fundamentals | Less Than Four Miles from Indiana University Health Hospital | 275-Bed Hospital

## 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: \$2,607,590 | CAP: 6.15% | RENT: \$160,367

**BURGER KING**

## PROPERTY DESCRIPTION

Property	Burger King
Property Address	2718 East Third Street
City, State, ZIP	Bloomington, IN 47401
Year Built / Renovated	2018
Estimated Building Size	2,811
Lot Size	+/- 0.42 Acres <sup>1</sup>

## THE OFFERING

Purchase Price	\$2,607,590 <sup>2</sup>
CAP Rate	6.15%
Annual Rent	\$160,367

## 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

<sup>1</sup> Lot Size being advertised for sale is for additional parking and a portion of the drive-thru. Tenant is in a ground lease on the adjacent parcel (+/- 0.50 Acres) with a Third Party Landlord. A Prospective Purchaser will have a leasehold interest in the building improvements, which are located on the ground leased parcel.

<sup>2</sup> Pricing is subject to change +/- \$250,000 based upon final construction costs.

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1-10	\$160,367	\$13,364	-
Year 11	\$161,970	\$13,498	1.00%
Year 12	\$163,590	\$13,633	1.00%
Year 13	\$165,226	\$13,769	1.00%
Year 14	\$166,878	\$13,907	1.00%
Year 15	\$168,547	\$14,046	1.00%
Year 16	\$170,233	\$14,186	1.00%
Year 17	\$171,935	\$14,328	1.00%
Year 18	\$173,654	\$14,471	1.00%
Year 19	\$175,391	\$14,616	1.00%
Year 20	\$177,145	\$14,762	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*	\$62.70
52 Week High/Low	\$65.17/ \$50.20

\*As of February 4, 2019

### 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

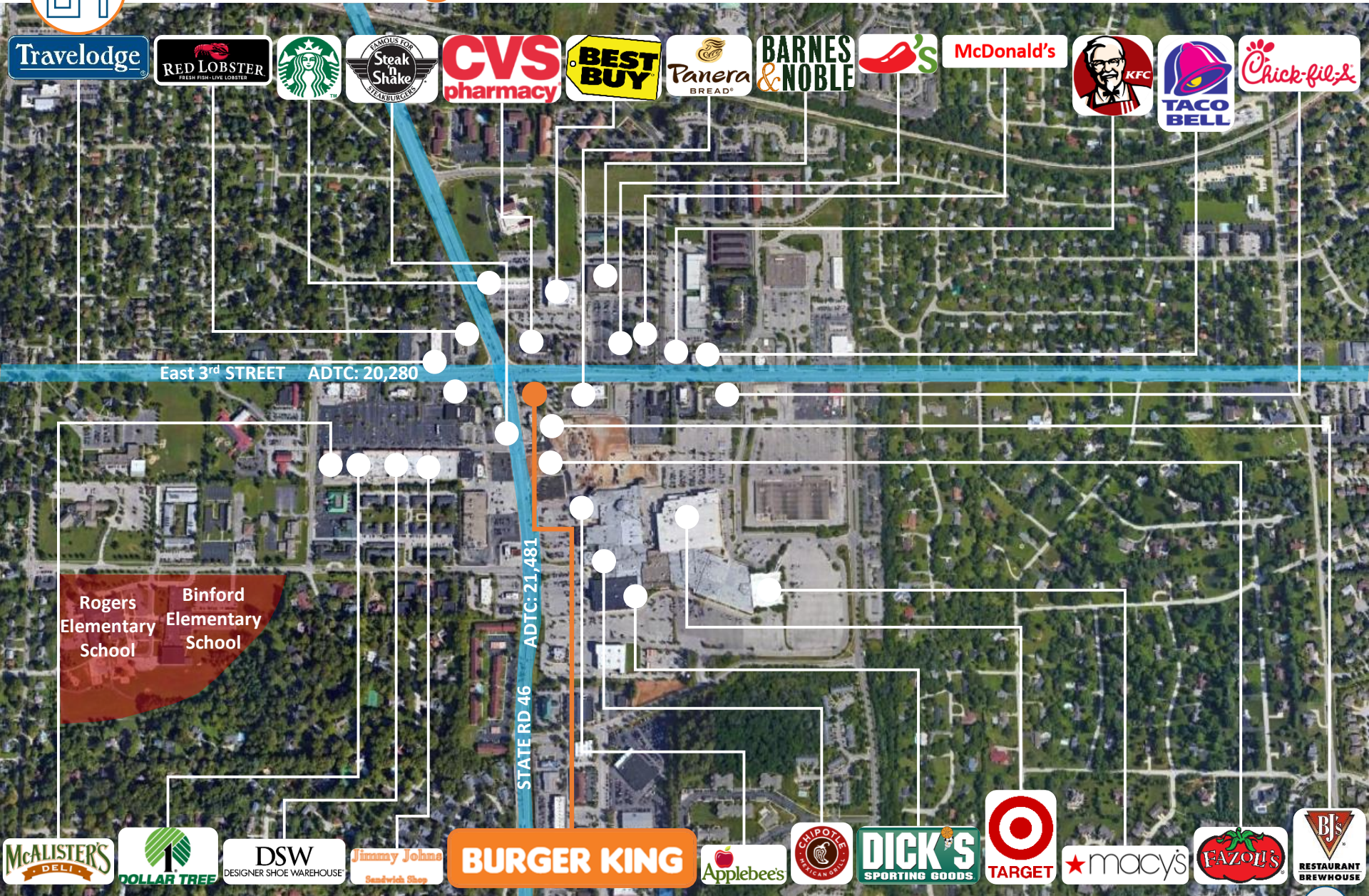
Restaurant Brands International is one of the world's largest quick service restaurant companies with approximately \$23 billion in system sales and over 18,000 restaurants in 100 countries. Restaurant Brands International owns two of the world's most prominent and iconic quick service restaurant brands – 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**







# Property Photo

**BURGER KING**



*Subject Property*





# Property Photo

**BURGER KING**



*Subject Property*





# Surrounding Area Photos

**BURGER KING**







# Location Overview

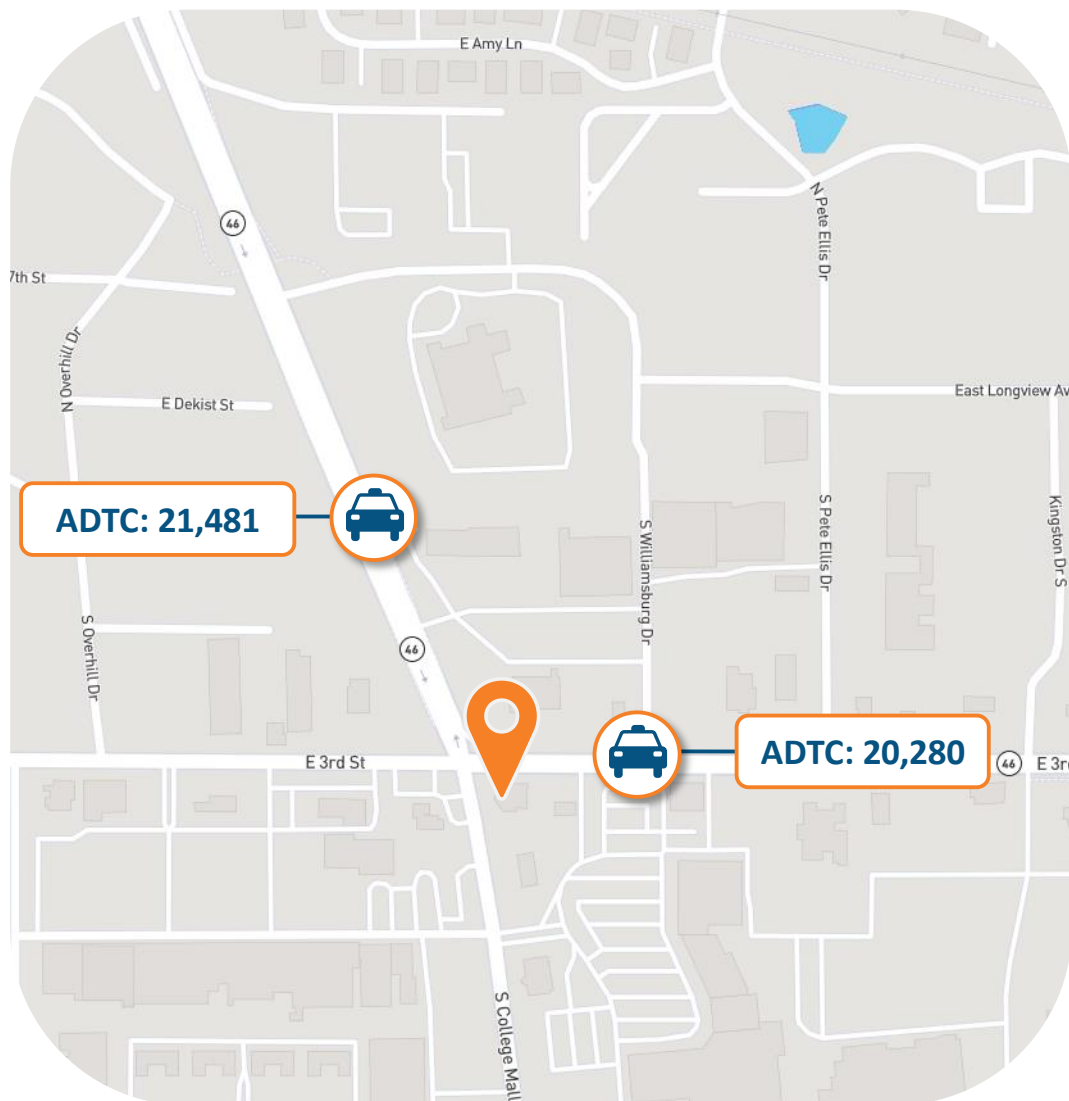
Property Address: 2718 East 3<sup>rd</sup> Street – Bloomington, Indiana

**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: Best Buy, CVS, Macy's, Target, Dick's Sporting Goods, Panera Bread, Taco Bell, Chick-fil-A, Starbucks, Applebee's Grill + Bar, Steak 'n Shake, McDonalds, KFC, Chipotle, Red Lobster, Fazoli's, as well as many others. The subject property benefits from its close proximity to Indiana University Bloomington. Indiana University Bloomington is the flagship institution of the Indiana University system and its largest university, with a total enrollment exceeding 40,000 students, it is located less than a mile from the subject property. In addition, Indiana University Health Hospital, a 275-bed medical and surgical hospital is located approximately less than 4 miles from the subject property.

The subject property is located on East 3<sup>rd</sup> Street which experiences an average daily traffic count of 20,280 vehicles. East 3<sup>rd</sup> Street intersects with State Road 46 which brings an additional 21,481 vehicles to the immediate area per day. The subject property benefits from being situated in a heavily populated area. There are more than 74,205 individuals residing within a three-mile radius and more than 104,207 individuals within a five-mile radius.

Bloomington is a city and the county seat of Monroe County in the southern region of the state. It is the seventh-largest city in Indiana and known as the "Gateway to Scenic Southern Indiana." It is home to the Indiana University Bloomington. Established in 1920, IU Bloomington has 49,695 students as of September 2016, and is the original and largest campus of Indiana University. Bloomington is a regional economic center anchored by Indiana University and home to a diverse business community involved in pharmaceuticals, medical devices, technology, health care, and the arts. Bloomington's concentration of employment in the life sciences is six times greater than the U.S. average, and the employment in the technology sector has grown by over 80 percent in recent years. The city has been recognized by Inc. Magazine as one of "America's Best Cities for Doing Business" and as one of the Entrepreneur Magazines Top 50 "Hottest Small Cities for Entrepreneurs." Additionally, Forbes Magazine ranked Bloomington No. 3 in its "Best Places for Business Careers" feature.





# Regional Map

**BURGER KING**

Property Address: 2718 East 3<sup>rd</sup> Street – Bloomington, Indiana



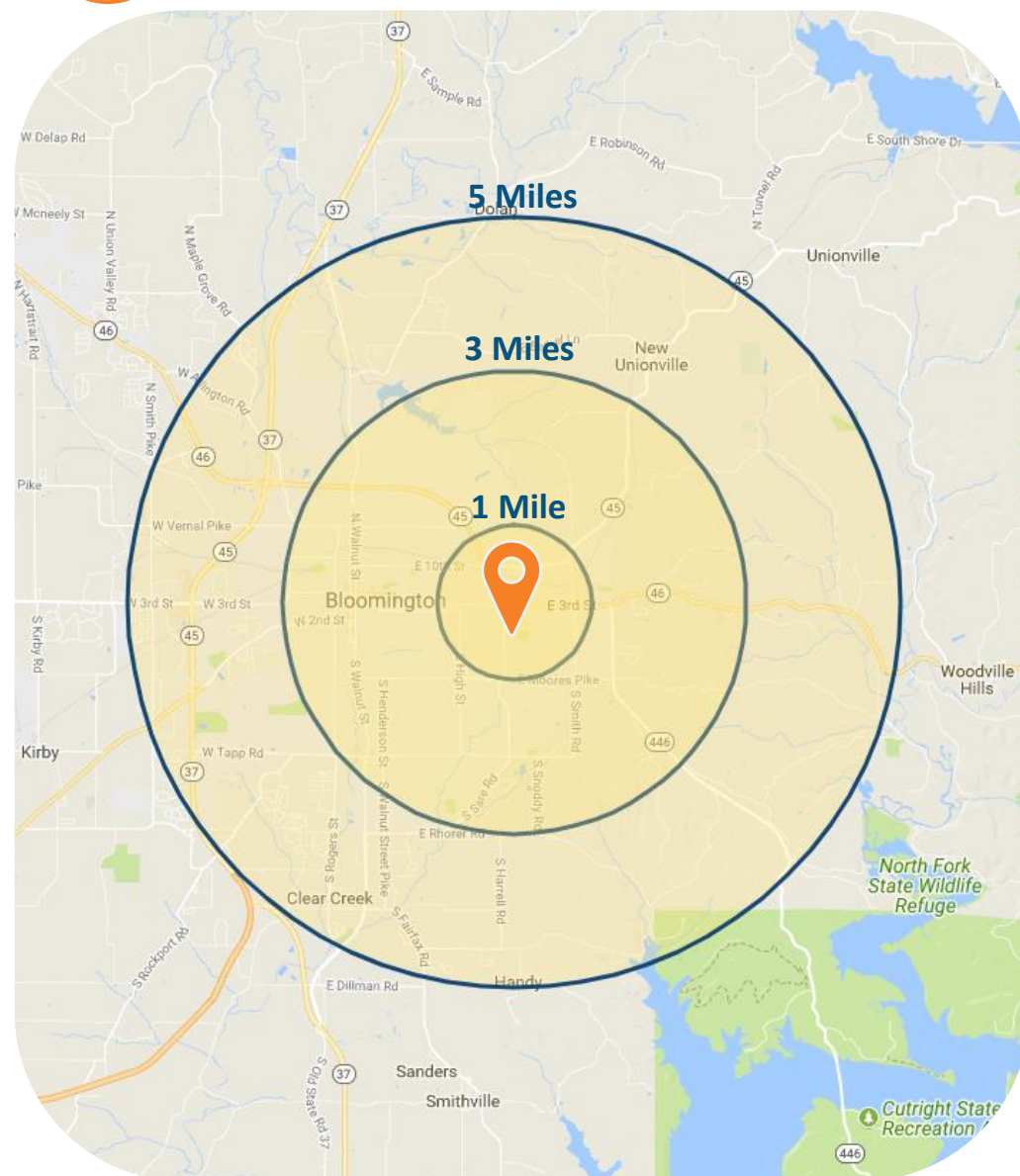




# Demographics

Property Address: 2718 East 3<sup>rd</sup> Street – Bloomington, Indiana

**BURGER KING**



**1 Mile 3 Miles 5 Miles**

## Population Trends:

2023 Projection	17,942	76,654	107,982
2018 Estimate	17,419	74,205	104,207
2010 Census	16,803	70,789	98,073
2018 Population Hispanic Origin	744	2,894	4,102

## Population by Race (2018):

White	12,385	60,166	86,713
Black	949	3,201	4,652
Am. Indian & Alaskan	65	226	343
Asian	3,468	8,504	9,497
Hawaiian & Pacific Island	18	62	79
Other	533	2,047	2,923

## Household Trends:

2023 projection	6,582	29,232	42,989
2018 Estimate	6,351	28,178	41,343
2010 Census	6,064	26,775	38,747
Owner Occupied	1,528	9,676	17,010
Renter Occupied	4,823	18,502	24,333

## Average Household Income (2018)

<b>\$53,604</b>	<b>\$61,876</b>	<b>\$63,012</b>
-----------------	-----------------	-----------------

## Households by Household Income (2018):

<\$25,000	2,832	11,176	14,547
\$25,000 - \$50,000	1,559	6,515	10,335
\$50,000 - \$75,000	666	3,335	5,627
\$75,000 - \$100,000	436	2,224	3,575
\$100,000 - \$125,000	271	1,571	2,386
\$125,000 - \$150,000	122	701	1,206
\$150,000 - \$200,000	137	927	1,352

## Median Household Income (2018):

<b>\$28,903</b>	<b>\$35,403</b>	<b>\$38,853</b>
-----------------	-----------------	-----------------



# Market Overview

City: Bloomington | County: Monroe | State: Indiana

*Indianapolis, Indiana*

**Bloomington** is located approximately 45 miles south of Indianapolis, Indiana. Indianapolis is the capital city of Indiana and has a population of 2,028,614 distributed within its metropolitan statistical area. Indianapolis is the most populous city in the state of Indiana and the seat of Marion County. As of 2017, Indianapolis is the third most populous city in the American Midwest and the 16<sup>th</sup> most populous city in the U.S. Indianapolis anchors the 25<sup>th</sup> largest economic region in the U.S., based primarily on the sectors of finance and insurance, manufacturing, professional and business services, education and healthcare, government, and wholesale trade.

In 2015, the Indianapolis metropolitan area had a gross domestic product of \$134 billion. The top five industries were finance, insurance, real estate, rental, and leasing, manufacturing, professional, scientific, and technical services, and transportation and warehousing. The city's major exports include pharmaceuticals, motor vehicle parts, medical equipment and supplies, engine and power equipment, and aircraft products and parts. The city's central location and extensive highway and rail infrastructure have positioned Indianapolis as an important logistics center, home to 1,500 distribution firms employing some 100,000 workers. As home to the second largest FedEx Express hub in the world, Indianapolis International Airport ranks as the sixth busiest U.S. airport in terms of air cargo transport, handling over 1 million tons and employing 6,600 in 2015.

## Major Employers

Employer	Estimated # of Employees
IU Health Bloomington Hospital	2,800
Winslow Health Care	2,000
Indiana University	1,134
Ballinger Arts & Crafts Center	700
Prologic Rdemption Slutions Inc	700
Kroger	664
Walmart	550
City of Bloomington	511
County of Monroe	502
Cook Pharmica LLC	500
Trustees Indiana University	485
Pts Electronics	450



**BURGER KING**

Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**

Josh Caruana  
Marcus & Millichap  
600 East 96<sup>th</sup> Street Suite 500  
Indianapolis, IN 46240  
Tel: (317) 218-5300  
Fax: (317) 218-5310  
License: RB14034355



2718 East 3rd Street, Bloomington, Indiana 47401