

Marcus & Millichap



Dunkin' Donuts | WHITE LAKE, NY

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Dunkin' Donuts

1459 NY-17B, WHITE LAKE, NY 12786

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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

INVESTMENT OVERVIEW

Dunkin' Donuts | WHITE LAKE, NY

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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.

STRONG AVERAGE ANNUAL HOUSEHOLD INCOME

Situated in an area with over 28,000 people living within a ten-mile radius and an average annual household income exceeding \$62,000

RECENTLY CONSTRUCTED BUILDING WITH DRIVE-THRU

The building was completed in 2015 and offers an upscale contemporary design complete with a wrap-around drive-thru pick-up window.

HIGHLY FREQUENTED WHITE LAKE RETAIL LOCATION

The property is well-located with excellent visibility and access along New York State Route 17-B, with average daily traffic of 8,825 vehicles per day (VPD).

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. The lease is guaranteed by ABDD IV LLC (5 +/- unit entity), an ABDD Capital wholly owned entity valued at \$5 to \$7 million.



EXECUTIVE SUMMARY

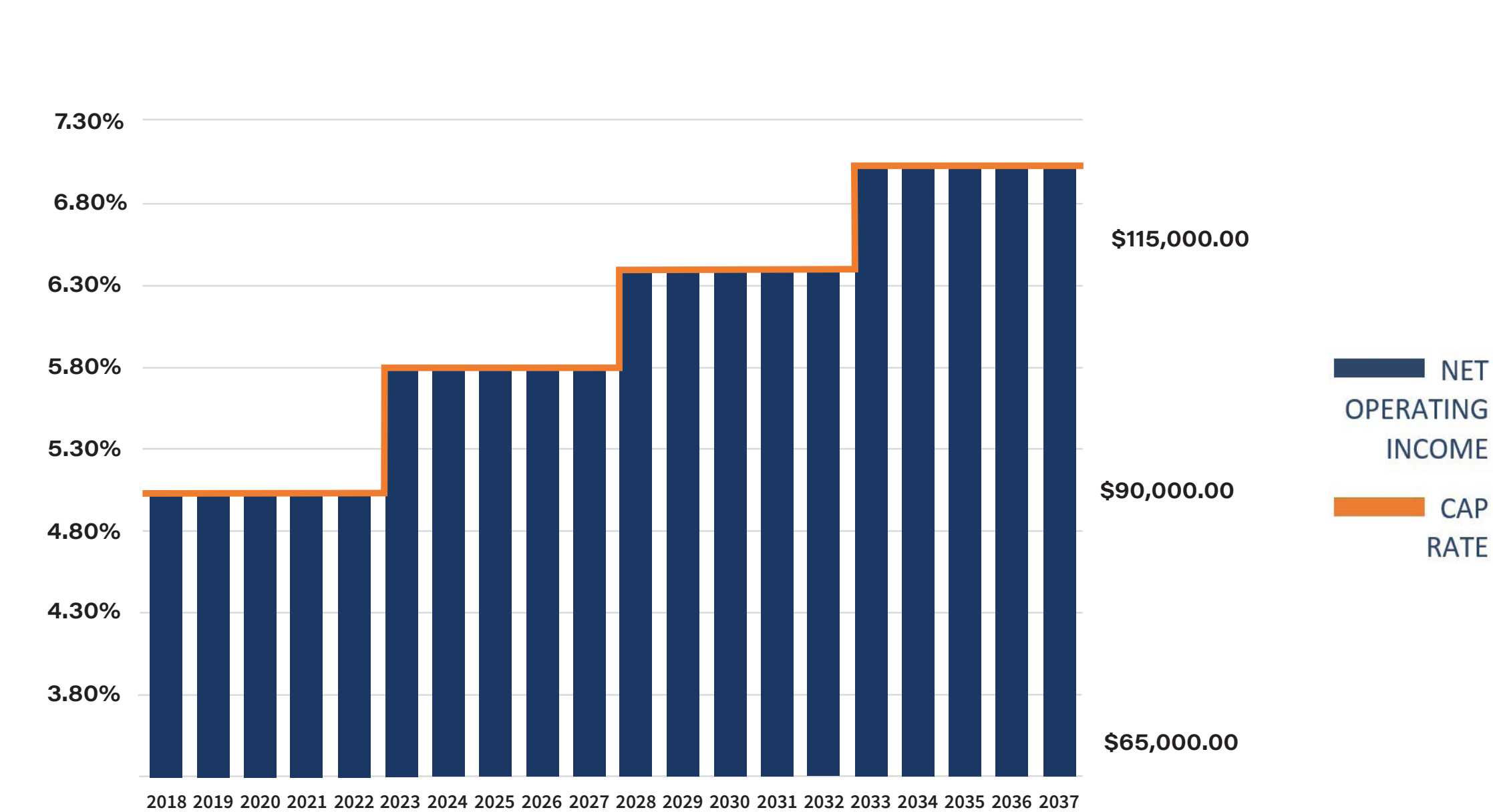
DUNKIN' DONUTS

WHITE LAKE, NY

1459 NY-17B, WHITE LAKE, NEW YORK 12786

OFFERING PRICE		CAP RATE	
\$1,714,000		5.25%	
Net Operating Income		\$90,000	
Lease Type		NNN Ground Lease	
Years Remaining		20 Years	
Lease Commencement		Close of Escrow	
Lease Expiration Date		20 Years from Close of Escrow	
Year Built/Renovated		2015 ⁽¹⁾	
Rentable Area		1,700 SF ⁽¹⁾	
Lot Size		16,553 SF ⁽¹⁾	
Primary Term Escalations		10% Every 5 Years ⁽¹⁾	
Extension Term Escalations		10% Every 5 Years ⁽¹⁾	
Options		(5) Five-Year Options ⁽¹⁾	
Tenant		Franchisee (5 +/- Unit Guaranty; See Pages 26-27)	

CAP RATE GROWTH CHART⁽²⁾



(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.

LOCATION & MARKET OVERVIEW

Dunkin' Donuts | WHITE LAKE, NY

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LOCATION OVERVIEW | WHITE LAKE, NY



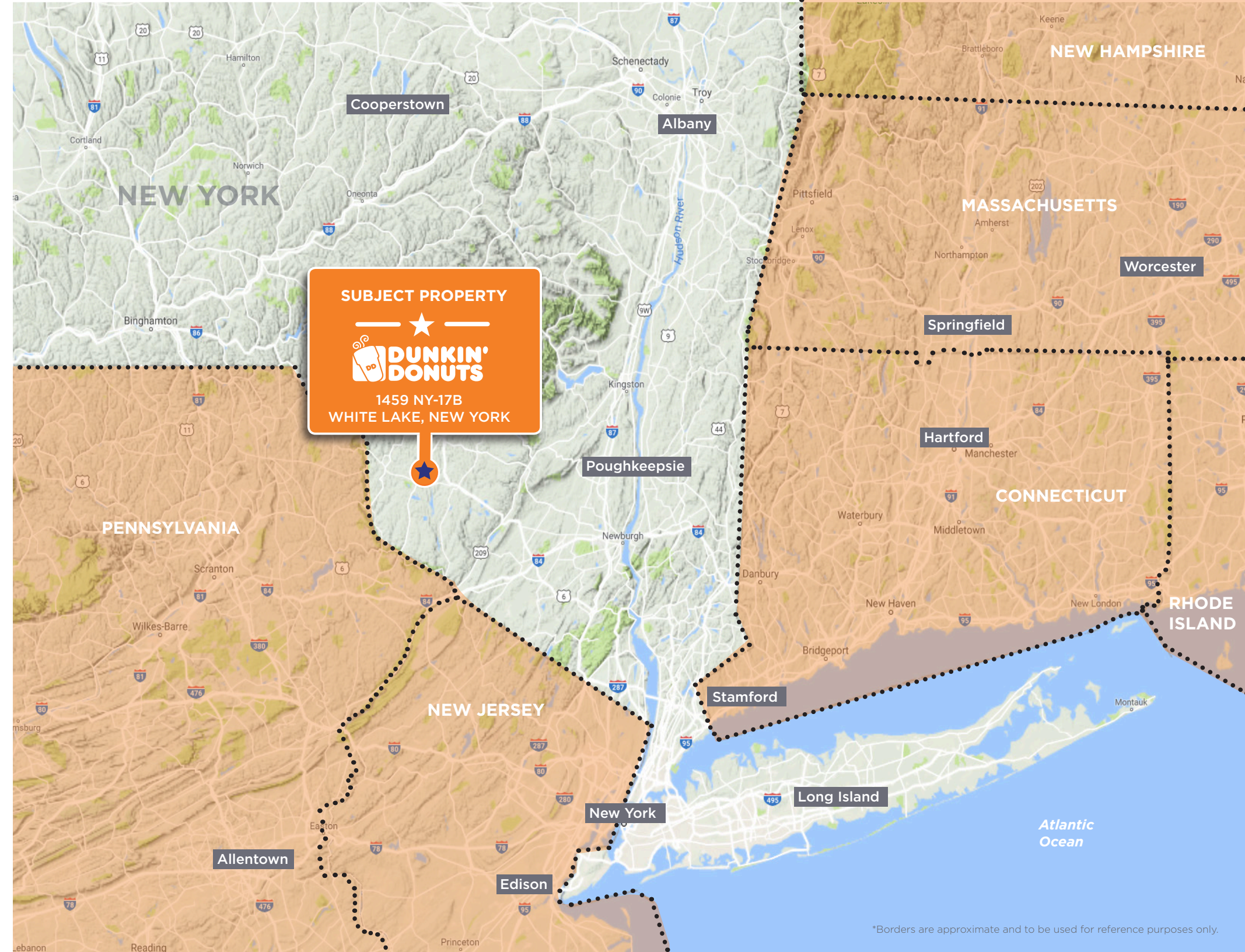
IN AN AREA WITH A POPULATION OVER 28,000 PEOPLE LIVING WITHIN A TEN-MILE RADIUS WITH AN AVERAGE ANNUAL HOUSEHOLD INCOME OF NEARLY \$62,000.

LOCATED JUST TWO HOURS NORTHWEST OF MANHATTAN IN THE UPPER DELAWARE VALLEY OF THE CATSKILL MOUNTAINS WHICH HAS LONG BEEN A SOURCE OF BOUNTY FOR NEW YORK CITY

This Dunkin' Donuts has great visibility as it is favorably situated near the southern terminus of Swan Lake Road (3,650 VPD) on New York State Route 17-B (8,825 VPD). The subject property is in an area with a population of nearly 28,000 people living within a ten-mile radius with an average annual household income exceeding \$62,000. This Dunkin' Donuts provides an ideal opportunity for qualified investors and 1031 exchange buyers to purchase a long-term net leased asset with zero landlord responsibilities and a strong built in hedge against inflation tenanted by a proven operator of one of the world's most recognizable quick service restaurant brands.

Sullivan County is located just two hours northwest of Manhattan in the Upper Delaware Valley of the Catskill Mountains and has long been a source of bounty for New York City dating back to the 1800s when its bluestone rock was used to create many of N.Y.C.'s sidewalks. Today, the county is a major source for local and regional restaurants and food suppliers for everything from organic vegetables and trout to farm-fresh cheese and dairy products. The natural geography of the county lends itself to a broad number of outdoor activities for both residents and visitors including hiking, cross-country skiing, birding, and fly-fishing.

Located within the county and less than two hours from N.Y.C is the brand-new Resorts World Catskills which is an all-season integrated resort destination that features more than 100,000 square feet of Las Vegas style gaming, 10 varied restaurant experiences, a 332 all-suite hotel, two fitness centers, and a 2,500-seat event center. The resort is expected to open a new 124,000 square foot, six-story building with 162 hotel rooms, mixed-use spaces including a coffee shop, restaurants, night clubs, and retail space in December 2018. This new entertainment destination will continue to attract locals and visitors year round.



*Borders are approximate and to be used for reference purposes only.

AERIAL VIEW

Dunkin' Donuts is located just two hours northwest of Manhattan and less than 15 minutes from the brand new Resorts World Catskills, an all season integrated resort destination.



PROPERTY IMAGE



PROPERTY IMAGE



PROPERTY IMAGE



PROPERTY IMAGE

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AERIAL VIEW



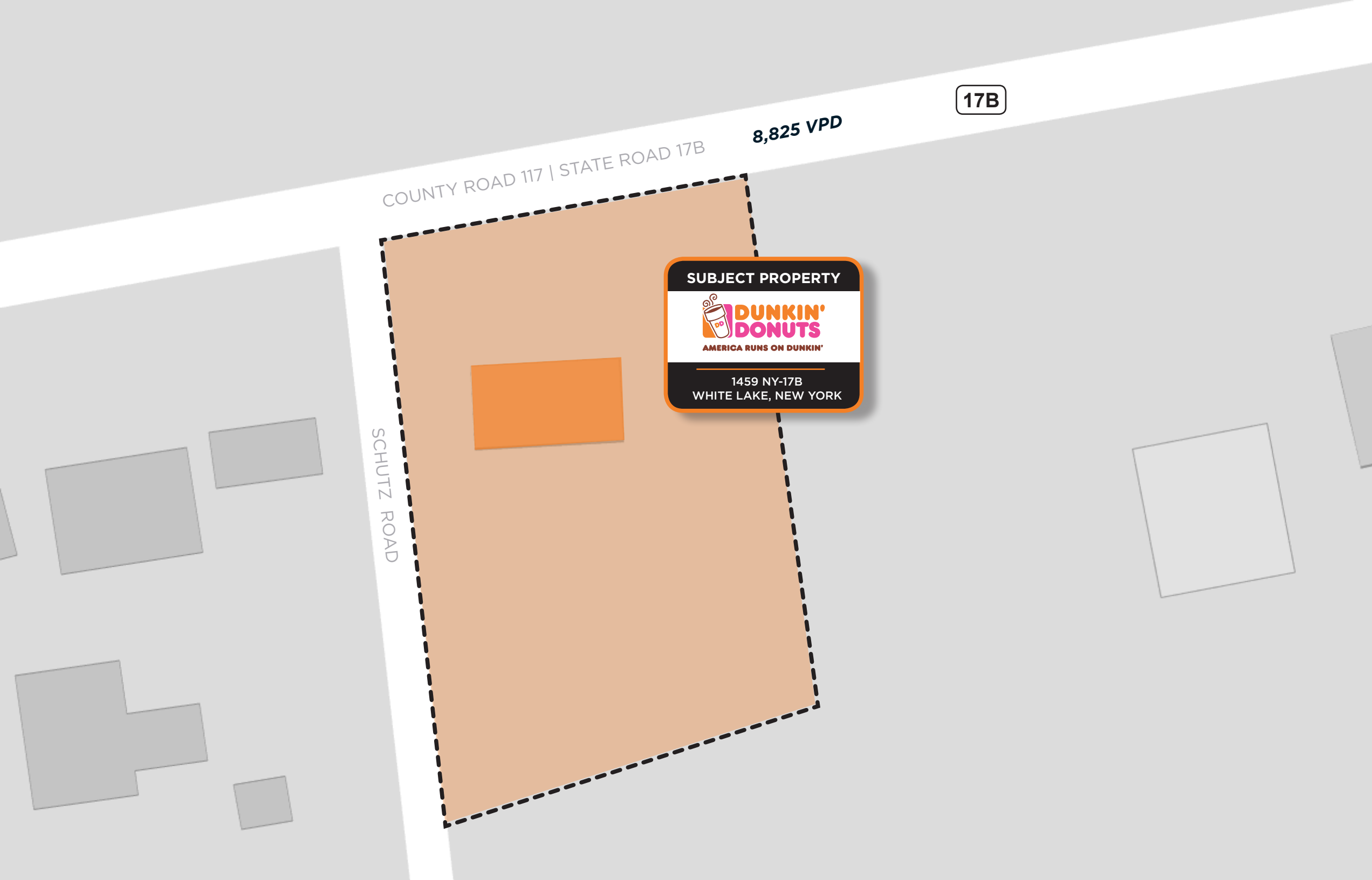
*BOUNDARIES ARE APPROXIMATE

HOUSEHOLD INCOME

YEAR 2017	3 MILES	5 MILES	10 MILES
AVERAGE	\$70,901	\$68,584	\$61,867
MEDIAN	\$51,712	\$50,359	\$44,500

POPULATION

YEAR	3 MILES	5 MILES	10 MILES
2022 Projection Total Population	2,247	3,797	28,627
2017 Estimated Total Population	2,210	3,720	28,695
2010 Census Total Population	2,286	3,843	29,406



EXPERIENCED FRANCHISEE

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

TENANT OVERVIEW

Dunkin' Donuts | WHITE LAKE, NY

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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.

(1) Dunkin’ Donuts is not the Tenant or the Guarantor. The Tenant under the Lease is ABDD Arizona LLC, a Dunkin’ Donuts franchisee. Buyer is responsible for verifying during their Due Diligence period.

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. 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, Arizona. ABDD’s Director of Operations was previously an 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
- ▶ 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
- ▶ THE LEASE IS GUARANTEED BY ABDD IV LLC (5 +/- UNIT ENTITY), AN ABDD CAPITAL WHOLLY OWNED ENTITY VALUED AT \$5 TO \$7 MILLION



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’s 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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