



SUBJECT PROPERTY

OFFERING MEMORANDUM

MCDONALD'S

Memphis, TN

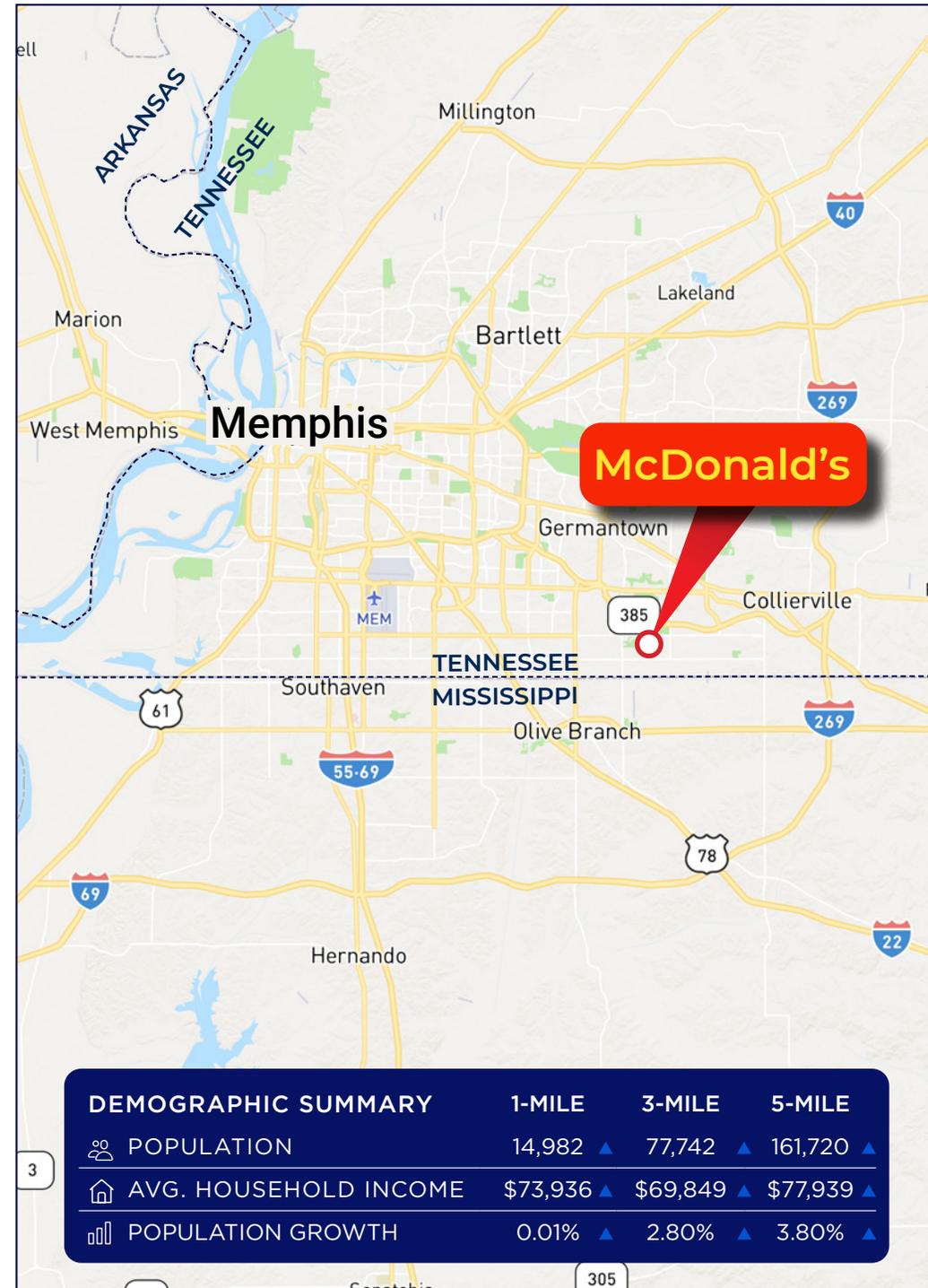
Marcus & Millichap

OFFERING SUMMARY

McDonald's

7011 E Shelby Drive · Memphis, TN 38125

PRICE	\$1,688,000		
CAP RATE	4.25%		
NOI	\$71,705		
RENTABLE SQUARE FEET	4,560		
YEAR BUILT	1989		
LOT SIZE	0.91		
LEASE GUARANTOR	McDonald's Corporation		
LEASE TYPE	NNN Ground Lease		
ROOF & STRUCTURE	Tenant		
ORIGINAL LEASE COMMENCEMENT DATE	Jul-88		
LEASE EXPIRATION DATE	Oct-29		
TERM REMAINING ON LEASE	9.5 Years		
RENT INCREASES	15% Increase in Lease & 10% Increases in Each Option		
REMAINING OPTIONS	Three, Five Year Options		
BASE RENT	10/12/2019 - 10/11/2024	\$71,705	
	10/12/2024 - 10/11/2029	\$82,460	
OPTION RENT	10/12/2029 - 10/11/2034	(Option 1)	\$90,706
	10/12/2034 - 10/11/2039	(Option 2)	\$99,777
	10/12/2039 - 10/11/2044	(Option 3)	\$109,755
TENANT RESPONSIBILITIES	Taxes, Insurance, CAM, Roof & Structure		
LANDLORD RESPONSIBILITIES	100% No Landlord Responsibilities		



INVESTMENT HIGHLIGHTS

9.5 YEAR ABSOLUTE NNN CORPORATE GROUND LEASE

- Over 9.5 years remaining on a corporate guaranteed ground lease with McDonald's Corporation.
- Tenant is 100% responsible for all expenses, which include taxes, CAM, insurance, roof and structure.
- Attractive 15% rent increase during initial lease and 10% increases in each of the three, 5-year option periods.
- McDonalds is paying a low \$71,705 in rent which makes it unlikely the tenant will leave and equates to a more attractive lower price point.

RARE 15% RENT INCREASE

- This McDonalds has a rare 15% rent increase during the initial lease term in 2024.
- There are also 10% rent increases every 5 years during the option periods.

INVESTMENT GRADE TENANT

- McDonald's is a publicly traded (NYSE: MCD) Fortune 500 Company and has a BBB+ investment grade credit rating by (S&P).
- McDonalds has been in business since 1940 and is the largest restaurant chain in the world by revenue with current revenues over \$21.07B.
- There are currently over 37,855 McDonald's locations in 119 countries with 13,482 in the United States.

KROGER OUTPARCEL LOCATION

- This store is well located as an outparcel to a Kroger anchored shopping center (Gleneagles Court), which is an epicenter of shopping for southeast Memphis residents.
- With sales exceeding \$22M, Kroger has displayed strong commitment to the center through a recent lease extension and the development of a gas center.
- This strong retail corridor is located within a dense neighborhood with a 5-Mile population of 161,720 and an average household income of approximately \$78,000.
- Gleneagles Court is located at the intersection of E Shelby Drive (40,567 VPD) and Riverdale Road (42,769 VPD) with access points to both corridors.
- Additional surrounding national retailers include Walmart Neighborhood Market, Walgreens, Roses, Wendy's, Taco Bell and more.

MEMPHIS

- Memphis is the second most populous city in the State of TN with a population of 650,618 and an MSA population of 1,348,260.
- The largest employer in Memphis is the multinational courier corporation FedEx, which maintains its global air hub at Memphis International Airport, making it the second-busiest cargo airport in the world.
- Located on the Mississippi River and intersected by five major freight railroads and two Interstate Highways, I-40 and I-55, Memphis is ideally located for commerce in the transportation and shipping industry.
- Founded in 1979 and based in Memphis, AutoZone is the largest aftermarket automotive parts store in America with 6,300 stores across the U.S, Mexico, and Brazil.



TENANT OVERVIEW

QSR

2019 TOP 50 | #1

Forbes

WORLD'S MOST
POWERFUL BRANDS
TOP 10 | #7

FORTUNE

25 YEARS ON THE
FORTUNE 500



#1

QSR
RANKING



BBB+

CREDIT RATING
INVESTMENT GRADE



\$139.7B

NET
WORTH



MCD

STOCK
SYMBOL



79

YEARS
IN BUSINESS



37,875+

STORES
WORLDWIDE

In the fast-evolving limited-service restaurant industry, some things are a given. McDonald's wins the day, and it's not even close. The Steve Easterbrook Era is transforming McDonald's in all the right ways. The CEO, who took the company reins in March 2015, quickly initiated a Turnaround Plan that stripped the company of unnecessary management layers, refranchised hundreds of corporate stores, and pushed the brand toward more modern innovations. Last year, Easterbrook & Co. introduced the next chapter in the company's comeback story, the Velocity Growth Plan, which has it focused on expanding its Experience of the Future kiosk prototype, providing delivery through UberEats, and offering more convenience with mobile order and pay. These strategies are paying off and then some; in 2017, McDonald's enjoyed its best sales growth in six years.

SITE PLAN

McDonald's



 **40,567 VPD**
Shelby Dr.



 **42,769 VPD**
Riverdale Rd





SUBJECT PROPERTY



SUBJECT PROPERTY

City of MEMPHIS

MISSISSIPPI RIVER

U of M THE UNIVERSITY OF MEMPHIS
21,458 students

Marshalls
JCPenney
DICK'S SPORTING GOODS
Burlington
at home
Ashley HOMESTORE
PET SMART
COSTCO WHOLESALE
BEST BUY

Memphis International Airport

Audubon Park Golf Course

Saint Francis Hospital - Memphis

BNSF RAILWAY

Comfort INN

Aaron's
O'Reilly AUTO PARTS
CITITRENDS

ROSS DRESS FOR LESS
THE HOME DEPOT
CAFO

Technicolor Lamar 2

Walmart Neighborhood Market
HIBBETT SPORTS
ROSES
Rainbow

Sams CLUB

Ford Motor Co

Kirby HS
1,113 students

Essendant - Memphis Distribution Center
40,567

Ross ES
769 students

Memphis Orthopaedic Group

DG DOLLAR TREE

sears
CVS pharmacy
petco
Hampton Inn
verizon
Hilton Garden Inn
GameStop

FAMILY DOLLAR

Kroger
KFC
Little Caesars pizzapizza!
SUBWAY

McDonald's

Southwind HS
1,598 students

Southwind ES
822 students

LOWE'S

42,318

Auto Zone
WALGREENS

Irene Golf Course

Ford

Timber Truss Golf Course

Highland Oaks MS
697 students

Five Below ShipCenter

Olive Branch Country Club

Chervon

J Strickland & Co

Dollar Tree Warehouse

Olive Branch Airport

Belnick, Inc.

Milwaukee Tool (Olive Branch)

DEMOGRAPHIC SUMMARY		5-MILE
POPULATION		161,720
AVG. HOUSEHOLD INCOME		\$77,939
POPULATION GROWTH		3.80%

McDonald's

PINNACLE POINT
1745 RESIDENTS



HEDGEROW
SUBDIVISION



DESTINATION EDUCATION



42,769 VPD
Riverdale Rd

WALGREENS



40,567 VPD
Shelby Dr.

Walmart Neighborhood Market
Roses *Rainbow*
cricket wireless **HIBBETT SPORTS**

RICHWOOD
4916 RESIDENTS

McDonald's

DG

DOLLAR TREE

American Deli

40,567 VPD
Shelby Dr.



WALGREENS



DESTINATION EDUCATION

Little Caesars pizza
SUBWAY

Kroger

boostmobile
CHINA HOUSE
FISH FIL A

KFC

42,769 VPD
Riverdale Rd

MEMPHIS
ORTHOPEAEDIC GROUP

MALLARD RIDGE

NEIGHBORHOOD

Memphis International Airport

Ross ES
769 students



boostmobile
CHINA HOUSE
FISH FIL A

42,769 VPD
Riverdale Rd



WALGREENS



TITLEMAX

McDonald's



American Deli

Walmart Neighborhood Market

Roses Rainbow

cricket wireless HIBBETT SPORTS

40,567 VPD
Shelby Dr.

MEMPHIS

SHIPPING HUB OF THE SOUTH

Located on the Mississippi River, Memphis is one of the largest metropolitan areas in the Southeast, an International Transportation hub, and a bustling cultural center of the American South. The city has historically been one of the largest shipping hubs in the Mid-South. Three Fortune 500 companies, FedEx, AutoZone and International Paper Co. call Memphis home. These significant businesses have influenced a growing manufacturing and transportation industry, and 34.5% of jobs in Memphis are in these sectors. The city is home to the second largest cargo airport in the world, Memphis International Airport, and the world's busiest domestic airport with 3.9 million metric tonnes. The city has the 3rd largest rail center in the U.S. behind Chicago and St. Louis. It is also one of only four U.S. cities with five Class 1 railroads. Culturally, Memphis is home of The World Championship Barbecue Cooking Contest, The Beale Street Music Festival, and Graceland, the home of Elvis Presley.

FORTUNE 500 COMPANIES HEADQUARTERED IN MEMPHIS

FedEx

INTERNATIONAL



PAPER



1.3 MILLION

MEMPHIS-FOREST
COMBINED MSA
POPULATION

11.8 MILLION

TOURISTS &
FODOR'S TOP 10
FOR 2019

3.9 MILLION

METRIC TONNES
2ND LARGEST CARGO
AIRPORT IN WORLD

BEALE STREET HISTORIC DISTRICT

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JODY MCKIBBEN | BROKER OF RECORD

Marcus & Millichap

TAYLOR MCMINN

RETAIL GROUP

Dated:

Don McMinn
Marcus & Millichap
1100 Abernathy Road, NE, Suite 600
Atlanta, GA 30328

Phone: (678) 808-2762
Fax: (815) 550-1286
don.mcminn@marcusmillichap.com

Re: 7011 E Shelby Drive, Memphis, TN 38125

Dear:

Please accept this offer to purchase the above referenced Property. This letter expresses Purchaser's interest in purchasing the Property under the following terms and conditions:

Purchaser _____

**Purchaser's
Address** _____

**Purchaser's
Phone/Fax** _____

**Purchaser's
Email Address** _____

Offer Price _____

Earnest Money \$25,000 earnest money deposit due within forty-eight (48) hours of the Effective Date of the Contract with an additional \$25,000 deposited at the expiration of the Inspection Period. The Earnest Money shall become non-refundable barring any other listed contingencies at the expiration of the Inspection Period.

Inspection Period 30 Calendar Days from the Effective Date, which shall mean the date on which the latter of the parties executes a Contract. All available Due Diligence Documents ("Documents") will be forwarded immediately upon the Effective Date of the Contract.

Purchaser's Initials _____ Seller's Initials _____

Financing Period
(Please Check One)

All Cash (No Financing Period)

Financing: Purchaser shall have ten (10) days from the Effective Date of the Contract to apply for and obtain a financing commitment. In addition, Purchaser shall have 30 days from the effective date of the contract to complete loan processing. Purchaser shall use its best efforts to secure and obtain a new first mortgage loan in the amount of \$_____ on terms which are acceptable to Purchaser.

Closing Date
(Please Check One)

New Property: Within 10 Calendar Days after rent commencement and receipt of tenant estoppel.

Existing Property Within 10 Calendar Days after the expiration of the Inspection Period (or Financing Period if applicable).

Closing Costs

Seller shall pay for the transfer tax. Buyer shall pay for Title. Purchaser and Seller shall each bear its own attorneys expenses. All other Closing Costs shall be split 50-50 between Buyer and Seller.

Property Condition

Property is being sold "AS IS" with Seller making representations or warranties concerning the property.

Contract within 10 days:

Within Ten (10) Calendar Days of the Effective Date of this Letter of Intent, Purchaser and Seller shall enter into a binding Contract (the "Contract"). Seller will Draft the Contract and Failure to reach an agreement will allow the Seller to consider this agreement void and accept offers from other parties.

Broker Commission

Purchaser acknowledges that Purchaser has employed _____, ("Purchaser's Brokers") to represent them in this transaction. Any commissions due the Purchaser's broker (if applicable) shall be paid by the Seller directly.

1031 Exchange

Purchaser is / is not (check one) completing an IRS 1031 Tax Deferred Exchange, to which the Seller agrees to cooperate providing there is no cost or expense to Seller. Purchaser has \$_____ in an exchange account from a transaction which closed escrow on _____. Purchaser will provide Seller, upon request, proof of such funds.

Confidentiality

Purchaser and Purchaser's agents and representatives hereby covenant with Seller that Purchaser and Purchaser's agents and representatives shall not, without the prior written consent of Seller (which consent may be withheld in Seller's sole and absolute discretion), disclose to any other person (other than Purchaser's

Purchaser's Initials _____ Seller's Initials _____

accountants and attorneys) or entity by any means whatsoever: (i) any information pertaining to the Documents; (ii) any information pertaining to the Contract; or (iii) any information or documentation (written or oral) provided by Seller or Seller's agents and representatives concerning Seller, Seller's business, Tenant, Tenant's business or the Property.

This Letter of Intent is contingent upon the prospective Purchaser's willingness to execute Seller's standard Purchase Agreement as well as review and approval of the details of the transaction proposed above by the appropriate principal parties of the Seller.

It is understood and agreed that the foregoing constitutes a *Letter of Intent* setting forth the major business points from our discussions. It is further understood that neither party intends to create any contractual rights or obligations as a result of entering into this *Letter of Intent*. No binding agreement or rights or obligations shall arise as the result of executing this letter or with respect to the proposed transactions, unless and until we execute definitive documentation incorporating the above provisions and other appropriate terms.

If the foregoing accurately reflects our discussions, please acknowledge same by returning a signed copy of this letter. Execution of this Letter of Intent by the undersigned agent in no way binds or obligates the Seller or any of its principals.

Agreed and Accepted | Purchaser

Agreed and Accepted | Seller

By: _____

By: _____

Printed: _____

Printed: _____

Dated: _____

Dated: _____

Purchaser's Initials _____ Seller's Initials _____