

\$2,342,711

5.65% CAP RATE

» **PRIME DOWNTOWN LOCATION**

- » Located Near Dense Retail Corridor (28th St - Millions of SqFt of Retail)
- » Located by International Airport (GRR)
- » 5-Mile Population: 110,000
- » Upcoming Remodel Scheduled: 2023

» **SECURE NET-LEASED INVESTMENT**

- » Healthy Rent-to-Sales Ratio
- » 1% Rent Increases Annually
- » Zero Landlord Responsibilities

» **REPUTABLE TENANT**

- » Significant Plans for Expansion
- » Fast Growing Franchisee Group
- » Combined 50+ Years of QSR Experience

REPRESENTATIVE
PHOTO

5135 Broadmoor Ave, S.E.,
Kentwood, MI 49508



HOME OF THE WHOPPER

OFFERING MEMORANDUM



| 20 Year Lease Term
| Absolute NNN Lease
| Upcoming Remodel

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WHY INVEST?



LOCATION

- ✓ Strategically Positioned a Few Blocks from Gerald R. Ford International Airport
- ✓ Nearby Several Million SqFt of National Retailers
- ✓ Grand Rapids MSA (1,038,000+ Inhabitants)
- ✓ Full Remodel to New Prototype in 2023
- ✓ 5-Mile Population Over 110,000
- ✓ Approximate Combined Daily Traffic: 35,000+



LEASE

- ✓ Brand New 20-Year Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases | 1% Annually Including Option Periods
- ✓ Four (4) Tenant Renewal Periods of Five (5) Years Each Bring the Potential Lease Term to Forty Years
- ✓ Successful Store with Strong Operating History and Healthy Rent-to-Sales Ratio
- ✓ Ideal for Out-of-State Investors - Tenant is Responsible for All Maintenance, Taxes, Insurance, Roof, and Structure



TENANT

- ✓ One of Burger King's Fastest Growing Franchisee Groups Operating in Michigan
- ✓ Factorial Restaurant Holdings, LLC ("Factorial") Currently Operates 26 Burger King Restaurants
- ✓ Significant Plans for Expansion Through a Robust M&A and Development Pipeline
- ✓ Trophy Brand | World's 2nd Largest Fast Food Hamburger Restaurant
- ✓ Factorial is led by industry veterans and advisors who have 50 plus years of combined restaurant and operations experience



BROADMOOR AVE SE (COMBINED TRAFFIC: ±35,250/DAY)

GRR - International Airport



52nd St SE

EXECUTIVE SUMMARY



LIST PRICE

\$2,342,711



CAP RATE

5.65%



LEASE TERM

20 YEARS



ACTUAL SITE PHOTOS

The Offering

PROPERTY ADDRESS	5135 Broadmoor Ave, S.E., Kentwood, MI 49508
ASSET CLASS	Absolute Net-Leased Fast Food Restaurant
CONCEPT	Burger King
GUARANTOR	Factorial Restaurant Holdings, LLC ("Factorial")

Site Description

PARCEL	41-18-25-400-091
BUILDING SIZE	3,515 SF
LOT SIZE	1.76 Acres

Investment Overview

PURCHASE PRICE	\$2,342,711
NET OPERATING INCOME	\$132,363
CAP RATE	5.65%
AVERAGE CAP RATE OVER 20YRS	6.22%
COMMENCEMENT	10/23/2020
LEASE TERM	20 Years
LEASE TYPE	Absolute Net
RENT INCREASES	1% Annually
RENEWAL OPTIONS	Four (4), Five (5) Year Options

HIGHLIGHTS

PRICE	\$2,342,711
NOI	\$132,363
CAP RATE	5.65%
RECENT/UPCOMING REMODEL	2014/2023
LEASE TERM	20 Years
ESCALATIONS	1% Annually
RENEWALS	(4) (5) Year Options
LEASE TYPE	Absolute Net

FEATURES

- Brand New 20 Year Absolute NNN Lease w/ 1% Annual Increases Including Options
- Full Remodel Scheduled for 2023
- Healthy Rent-to-Sales Ratio
- Grand Rapids MSA (1,038,583 Inhabitants)
- Located Near Dense Retail Corridor (28th Street) in Prime Infill Area
- Nearby Several Million SqFt of National Retailers

BURGER KING

Absolute NNN Investment Opportunity

WELL-MAINTAINED NET LEASED INVESTMENT

Marcus & Millichap is pleased to exclusively offer this well-positioned freestanding Burger King situated a few blocks from the entrance to the Gerald R. Ford International Airport. This site is nearby the major retail corridor of 28th St SE. Grand Rapids is a component of the Grand Rapids MSA (Population: 1,038,583). This Burger King is offered with a secure, Brand-New 20 Year Absolute NNN Lease featuring 1% annual rent increases, hedging against inflation.

DENSE RETAIL CORRIDOR

This Burger King benefits from its proximity to several million square feet of national retailers and is in a prime infill location of the Grand Rapids MSA nearby the Gerald R. Ford International Airport. The estimated 5-mile population surrounding the subject property of over 110,000 is **projected to continue growing** for the coming years. The combined daily traffic count is over 35,000.



FACTORIAL RESTAURANTS

Securing the success of your investment...

This Absolute Triple Net (NNN) investment is guaranteed by Factorial Restaurant Groups, LLC ("Factorial"). Factorial is one of Burger King's fastest growing franchisee groups operating in Michigan. Factorial is led by industry veterans and advisors who have 50 plus years of combined restaurant and operations experience, having most recently led the buy-out, growth and exit of Irish Beef, LLC, an Arby's franchisee located in the Southwest. Factorial represents "the next generation" of Burger King franchisees currently operating twenty-six (26) Burger King restaurants with significant plans for expansion through a robust M&A and development pipeline. They are laser focused on becoming the top Burger King franchisee in Michigan and anticipate operating a total of thirty-six (36) restaurants in the next five (5) years. The Factorial team is bolstered with the involvement of Fred Beilstein III of The Beilstein Group, LLC, a long-time restaurant industry CEO and ex-CFO of AFC Enterprises (predecessor to Popeyes) with experience as a franchisor and franchisee as well as within the Burger King system.

BURGER KING CORPORATE ENDORSEMENT

Factorial being approved by Burger King Corporation ("BKC") is a sign of credit strength in its own right. BKC is known as one of the most demanding franchisors when it comes to its stringent financial requirements. Just this year, BKC has further bolstered their standards for new franchisees.



**26+
UNIT OPERATOR**



**AMBITIOUS 5YR
EXPANSION PLAN**



**50+ YEARS OF
QSR EXPERIENCE**



**HEADQUARTERS:
CHICAGO, IL**





TICKER

NYSE: QSR



LOCATIONS

18,838



2019 REVENUE

\$1.78B

ANNUALIZED RENT

RENT YEAR	MONTHLY RENT	ANNUAL RENT	CAP RATE
Year 1	\$11,030.27	\$132,363	5.65%
Year 2	\$11,140.57	\$133,687	5.71%
Year 3	\$11,251.97	\$135,024	5.76%
Year 4	\$11,364.49	\$136,374	5.82%
Year 5	\$11,478.14	\$137,738	5.88%
Year 6	\$11,592.92	\$139,115	5.94%
Year 7	\$11,708.85	\$140,506	6.00%
Year 8	\$11,825.94	\$141,911	6.06%
Year 9	\$11,944.20	\$143,330	6.12%
Year 10	\$12,063.64	\$144,764	6.18%
Year 11	\$12,184.27	\$146,211	6.24%
Year 12	\$12,306.12	\$147,673	6.30%
Year 13	\$12,429.18	\$149,150	6.37%
Year 14	\$12,553.47	\$150,642	6.43%
Year 15	\$12,679.01	\$152,148	6.49%
Year 16	\$12,805.80	\$153,670	6.56%
Year 17	\$12,933.85	\$155,206	6.63%
Year 18	\$13,063.19	\$156,758	6.69%
Year 19	\$13,193.82	\$158,326	6.76%
Year 20	\$13,325.76	\$159,909	6.83%



"HAVE IT YOUR WAY"

Founded in 1954, Burger King ("BK") is the world's second largest fast food hamburger restaurant chain as measured by total number of restaurants. **As of December 31, 2019, BK owned or franchised a total of 18,838 BK restaurants in more than 100 countries and U.S. territories.** In 2010, 3G Capital, a global multi-million dollar investment firm focused on long term value creation, purchased Burger King Corporation, making it a privately-held company. **In December 2014, 3G Capital completed the combination of Burger King and Tim Hortons, forming Restaurant Brands International ("RBI") and going public on the New York and Toronto Stock Exchanges.** RBI expanded in 2017 with the purchase of US fast food chain Popeyes Louisiana Kitchen.



GEOGRAPHIC OVERVIEW

City Entrance
Kentwood, MI



Downtown
Grand Rapids, MI



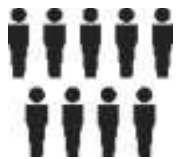
Kentwood, MI

The city of Kentwood, located in Kent County, sits immediately west of the Gerald R. Ford International Airport in Grand Rapids. Kent County acts as the economic and manufacturing center, with the Steelcase corporation based in the county. Kentwood sits just eight miles south of the city of Grand Rapids, making it easy for residents to find job opportunities and dining, shopping, and entertainment options. Kentwood features several community parks, including Old Farm Park, Pinewood Park, and East Paris Nature Park. Abundant retailers, restaurants, and entertainment options await in Kentwood near 28th Street. Big-box stores, popular retailers, supermarkets, well-known restaurants, and local shops and eateries make Kentwood the convenient suburb that it is. Apartments, houses, condos, and townhomes in Kentwood range from affordable to upscale, so there's something for everyone in this amenity-laden suburb.

Grand Rapids Metropolitan Area

Although much of Michigan is seeing population growth, the fastest growth is anchored in the townships just beyond the urban cores of Grand Rapids. The Grand Rapids metropolitan area is part of the Great Lakes Megalopolis containing an estimated 54 million people. **The total population of the Grand Rapids MSA metro increased from 989,524 in 2010 to 1,028,962 in 2015, a change of 49,059 (5%).** Among all 917 metro areas in the United States, this metro was ranked number 52 in 2010 and 52 in 2015, based on total population. This metro is projected to have a total population in 2020 of 1,066,641. The projected population change from 2010 to 2020 is 77,436 (7.8%). The population aged 65 years and over is projected to increase from 119,265 (2010) to 178,606 (2020), **an increase of 59,341 (49.8%).** The GDP (millions of current dollars) increased from \$39,484 in 2009 to \$51,921 in 2014 **a change of \$12,437 (31.5%).**

MARKET OVERVIEW



POPULATION

As of 2020, the population within a 5-mile radius of the subject property is estimated to be 110,393. The population has increased by 20% since 2000. It is estimated that the population will be 113,504 five years from now. The median age of the population is 36, compare this to the US average which is 38. The population density is 1,403 people per square mile.



HOUSEHOLDS

There are currently 43,707 households within a 5-mile radius of the subject property. The number of households has increased by 22% since 2000. It is estimated that the number of households in this area will be 45,117 five years from now, which represents an increase of 3.2% from the current year. The average household size is 2.5 people.



INCOME

As of 2020, the median household income within a 5-mile radius of the subject property is \$65,190, compared to the US average which is currently \$62,990. The median household income has increased by 33% since 2000. It is estimated that the median household income will be \$78,808 five years from now, which represents an increase of 21% from the current year.



EDUCATION

As of 2020, the population within a 5-mile radius of the subject property the following level of highest educational attainment: 15% percent graduate degree, 28% percent bachelor's degree, 9% percent associate degree, 20% percent some college, and 21% percent high-school graduate.



HOUSING

In 2000, there were 22,641 owner occupied housing units within a 5-mile radius of the subject property and there were 13,140 renter occupied housing units in the area.



EMPLOYMENT

As of 2020, there are 60,752 employees within a 5-mile radius of the subject property, this is also known as the daytime population. The 2000 Census revealed that 69% of employees are employed in white-collar occupations in this geography, and 31% are employed in blue-collar occupations. In 2000, the average time traveled to work was 18 minutes.



OFFERING MEMORANDUM

5135 BROADMOOR AVE, S.E.,
KENTWOOD, MI 49508

REPRESENTATIVE
PHOTO



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