

# BURGER KING

Exclusive Net-Lease Offering



# OFFERING MEMORANDUM

**BURGER KING**



121 Cimarron Boulevard, Guthrie, OK 73044

# Confidentiality and Disclaimer

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# Investment Highlights

PRICE: \$2,480,000 | CAP: 5.00% | RENT: \$124,000

**BURGER KING**

## About the Investment

- ✓ Long Term, 20-Year Triple-Net Lease
- ✓ Brand New Construction | New Pavilion Format | Latest Burger King Prototype
- ✓ Triple-Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases of 7.50% Every Five Years Beginning in Year 6
- ✓ Four, Five-Year Tenant Renewal Option Periods

## About the Location

- ✓ Located Directly at the Exit Ramp of I-35 | Major Interstate Traffic Stop
- ✓ Dense Urban Infill | Loves Travel Stop (2), Starbucks, Sonic, Pizza Hut, Arby's, Subway As Well As Many Others | Love's Travel Stop Recently Built a Second Location at this Exit Due to High Demand From Interstate Traffic
- ✓ Also Benefits from Being within the Main Retail Corridor of Guthrie | Less than 3 Miles from the Guthrie Walmart
- ✓ Great Location Fundamentals | 30-Miles North of Oklahoma City | Frequent Stop for Travelers Going from Oklahoma City to Stillwater
- ✓ Quality Demographics | Population Exceeds 14,900 Individuals Within a Five-Mile Radius and 32,400 Individuals Within a Ten-Mile Radius
- ✓ Strong Traffic Counts | East Noble Avenue & I-35 | Traffic Counts Exceeding 13,800 & 34,800 Vehicles Per Day, Respectively
- ✓ Hospitality Accommodations | Hampton Inn & Suites, Holiday Inn Express, Interstate Motel, Sleep Inn, and La Quinta Inn & Suites
- ✓ Guthrie Country Club | Located Less Than One Mile Away | Golf Course, Pool, Tennis Courts, Lake, Restaurant
- ✓ Guthrie-Edmond Regional Airport | Located Five-Miles Away

## About the Tenant / Brand

- ✓ Switchgrass Holdings, LLC is a Tulsa-Based Franchisee | 49-Units and Growing | Largest Franchisee in the State of Oklahoma
- ✓ Strong Track Record With Proven Operational Expertise
- ✓ Burger King Brand is One of the World's Most Recognized Consumer Brands





# Financial Analysis

PRICE: \$2,480,000 | CAP: 5.00% | RENT: \$124,000

## PROPERTY DESCRIPTION

Property	Burger King
Property Address	121 Cimarron Boulevard
City, State, ZIP	Guthrie, OK 73044
Year Built	2021
Building Size (Square Feet)	2,866
Lot Size	+/- 1.02 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$2,480,000
CAP Rate	5.00%
Annual Rent*	\$124,000

## LEASE SUMMARY

Property Type	Net-Lease Quick-Service Restaurant
Tenant / Guarantor	Switchgrass Holdings, LLC (49-Units)
Ownership Type	Private
Original Lease Term	20 Years
Lease Commencement	August 1, 2021
Lease Expiration	July 31, 2041
Lease Term Remaining	20 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	7.50% Every Five Years
Options to Renew	Four, Five-Year Tenant Renewal Options

\*Rent subject to change based on final construction cost

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$124,000	\$10,333	-
Year 2	\$124,000	\$10,333	-
Year 3	\$124,000	\$10,333	-
Year 4	\$124,000	\$10,333	-
Year 5	\$124,000	\$10,333	-
Year 6	\$133,300	\$11,108	7.50%
Year 7	\$133,300	\$11,108	-
Year 8	\$133,300	\$11,108	-
Year 9	\$133,300	\$11,108	-
Year 10	\$133,300	\$11,108	-
Year 11	\$143,298	\$11,941	7.50%
Year 12	\$143,298	\$11,941	-
Year 13	\$143,298	\$11,941	-
Year 14	\$143,298	\$11,941	-
Year 15	\$143,298	\$11,941	-
Year 16	\$154,045	\$12,837	7.50%
Year 17	\$154,045	\$12,837	-
Year 18	\$154,045	\$12,837	-
Year 19	\$154,045	\$12,837	-
Year 20	\$154,045	\$12,837	-



# Concept Overview: Burger King

**BURGER KING**

## 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.

## Restaurant Brands International

Restaurant Brands International is one of the world's largest quick service restaurant companies with approximately \$30 billion in system sales and over 25,000 restaurants in 100 countries. Restaurant Brands International owns three of the world's most prominent and iconic quick service restaurant brands – Tim Hortons®, Burger King®, and Popeyes®. These independently operated brands have been serving their respective guests, franchisees, and communities for over 50 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.

## General Information

Address	Oakville, ON
Website	<a href="http://www.rbi.com">http://www.rbi.com</a>
Stock Ticker	QSR (NYSE)
Current Price*	\$54.37
Market Cap	\$20.098B

\*As of May 29, 2020

## 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.

## 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.

## Switchgrass Holdings, LLC

Switchgrass Holdings, LLC is a Tulsa-based franchisee of Burger King restaurants. Switchgrass Holdings, LLC currently has 49 locations with plans for further new restaurant development. Switchgrass is the largest franchisee in the state of Oklahoma. They are in the midst of a multi-year expansion and reinvestment campaign with plans to open several brand-new Burger King restaurants across Oklahoma. Switchgrass is updating their facilities with new deluxe dining layouts, state-of-the art technology and double drive-through lanes to enhance their customers' dining experience.

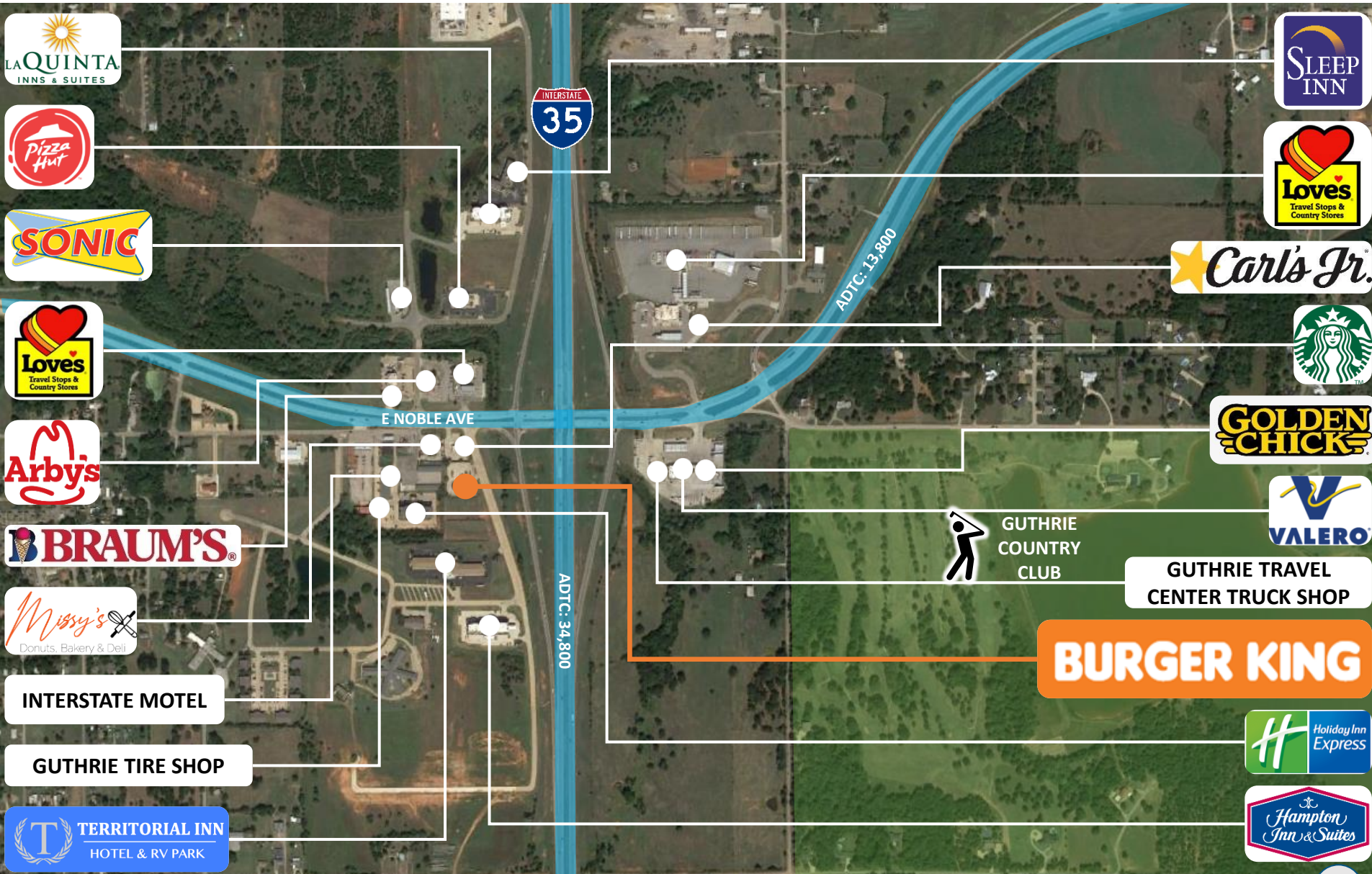




# Surrounding Area

Property Address: 121 Cimarron Boulevard, Guthrie, OK 73044

**BURGER KING**





# Location Overview

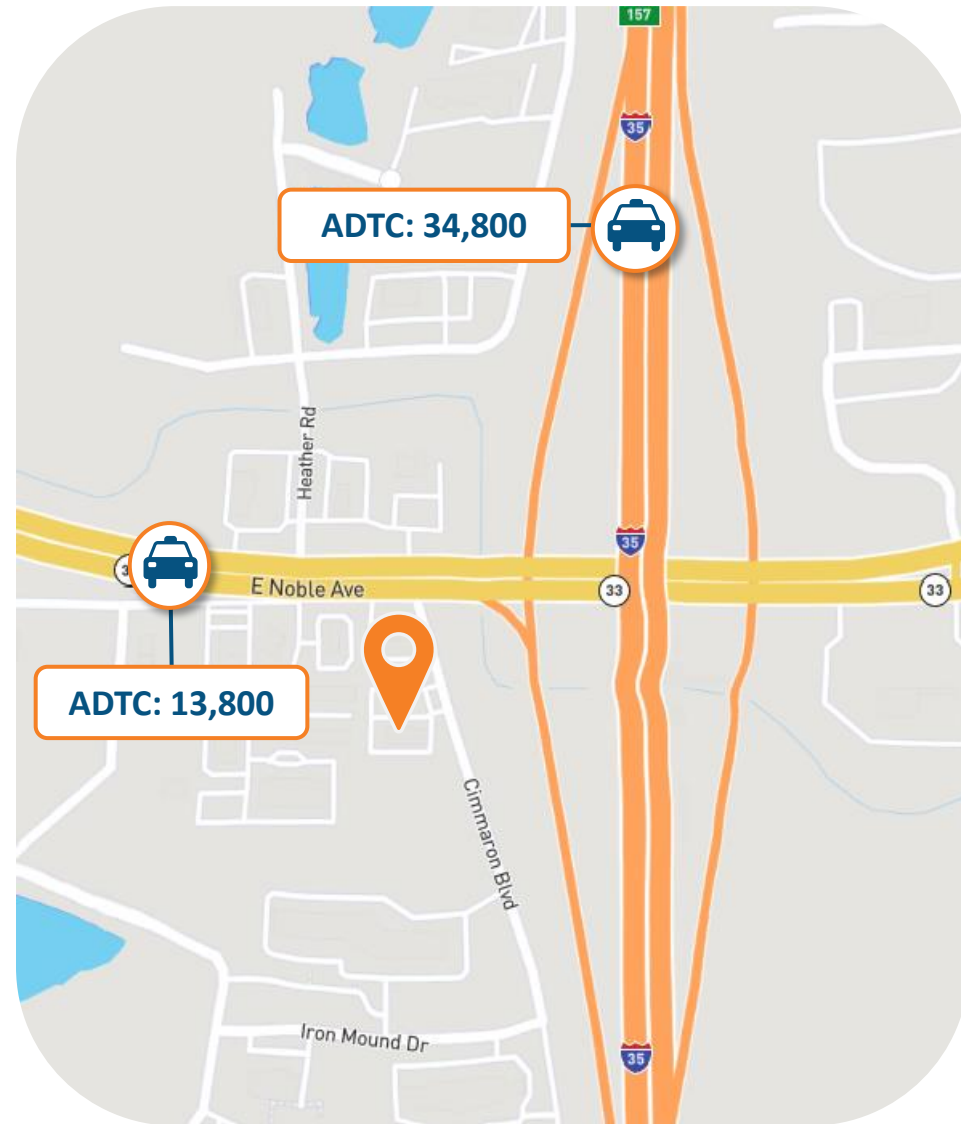
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**BURGER KING**

The subject investment property is a Burger King situated as Cimarron Boulevard, at the main exit for I-35 just off East Noble Avenue, which boasts average daily traffic counts exceeding 13,800 vehicles. East Noble Avenue intersects with I-35 bringing in an additional 34,800 vehicles into the immediate area on average daily. There are more than 14,900 individuals residing within a five-mile radius of the property and approximately 32,400 individuals within a ten-mile radius.

This Burger King benefits from being well-positioned at the Guthrie exit for I-35 in an urban infill consisting of national and local tenants as well as hospitality accommodations. Major national tenants within the area include Loves Travel Stop, Starbucks (new site under construction), Sonic, Pizza Hut, Arby's, Subway, as well as many others. Hospitality accommodations within immediate proximity of the subject property include, Hampton Inn & Suites, Holiday Inn Express, Interstate Motel, Sleep Inn, and La Quinta Inn & Suites. Guthrie Country Club is located less than a mile from the subject property and offers a golf course, pool, tennis courts, lake, and restaurant. This Burger King is also approximately five miles from Guthrie-Edmond Regional Airport.

Guthrie is a city and county seat in Logan County, Oklahoma and part of the Oklahoma City Metroplex. First known as a railroad station stop, Guthrie was also the first state capital of Oklahoma. Guthrie is now the main travel stop for commuters traveling from Oklahoma City to Stillwater and vice versa. Guthrie is nationally significant for its collection of late 19<sup>th</sup> and early 20<sup>th</sup> century commercial architecture. The Guthrie Historic District includes more than 2,000 buildings and is designated as a National Historic Landmark. Take a trolley tour though downtown to find fascinating history, one-of-a-kind stores and more than a dozen bed and breakfasts housed in charming Victorian-era buildings. Guthrie offers many museums including the Oklahoma Territorial Museum and Carnegie Library featuring artifacts, photographs and paintings as well as history performances and hands-on educational programs. Liberty Lake and Lake Guthrie offer recreation amenities from multiple campsites, boat ramps, fishing, picnic areas, and miles of shoreline. Guthrie is approximately 30 miles from Oklahoma City, the 11<sup>th</sup> largest in the Southern United States.



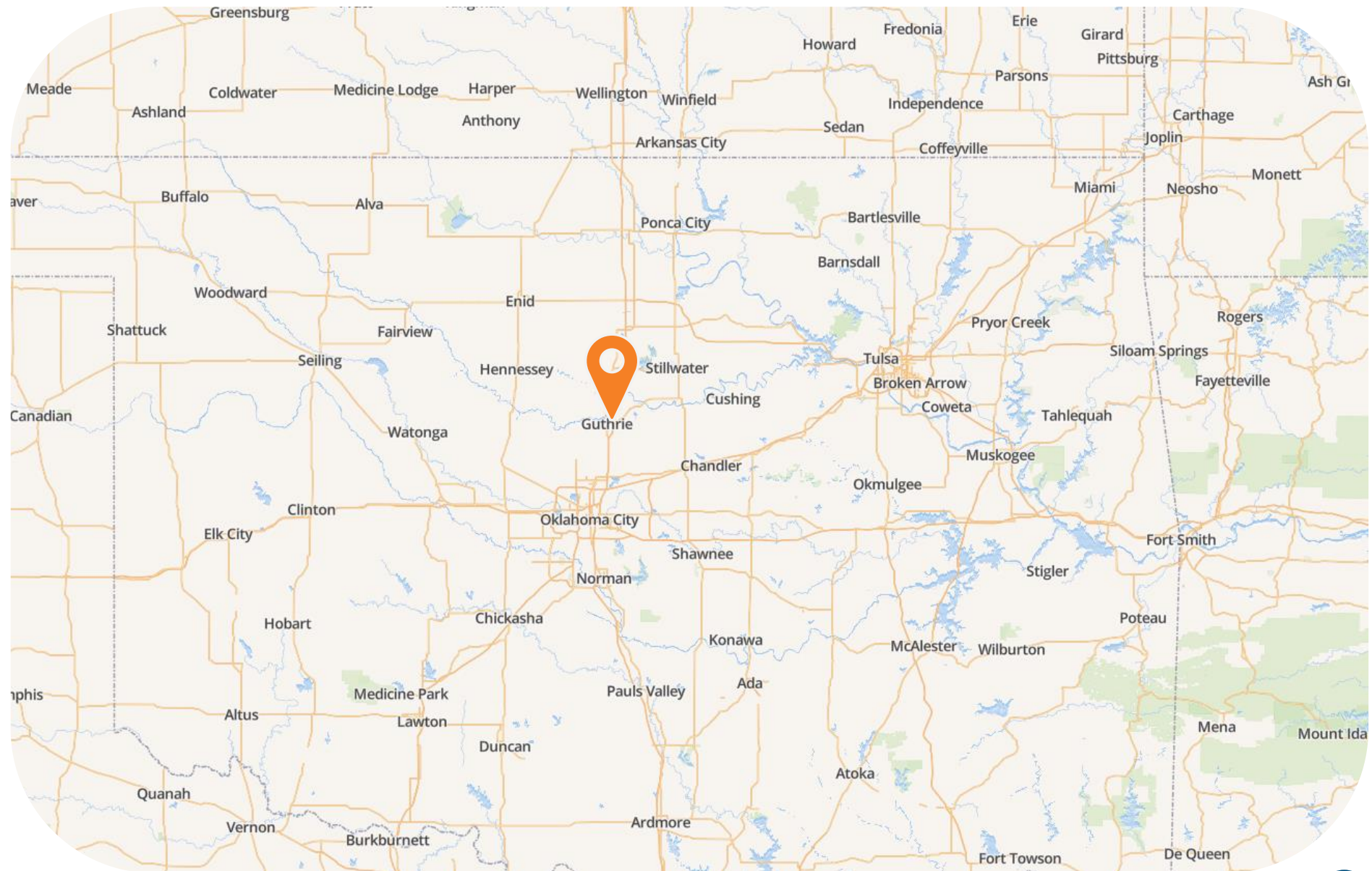




# Local Map



Property Address: 121 Cimarron Boulevard, Guthrie, OK 73044







**BURGER KING**



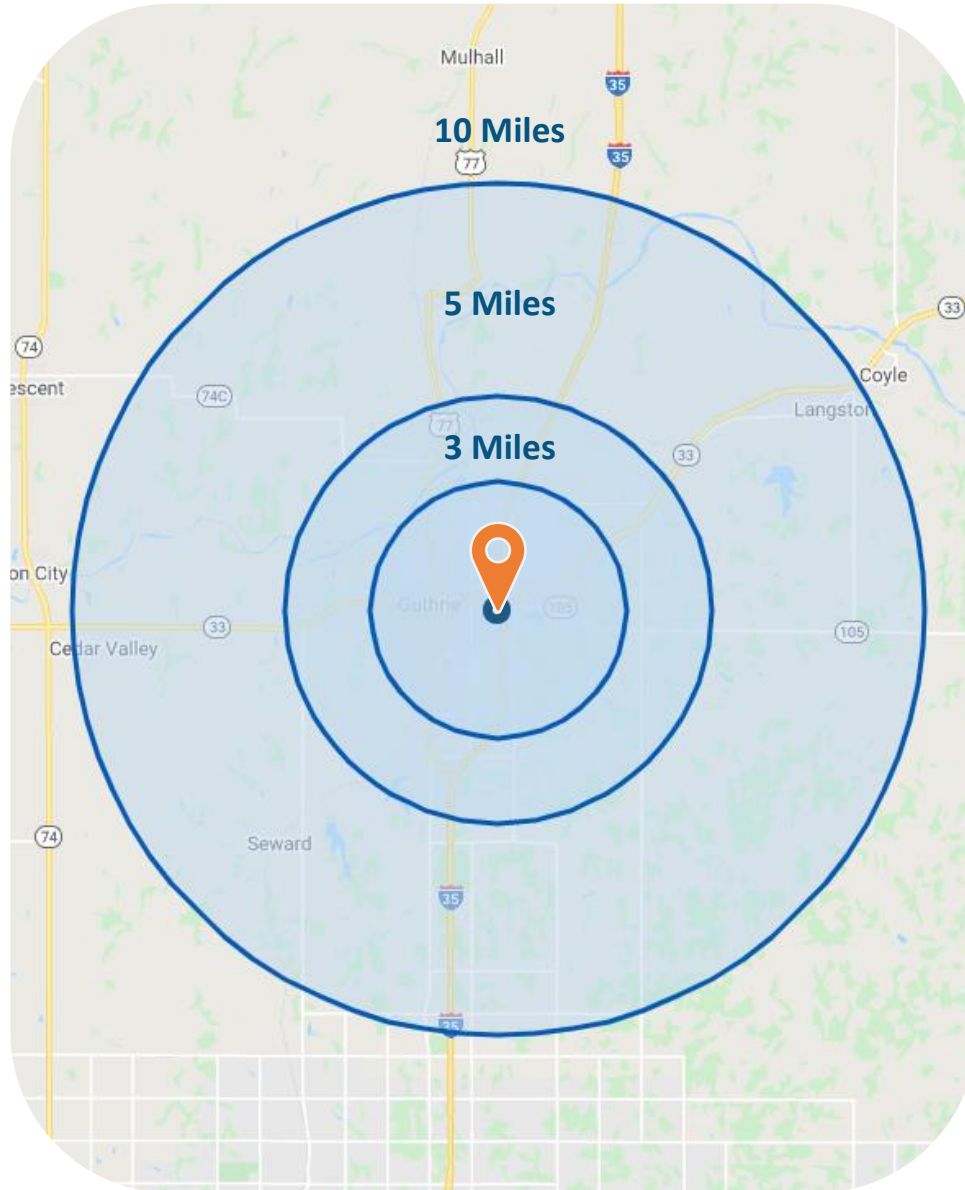
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# Demographics

Property Address: 121 Cimarron Boulevard, Guthrie, OK 73044

**BURGER KING**



## POPULATION TRENDS

	3 Mile	5 Miles	10 Miles
2010 Population	9,542	13,298	27,543
2021 Population	10,776	14,995	32,468
2026 Population Projection	11,366	15,811	34,444
Annual Growth 2010-2021	1.20%	1.20%	1.60%
Annual Growth 2021-2026	1.10%	1.10%	1.20%

## POPULATION BY RACE (2020)

	3 Mile	5 Miles	10 Miles
White	8,530	12,034	25,979
Black	1,159	1,511	3,537
American Indian/Alaskan Native	376	536	1,182
Asian	68	93	208
Hawaiian & Pacific Islander	6	12	20
Two or More Races	636	808	1,542
Hispanic Origin	685	885	2,179

## HOUSEHOLD TRENDS

	3 Mile	5 Miles	10 Miles
2010 Households	3,910	5,147	10,039
2021 Households	4,368	5,779	11,859
2026 Household Projection	4,598	6,088	12,580
Annual Growth 2010-2021	0.30%	0.40%	1.00%
Annual Growth 2021-2026	1.10%	1.10%	1.20%

## Avg Household Income

3 Mile	5 Miles	10 Miles
\$62,767	\$66,522	\$81,224

## Median Household Income

3 Mile	5 Miles	10 Miles
\$49,094	\$53,287	\$62,668

## HOUSEHOLDS BY HOUSEHOLD INCOME (2020)

	3 Mile	5 Miles	10 Miles
< \$25,000	1,173	1,523	2,563
\$25,000 - 50,000	1,042	1,222	2,268
\$50,000 - 75,000	814	1,097	2,207
\$75,000 - 100,000	594	850	1,554
\$100,000 - 125,000	256	355	973
\$125,000 - 150,000	291	379	907
\$150,000 - 200,000	107	205	732
\$200,000+	90	147	654





# Market Overview

City: Guthrie | County: Logan | State: Oklahoma

**BURGER KING**

*Oklahoma City, Oklahoma*



**Oklahoma City** is the capital and largest city in the state of Oklahoma. Often shortened to OKC, Oklahoma City is the county of seat of Oklahoma County and ranked 27<sup>th</sup> amongst the most populated cities in the United States. Lying in the Great Plains region, Oklahoma City has one of the world's largest livestock markets. Oil, natural gas, petroleum products and related industries are the largest sector for the local economy. The city is in the middle of an active oil field and oil derricks dot the capitol grounds. The federal government employs large numbers of works at Tinker Airforce Base and the United States Department of Transportation's Mike Monroney Aeronautical Center.

The economy of Oklahoma City, once just a regional power center of government and energy exploration, has since diversified to include the sectors of information technology, services, health services and administration. The city is headquarters to two Fortune 500 companies: Chesapeake Energy and Devon Energy, as well as being home to Love's Travel Stops and Country Stores, which is ranked thirteenth on Forbes' list of private companies. Other major corporations with a large presence in the city of Oklahoma include: Dell, The Hertz Corporation, United Parcel Service, Farmers Insurance Group, Great Plains Coca-Cola Bottling Company, The Boeing Company as well as many others. Whilst not in the city limits, other large employers within the Oklahoma City Metropolitan Statistical Area include: the United States Airforce (27,000 Employees) and the University of Oklahoma (11,900 Employees).

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