

OFFERING MEMORANDUM
Net Leased Restaurant

**BURGER
KING**



105 Lincoln St
Pecos, Texas

- EXPERIENCED, MULTI-BRAND OPERATOR
- NEW 20 YEAR ABSOLUTE NET GROUND LEASE
- TEXAS LOCATION

ACT ID ZAD0480026

Marcus & Millichap



FINANCIAL OVERVIEW

PRICE: \$3,144,578 | RENT: \$130,500

Property Address	105 Lincoln St
City, State, Zip	Pecos, TX 79772
Estimated Building Size (SF)	3,250+/- SF
Lot Size	1.51 Acres
Year Built	2019

LEASE SUMMARY

Property Type	Net Leased Restaurant
Ownership	Franchisee
Tenant	19 Unit Operator (15 Burger Kings & 4 Popeyes)
Lease Commencement Date	Close of Escrow/Sale Leaseback
Lease Expiration	20 Years
Lease Term Remaining	20 Years
Lease Type	Absolute Net Ground Lease
Roof & Structure	Tenant Responsibility
Options to Renew	Four 5-Year Options
Base Term Rental Escalations	7.5% Every Five Years
Rent to Sales Ratio	8.00%
Right of First Refusal	Yes

ANNUALIZED OPERATING DATA

Annual Rent	\$130,500
Rental Escalations	7.5% Every 5 Years
Average Cap Rate	5.42%

RENT SCHEDULE	ANNUAL RENT	MONTHLY RENT	CAP RATE
Years 1-5	\$130,500.00	\$10,875.00	4.15%
Years 6-10	\$140,287.50	\$11,690.63	4.46%
Years 11-15	\$150,809.06	\$12,567.42	4.80%
Years 16-20	\$162,119.74	\$13,509.98	5.16%
Option I Years 21-25	\$174,278.72	\$14,523.23	5.54%
Option II Years 26-30	\$187,349.63	\$15,612.47	5.96%
Option III Years 31-35	\$201,400.85	\$16,783.40	6.40%
Option IV Year 36-40	\$216,505.91	\$18,042.16	6.89%

BURGER KING INVESTMENT OVERVIEW

Property Address	105 Lincoln St
City, State, Zip	Pecos, TX 79772
Estimated Building Size (SF)	3,250+/- SF
Lot Size	1.51 Acres
Year Built	2019
Net Operating Income	\$130,500

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present for sale this single-tenant, absolute triple-net lease Burger King Restaurant investment opportunity located at 105 Lincoln St Pecos, TX. The property consists of a 1.51-acre parcel improved with an approximately 3,250-square foot building. It is located at the intersection of Lincoln St and Texas Pecos Trail. The restaurant will have a brand new 20-year Absolute Net Ground Lease at the close of escrow with a seasoned RBI Brands Franchisee. Annual base rent is set at \$130,500 with 7.5 percent rental increases every five years in the base term, as well as the four five-year renewal options.

The restaurant is located in the newly developed retail corridor of Pecos. Hotels, restaurants, gas stations and retail properties have been developed over the last few years as a result of demand and growth. Traffic counts along Pecos Trail exceed 10,800 cars per day and along nearby Interstate 20, over 15,000 cars per day. Within the immediate trade area is located McDonalds, Walmart, Sonic Drive In, AutoZone, Flying J Travel Center and hotels such as Holiday Inn Suites, Staybridge Suites, and Microtel Inn and Suites to name a few.

INVESTMENT HIGHLIGHTS

- **BRAND NEW 20 YEAR ABSOLUTE NET GROUND LEASE**
- **NEW CONSTRUCTION**
- **LOW RENT TO SALES RATIO**
- **EXPERIENCED OPERATOR**



BURGER KING

rbi restaurant
brands
international



Burger King (BK) is an American global chain of hamburger fast food restaurants. Headquartered in the unincorporated area of Miami-Dade County, Florida, the company was founded in 1953 as Insta-Burger King, a Jacksonville, Florida-based restaurant chain. After Insta-Burger King ran into financial difficulties in 1954, its two Miami-based franchisees David Edgerton and James McLamore purchased the company and renamed it "Burger King". Over the next half-century, the company would change hands four times, with its third set of owners, a partnership of TPG Capital, Bain Capital, and Goldman Sachs Capital Partners, taking it public in 2002. In late 2010, 3G Capital of Brazil acquired a majority stake in the company, in a deal valued at US\$3.26 billion. The new owners promptly initiated a restructuring of the company to reverse its fortunes. 3G, along with partner Berkshire Hathaway, eventually merged the company with the Canadian-based doughnut chain Tim Hortons, under the auspices of a new Canadian-based parent company named Restaurant Brands International.

Burger King

Headquartered	Miami, FL
Website	www.BK.com
Parent Company	RBI, Inc
Credit Rating	B-
Stock Ticker	QSR
2020 Sales (Burger King)	\$20B
Current Price	\$56.96 as of 2/2/2022
52 Wk High/Low	\$71.12/\$53.47
Store Count	25,496
No. of Employees	45,487



Interstate 20
15,100 Cars Per Day



BURGER
KING

Subject Property



Texas Pecos Trail
10,800 Cars Per Day



NEW
CONSTRUCTION

NEW ABSOLUTE
NET GROUND
LEASE

STRONG
OPERATOR

INTERSTATE
EXIT



LOCATION OVERVIEW | DEMOGRAPHICS

Pecos, Texas

Pecos, TX is a regional retail and services cluster due to its strategic location in the center of the Trans Pecos region. Pecos is located at the intersection of IH-20 and US-285, which connects the Dallas/Fort Worth corridor to El Paso as well as the Trans Pecos region to New Mexico.

Today, the hospitality industry is realizing significant growth in Pecos. Five national franchises that include the Holiday Inn Express, Hampton Inn, La Quinta, Comfort Suites and the Baymont Inn are entering the Pecos marketplace. In total, over \$25 million in new capital investment and over 50 jobs will be created. The HOT tax collections are projected to increase by 189% nearing \$1 million annually at the completion of these new hotels.

Pecos Main Street is attracting mixed-use developments that will include retail, restaurants, business and personal services, as well as loft housing. Other emerging economic clusters include, education, oil/gas and regional entertainment venues.

Pecos is focused at managing its growth and assuring the development and delivery of high quality public services. The City is also focused on enhancing its partnerships with Reeves County, Reeves County Hospital District, Pecos Barstow Toyah ISD and the Pecos Area Chamber of Commerce.

POPULATION

2026 Projection

1-MILE	3-MILES	5-MILES
2,578	10,871	14,808

2021 Population

1-MILE	3-MILES	5-MILES
2,525	10,704	14,509



INCOME

Average

1-MILE	3-MILES	5-MILES
\$63,516	\$65,804	\$65,205

Median

1-MILE	3-MILES	5-MILES
\$60,597	\$58,554	\$57,380



HOUSEHOLDS

2026 Projection

1-MILE	3-MILES	5-MILES
959	3,873	4,071

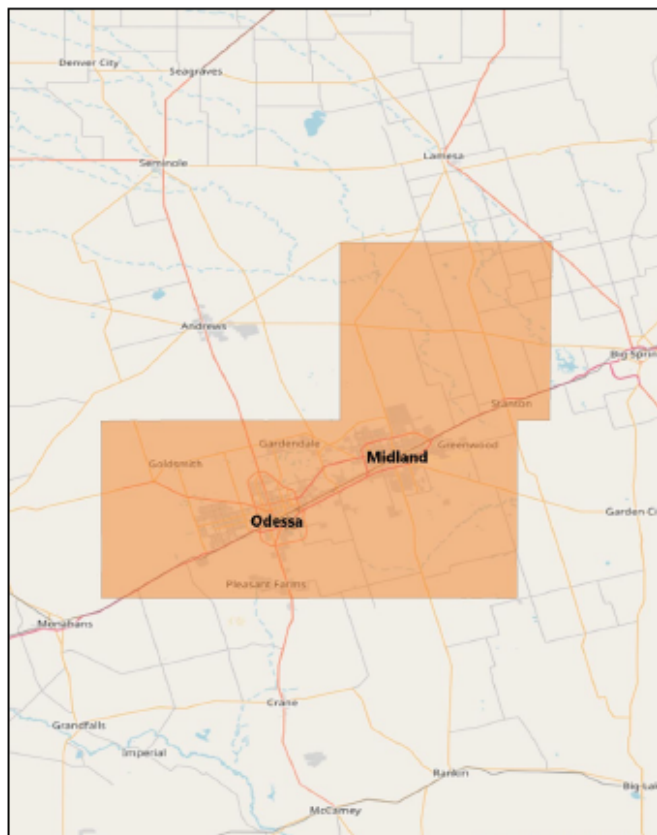
2021 Households

1-MILE	3-MILES	5-MILES
929	3,763	3,942



MIDLAND-ODESSA

Located in West Texas, the Midland-Odessa metro is considered an energy capital as the Permian Basin is one of the biggest oil fields in the world and is home to some of the largest petroleum-producing companies. The metro consists of Martin, Midland and Ector counties. The public sector is a top job provider, but the private sector is driving the economic growth. The two largest cities are Midland with nearly 130,400 residents and Odessa, where roughly 112,500 citizens live.



METRO HIGHLIGHTS



ENERGY HUB

Mining and petroleum extraction is the leading job provider in the metro. Companies have extracted upward of 3 million barrels per day.



FAST GROWING POPULATION

The metro will add roughly 29,600 residents through 2025, growing at a rate that more than doubles the national average. This will translate to the formation of nearly 11,300 households.



HIGHER EDUCATION

University of Texas, Permian Basin has more than 5,800 students enrolled. Texas Tech's Health Sciences Center offers MD, nursing, and physical therapy programs in Odessa.

ECONOMY

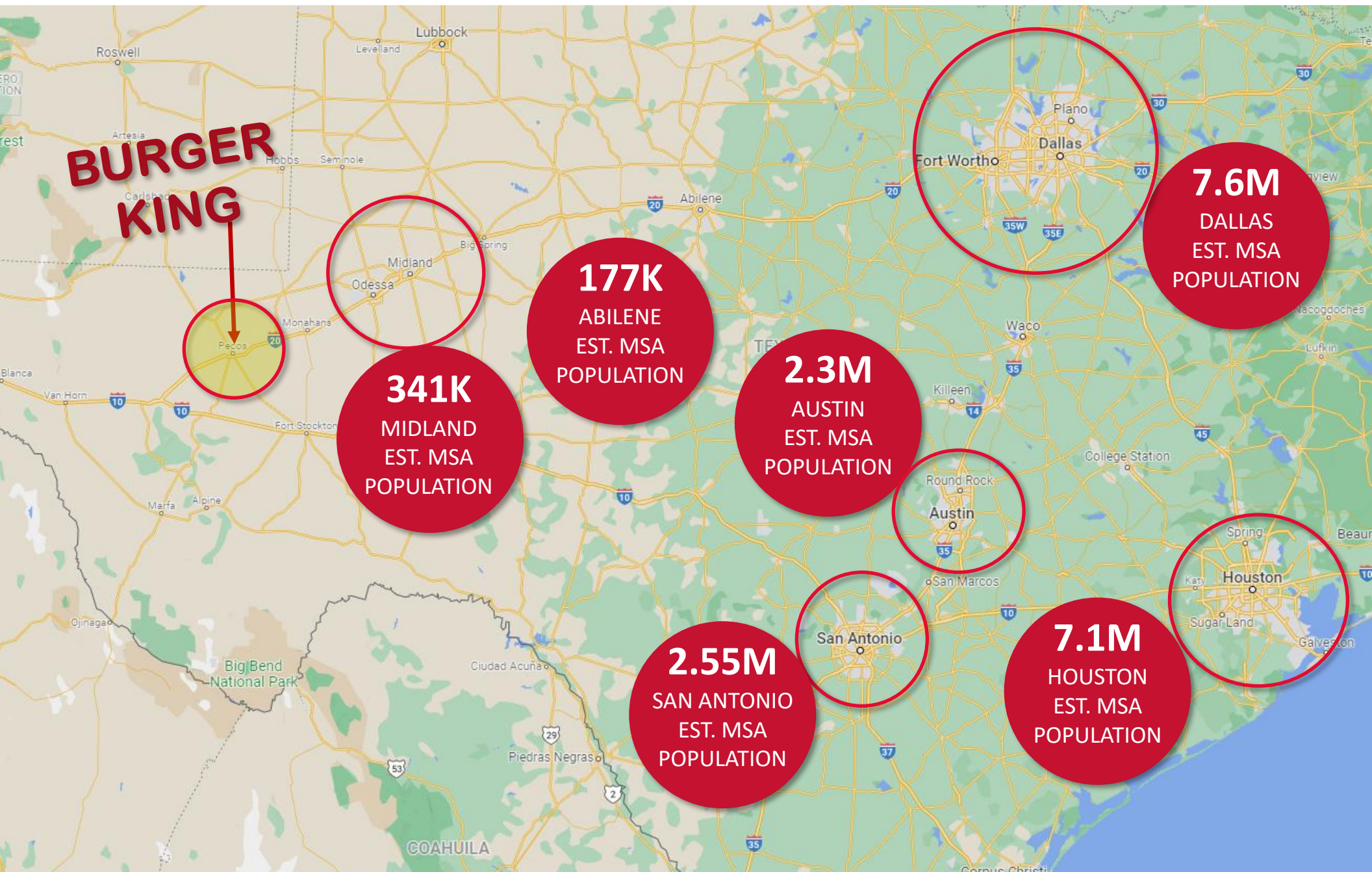
- The oil and energy sector drives the Midland-Odessa economy. The Permian Basin covers more than 86,000 square miles and is believed to contain as much as 46 billion barrels of oil.
- Petroleum powerhouses such as ExxonMobil, Chevron, and Occidental Petroleum have major operations in the area.
- Odessa has become a regional distribution hub for many companies outside of the energy industry. Family Dollar has its Texas Distribution Center in Odessa.
- Of the top 10 employers in Midland-Odessa, four are in the healthcare field. This sector is driven in part by Texas Tech University Health Sciences Center.

DEMOGRAPHICS



BURGER KING

LOCATION MAP



NON-ENDORSEMENT AND DISCLAIMER NOTICE

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)

DISCLAIMER

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.

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

NON-ENDORSEMENTS

Marcus & Millichap Real Estate Investment Services, Inc ("Marcus & Millichap") 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 Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.



Information About Brokerage Services

11-2-2015

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction.

The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

<u>Marcus & Millichap</u>	<u>9002994</u>	<u>tim.speck@marcusmillichap.com</u>	<u>972-755-5200</u>
Licensed Broker/Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
<u>Tim A. Speck</u>	<u>432723</u>	<u>tim.speck@marcusmillichap.com</u>	<u>972-755-5200</u>
Designated Broker of Firm	License No.	Email	Phone
<u></u>	<u></u>	<u></u>	<u></u>
Licensed Supervisor of Sales Agent/Associate	License No.	Email	Phone
<u></u>	<u></u>	<u></u>	<u></u>
Sales Agent/Associate's Name	License No.	Email	Phone

Regulated by the Texas Real Estate Commission

Buyer/Tenant/Seller/Landlord's Initials

Date

Information available at www.trec.texas.gov
IABS 1-0



exclusive listing

Burger King | Pecos, TX

Tim Speck
TX Broker of Record
Broker, Lic.# 9002995
ACT ID ZAD0480026

Marcus & Millichap

OFFICES NATIONWIDE
WWW.MARCUSMILLICHAP.COM