

Burger King

1333 19th Avenue North - FARGO, NORTH DAKOTA 58102

offering memorandum



ACTUAL PROPERTY

Financial Overview

1333 19th Avenue North - FARGO, NORTH DAKOTA 58102

Offering Summary

PRICE	\$1,603,344
CAP RATE	6.25%
NOI	\$100,209
PRICE PER SQUARE FOOT	\$469.23
RENT PER SQUARE FOOT	\$29.33
YEAR BUILT	1987
APPROXIMATE LOT SIZE	0.55 Acres
GROSS LEASEABLE AREA	3,417
TYPE OF OWNERSHIP	Fee Simple
LEASE GUARANTOR	Corporate Guaranty
LEASE TYPE	Absolute Net
ROOF AND STRUCTURE	Tenant Responsible

Lease Summary

LEASE COMMENCEMENT DATE	10/31/2014
LEASE EXPIRATION DATE	10/31/2034
LEASE TERM	20 Years
TERM REMAINING	17+ Years
INCREASES	1.25 Percent Annually
OPTIONS TO RENEW	Four, Five-Year Options
OPTIONS TO TERMINATE	None
OPTIONS TO PURCHASE	None
FIRST RIGHT OF REFUSAL	None



Annualized Operating Data

	Base Rent	Annual Rent	Monthly Rent	
Current	10/31/2017	\$100,209	\$8,351	
11/1/2017	10/31/2018	\$101,462	\$8,455	1.25%
11/1/2018	10/31/2019	\$102,730	\$8,561	1.25%
11/1/2019	10/31/2020	\$104,014	\$8,668	1.25%
11/1/2020	10/31/2021	\$105,314	\$8,776	1.25%
11/1/2021	10/31/2022	\$106,631	\$8,886	1.25%
11/1/2022	10/31/2023	\$107,964	\$8,997	1.25%
11/1/2023	10/31/2024	\$109,313	\$9,109	1.25%
11/1/2024	10/31/2025	\$110,679	\$9,223	1.25%
11/1/2025	10/31/2026	\$112,063	\$9,339	1.25%
11/1/2026	10/31/2027	\$113,464	\$9,455	1.25%
11/1/2027	10/31/2028	\$114,882	\$9,574	1.25%
11/1/2028	10/31/2029	\$116,318	\$9,693	1.25%
11/1/2029	10/31/2030	\$117,772	\$9,814	1.25%
11/1/2030	10/31/2031	\$119,244	\$9,937	1.25%
11/1/2031	10/31/2032	\$120,735	\$10,061	1.25%
11/1/2032	10/31/2033	\$122,244	\$10,187	1.25%
11/1/2033	10/31/2034	\$123,772	\$10,314	1.25%

Investment Overview

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Marcus & Millichap is pleased to present this 3,417-square foot Burger King in Fargo, North Dakota; which is the state's largest city, and was ranked the fourth fastest-growing small city in the United States by Forbes in 2014. There are more than 17 years remaining on Burger King's absolute net lease, where the tenant is responsible for all expenses associated with the asset. The lease features 1.25 percent annual rent increases over the base term and in the four, five-year renewal options.

The lease is corporately guaranteed by Meridian Restaurant Unlimited, Limited Company, as well as a strong, full-term, personal guaranty from its principals. Meridian Restaurant Unlimited, Limited Company is a 100-unit franchisee restaurant operator across multiple concepts. Burger King plans to invest significant capital into this location with its "20/20" remodel scheduled for 2018.

The subject property is a pad site to a 99,000-square foot mixed-use retail-education building on 19th Avenue, which is directly adjacent to North Dakota State University's FargoDome. This mixed-use retail-education building features a CVS/Pharmacy and North Dakota State University College of Science. The 18,000-seat FargoDome is home to the premier Division I FCS North Dakota State University Men's Football Team. North Dakota State University is the state's fifth largest employer and has more than 14,000 students enrolled annually. This asset also benefits from its proximity to Hector International Airport. Located approximately less than one mile from the airport, Burger King is among the first dining options for travelers.

Less than one mile from this Burger King is a \$23-million proposed residential-retail mixed use development. Design of the four-story complex calls for 103 apartments and more than 6,000-square feet of ground floor retail. The complex is targeted at addressing student housing demand in order to take pressure off the single-family home rental market.

- **Burger King in Fargo | Most Populous City in North Dakota | Directly Adjacent to Fargodome | Home to North Dakota State University Bison Football Team | More Than 18,000-Seat Stadium**

- **Tenant Demonstrates Commitment | Plans to Invest Significant Capital | "20/20" Renovation Scheduled for 2018**

- **More than 17 Years Remaining on Absolute Net Lease | Zero Landlord Responsibilities**

- **Strong Inflation Hedge | 1.25 Percent Annual Rent Increases Over the Base Term and in Four, Five-Year Renewal Options**

- **Lease is Corporately Guaranteed by Meridian Restaurant Unlimited, Limited Company Plus a Full Term Personal Guaranty from Both Principals | 100-Unit Franchisee Restaurant Operator Across Multiple Concepts**

- **Pad Site to 99,000-Square Foot Mixed Use Retail-Education Building | CVS Pharmacy and North Dakota State College of Science School**

- **Among First Dining Options Upon Exit of Hector International Airport**

- **Directly Adjacent to North Dakota State University Campus | More Than 14,000 Students | Fifth Largest Employer in the State**

- **Less Than Half-A-Mile from North High School | Enrollment Greater Than 1,000 Students**

- **Mixed-Use Residential-Retail Proposed Development | \$23-Million Project Less Than Half-A-Mile from Burger King | 103 Residential Units and 6,230-Square Feet of Ground Floor Retail**

Tenant Overview - Burger King

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3G Capital



Every day, more than 11-million guests visit Burger King restaurants around the world. And they do so because Burger King 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, Burger King's commitment to premium ingredients, signature recipes, and family-friendly dining experiences is what has defined their brand for more than 50 successful years. 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 2014, Burger King purchased Tim Hortons, and after the deal closed Burger King was renamed Restaurant Brands International, Incorporated. As of June 2017, 3G capital owns more than 96 percent of Restaurant Brands International.

Meridian Restaurants was founded in 2002 with 14 restaurants, and in 2016 they attained a long-term goal of 100 restaurants consisting of three top-tier brands across eight mid-western states: Burger King, El Pollo Loco, and Chili's. The tenant; NDM Restaurants, Limited Company; is a wholly owned subsidiary of Meridian Restaurants Unlimited, Limited Company. The lease is corporately guaranteed by Meridian Restaurants Unlimited, Limited Company; as well as a full-term personal guaranty from the entity's principals: David A. Harper and Stephan L Ralston.

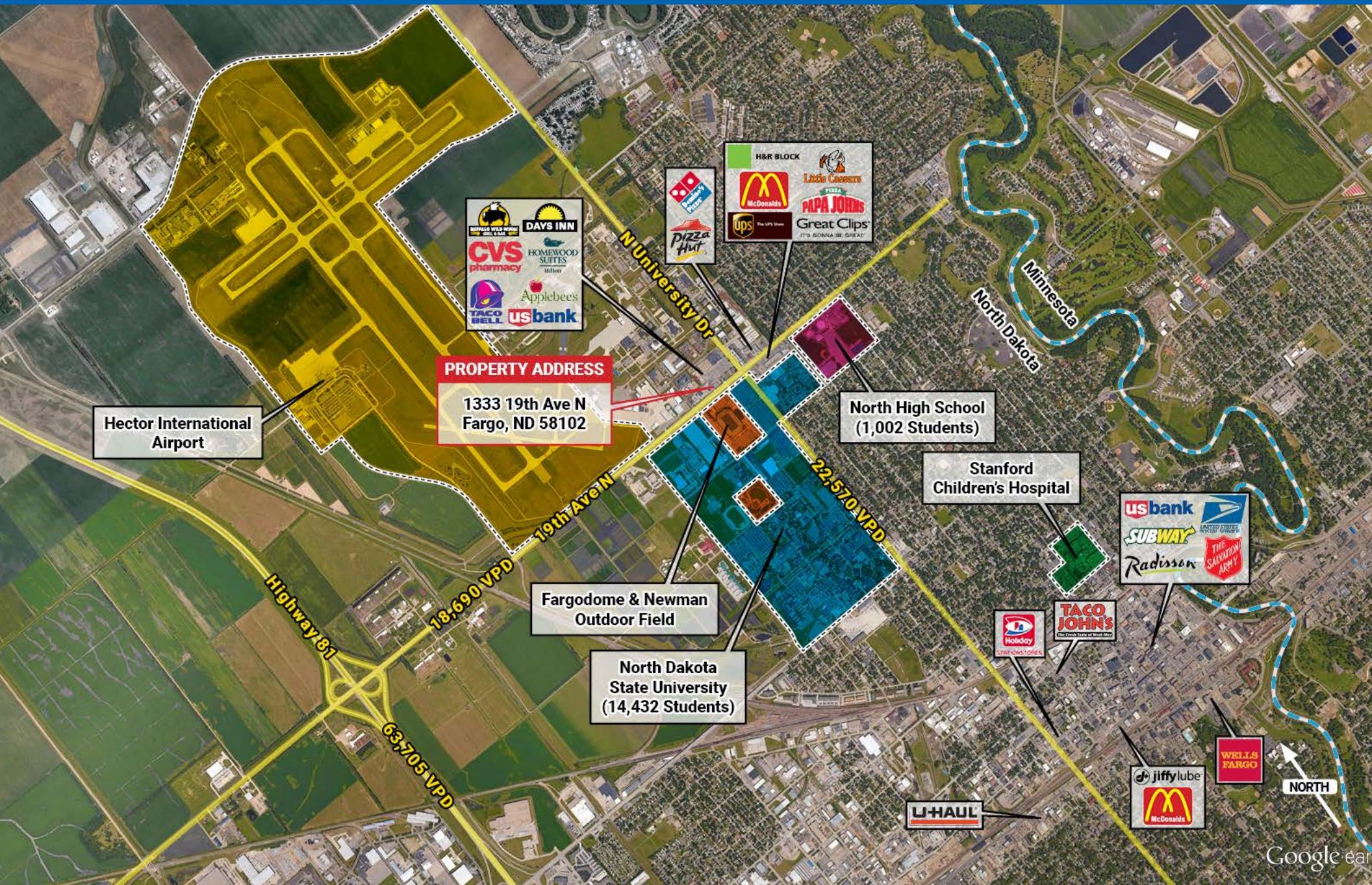
Harper is a Senior Restaurant Operations Executive with more than 25 years of experience in multi-unit management, financial accountability, strategic planning, and project management in both franchisee and company operations. As of March 2016, Harper was an operating partner in more than 70 Burger Kings registering more than \$68-Million in annual sales.

TENANT PROFILE

TENANT TRADE NAME	Burger King
OWNERSHIP	Private
TENANT	NDM Restaurants, Limited Company
LEASE GUARANTOR	Meridian Restaurants Unlimited, Limited Company + Full-Term Personal Guaranty
NUMBER OF LOCATIONS	100 Units
HEADQUARTERED	South Ogden, Utah
WEB SITE	https://www.meridianrestaurantsunlimited.com/

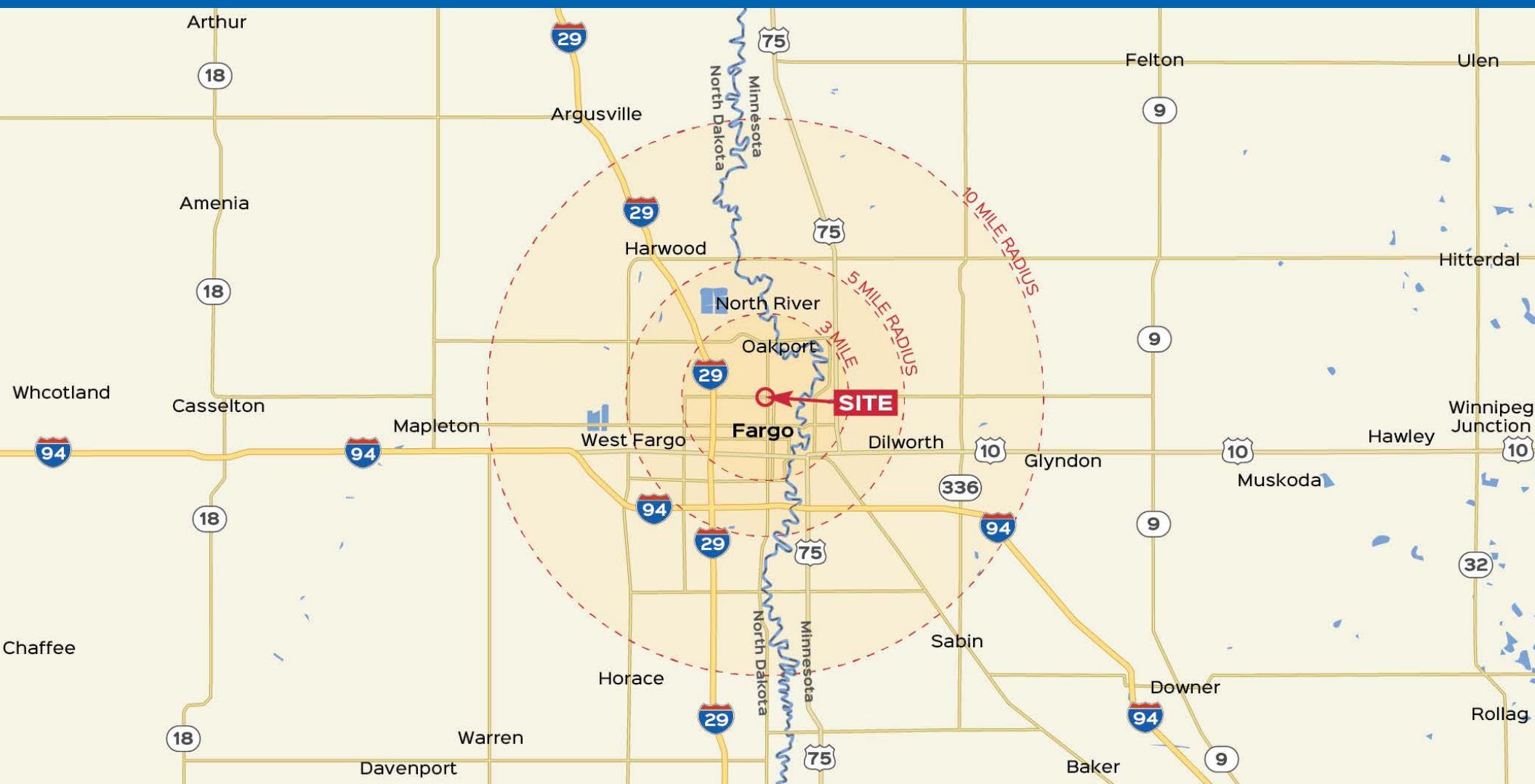
Aerial Overview

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Area Overview & Demographics

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	1-Mile	3-Mile	5-Mile
Population			
2000 Population	51,336	113,343	149,731
2010 Population	50,554	117,232	181,945
2017 Population	53,805	126,566	213,291
2022 Population	59,324	139,354	238,286

	1-Mile	3-Mile	5-Mile
Households			
2000 Households	21,761	47,364	60,852
2010 Households	21,681	50,354	75,966
2017 Households	23,190	54,748	89,505
2022 Households	25,756	60,685	100,506

	1-Mile	3-Mile	5-Mile
Household (HH) Incomes			
2017 Average HH Income	\$59,743	\$61,814	\$74,173
2017 Median HH Income	\$41,066	\$44,249	\$55,135
2017 Per Capita Income	\$25,749	\$26,739	\$31,126

Market Overview - Fargo, North Dakota

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Once a rough and rowdy frontier town, Downtown Fargo is now a cosmopolitan neighborhood that embodies a live-work-play philosophy. Over the past decade, innovative programs and partnerships have turned blighted buildings into apartments, condominiums, and a boutique hotel, providing the clientele for trendy restaurants, distinctive shops, and chic galleries. Pedestrians, cars, buses, and bicycles form a unique, multimodal tapestry, and the expansion of North Dakota State University has injected a younger demographic into downtown.

Roughly 100 blocks, downtown Fargo's eastern border is the Red River of the North with University Drive the western border, 7th and 9th Avenues North the northern border, and 3rd and 6th Avenues South the southern border. Since 1999, more than \$100 million in public and private investment has focused on downtown's 39-block renaissance zone.

Downtown Fargo includes open spaces and recreational areas. The 45-acre Island Park is a gathering place and home to the neighborhood's swimming pool. When it snows, kids flock to the Dike East recreation area on the banks of the Red River of the North, where an earthen levee serves as a popular sledding hill. The free Fargo Skate Park challenges even the most advanced skateboarder.

BLOCK 9 REDEVELOPMENT



Downtown Fargo's rich arts, entertainment and restaurant scene make the central business district attractive to lot of people from different backgrounds, and developers have responded. Among a number of redevelopments aimed at redefining downtown Fargo, the \$120-million Block 9 redevelopment is the latest project.

Conceptual plans call for the construction of a hospitality development; a 248,000-square foot office development; a 16-story above grade multi-residential development; and for the renovation of the existing office building. The existing plaza will be converted into a community gathering and event space with a water feature and ice skating rink. The project will include the corporate headquarters of R.D. Offutt, an 88-room hotel and residential condominiums. Along with the new building space, the 8,000-square foot U.S. Bank Plaza will be transformed into a community gathering and event space. With an opportunity for a mutually beneficial public-private partnership, the 60-space surface level parking lot on the 200 block of Broadway will be transformed into a mid-rise, mixed-use tower that will add to a vibrant city core and a new dynamic to the skyline of downtown Fargo.

North Dakota State University is located in the city of Fargo, on the eastern border of the state. NDSU offers 102 undergraduate majors, 170 undergraduate degree programs, 6 undergraduate certificate programs, 81 master's degree programs, 47 doctoral degree programs of study and 10 graduate certificate programs. As of 2015, there were 14,516 students attending NDSU from 47 different states and 79 different countries. Notable North Dakota State alumni include Alf Clausen, Emmy Award-winning music director for "The Simpsons" television show.

The North Dakota State Bison football program competes in NCAA Division I Football Championship Subdivision level and is a member of the Missouri Valley Football Conference. The Bison play in the 19,000 seat Fargodome located in Fargo, ND. The Bison have won 13 National Championships and 33 Conference Championships and won five-consecutive NCAA Division I-FCS National Championships between 2011 and 2015. NDSU is the only college football program to ever win five consecutive NCAA national championships. In regards to overall record, post-season play, and titles won over the past 5 years; the NDSU Bison Football program is known as one of the greatest dynasties in college football history.



