

Burger King

310 1st Street East - PARK RAPIDS, MINNESOTA 56470

offering memorandum



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Marcus & Millichap

Financial Overview

310 1st Street East - PARK RAPIDS, MINNESOTA 56470

OFFERING SUMMARY

PRICE	\$1,419,446
CAP RATE	5.85%
NOI	\$83,038
PRICE PER SQUARE FOOT	\$306.77
RENT PER SQUARE FOOT	\$17.95
YEAR BUILT	1985/2018
APPROXIMATE LOT SIZE	1.37 Acres
GROSS LEASEABLE AREA	4,627
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	
11/1/2017	10/31/2018	\$83,038	\$6,920	
11/1/2018	10/31/2019	\$84,076	\$7,006	1.25%
11/1/2019	10/31/2020	\$85,127	\$7,094	1.25%
11/1/2020	10/31/2021	\$86,191	\$7,183	1.25%
11/1/2021	10/31/2022	\$87,268	\$7,272	1.25%
11/1/2022	10/31/2023	\$88,359	\$7,363	1.25%
11/1/2023	10/31/2024	\$89,463	\$7,455	1.25%
11/1/2024	10/31/2025	\$90,582	\$7,548	1.25%
11/1/2025	10/31/2026	\$91,714	\$7,643	1.25%
11/1/2026	10/31/2027	\$92,860	\$7,738	1.25%
11/1/2027	10/31/2028	\$94,021	\$7,835	1.25%
11/1/2028	10/31/2029	\$95,196	\$7,933	1.25%
11/1/2029	10/31/2030	\$96,386	\$8,032	1.25%
11/1/2030	10/31/2031	\$97,591	\$8,133	1.25%
11/1/2031	10/31/2032	\$98,811	\$8,234	1.25%
11/1/2032	10/31/2033	\$100,046	\$8,337	1.25%
11/1/2033	10/31/2034	\$101,297	\$8,441	1.25%

Investment Overview

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Marcus & Millichap is pleased to present Burger King in Park Rapids, Minnesota; which is 20 miles south of Itasca State Park – the source of the Mississippi River. There are nearly 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.

The subject property is positioned at the hard corner intersection of 1st Street/Route-34 and Riverside Avenue. More Than 21,000 vehicles pass by this asset daily. This offering features nearly 1.5 acres and more than 150 feet of frontage on 1st Street/Route-34 and Riverside, a four-lane thoroughfare that runs the length of the entire city.

Additional tenants in the immediate vicinity include: Wal-Mart, Dollar Tree, L&M Fleet Supply, Verizon, AutoZone, Anytime Fitness, Pizza Hut, Subway, Caribou Coffee, Walgreens, Citizens National Bank, Casey's General Store, and many more.

- **Burger King in Park Rapids, Minnesota | 20 Miles South of Itasca State Park – The Source of the Mississippi River**
- **The "20/20" Renovation is Scheduled for 2018 | Tenant Plans to Invest Significant Capital**
- **Nearly 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 Operators Across Multiple Concepts**
- **Asset is Position on a Hard Corner at the Intersection of 1st Street/Route-34 and Riverside Avenue | More Than 21,000 Vehicles Per Day (VPD)**
- **Nearly 1.5 Acres and More Than 150 Feet of Frontage on 1st Street/Route-34 | Major Four-Lane Corridor Running the East-West Length of the City**
- **Additional Tenants in the Immediate Vicinity Include: Wal-Mart, Dollar Tree, L&M Fleet Supply, Verizon, AutoZone, Anytime Fitness, Pizza Hut, Subway, Caribou Coffee, Walgreens, Citizens National Bank, Casey's General Store, and Many More**



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/

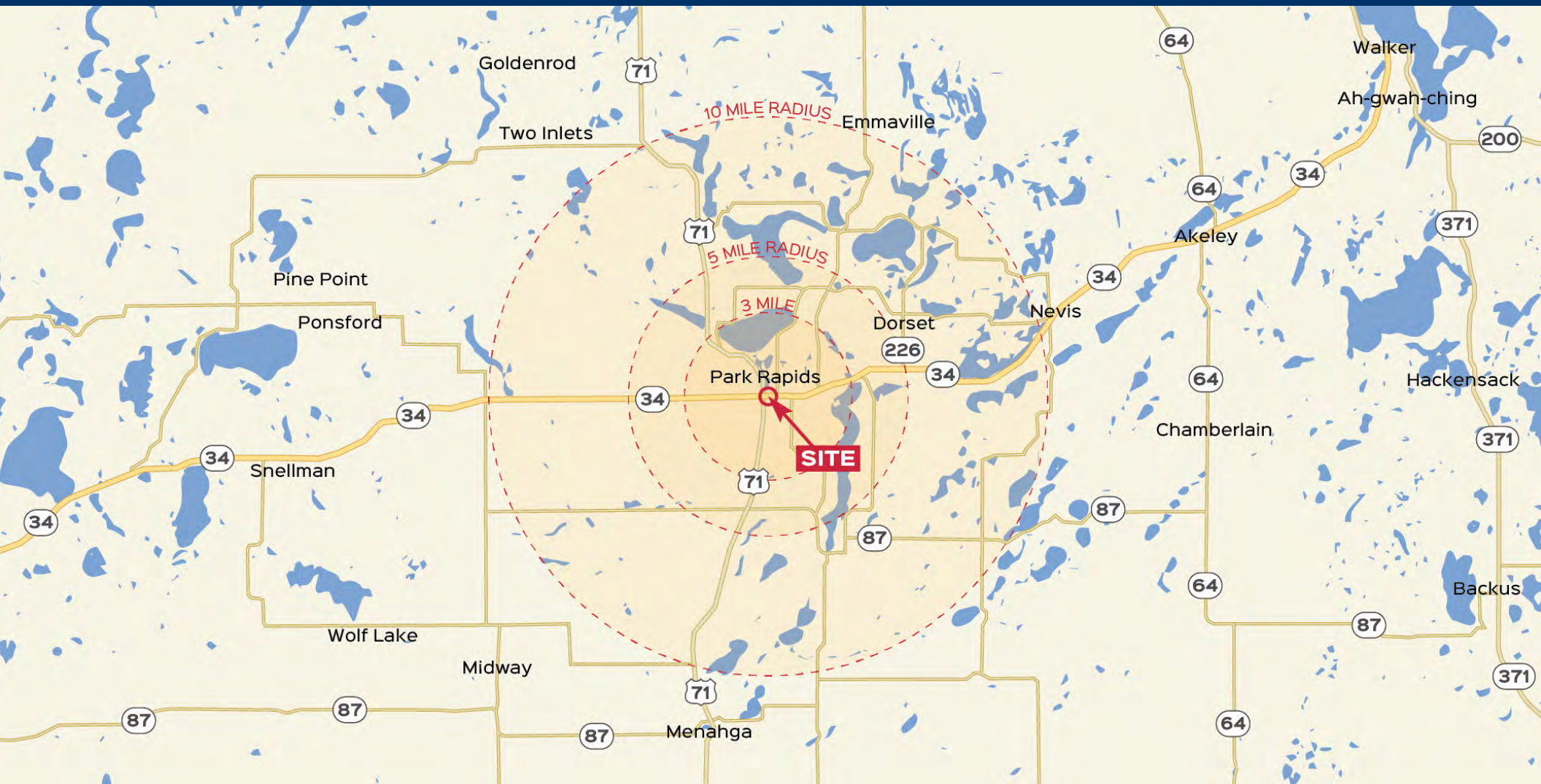
Aerial Overview

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Area Overview & Demographics

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	3-Mile	5-Mile	10-Mile
Population			
2000 Population	4,806	6,542	11,266
2010 Population	5,178	7,006	12,089
2017 Population	5,467	7,347	12,619
2022 Population	5,593	7,506	12,880

	3-Mile	5-Mile	10-Mile
Households			
2000 Households	2,077	2,760	4,690
2010 Households	2,372	3,125	5,302
2017 Households	2,494	3,270	5,535
2022 Households	2,550	3,339	5,650

	3-Mile	5-Mile	10-Mile
Household (HH) Incomes			
2017 Average HH Income	\$50,159	\$54,463	\$60,194
2017 Median HH Income	\$38,937	\$42,167	\$47,375
2017 Per Capita Income	\$22,882	\$24,240	\$26,403

Market Overview - Park Rapids, Minnesota

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Park Rapids is in Hubbard County, Minnesota. Park Rapids is located 85 miles west of Fargo, North Dakota and 200 miles north of Minneapolis. It is near Itasca State Park, the source of the Mississippi River, as well as the beginning of the Heartland State Trail. The city was founded in 1890 near the Fish Hook River rapids and is located along United States Highway 71 and Minnesota State Highway 34.

Park Rapids and the surrounding Hubbard County area have three major transportation services. Highway 34 was expanded in 2008 into a five-lane route through the city. Downtown Main Avenue has street "center parking". Highway 71 and Main Street were reconstructed during the summer of 2009. For air travel, Park Rapids is serviced by the Municipal-Konshok Field Airport. The airfield is publicly owned by the City of Park Rapids. Also serving the Park Rapids and Hubbard County area is the Hubbard County Heartland Express bus service.

Through a wide variety of programs and initiatives, the Park Rapids Lakes Area Chamber works to positively impact the quality of life in the region, while supporting the growth and prosperity. Leaders in the business community, local government, the Chamber's volunteers and professional staff work to make Park Rapids a more profitable region. The Park Rapids Lakes Area Chamber is a resource to educate, promote, and grow the economy. From professional development to marketing the region to economic development, the Park Rapids Lakes Area Chamber of Commerce is committed to giving each member the opportunity to prosper in today's competitive business world.

There are over seventy lakes in the Park Rapids area, which all offer distinct fishing opportunities. Some of the notable nearby lakes include Lake Itasca (headwaters of the Mississippi River) as well as some of the numerous Crow Wing Lakes. Some of the most common fish caught within the area include largemouth, smallmouth and rock bass, bullhead, crappie, northern pike, perch, sunfish and walleye. The Heartland Trail, which is one of the oldest rail-to-trail projects in the United States, begins in Park Rapids. The 49-mile trail is open to horseback riding, hiking, snowmobiling, and biking.



Burger King

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Brokers Of Record

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