

Burger King

GILBERT, AZ



OFFERING MEMORANDUM



Burger King

GILBERT, AZ

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GILBERT, AZ

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PRICING AND FINANCIAL ANALYSIS

Burger King

GILBERT, AZ

Marcus & Millichap
Real Estate Investment Services

FINANCIAL OVERVIEW

Location

450 North Gilbert Road
Gilbert, AZ 85234

Price	\$1,000,000
Down Payment	100% / \$1,000,000
Rentable Square Feet	2,726
Price/SF	\$366.84
CAP Rate	6.00%
Year Built	1988
Lot Size	0.80 Acres
Type of Ownership	Fee Simple

Tenant Summary

Tenant Trade Name	Burger King
Ownership	Private
Tenant	MCL Gilbert Road Restaurants, LLC
Lease Type	Triple Net (NNN)
Roof and Structure	Tenant Responsible
Lease Term	20 Years
Lease Commencement Date	Close of Escrow
Rent Commencement Date	Close of Escrow
Lease Expiration Date	20 Years From COE
Term Remaining on Lease	20 Years
Increases	1% Annually Starting Year 11
Options	Five, Five-Year Options

Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
Year 1	\$60,000.00	\$5,000.00
Year 2	\$60,000.00	\$5,000.00
Year 3	\$60,000.00	\$5,000.00
Year 4	\$60,000.00	\$5,000.00
Year 5	\$60,000.00	\$5,000.00
Year 6	\$60,000.00	\$5,000.00
Year 7	\$60,000.00	\$5,000.00
Year 8	\$60,000.00	\$5,000.00
Year 9	\$60,000.00	\$5,000.00
Year 10	\$60,000.00	\$5,000.00
Year 11	\$60,600.00	\$5,050.00
Year 12	\$61,206.00	\$5,100.50
Year 13	\$61,818.06	\$5,151.51
Year 14	\$62,436.24	\$5,203.02
Year 15	\$63,060.60	\$5,255.05
Year 16	\$63,691.21	\$5,307.60
Year 17	\$64,328.12	\$5,360.68
Year 18	\$64,971.40	\$5,414.28
Year 19	\$65,621.12	\$5,468.43
Year 20	\$66,277.33	\$5,523.11
Base Rent (\$22.01/SF)		\$60,000
Net Operating Income		\$60,000
Total Return		6.00% / \$60,000

Option Period Increases:

Years One Through Three: 1 Percent Annual Increases

Years Four and Five: Flat Rent



INVESTMENT SUMMARY



Investment Summary

Sale Price	\$1,000,000
CAP Rate	6.00%
Current Rent	\$60,000
Lease Term	20-Year Triple-Net (NNN)
Rental Increases	1% Starting Year 11

Investment Highlights

- **20-Year Triple-Net (NNN) Sale-Leaseback**
- **Five, Five-Year Renewal Options**
- **Franchisee Operator**
- **One Percent Annual Increases Starting Year 11**
- **Major Remodel Completed in 2008**
- **Multi-Unit Operator**

About The Investment

The subject investment is a Burger King sale-leaseback located at 450 North Gilbert Road in Gilbert, Arizona. The property consists of roughly 2,726 square feet of building space and sits on approximately 0.80 acres of land.

This Burger King will be subject to a 20-year triple-net, sale-leaseback with MCL Gilbert Road Restaurants, LLC. MCL Gilbert Road Restaurants, LLC will enter into a new 20-year lease at the close of escrow. MCL Gilbert Road Restaurants, LLC's indirect parent company, MCL Enterprises, LLC, owns and operates 28 Burger King locations throughout Arizona. The base rent will be \$60,000 and will be subject to 1 percent annual rental increases starting year 11, and will include five, five-year tenant renewal options. The property was remodeled in 2008 to include a brand new dining room package, new signage, and new patio canopies as well as a painted exterior.

Every day, more than 11 million guests visit Burger King restaurants around the world. 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," their commitment to premium ingredients, signature recipes, and family-friendly dining experiences is what has defined their brand for more than 50 successful years.

CONCEPT AND FRANCHISEE OVERVIEW

Concept Overview

Every day, more than 11 million guests visit one of the more than 12,300 BURGER KING® restaurants located throughout 76 countries and territories worldwide. And they do so because Burger King restaurants are known for serving high-quality, great-tasting, and affordable food. The original HOME OF THE WHOPPER®, BK's commitment to premium ingredients, signature recipes, and family-friendly dining experiences is what has defined the brand for more than 50 successful years.



Approximately 90 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. In 2009, BKC was recognized by Interbrand on its top 100 "Best Global Brands" list and Ad Week has named it one of the top three industry-changing advertisers within the last three decades. In October 2010, Burger King Corporation was purchased by 3G Capital, a multi-billion dollar, global investment firm focused on long-term value creation, with a particular emphasis on maximizing the potential of brands and businesses.

Franchisee Overview



MCL Gilbert Road Restaurants, LLC's indirect parent company, MCL Enterprises, is a 19-year Burger King franchisee whose companies, known collectively as the "MCL Family of Companies," consist of a law firm, real estate companies, and management companies that own and operate 28 Burger King Restaurants in the state of Arizona.

The MCL Family of Companies is the largest Burger King franchisee in the state of Arizona currently operating Burger King Restaurants all over the state of Arizona with locations in Tucson, Phoenix, Camp Verde, Pinetop, Prescott, Payson, Show Low, and Whiteriver. MCL Family of companies has assembled a top notch management team to lead the company and is committed to providing excellence in customer service and customer satisfaction.

Mr. Laird has a strong background of outstanding restaurant operations. In April, 2000, Mitchell C. Laird was selected as the Western United States recipient for the prestigious Burger King Restaurant Excellence 2000 Award which recognized his organization as the best in the entire Western United States. He was one of only seven such award winners worldwide.

Mr. Laird has assembled a top notch management team for the MCL Family of Companies and is committed to providing excellence in customer service and customer satisfaction.

PROPERTY DESCRIPTION

Burger King

GILBERT, AZ

LOCATION OVERVIEW

Property Details

450 North Gilbert Road
Gilbert, AZ 85234



Year Built	1988
Building Square Footage	2,726
Lot Size	0.80 Acres

Location Highlights

- Strong Demographics and Traffic Counts
- Close Proximity to Phoenix, Arizona
- Situated Within a Dense Retail Corridor
- Strong Population Growth

About The Location

This Burger King is located at 450 North Gilbert Road in Gilbert, Arizona. Gilbert is a town in Maricopa County, located southeast of Phoenix, within the Phoenix metropolitan area. Once known as the "Hay Shipping Capital of the World", Gilbert is currently the most populous incorporated town in the United States. Gilbert encompasses 76 square miles and has made a rapid transformation from an agriculture-based community to an economically diverse suburban center located in the southeast valley of the Phoenix metropolitan area.

There are approximately 121,000 people within a three-mile radius of this property and more than 371,000 people within a five-mile radius. The property is situated on the hard corner of North Gilbert Road and West Jupiter Avenue. Traffic counts on North Gilbert Road are roughly 27,000 vehicles per day, providing a consistent flow of consumers to this Burger King location.

The subject property is well-positioned on a strong retail corridor home to an array of national, regional, and local brands. Retail along North Gilbert Road includes: Sam's Club, Sonic, AutoZone, Papa Johns, Bank of America, Big Lots, H&R Block, Walgreens, Goodwill, O'Reilly Auto Parts, Chase Bank and Jiffy Lube, just to name a few.

Gilbert is served by two area freeways, the Santan Freeway portion of Loop 202 and US-60. Several major arterials also serve the area, including Williams Field Road, Chandler Boulevard, and Gilbert Road. Additionally, the town enjoys relative closeness to Phoenix Mesa Gateway Airport, which is located in east Mesa; and is a 25-minute drive from Phoenix Sky Harbor International Airport.

PROPERTY PHOTOS

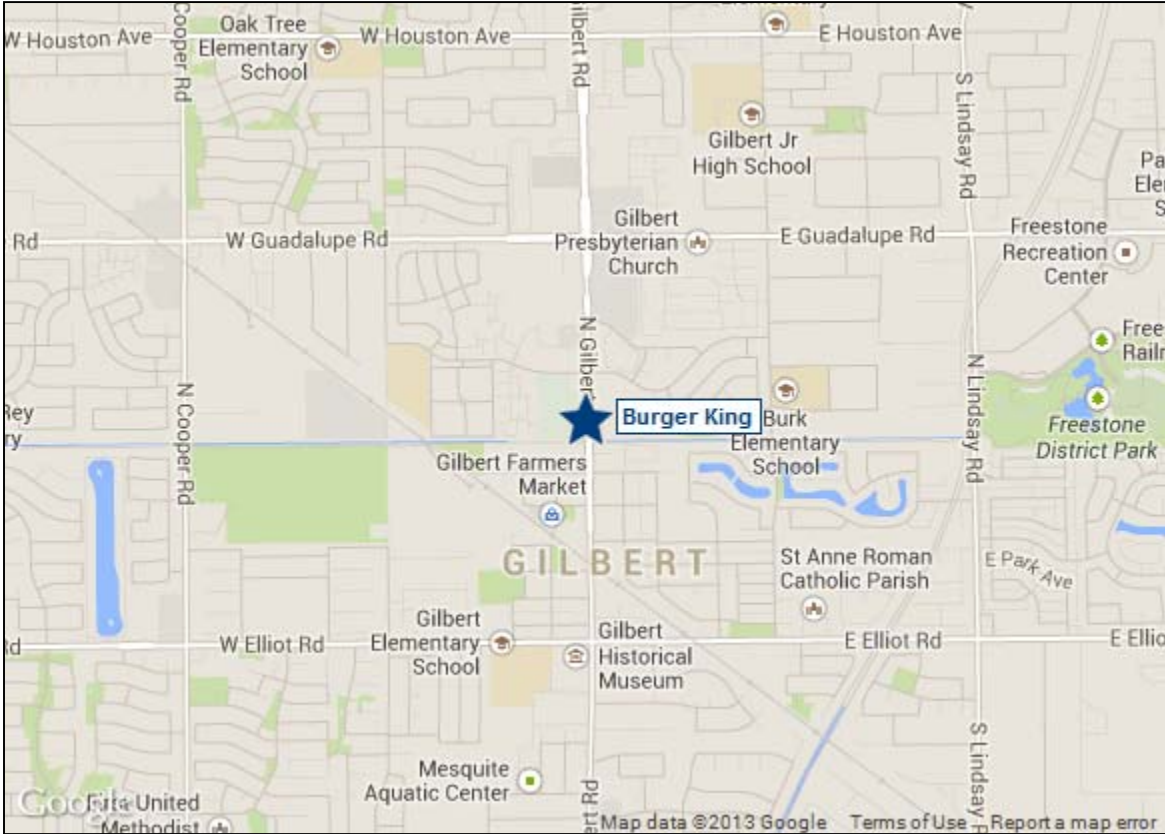


PROPERTY PHOTOS



PROPERTY PHOTOS





Local Map



Regional Map



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AERIAL PHOTO



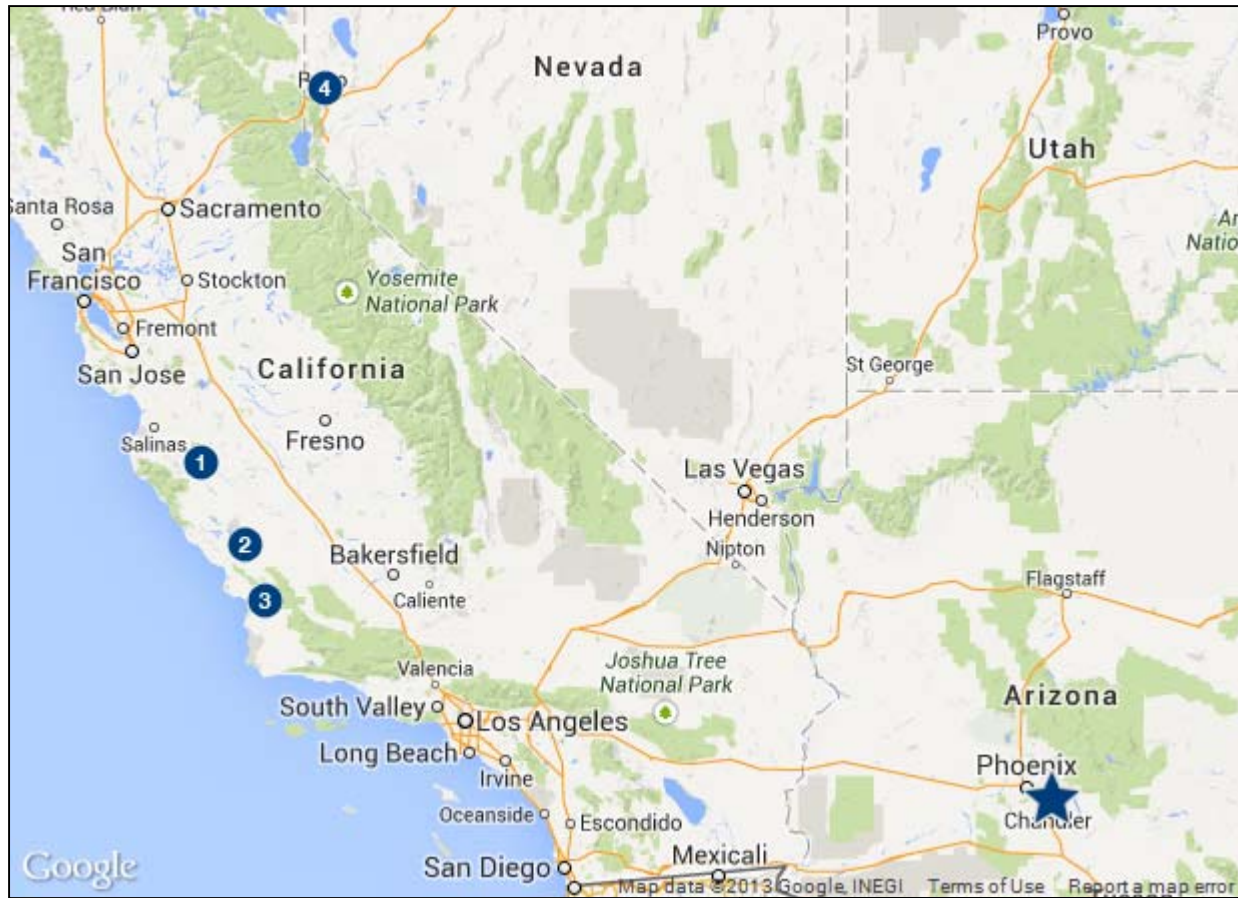
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RECENT SALES

Burger King

GILBERT, AZ

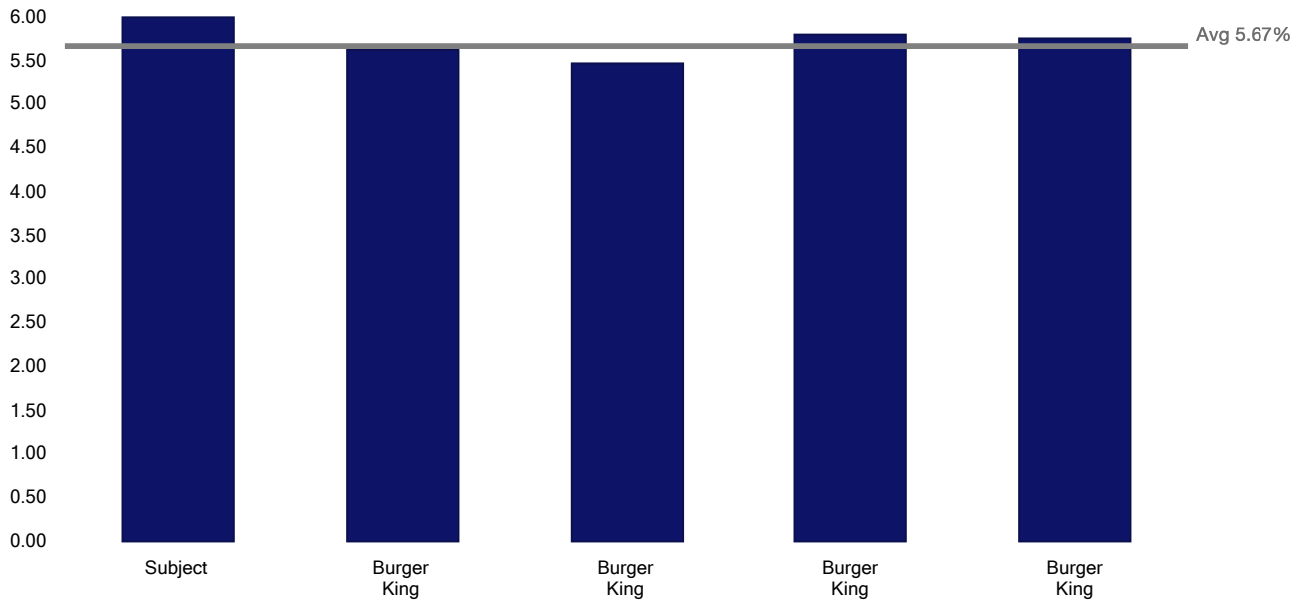
RECENT SALES MAP



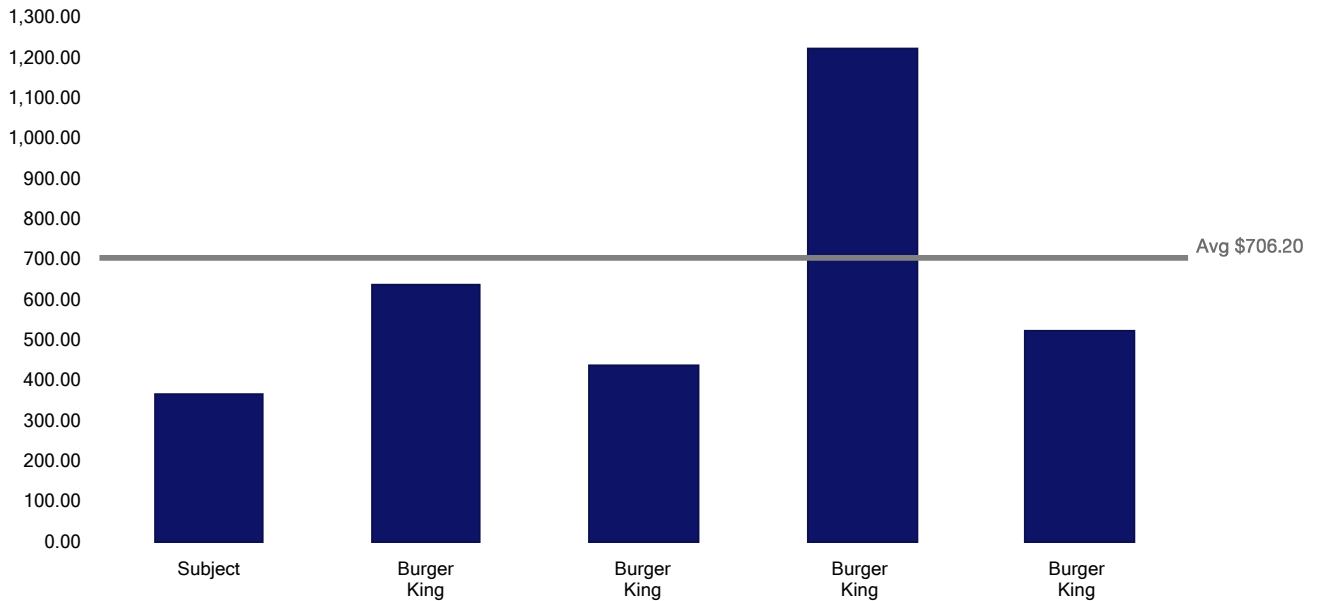
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- 1) Burger King
- 2) Burger King
- 3) Burger King
- 4) Burger King

CAP RATE AND PRICE PER SQUARE FOOT

Average Cap Rate



Average Price per Square Foot



RECENT SALES



Subject Property

Burger King

450 North Gilbert Road
Gilbert, AZ 85234

Rentable Square Feet:	2,726	Sales Price:	\$1,000,000
Year Built:	1988	Down Payment:	\$1,000,000
		CAP Rate:	6.00%
		Price/SF:	\$366.84

1



Burger King

600 Canal Street
King City, CA 93930

Close of Escrow:	6/20/2013	Sales Price:	\$1,950,000
Rentable SF:	3,049	Down Payment:	100%
Year Built/Renovated:	1987/N/A	CAP Rate:	5.63%
		Price/SF:	\$640.00

2



Burger King

8304 El Camino Real
Atascadero, CA 93422

Close of Escrow:	1160000	Sales Price:	\$1,160,000
Rentable SF:	2,645	Down Payment:	100%
Year Built/Renovated:	1999/N/A	CAP Rate:	5.48%
		Price/SF:	\$439.00

RECENT SALES

3



Burger King

1864 North Broadway
Santa Maria, CA 93454

Close of Escrow:	6/20/2013	Sales Price:	\$2,946,828
Rentable SF:	2,408	Down Payment:	100%
Year Built/Renovated:	1996/N/A	CAP Rate:	5.80%
		Price/SF:	\$1,224.00

4



Burger King

76 East Patriot Boulevard
Reno, NV 89511

Close of Escrow:	10/10/2013	Sales Price:	\$1,507,000
Rentable SF:	2,888	Down Payment:	100%
Year Built/Renovated:	1992/2009	CAP Rate:	5.75%
		Price/SF:	\$521.81

DEMOGRAPHIC ANALYSIS

Burger King
GILBERT, AZ

DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
2000 Population	14,468	119,458	335,013
2010 Population	13,823	118,289	361,959
2012 Population	14,184	121,332	371,347
2017 Population	14,191	122,837	383,058
2000 Households	4,738	38,953	115,063
2010 Households	5,077	41,126	127,873
2012 Households	5,216	42,225	131,351
2017 Households	5,351	43,424	137,281
2012 Average Household Size	2.74	2.87	2.82
2012 Daytime Population	5,549	48,889	134,818
2000 Median Housing Value		\$156,490	\$125,798
2000 Owner Occupied Housing Units	67.16%	75.13%	63.66%
2000 Renter Occupied Housing Units	28.97%	21.10%	27.28%
2000 Vacant	3.57%	4.11%	8.63%
2012 Owner Occupied Housing Units	51.82%	64.27%	55.54%
2012 Renter Occupied Housing Units	43.28%	31.36%	35.26%
2012 Vacant	4.90%	4.37%	9.21%
2017 Owner Occupied Housing Units	50.63%	63.55%	55.29%
2017 Renter Occupied Housing Units	44.24%	32.05%	35.59%
2017 Vacant	5.13%	4.40%	9.12%
\$ 0 - \$14,999	8.1%	5.1%	7.7%
\$ 15,000 - \$24,999	8.7%	5.3%	8.1%
\$ 25,000 - \$34,999	11.3%	7.9%	10.2%
\$ 35,000 - \$49,999	14.5%	12.7%	14.5%
\$ 50,000 - \$74,999	23.0%	22.4%	21.9%
\$ 75,000 - \$99,999	14.3%	17.0%	14.8%
\$100,000 - \$124,999	10.2%	13.3%	10.1%
\$125,000 - \$149,999	4.9%	6.3%	5.0%
\$150,000 - \$199,999	2.9%	5.8%	4.2%
\$200,000 - \$249,999	0.8%	1.6%	1.3%
\$250,000 +	1.3%	2.6%	2.1%
2012 Median Household Income	\$58,477	\$71,006	\$60,194
2012 Per Capita Income	\$25,864	\$31,143	\$27,410
2012 Average Household Income	\$70,299	\$89,385	\$77,310

Demographic data © 2012 by Experian.

SUMMARY REPORT

Geography: 5 Miles

Population

In 2012, the population in your selected geography was 371,347 . The population has changed by 10.84% since 2000. It is estimated that the population in your area will be 383,058 five years from now, which represents a change of 3.15% from the current year. The current population is 49.6% male and 50.3% female. The median age of the population in your area is 33.0 , compare this to the U.S. average which is 37. The population density in your area is 4,734.55 people per square mile.

Households

There are currently 131,351 households in your selected geography. The number of households has changed by 14.15% since 2000. It is estimated that the number of households in your area will be 137,281 five years from now, which represents a change of 4.51% from the current year. The average household size in your area is 2.81 persons.

Income

In 2012, the median household income for your selected geography is \$60,194 , compare this to the U.S. average which is currently \$53,535. The median household income for your area has changed by 25.58% since 2000. It is estimated that the median household income in your area will be \$68,145 five years from now, which represents a change of 13.20% from the current year.

The current year per capita income in your area is \$27,410 , compare this to the U.S. average, which is \$28,888. The current year average household income in your area is \$77,310 , compare this to the U.S. average which is \$75,373.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 74.15% White, 3.89% African American, 1.81% Native American and 4.13% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.20% White, 12.65% African American, 0.96% Native American and 5.01% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 29.03% of the current year population in your selected area. Compare this to the U.S. average of 16.55%.

Housing

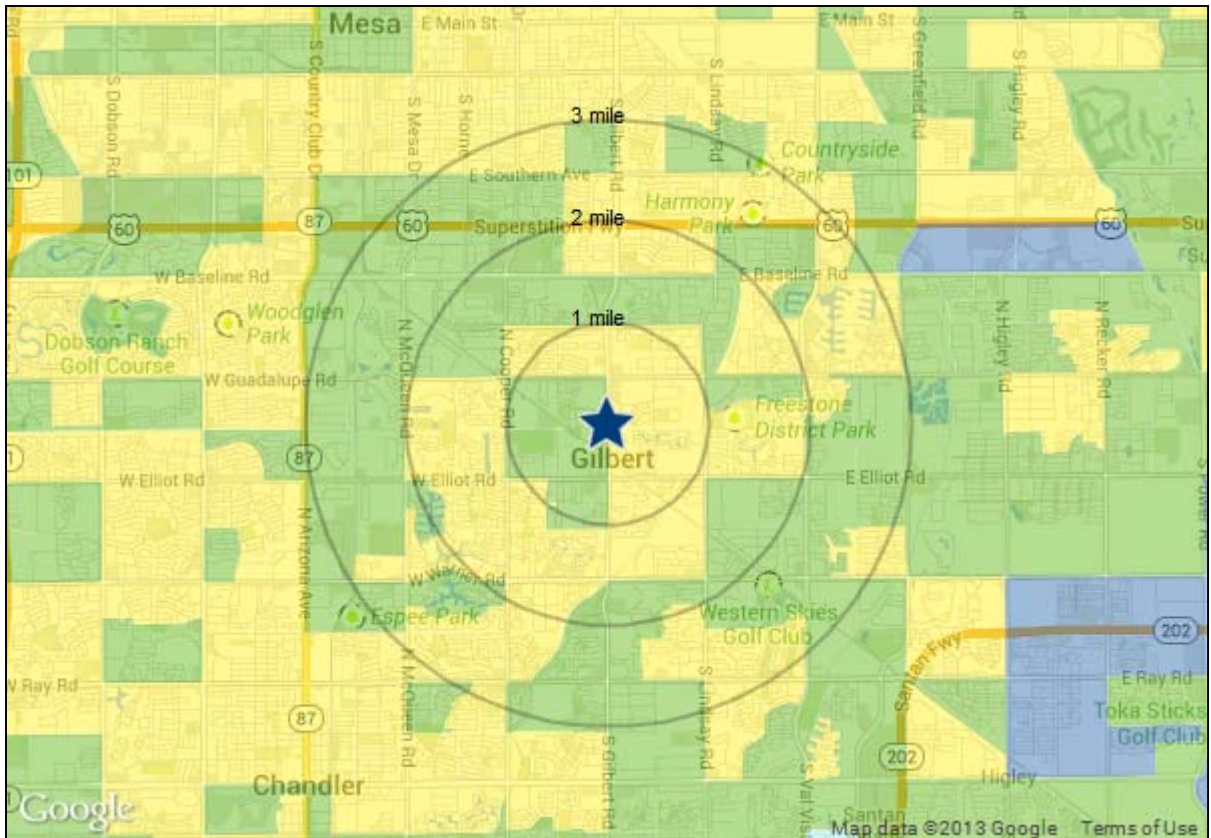
The median housing value in your area was \$125,798 in 2000, compare this to the U.S. average of \$110,781 for the same year. In 2000, there were 80,424 owner occupied housing units in your area and there were 34,466 renter occupied housing units in your area. The median rent at the time was \$604 .

Employment

In 2012, there are 134,818 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 64.3% of employees are employed in white-collar occupations in this geography, and 35.6% are employed in blue-collar occupations. In 2012, unemployment in this area is 4.44% . In 2000, the median time traveled to work was 23.8 minutes.

Demographic data © 2012 by Experian.

POPULATION DENSITY



Demographic data © 2012 by Experian.

Population Density

Theme	Low	High
Low	less than	55
Below Average	55	475
Average	475	4100
Above Average	4100	35000
High	35000	or more

Number of people living in a given area per square mile.

EMPLOYMENT DENSITY



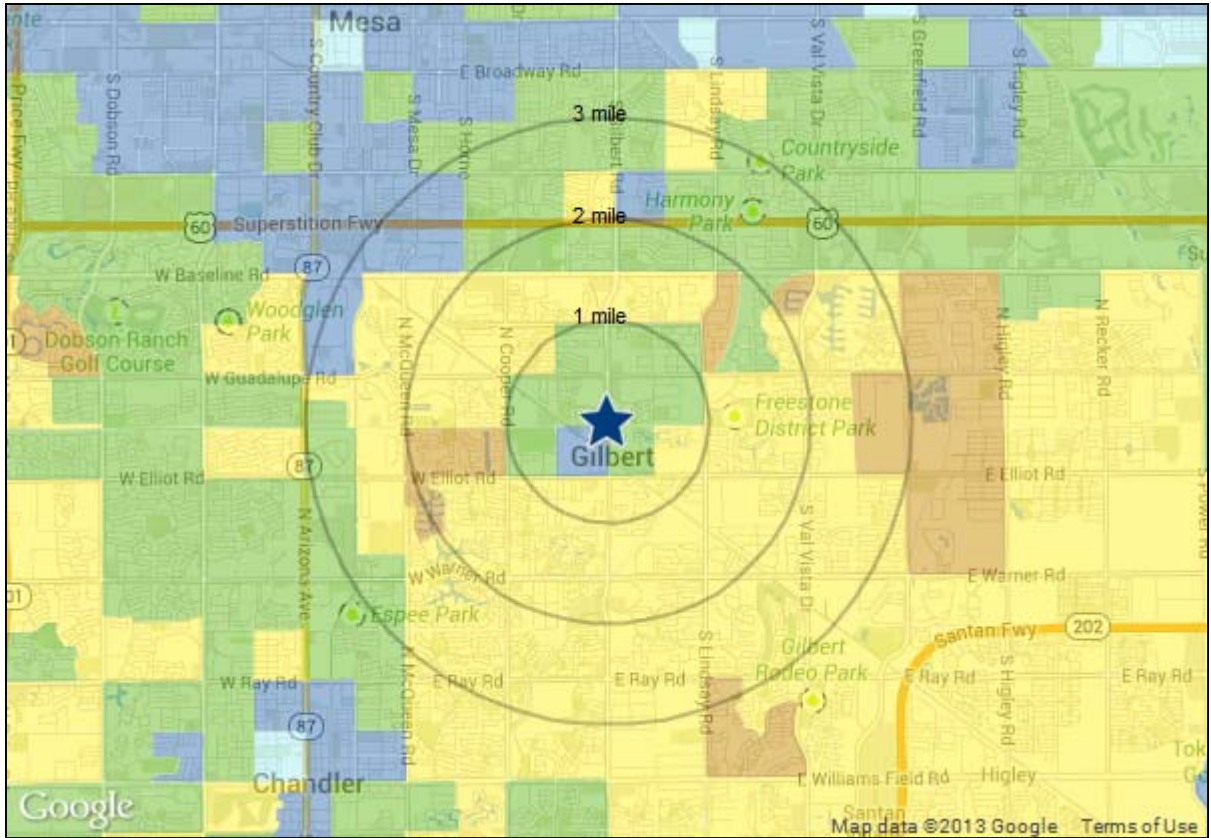
Demographic data © 2012 by Experian.

Employment Density

Theme	Low	High
Low	less than 9	9
Below Average	9	96
Average	96	1025
Above Average	1025	10875
High	10875	or more

The number of people employed in a given area per square mile.

AVERAGE HOUSEHOLD INCOME



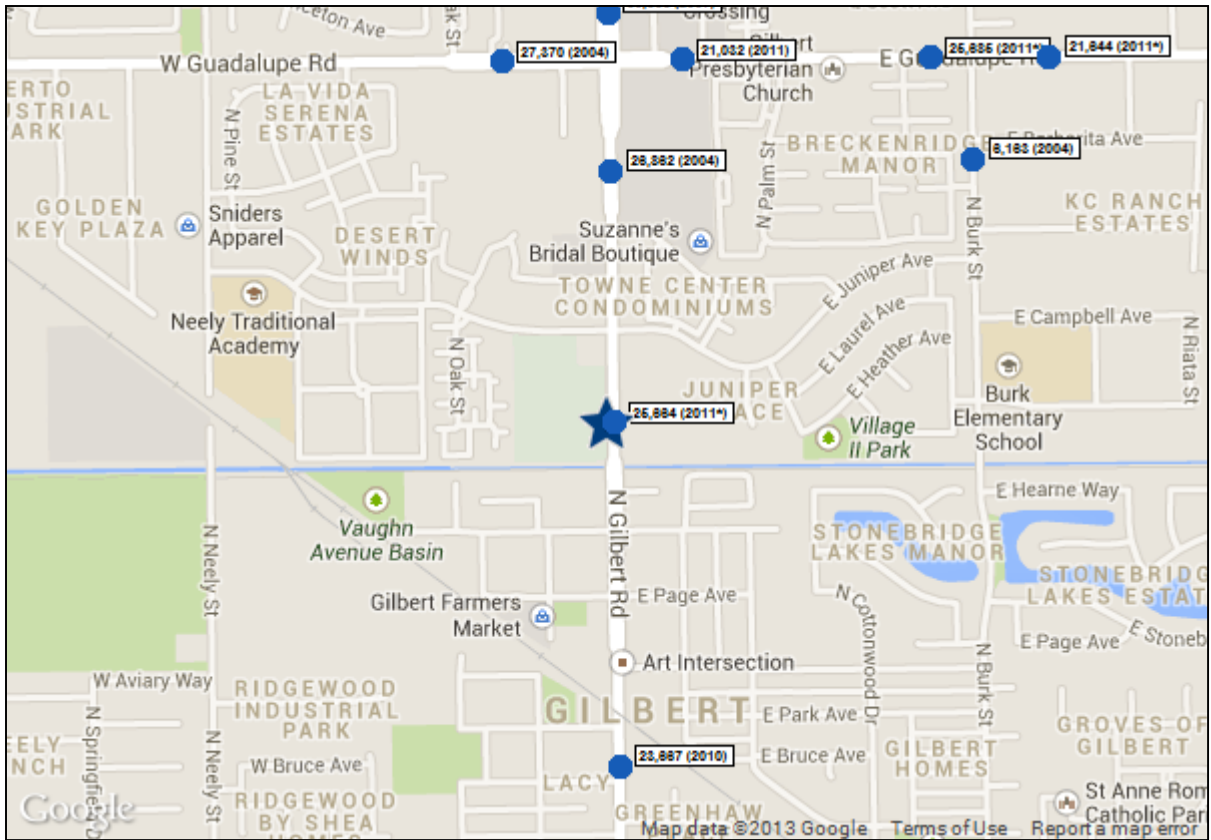
Demographic data © 2012 by Experian.

Average Household Income

Theme	Low	High
Low	less than	\$29,500
Below Average	\$29,500	\$48,500
Average	\$48,500	\$80,000
Above Average	\$80,000	\$132,500
High	\$132,500	or more

Average income of all the people 15 years and older occupying a single housing unit.

TRAFFIC COUNTS



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Two-way, average daily traffic volumes.

* Traffic Count Estimate



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