



OFFERING MEMORANDUM

## **MCDONALD'S GROUND LEASE**

**3344 CANOE CREEK ROAD | ST. CLOUD, FLORIDA (ORLANDO MSA)**



## INVESTMENT OVERVIEW

The CBRE Net Lease Property Group is pleased to exclusively offer a 13.4-Year Absolute NNN McDonald's Ground Lease situated on 1.22 acres in St. Cloud, Florida which is within the Orlando MSA (Population: 2.3 million). Built in 2008, this 3,889 square foot McDonald's is ideally situated with excellent frontage on Canoe Creek Road (Traffic Count: 10,900 VPD) just south of its intersection with Old Canoe Creek Road (Traffic Count: 17,700 VPD), approximately 2.3 miles from Florida's Turnpike (Traffic Count: 35,000 VPD) which connects St. Cloud to Orlando. McDonald's is also an outparcel to the 81,000-square-foot Crosscreek Village which is a Publix-anchored neighborhood center also occupied by Walgreens, Anytime Fitness, KFC/Taco Bell and Subway among others. The property is strategically positioned directly across Canoe Creek Road from Family Dollar and just 0.1 miles south of a 67,494-square-foot shopping center anchored by Winn-Dixie and 7-Eleven. With a current population in excess of 40,000, St. Cloud is a vibrant suburban community located just 25 miles south of Orlando's CBD. The city's strategic location off of the Florida's Turnpike, proximity to Downtown Orlando and unique charm highlighted by its historic downtown shopping district make it one of Orlando's premier suburban communities. Further, the property benefits from the myriad of single-family residential communities in the immediate vicinity with  $\pm 2,000$  home sites within a 1-mile radius providing McDonald's with a substantial built-in customer base.



## INVESTMENT SUMMARY

|               |                    |
|---------------|--------------------|
| <b>NOI:</b>   | <b>\$110,000</b>   |
| <b>PRICE:</b> | <b>\$2,588,000</b> |
| <b>CAP:</b>   | <b>4.25%</b>       |

## INVESTMENT HIGHLIGHTS

- **Tenant:** McDonald's (NYSE: MCD, S&P: A-) is the leading global foodservice retailer with more than 36,000 restaurants serving nearly 70 million people in more than 100 countries each day. McDonald's Corp. has a current Market Cap of \$92.85 billion and a Net Worth of more than \$11.4 billion
- **Long-Term NNN Ground Lease:** 13.4-year absolute NNN ground lease with four 5-year renewal options
- **Initial Term Rent Escalations:** 10% rent escalations every 5 years throughout the initial term and 10% rent escalations every 5 years during the option periods
- **Outparcel Location:** McDonald's is also an outparcel to the 81,000-square-foot Crosscreek Village which is a Publix-anchored neighborhood center also occupied by Walgreens, Anytime Fitness, KFC/Taco Bell and Subway among others. The property is strategically positioned directly across Canoe Creek Road from Family Dollar and just 0.1 miles south of a 67,494-square-foot shopping center anchored by Winn-Dixie and 7-Eleven
- **Excellent Visibility:** Situated with excellent frontage on Canoe Creek Road (Traffic Count: 10,900 VPD) just south of its intersection with Old Canoe Creek Road (Traffic Count: 17,700 VPD), approximately 2.3 miles from Florida's Turnpike (Traffic Count: 35,000 VPD) which connects St. Cloud to Orlando
- **Built-in Customer Base:** Property benefits from the myriad of single-family residential communities in the immediate vicinity with  $\pm 2,000$  home sites within a 1-mile radius providing McDonald's with a substantial built-in customer base
- **Market:** St. Cloud is a vibrant suburban community located just 25 miles south of Orlando's CBD. The city's strategic location off of the Florida's Turnpike, proximity to Downtown Orlando and unique charm highlighted by its historic downtown shopping district make it one of Orlando's premier suburban communities
- **Strong Demographics:** 3-mile population and average annual income of 26,738 and \$57,644, respectively





## PROPERTY OVERVIEW

|                 |   |
|-----------------|---|
| ADDRESS:        | 3344 Canoe Creek Road<br>St Cloud, FL 34772 |
| TENANT:         | McDonald's USA, LLC                         |
| PARENT COMPANY: | McDonald's Corp. (S&P:A)                    |
| CREDIT RATING:  | S&P: A-                                     |
| BUILDING SIZE:  | 3,889 SF                                    |
| PARCEL SIZE:    | 1.22 Acres                                  |
| YEAR BUILT:     | 2008  |

## LEASE SUMMARY

|                     |  |
|---------------------|--|
| LEASE COMMENCEMENT: | November 24, 2008  |
| LEASE EXPIRATION:   | November 23, 2028  |
| TERM REMAINING:     | 13.4 Years   |
| LEASE TYPE:         | Absolute NNN Ground Lease  |
| BASE RENT:          | Current Rent: \$110,000<br>11/24/18-11/23/23: \$121,000<br>11/24/23-11/24/28: \$133,100  |
| OPTIONS:            | Four 5-year renewal options  |
| OPTION RENT:        | Option 1: \$146,410<br>Option 2: \$161,051<br>Option 3: \$177,156<br>Option 4: \$194,872 |
| RENT INCREASES:     | 10% Every 5 Years  |

**TAXES:** Lessee covenants and agrees to discharge and pay before the same become delinquent all taxes, whether imposed during the Term, including all real estate taxes, impact fees, community development district assessments, if any, capital improvement assessments imposed upon the Premises, including the land and all buildings, furniture, fixtures, equipment and improvements now or later located on the Premises, lawfully assessed either in the name of Lessor, fee owner or Lessee.

**INSURANCE:** Lessee shall, at its own expense, insure and keep insured, from the date of actual possession, the building and Improvements constructed by Lessee on the Premises against loss or damage by means of all-risk insurance on a replacement cost basis. Lessee's insurance coverages shall in all ways conform to the minimum requirements set forth in the REA.  
 Lessee shall also maintain and keep in force Comprehensive General Liability insurance, on an occurrence basis, insuring against claims for personal injury, death or property damage occurring in, on or about the Premises with a combined single limit of \$5 million for Bodily Injury, Death and Property Damage Liability.

**CAM:** Lessee covenants to pay and discharge when the same shall become due, as "Additional Rent," all other monetary amounts other than Base Rent arising out of or attributable to Lessee's development and occupation of the Premises under the Development Documents, including, but not limited to all common area maintenance charges. Common area maintenance charges shall be assessed as set forth in the REA (currently \$2,750 per year).

**REPAIRS & MAINTENANCE:** Lessee acknowledges and agrees that all maintenance, repair and replacement obligations with respect to the Premises, imposed on the owner of the Premises under the REA shall be the responsibility of Lessee. Lessee shall maintain the Premises in accordance with all applicable provisions of the Development Documents.

**NNN LEASE LANGUAGE:** This Lease is intended to be a triple net lease and unless expressly provided for herein, the Base Rent and Additional Rent payable hereunder by Lessee, shall be paid without notice or demand, and without any set off, counterclaim, abatement, suspension, deduction or defense.



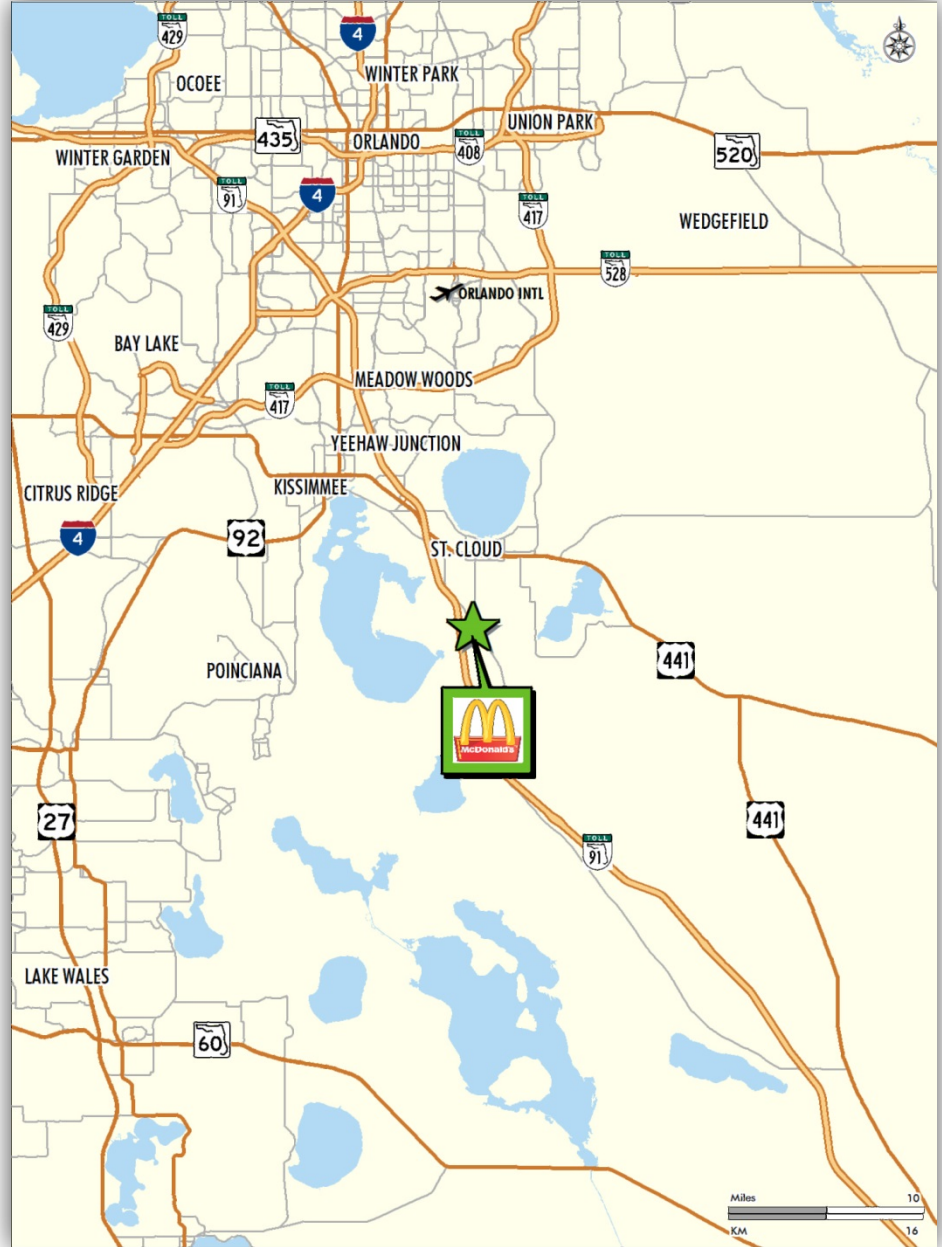
## TENANT OVERVIEW



McDonald's (NYSE: MCD, S&P: A-) is the leading global foodservice retailer with more than 36,000 restaurants serving nearly 70 million people in more than 100 countries each day. More than 80% of McDonald's restaurants worldwide are owned and operated by independent franchisees. McDonald's Corporation was founded in 1940 and is headquartered in Oak Brook, Illinois. McDonald's Corp. has a current Market Cap of \$92.85 billion and a Net Worth of more than \$11.4 billion. The company has also produced impressive TTM revenues of more than \$26.70 billion. The lease is guaranteed by McDonald's USA, LLC which serves as the franchising and operating subsidiary of McDonald's Corp. for the more than 15,779 McDonald's restaurants in the United States and Canada.



Not Actual Location







## DEMOGRAPHICS

|                          | 1-MILE                         | 3-MILE   | 5-MILE   |
|--------------------------|--------------------------------|----------|----------|
| Population               | 8,109                          | 26,738   | 53,668   |
| Average Household Income | \$56,050                       | \$57,644 | \$54,551 |
| Traffic Count            | 10,900 VPD on Canoe Creek Road |          |          |



# SURROUNDING USES



Royal St. Cloud Golf Club



## AREA OVERVIEW

### ST. CLOUD, FLORIDA



Situated on the southern shore of East Lake Tohopekaliga in Central Florida, St. Cloud is a bedroom community just 26 miles southeast of Orlando. Part of the Orlando MSA (Population: 2.3 million), St. Cloud is a vibrant suburban community that blends a bustling business community with small-town charm. The city covers 19 square miles and has a population of more than 39,000 people.

### HISTORY

St. Cloud was originally founded as a retirement community for Civil War Union veterans giving it the nickname "Soldier City". During the 1870s, Hamilton Disston took an interest in developing the region while he was on a fishing trip with Sanford's founder Henry Sanford. He drained the swamps and dug canals and established the St. Cloud sugarcane plantation named after St. Cloud, Minnesota. The Sugar Belt Railway merged into the South Florida Railroad. An attempt to cultivate rice in the area failed and for several years the land remained fallow. Then in 1909, 35,000 acres were acquired by the Seminole Land & Investment Company as the site for a Grand Army of the Republic veterans' colony. St. Cloud was selected because of its "health, climate and productiveness of soil". In 1909, William King, a real estate manager from Alachua County was tasked with planning and developing the town. In 1915, the Florida Legislature incorporated St. Cloud as a city.

### EDUCATION

St. Cloud has 6 elementary schools, 4 middle schools, 2 high schools and 2 charter schools. The city is served by the Osceola Library System.



## AREA OVERVIEW

### ORLANDO, FLORIDA

Central Florida - famous for its tropical climate, relaxed lifestyle and Walt Disney World Resort - is fast becoming popular with high-powered corporate executives. The market offers a young, well-educated workforce, world class universities, and a cost of living well below the national average. The Orlando-Kissimmee-Sanford MSA (Population: 2.3 million) is made up of metro Orlando and includes Orange, Seminole, Osceola and Lake counties. High-tech employment has more than doubled since 1980, with a majority of total manufacturing growth in the region stemming from high-tech industry leaders such as Sanford-Burnham Institute, Lockheed Martin, Siemens Telecom Network, and Dixon Ticonderoga. World Headquarters for AAA Auto Club, Hilton Hotels Corporation and Tupperware International lead the list of companies that helped establish Central Florida as one of the nation's top 50 metropolitan areas in industry and commerce.

### ECONOMY

Although typically associated with the tourism industry, Orlando's economy is diverse and expanding. The growth of the high tech and healthcare industries has underpinned Orlando's economic development and attracts an influx of young professionals seeking careers in these expanding sectors. CBRE Econometric Advisors forecasts an annual employment growth rate for Orlando of 4.3% and a personal income growth of 10.1% in its 1-year forecast. Tourism remains the largest single driver of the Orlando economy, as the industry supports 400,000 jobs and \$14 billion in wages in metro Orlando. Over 55 million people visited the city in 2011 making it the most-visited city in the United States. Walt Disney World Resort, Universal Orlando, Sea World and top-tier golf give tourists around the globe countless reasons to visit Orlando. Though historically strong, tourism in Orlando has strengthened significantly over the last 18 months, due in part to the opening of the Wizarding World of Harry Potter attraction at Universal Studios. Since its opening in June 2010, attendance has soared 60%+ at Universal, spurring hiring at the park as well as the supporting businesses in the surrounding area. Orlando's Orange County Convention Center (OCCC) also bolsters the city's economy. The OCCC hosts approximately one million delegates annually and provides a \$1.9 billion total economic impact annually.

Orlando is becoming well known as more than a tourist destination. Orlando's economy is also driven by several key employment sectors including health care, education, high technology, research and development, software and communications. Metro Orlando serves as the national or divisional headquarters for several public companies, including: Darden Restaurants, Tupperware Corp, Ruth's Chris Steak House, Siemens Energy Inc., Mitsubishi Power Systems Americas, Lockheed Martin, L-3 Communications, Science Applications International Corporation, Electronic Arts and more.



| Employer                           | Number of Employees |
|------------------------------------|---------------------|
| Walt Disney World Co.              | 69,000              |
| Publix Super Markets Inc.          | 19,000              |
| Florida Hospital                   | 17,600              |
| Universal Orlando Resort           | 17,300              |
| Wal-Mart Stores Inc.               | 16,757              |
| Orlando Regional Healthcare System | 14,310              |
| University of Central Florida      | 10,346              |
| Winn-Dixie Store Inc.              | 9,500               |
| McDonald's Corp.                   | 8,000               |
| Darden Restaurants Inc.            | 7,000               |
| Walgreen Co.                       | 6,200               |
| SeaWorld of Orlando                | 6,032               |
| Health First                       | 5,800               |
| Lockheed Martin Corp.              | 5,774               |

Source: Orlando Business Journal, 2014

## AREA OVERVIEW

### TRANSPORTATION

Major highways include I-4, Highway 17, Highway 92 and Highway 441. Orlando is serviced by the Orlando International Airport, Daytona Beach International Airport, Orlando Executive Airport, Kissimmee Gateway Airport, Ormond Beach Municipal Airport and DeLand Municipal Airport. SunRail will be a 61 mile commuter rail transit system connecting Orlando with four surrounding counties. The \$615 million project is already underway, and officials expect completion by 2014. The LYNX station, located at Amelia Street and Garland Avenue, will be a hub for future rail expansions.

### EDUCATION

The University of Central Florida, with over 56,000 students, is now the second largest university in the United States. The University is also home to one of the nation's top business incubation programs and receives more than \$122 million in annual research dollars, many of which are matched with company dollars in joint research projects. And, the news gets even better; UCF is only one of more than 35 post-secondary institutions based in the area. Also here in Central Florida are Rollins College – ranked #1 regional university in the south and #1 MBA program in the state; and three of the state's best in the growing state/community college system – Valencia College (named the nation's top community college), Lake-Sumter Community College, and Seminole State College; as well as Full Sail University, Embry Riddle Aeronautical University, the Florida A&M University School of Law, Barry University School of Law, and the first stateside campus of Puerto Rican-based Ana G. Mendez University.

### A GREAT PLACE TO LIVE

Year-round sunshine. Outdoor recreation. Proximity to beaches, lakes, springs, parks, trails, and fields. World-class entertainment. Distinctive neighborhoods. World-class shopping. (Closets free of winter coats, scarves and gloves!) The region's amenities – natural and "man-made" – make Metro Orlando a great place to work and to live. Orlando ranks as the fourth most popular American city to live according to a Pew Research Study.



University of Central Florida





# Affiliated Business Disclosure, Confidentiality Agreement & Disclaimer

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## CONFIDENTIALITY AGREEMENT

This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real

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The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived. By receipt of this Memorandum, you agree that this

Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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