

5 MERCHANTS ROW

Stoked Village Restaurant Condominium Investment

Units #1D-1F | Bald Head Island, North Carolina

Leased to Cozumel Mexican Kitchen & Beach Bar, Inc.

Income-Producing Restaurant Condominium Offering

Minimum Offering Price: \$2,923,300

Pricing Basis: 6.0% Cap Rate on 2026 Projected Rent

5-Year Projection | NOI, ROI & IRR Summary

\$160,400

Year 1 Minimum Rent

\$175,400

Projected 2026 Rent incl. Percentage Rent

\$268,312

2031 Projected Sellout NOI

\$4.47M

Projected 5-Year Sellout Value

3,208 SF

Approximate Size

6.0%

Pricing / Exit Cap Rate

\$1.14M

5-Year Projected NOI

92.1%

Projected 5-Year ROI

CONFIDENTIAL OFFERING MEMORANDUM

Prepared for discussion and review purposes only.

Financial information is based on lease information, owner-provided sales projections, and underwriting assumptions.

Executive Summary

Bald Head Island Plaza, LLC is pleased to present the opportunity to acquire **Units #1D-1F at 5 Merchants Row**, a leased downstairs restaurant condominium unit package within **Stoked Village / Bald Head Island Plaza** on Bald Head Island, North Carolina.

The unit package consists of approximately **3,208 square feet** and is leased to **Cozumel Mexican Kitchen & Beach Bar, Inc.** under a five-year restaurant lease with one five-year renewal option. The lease provides minimum annual rent of **\$160,400** in Year 1, with **3.00% annual rent increases**, plus percentage-rent participation equal to **3.00% of annual sales above \$3,500,000**.

Based on current sales projections of just over **\$4,000,000**, the lease's percentage-rent structure produces approximately **\$15,000** of additional annual rent above the fixed minimum rent. This increases projected 2026 rent from **\$160,400** to approximately **\$175,400**.

The premises is improved for restaurant use, including **grease-trap service, a CaptiveAire commercial kitchen exhaust system, and 3-phase power**. These restaurant infrastructure features distinguish the unit package from generic retail space and support its position as a restaurant-improved condominium investment.

The offering is presented at a **minimum offering price of \$2,923,300**, based on a **6.0% capitalization rate applied to projected 2026 rent of approximately \$175,400**. The investment also includes a five-year projection showing scheduled rent growth, percentage-rent upside, projected NOI, ROI, IRR, and a projected 2031 sellout value of approximately **\$4.47 million**, based on **2031 projected NOI of \$268,312** capitalized at the same **6.0% cap rate**.

Offering Snapshot

Metric	Detail
Property	5 Merchants Row / Stoked Village
Units	Units #1D-1F
Location	Bald Head Island, NC
Tenant	Cozumel Mexican Kitchen & Beach Bar, Inc.
Approximate Size	3,208 SF
Year 1 Minimum Rent	\$160,400
Projected 2026 Rent incl. Percentage Rent	\$175,400
Annual Rent Growth	3.00%
Percentage Rent	3.00% of annual sales over \$3,500,000
Initial Lease Term	5 Years
Renewal Option	One 5-Year Option
Pricing Basis	6.0% Cap Rate on 2026 Projected Rent
Minimum Offering Price	\$2,923,300
2031 Projected Sellout NOI	\$268,312
Projected 5-Year Sellout Value	\$4,471,900
Projected 5-Year ROI	92.1%
Projected 5-Year Unlevered IRR	15.4%

Investment Highlights

Income-Producing Restaurant Condominium

Units #1D-1F are offered as an income-producing restaurant condominium investment within Stoked Village at 5 Merchants Row. The asset is supported by an existing restaurant lease with Cozumel Mexican Kitchen & Beach Bar, Inc. and a scheduled rent-growth profile.

Fixed Rent Growth Plus Sales Participation

The lease provides minimum annual rent of **\$160,400**, with **3.00% annual rent increases**. In addition to fixed rent, the landlord receives **3.00% of annual sales above \$3,500,000**, creating upside if restaurant sales exceed the breakpoint.

Projected 2026 Rent Upside

Based on projected restaurant sales of just over **\$4,000,000**, approximately **\$500,000** of sales would exceed the \$3,500,000 breakpoint. At **3.00%**, that produces approximately **\$15,000** of additional rent, increasing projected 2026 rent from **\$160,400** to approximately **\$175,400**.

6.0% Cap Rate Pricing

The offering is priced using projected 2026 rent including percentage-rent participation. Based on projected 2026 rent of approximately **\$175,400**, the indicated value at a **6.0% cap rate** is approximately **\$2.92 million**.

5-Year Sellout Upside

The five-year sellout analysis is based on the 2031 projected NOI of **\$268,312** capitalized at the same **6.0% cap rate**, producing an estimated sellout value of approximately **\$4.47 million**.

Restaurant Infrastructure in Place

The premises is improved for restaurant use, including **grease-trap service, a CaptiveAire commercial kitchen exhaust system, and 3-phase power**. These features support food-service operations and help distinguish the offering from standard retail condominium space.

Destination Stoked Village Setting

Cozumel is positioned within Stoked Village, a destination-style environment combining lodging, dining, retail, excursions, events, and group travel. This setting strengthens the restaurant operating context beyond a typical stand-alone restaurant location.

Property Overview

5 Merchants Row | Units #1D-1F

Units #1D-1F are downstairs commercial condominium units located within **Bald Head Island Plaza Condominiums**, commonly presented as part of the **Stoked Village** commercial development at 5 Merchants Row.

The leased premises contains approximately **3,208 square feet** and includes the non-exclusive right to use the common parking and drive areas of the shopping center.

The premises is improved for restaurant use, with owner-provided infrastructure that supports food-service operations, including grease-trap service, a CaptiveAire commercial kitchen exhaust system, and 3-phase power. The commercial condominium format allows Units #1D-1F to be offered as an income-producing restaurant real estate asset while remaining part of the broader Stoked Village commercial environment.

Property Details

Property Detail	Information
Property Name	Stoked Village / Bald Head Island Plaza
Condominium	Bald Head Island Plaza Condominiums
Address	5 Merchants Row
Location	Bald Head Island, North Carolina
Units Offered	Units #1D-1F
Unit Type	Downstairs Restaurant / Commercial Condominium
Approximate Unit Size	3,208 SF
Tenant	Cozumel Mexican Kitchen & Beach Bar, Inc.
Lease Use	Restaurant and beverage-related business
Restaurant Infrastructure	Grease trap, CaptiveAire exhaust system, 3-phase power
Outdoor Use Feature	Common-area seating and contiguous deck option
Ownership Format	Commercial condominium unit package
Lease Structure	Minimum rent, CAM reimbursement, and percentage rent

Lease Overview

The unit package is leased to **Cozumel Mexican Kitchen & Beach Bar, Inc.** under a five-year restaurant lease with scheduled annual rent increases, CAM reimbursement obligations, and percentage-rent participation above a stated sales threshold.

Term	Summary
Tenant	Cozumel Mexican Kitchen & Beach Bar, Inc.
Premises	Units #1D-1F
Property Address	5 Merchants Row, Bald Head Island, NC
Approximate Size	3,208 SF
Initial Term	5 Years
Renewal Option	One 5-Year Option
Year 1 Minimum Rent	\$160,400
Annual Rent Growth	3.00%
Lease Structure	Minimum rent plus CAM reimbursement
Permitted Use	Restaurant and beverage-related business
Percentage Rent	3.00% of annual sales over \$3,500,000
Designated Tenant Deck Rent	\$5,000/year if elected/exercised under lease terms
Operating Covenant	Restaurant to remain open twelve months per year, subject to limited exceptions
Restaurant Infrastructure	Grease trap, CaptiveAire exhaust, 3-phase power

Percentage-Rent Example

Item	Amount
Projected Restaurant Sales	\$4,000,000
Sales Breakpoint	\$3,500,000
Sales Above Breakpoint	\$500,000
Landlord Percentage Rent	3.00%
Additional Percentage Rent	\$15,000
Year 1 Minimum Rent	\$160,400
Projected 2026 Rent Including Percentage Rent	\$175,400

The lease combines fixed contractual rent growth with a percentage-rent participation feature. This creates a stronger income profile than a standard flat-rent restaurant lease by preserving annual minimum-rent growth while also allowing for supplemental income if restaurant sales exceed the stated breakpoint.

5-Year Revenue & NOI Projection

The selected underwriting model includes minimum-rent growth, modeled percentage rent, and owner expense assumptions for taxes, insurance, and maintenance.

Minimum rent grows annually at **3.00%**. Percentage rent is modeled beginning with approximately **\$15,000** of additional rent based on projected sales above the lease breakpoint and increases as restaurant sales are projected to grow.

Projected 5-Year NOI Schedule

Year	Projected NOI
Year 1 / 2026	\$175,284
Year 2 / 2027	\$210,191
Year 3 / 2028	\$245,247
Year 4 / 2029	\$252,707
Year 5 / 2030	\$260,393

2031 Sellout NOI

\$268,312 is used as the projected sellout income basis.

Projected Sellout Value

\$4.47M based on 2031 NOI at a 6.0% cap rate.

5-Year NOI Total

\$1,143,822 of projected NOI during the five-year hold period.

2031 Sellout Position

Metric	Amount
Pricing Income Basis	2026 Projected Rent
Pricing Income	\$175,400
Pricing Cap Rate	6.0%
Minimum Offering Price	\$2,923,300
5-Year Projected NOI Total	\$1,143,822
Sellout NOI Year	2031
2031 Projected Sellout NOI	\$268,312
Sellout / Exit Cap Rate	6.0%
Projected Sellout Value	\$4,471,900

Valuation & Return Summary

The offering is priced using projected 2026 rent of **\$175,400** and a **6.0% capitalization rate**. The return summary assumes an unlevered purchase and a projected 2031 sellout using the same **6.0% capitalization rate**.

Minimum Offering Price

Item	Amount
Projected 2026 Rent Including Percentage Rent	\$175,400
Capitalization Rate	6.0%
Indicated Value	\$2,923,333
Rounded Minimum Offering Price	\$2,923,300

Cap Rate Sensitivity on 2031 Sellout NOI

Cap Rate	Implied Sellout Value
5.0%	\$5,366,200
5.5%	\$4,878,400
6.0%	\$4,471,900
6.5%	\$4,127,900

5-Year Return Summary

Return Metric	Amount
Purchase Price	\$2,923,300
Total 5-Year Projected NOI	\$1,143,822
2031 Projected Sellout NOI	\$268,312
Exit Cap Rate	6.0%
Projected Sellout Value	\$4,471,900
Total Projected Proceeds	\$5,615,700
Projected 5-Year Profit	\$2,692,400
Projected 5-Year ROI	92.1%
Projected Equity Multiple	1.92x
Projected Unlevered IRR	15.4%

Return summary is unlevered and assumes no financing, acquisition costs, selling costs, taxes, or capital improvements.

The selected **6.0% cap rate** reflects the combination of contractual minimum-rent growth, percentage-rent upside, restaurant-specific infrastructure, and a location inside a destination hospitality environment with limited direct commercial competition.

Strategic Positioning & Disclaimer

Stoked Village is positioned as a Bald Head Island destination environment combining lodging, shopping, dining, excursions, events, and group travel. Cozumel benefits from its role as a food-and-beverage anchor within this broader setting.

The restaurant serves not only island residents and day visitors, but also guests staying within the project and visitors participating in weddings, retreats, reunions, excursions, and other island-related events. This integrated setting supports a stronger restaurant-use narrative than a typical stand-alone restaurant site.

The investment combines defined commercial condominium ownership, existing lease income, contractual annual rent growth, percentage-rent upside, restaurant infrastructure, outdoor-use flexibility, and the scarcity characteristics of the Bald Head Island market.

Offering Assumptions

Assumption	Method
Valuation Method	Income Basis
Pricing Basis	6.0% Cap Rate on 2026 Projected Rent
2026 Projected Rent	\$175,400
Minimum Offering Price	\$2,923,300
Square Footage	3,208 SF
Minimum Rent Growth	3.00% annually
Percentage Rent	3.00% of annual sales over \$3,500,000
Year 1 Percentage-Rent Example	\$15,000 based on \$500,000 above breakpoint
5-Year Return Analysis	Unlevered, before financing costs
Exit Assumption	2031 NOI capitalized at 6.0%
2031 Projected Sellout NOI	\$268,312
Projected Sellout Value	\$4,471,900
Designated Tenant Deck Rent	Treated as supplemental lease feature

Disclaimer

This Offering Memorandum has been prepared for discussion and review purposes only and is based on lease information, owner-provided assumptions, condominium documents, recorded plats, owner-provided restaurant infrastructure information, project information, sales projections, and underwriting assumptions.

All information should be independently verified by prospective purchasers. No representation is made that any projected or assumed income, expenses, value, sales volume, supplemental income, return, ROI, IRR, exit value, or capitalization rate will be achieved. The property is offered subject to prior sale, withdrawal, lease modification, and change in terms without notice.