

Taco Bell

Subject Property



Offering Memorandum

2780 Belvidere Road, Waukegan, Illinois 60085

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The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some

properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

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INVESTMENT SUMMARY



Marcus & Millichap is pleased to present this exclusive listing for a Taco Bell property located in Waukegan, Illinois. The property consists of 2,600 square feet of building space and is situated on roughly 0.70 acres of land. The property is subject to a 20-year triple-net lease with just under 18 years remaining. The current annual rent is \$118,368 and is scheduled to increase by 1.25x the increase in CPI (capped at 1.50%) annually. The increases are scheduled to continue throughout the base term and in each of the four, five-year tenant renewal option periods.

The subject property is well-positioned in a dense retail corridor in Waukegan, benefiting from its proximity to other major national and local retailers. Major national retailers in the area include: Home Depot, Dollar Tree, Walgreens, Save-A-Lot, Aldi, McDonald's, Burger King, Wendy's, Subway, Dunkin Donuts, Pizza Hut, Red Roof Inn, BP, Shell, Little Caesar's, Public Storage, Advance Auto Parts, as well as many others. Located a mile from the subject property is the 46-bed Vista Medical Center West, which was purchased by US Health Vest in March. New ownership has been granted a certificate of need to transform the expand the facility into a 146-bed hospital. Thomas Jefferson Middle School is located within a mile of the Taco Bell property and has approximately 916 students enrolled. Six Flags Great America is located approximately five miles northwest of this Taco Bell property. Waukegan has approximately 105,251 individuals residing within a three-mile radius of the property and more than 163,476 individuals within a five-mile radius. The Taco Bell property is located on Belvidere Road, which has traffic counts in excess of 25,900 vehicles per day. South Green Bay Road intersects with Belvidere Road very close to the subject property. South Green Bay Road has traffic counts in excess of 24,800 vehicles per day.



TACO BELL



Investment Highlights

PRICE: \$2,152,145 | CAP: 5.50% | RENT: \$118,368



Investment Highlights

- ✓ 18 Years Remaining on a Long-Term, 20-Year Absolute Triple Net (NNN) Lease
- ✓ Strong Hedge Against Inflation | Rental Increases of 1.25x the Increase in CPI (Capped at 1.50%) Annually
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ Major National Tenants In Surrounding Area Include: Home Depot, Dollar Tree, Walgreens, Save-A-Lot, Aldi, McDonald's, Burger King
- ✓ Strategically Located Near the Corner of Belvidere Road and South Green Bay Road | Over 25,900 and 24,800 Vehicles Per Day Respectively
- ✓ Thomas Jefferson Middle School | Located Within a Mile of the Subject Property | 916 Students Enrolled
- ✓ Located One Mile From Vista Medical Center West | Soon to Undergo a 100-bed, \$30+ Million Expansion
- ✓ Chicago | Located 40 Miles South of Waukegan | Second Largest Business District in the Nation
- ✓ Taco Bell Operates in 27 Countries and Territories Throughout the World
- ✓ 7% Worldwide System Sales Growth | 4% Same-Store Sale Growth Across Taco Bell in 2017
- ✓ As of Fiscal Year 2017, There Were 6,849 Taco Bell Units, Primarily in the U.S., 90 Percent of Which are Franchised
- ✓ System Sales Exceeded \$10.1 Billion in Fiscal Year 2017





Financial Analysis

PRICE: \$2,152,145 | CAP: 5.50% | RENT: \$118,368



Property Description

Property	Taco Bell
Property Address	2780 Belvidere Road
City, State, ZIP	Waukegan, IL 60085
Building Size (Square Feet)	2,600
Lot Size	+/- 0.70 Acres
Type of Ownership	Fee Simple

The Offering

Purchase Price	\$2,152,145
CAP Rate	5.50%
Annual Rent	\$118,368

Lease Summary

Property Type	Net-Leased Restaurant
Tenant	Bell Great Lakes, LLC (60+ Unit Entity)
Original Lease Term	20 Years
Lease Commencement	March 30, 2016
Lease Expiration	March 29, 2036
Lease Term Remaining	18 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.25x the increase in CPI (capped at 1.50%) annually
Options to Renew	Four, Five-Year Options

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Current	\$118,368	\$9,864	-
Year 4	\$120,144	\$10,012	1.50%
Year 5	\$121,946	\$10,162	1.50%
Year 6	\$123,775	\$10,315	1.50%
Year 7	\$125,631	\$10,469	1.50%
Year 8	\$127,516	\$10,626	1.50%
Year 9	\$129,429	\$10,786	1.50%
Year 10	\$131,370	\$10,948	1.50%
Year 11	\$133,341	\$11,112	1.50%
Year 12	\$135,341	\$11,278	1.50%
Year 13	\$137,371	\$11,448	1.50%
Year 14	\$139,431	\$11,619	1.50%
Year 15	\$141,523	\$11,794	1.50%
Year 16	\$143,646	\$11,970	1.50%
Year 17	\$145,800	\$12,150	1.50%
Year 18	\$147,987	\$12,332	1.50%
Year 19	\$150,207	\$12,517	1.50%
Year 20	\$152,460	\$12,705	1.50%

About Taco Bell

Taco Bell Corp., a subsidiary of Yum! Brands, Inc. (NYSE: YUM), is the nation's leading Mexican-inspired quick service restaurant brand. From breakfast to late night, Taco Bell serves made-to-order and customizable tacos and burritos, among other craveable choices, and is the first QSR restaurant to offer American Vegetarian Association (AVA)-certified menu items. Taco Bell and its more than 350 franchise organizations proudly serve over 42 million customers each week through nearly 6,500 restaurants across the nation, as well as through its mobile, desktop and delivery ordering services. Taco Bell's mobile app which, has been downloaded over 4.9 Million times, makes it easy to place a custom order and pay before the customer arrives. Some locations are also testing touchscreen-ordering kiosks. Taco Bell plans to have 8,000 restaurants in the US by the year 2023. Overseas, Taco Bell has over 400 restaurants excluding the Yum! China Division, with plans to add 2,000 more restaurants internationally within the next decade. In 2017, Taco Bell's same-store sales increased 4% which was better than the overall quick-service sector. Taco Bell typically scores well in consumer surveys on its ability to innovate and give customers value.

Yum! Brands, Inc., based in Louisville, Kentucky, has over 45,000 restaurants in more than 135 countries and territories and is one of the Aon Hewitt Top Companies for Leaders in North America. In 2017, Yum! Brands was named to the Dow Jones Sustainability North America Index and ranked among the top 100 Best Corporate Citizens by Corporate Responsibility Magazine.

About Flynn Restaurant Group

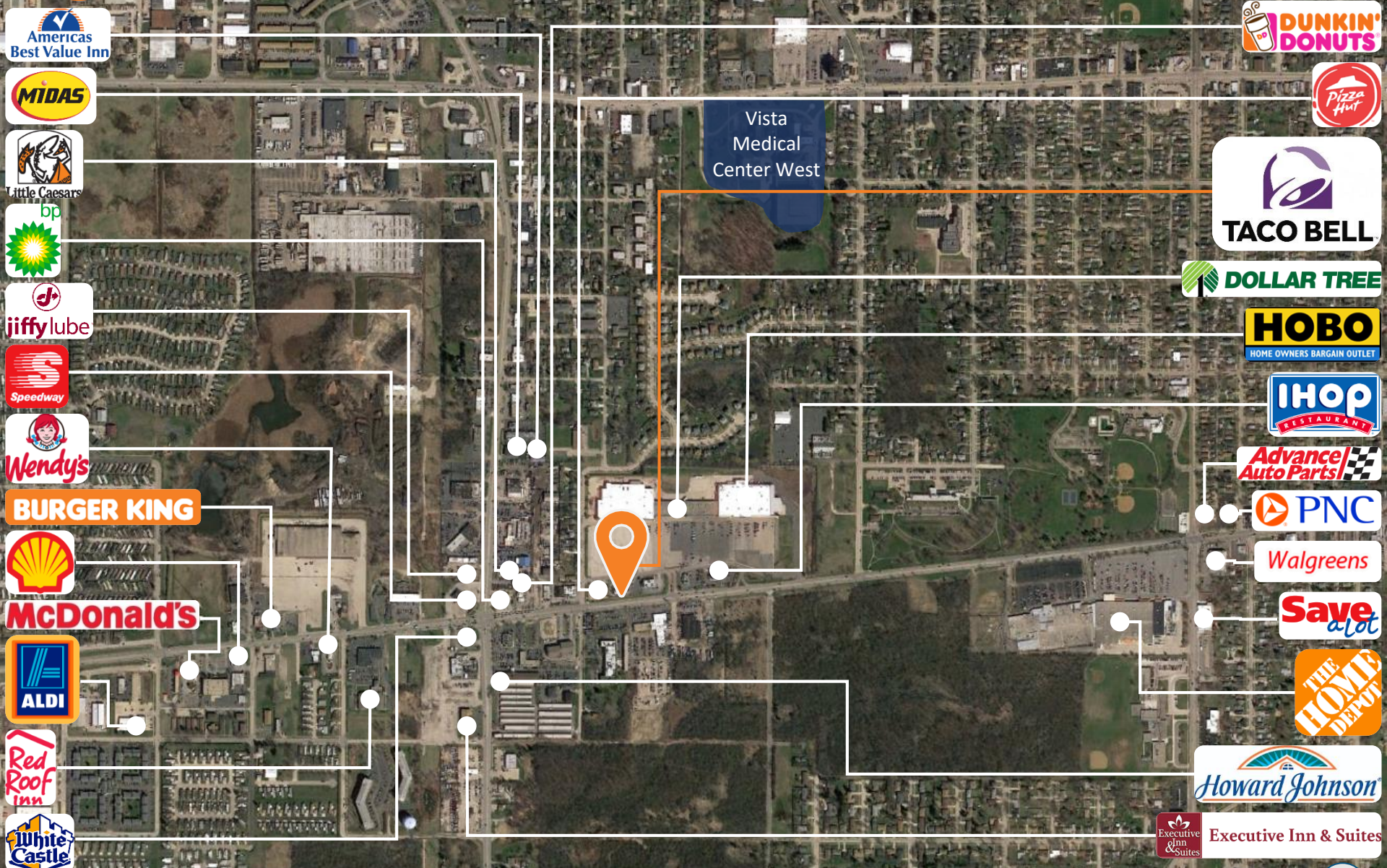
With 875 restaurants and \$1.9 billion in annual sales, Flynn Restaurant Group is the largest restaurant franchisee, and one of the 50 largest foodservice companies of any kind, in the United States. Through its three subsidiaries, Apple American Group LLC, Bell American Group LLC, and Pan American Group LLC, the company owns and operates over 460 Applebee's restaurants, over 275 Taco Bell and associated YUM! Brands restaurants, and 130 Panera Bakery cafés. Flynn Restaurant Group directly employs 40,720 people in 30 states across the US.





Surrounding Area

Property Address: 2780 Belvidere Road – Waukegan, Illinois 60085





Location Overview

Property Address: 2780 Belvidere Road – Waukegan, Illinois 60085

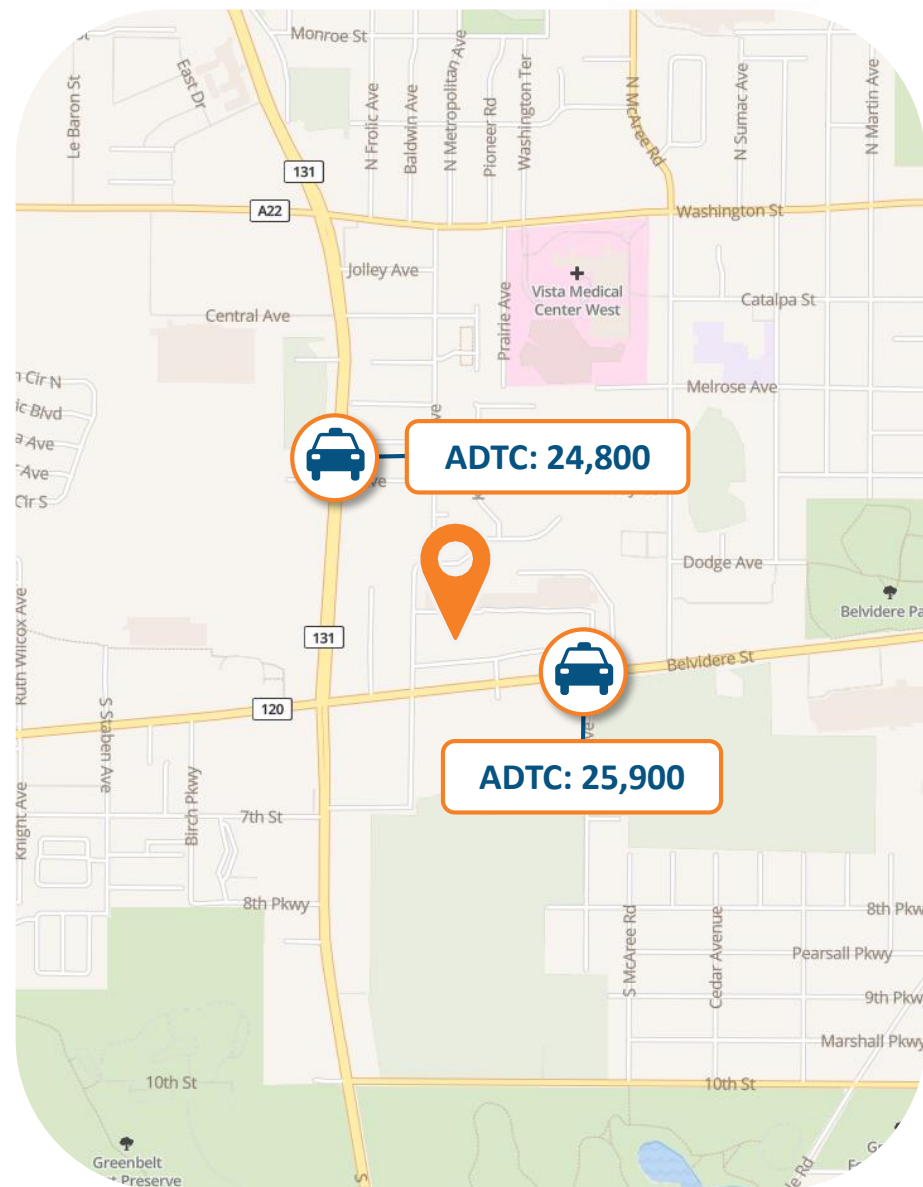


This Taco Bell property is located at 2780 Belvidere Road in Waukegan, Illinois. Waukegan is a city and the county seat of Lake County, Illinois. Waukegan is located in northeastern Illinois on the Western Shore of Lake Michigan less than 40 miles north of Chicago.

The subject property is well-positioned in a dense retail corridor in Waukegan, benefiting from its proximity to other major national and local retailers. Major national retailers in the area include: Home Depot, Dollar Tree, Walgreens, Save-A-Lot, Aldi, McDonald's, Burger King, Wendy's, Subway, Dunkin Donuts, Pizza Hut, Red Roof Inn, BP, Shell, Little Caesar's, Public Storage, Advance Auto Parts, as well as many others. Located a mile from the subject property is the 46-bed Vista Medical Center West, which was purchased by US Health Vest in March. New ownership has been granted a certificate of need to transform the expand the facility into a 146-bed hospital. Thomas Jefferson Middle School is located within a mile of the Taco Bell property and has approximately 916 students enrolled. Six Flags Great America is located approximately five miles northwest of this Taco Bell property.

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Waukegan is the largest city in Lake County and has major plans to redevelop the lakefront and downtown Waukegan. The GreenTown Redevelopment Project plans to attract \$100 million in investment with core development plans calling for a 140-room hotel, 200 apartments units, and over 12,000 square feet of new commercial space. Current top employers in Waukegan include Cardinal Health, Vista Health System, Medline Industries, Coleman Cable and WMS Industries. Waukegan Benefits from its proximity to Chicago and Milwaukee, as well as its greatest natural asset, Lake Michigan. More than 1,000 ship marina and harbor for recreational and commercial usage.





Property Photo





Surrounding Area Photos



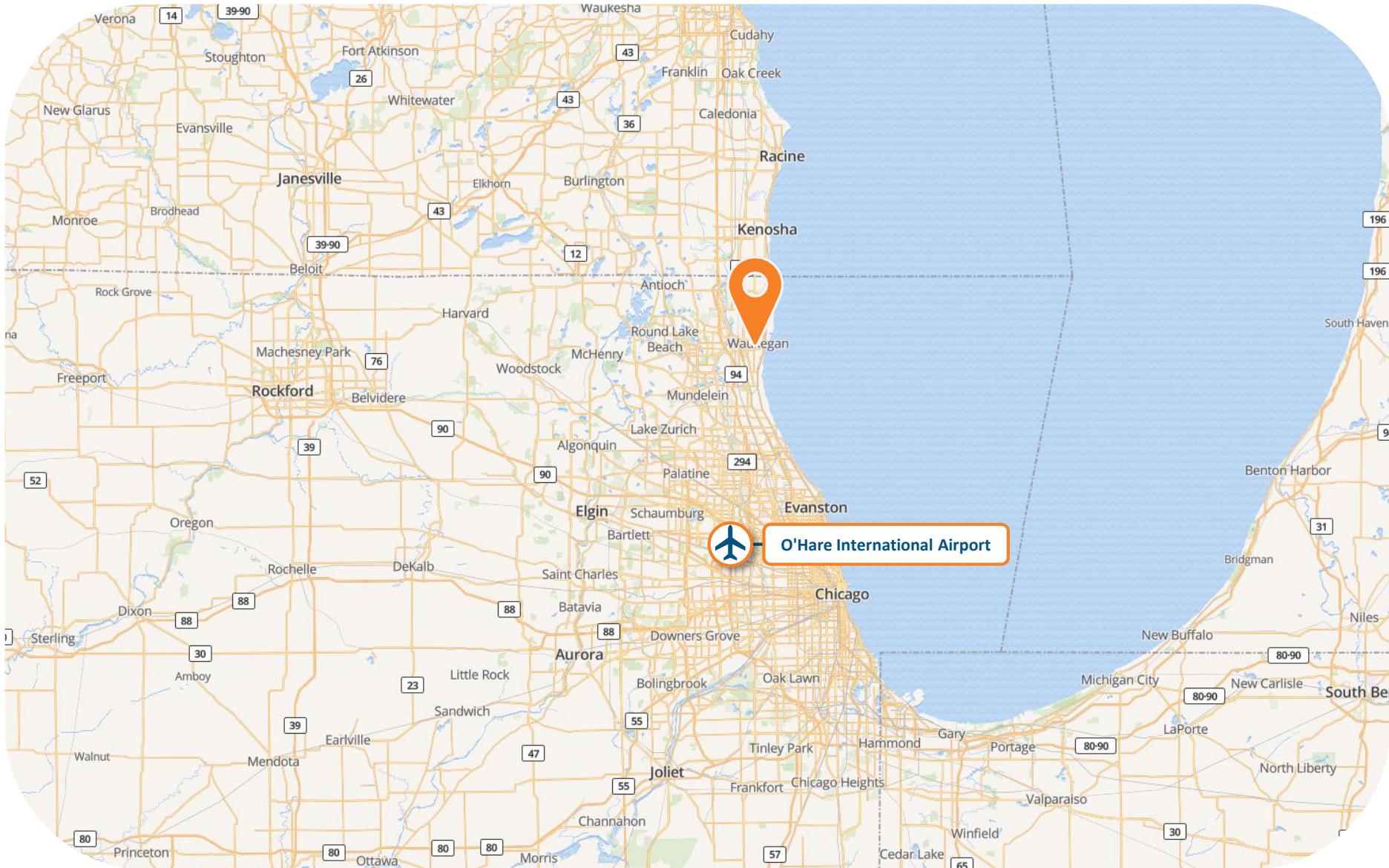


Local Map

Property Address: 2780 Belvidere Road – Waukegan, Illinois 60085



TACO BELL





Regional Map

Property Address: 2780 Belvidere Road – Waukegan, Illinois 60085



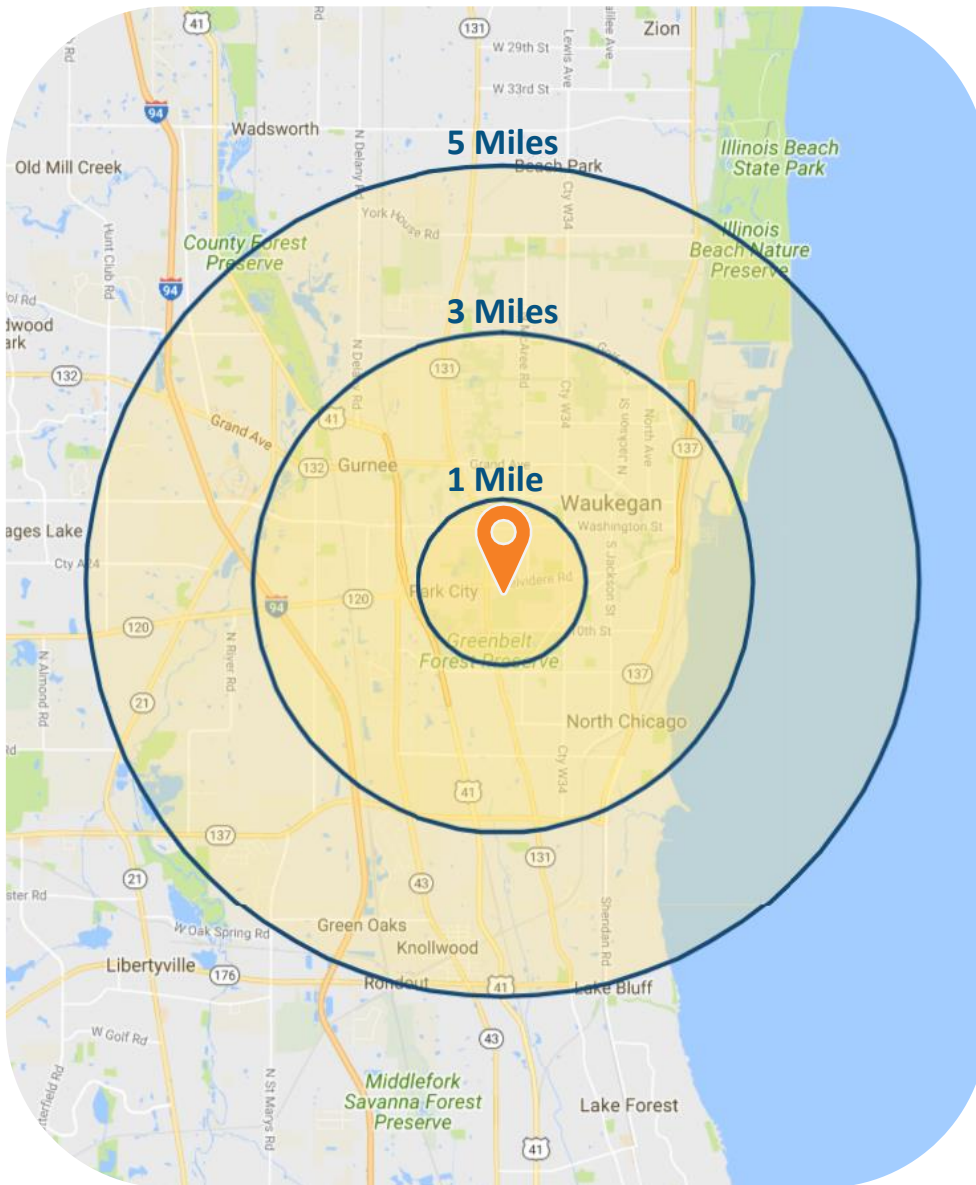


Demographics

Property Address: 2780 Belvidere Road – Waukegan, Illinois 60085



TACO BELL



POPULATION

	1 Mile	3 Miles	5 Miles
2022 Projection	14,996	103,986	163,305
2017 Estimate	15,130	105,251	163,476
2010 Census	15,185	106,424	165,458
2000 Census	14,028	109,113	166,707

INCOME

Average	\$52,491	\$63,555	\$81,089
Median	\$40,597	\$44,494	\$54,628
Per Capita	\$16,968	\$19,982	\$26,361

HOUSEHOLDS

2022 Projection	4,725	32,027	51,917
2017 Estimate	4,745	31,900	51,027
2010 Census	4,709	31,787	50,686
2000 Census	4,888	33,757	51,412

HOUSING

2017	\$106,420	\$145,465	\$167,110
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EMPLOYMENT

2017 Daytime Population	13,808	104,286	162,324
2017 Unemployment	10.45%	8.96%	7.47%
2017 Median Time Traveled	28	27	28

RACE & ETHNICITY

White	41.97%	42.33%	50.83%
Native American	0.02%	0.09%	0.09%
African American	16.34%	21.48%	18.17%
Asian/Pacific Islander	4.10%	4.53%	5.77%



Market Overview

City: Waukegan | County: Lake County | State: Illinois



Waukegan, is a city and the county seat of Lake

County, Illinois. Waukegan is located in northeastern Illinois on the Western Shore of Lake Michigan less than 40 miles north of Chicago. Waukegan is the largest city in Lake County and has major plans to redevelop the lakefront and downtown Waukegan. The GreenTown Redevelopment Project plans to attract \$100 million in investment with core development plans calling for a 140-room hotel, 200 apartments units, and over 12,000 square feet of new commercial space. Current top employers in Waukegan include Cardinal Health, Vista Health System, Medline Industries, Coleman Cable and WMS Industries. Waukegan Benefits from its proximity to Chicago and Milwaukee, as well as its greatest natural asset, Lake Michigan. More than 1,000 ship marina and harbor for recreational and commercial usage.

Major Employers

Employer	Estimated # of Employees
Naval Station Great Lakes	25,175
Curate Snacks	12,284
Abbott Laboratories	3,037
Alternative Staffing Inc	2,491
CVS	2,369
Captain James A Lovell Feder	2,000
Andrews Staffing Inc	1,499
County of Lake	1,376
Naval Hospital	1,260
Waukegan Community Unit	1,201
Vista Health System	953
Great Lakes Galleys	901

Marcus & Millichap



Offering Memorandum



Broker of Record:

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