

## OFFERING MEMORANDUM

**\$2,424,000 | 5.00% CAP RATE**

- » 23-Year Absolute NNN Lease with 1% Annual Rental Increases
  - » No Landlord Management
  - » Operated by Taco Bell's Largest Franchisee (350+ Units)
- » High-Traffic Location in Populous Area Near Downtown Gate City
  - » 19,576 Residents Within a Five-Mile Radius of the Property
  - » 17,000 AADT Directly in Front of the Property Along Kane Street
- » Central Location Near Primary Gate City Schools, Attractions, and Retailers
  - » Within One Mile of Three Schools with Combined Enrollment of 1,618 Students
  - » Centralized Location Between Numerous National Forests (Combined 10+ Million Annual Visitors)
- » 2018 Build-To-Suit Construction Featuring Dedicated Drive-Thru and Patio Seating



ACTUAL SITE

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Cushman & Wakefield ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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# INVESTMENT SUMMARY

<b>ADDRESS</b>	247 Kane Street, Gate City, Virginia 24251	
<b>PRICE</b>	<b>\$2,424,000</b>	
<b>CAP RATE</b>	<b>5.00%</b>	
<b>NOI</b>	\$121,200	
<b>TERM</b>	23 years remaining	
<b>RENT COMMENCEMENT</b>	December 31, 2019	
<b>LEASE EXPIRATION</b>	September 19, 2043	
<b>RENTAL INCREASES</b>	1% annual rental increases	
	<b>YEAR</b>	<b>RENT</b>
	1-25	1% annual rental increases
	26-30 (Option 1)	1% annual rental increases
	31-35 (Option 2)	1% annual rental increases
	36-40 (Option 3)	1% annual rental increases
	41-45 (Option 4)	1% annual rental increases
	46-50 (Option 5)	1% annual rental increases
	51-55 (Option 6)	1% annual rental increases
<b>YEAR BUILT</b>	2018	
<b>BUILDING SF</b>	2,721 SF	
<b>PARCEL SIZE</b>	.76 acres (33,088 SF)	
<b>LEASE TYPE</b>	Absolute NNN, with tenant responsible for all taxes, insurance, and maintenance	

## 23-YEAR ABSOLUTE NNN LEASE WITH ANNUAL RENTAL INCREASES

- » Operated by Taco Bell's largest franchisee, with over 350 units
- » Absolute NNN lease with no landlord management, providing an ideal investment for an out-of-area investor
- » Rare annual rental increases, providing an excellent hedge against inflation
- » Tenant is responsible for taxes, insurance, and all maintenance
- » 2018 construction featuring a dedicated drive-thru and patio seating for added customer convenience

## HIGH-TRAFFIC LOCATION IN POPULOUS AREA NEAR DOWNTOWN GATE CITY

- » 19,576 residents within a five-mile radius of the property
- » Located at the confluence of U.S. Highway 23 and Interstate 26, two major Southern Virginia/Northern Tennessee thoroughfares, increasing traffic to the site
- » 17,000 AADT directly in front of the property along Kane Street

## CENTRAL LOCATION NEAR PRIMARY GATE CITY SCHOOLS, ATTRACTIONS, AND RETAILERS

- » Across the street from Gate City Middle School and High School and one mile from Shoemaker Elementary School (combined 1,618 students)
- » Beneficial proximity to Creation Kingdom Zoo (1.6 million annual visitors)
- » Convenient access to several surrounding national and local retailers, including McDonald's, Food Lion, Long John Silver's, Hardee's, O'Reilly Auto Parts, and more
- » Centralized location between numerous National Forests, including Daniel Boone National Forest, George Washington and Jefferson National Forests, Cherokee National Forest, and Pisgah National Forest (combined 10+ million annual visitors)

## MAJOR NATIONAL TENANT WITH STRONG FINANCIALS

- » Taco Bell serves more than 40 million customers each week in the U.S.
- » Annual sales projected to reach \$15 billion by 2022
- » Voted Best Mexican Restaurant of 2018 in the Harris Poll 2018
- » Owned by Yum! Brands, Inc. (over 48,000 restaurants in more than 145 countries and territories)



ACTUAL SITE

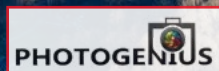




The Warehouse

Weber City Elementary School  
(340 students)

DOWNTOWN WEBER CITY  
(2 miles)



Little  
Moccasin  
Creek

Wilderness  
Road Market

Sunshine Sales  
and Service

Daniel Boone  
Wilderness Trail

Army  
National Guard

Gate City High  
and Middle Schools  
(989 students)



Kane Street  
(17,000 AADT)

23 / U.S. Highway 23  
(27,000 AADT)

Gateway  
Apartments



Scott County  
Social Services

Mountain Region  
Family Med PC

Campus Drive-In





Daniel Boone National Forest  
(1+ million annual visitors)



VIRGINIA-TENNESSEE  
BORDER

Peters Hollow

Estillville  
Bed & Breakfast

DOWNTOWN GATE CITY  
(0.7 miles)

23 / U.S. Highway 23  
(27,000 AADT)

Walgreens

DOLLAR  
GENERAL



Kane  
Street

Shoemaker  
School  
(625 students)

Mountain Region  
Family Med PC

Gate City High  
and Middle Schools  
(989 students)

Army  
National Guard

Sunshine Sales  
and Service

Virgin ABC

Little  
Moccasin  
Creek

Gateway  
Apartments

East Jackson Street  
(3,600 AADT)



George Washington and  
Jefferson National State Park  
(3+ million annual visitors)



DOWNTOWN HILTONS  
(6 miles)

DOWNTOWN SNOWFLAKE  
(6 miles)

Williams Hollow

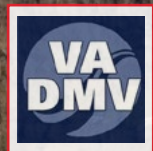
East Jackson Street  
(3,600 AADT)

Moccasin  
Valley

Scott County  
Vocational Center

Little  
Moccasin  
Creek

U.S. Highway 23  
(27,000 AADT)



Scott  
Veterinary Services



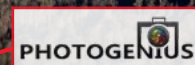
Gateway  
Apartments



Gate City High  
and Middle Schools  
(989 students)

Army  
National Guard

Wilderness  
Road Market  
Sunshine Sales  
and Service



Scott County  
Social Services

Jones Street  
(11,000 AADT)

Kane Street

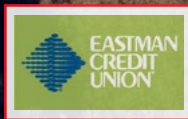






Scott County Park & Golf Course

East Jackson Street  
(3,600 AADT)



Gateway Apartments

Scott County Vocational Center



Army National Guard

Gate City High and Middle Schools  
(989 students)

Mountain Region Family Med PC

Kane Street  
(17,000 AADT)

Virginia ABC

Wilderness Road Market

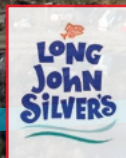
23 / U.S. Highway 23  
(27,000 AADT)

Jones Street  
(11,000 AADT)

Shoemaker School  
(625 students)

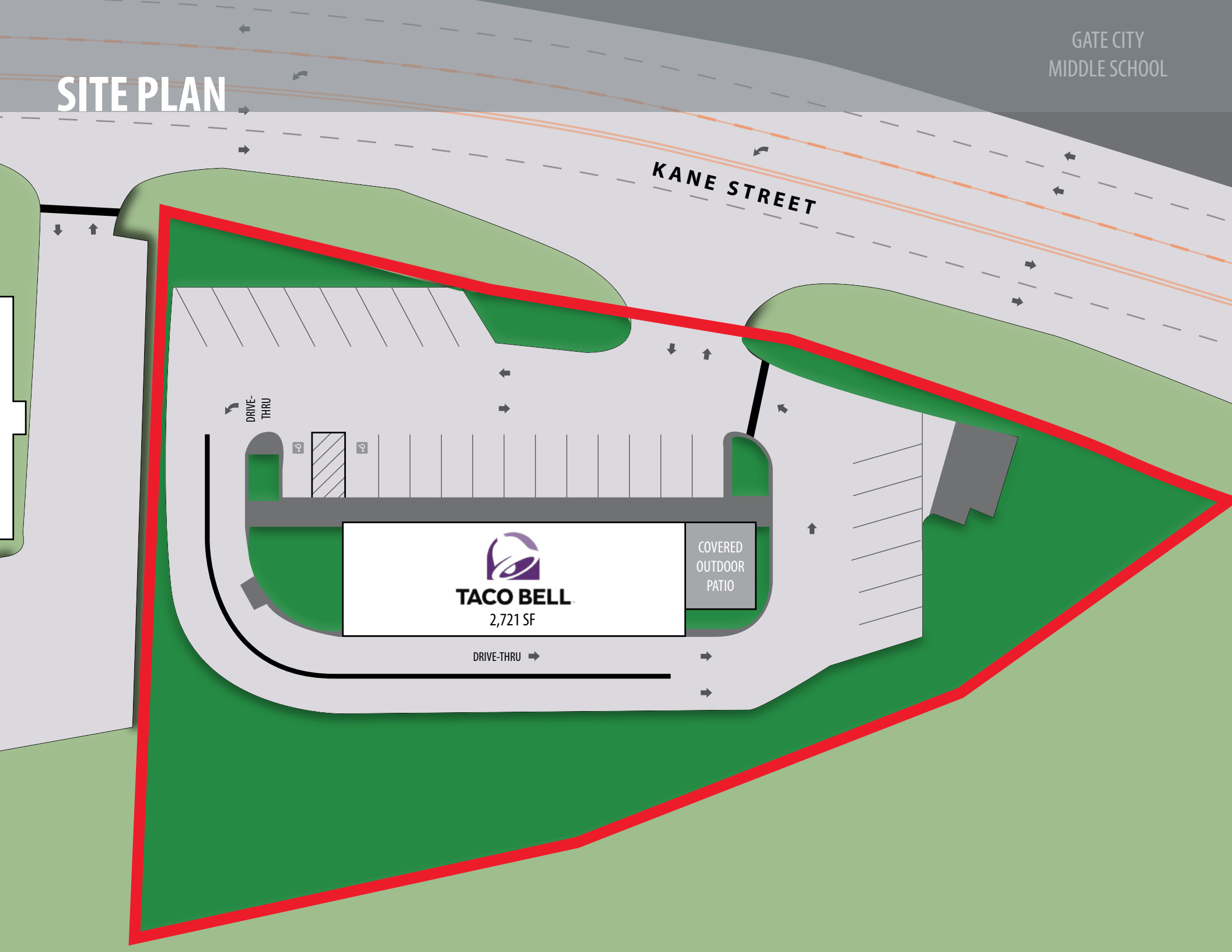


Little Moccasin Creek





# SITE PLAN





# TENANT SUMMARY



Taco Bell Corp.—a subsidiary of the world’s largest restaurant company, Yum! Brands, Inc. (NYSE: “YUM”)—is the nation’s leading Mexican-inspired quick service restaurant (QSR) brand. From breakfast to late night, Taco Bell serves made-to-order and customizable tacos, burritos, and other craveable choices. Taco Bell proudly serves over two billion customers each year in over 7,000 restaurants across the nation, as well as through its mobile, desktop, and delivery ordering services. Overseas, Taco Bell has over 500 restaurants, with plans to become a \$15B company in global system sales with 9,000 restaurants globally by 2022. In 2016, Taco Bell was named as one of Fast Company’s Top 10 Most Innovative Companies in the World. In a 2018 Harris Poll consisting of more than 77,000 people, Taco Bell was voted as America’s favorite Mexican Restaurant.

A Fortune 500 corporation, Yum! Brands, Inc. operates the licensed brands Taco Bell, KFC, and Pizza Hut worldwide, with over 48,000 restaurants in more than 145 countries and territories. The franchisee for the subject property is Tacala, LLC, one of the largest Taco Bell franchisees, operating over 350 restaurants across the Southeast United States and Texas. Tacala is owned by Altamont Capital Partners, a private equity firm with over \$2.5 billion of capital under management.

For more information, please visit [www.tacobell.com](http://www.tacobell.com) and [www.tacala.com](http://www.tacala.com).

<b>OWNERSHIP</b>	<b>Yum! Brands, Inc.</b>	<b>LOCATIONS</b>	<b>7,072</b>
<b>REVENUE</b>	<b>\$1.98B</b>	<b>HEADQUARTERS</b>	<b>Irvine, CA</b>

# LEASE ABSTRACT

<b>TENANT</b>	Tacala Tennessee Corp	
<b>ADDRESS</b>	<a href="#">247 Kane Street, Gate City, Virginia 24251</a>	
<b>RENT COMMENCEMENT</b>	December 31, 2019	
<b>LEASE EXPIRATION</b>	September 19, 2043	
<b>RENEWAL OPTIONS</b>	Six (6) five (5) year options	
<b>RENTAL INCREASES</b>	<b>YEAR</b> 1-25 26-30 (Option 1) 31-35 (Option 2) 36-40 (Option 3) 41-45 (Option 4) 46-50 (Option 5) 51-55 (Option 6)	<b>RENT</b> 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases 1% annual rental increases
<b>REAL ESTATE TAXES</b>	Tenant shall pay for all real estate taxes.	
<b>INSURANCE</b>	Tenant is responsible for all insurance costs.	
<b>REPAIR &amp; MAINTENANCE</b>	Tenant is responsible for all maintenance costs.	
<b>MAINTENANCE BY LANDLORD</b>	None	
<b>RIGHT OF FIRST REFUSAL</b>	None	



# PROPERTY OVERVIEW

## LOCATION

The property is conveniently located and easily accessible from Kane Street, a major economic and retail corridor for Gate City, with visibility and access to 17,000 vehicles per day directly in front of the location. The property is also within minutes of U.S. Highway 23 and Interstate 26, two primary Southern Virginia/Northern Tennessee thoroughfares. The property benefits from its central location in a populous area, with 19,576 residents living within a five-mile radius of the location.

Traffic to the site is increased by its centralized location near primary Gate City schools, attractions, and retailers. The property is located across the street from Gate City Middle School and High School and is one mile from Shoemaker Elementary School (combined 1,618 students). The location also has a beneficial proximity to Creation Kingdom Zoo, which welcomes 1.6 million annual visitors. Visibility is increased by the site's location between numerous National Forests, including Daniel Boone National Forest, George Washington and Jefferson National Forests, Cherokee National Forest, and Pisgah National Forest, all of which attract a combined 10+ million annual visitors. The site also maintains convenient access to several surrounding national and local retailers, including McDonald's, Food Lion, Long John Silver's, Hardee's, O'Reilly Auto Parts, and more.

## ACCESS

Access from Kane Street

## TRAFFIC COUNTS

Kane Street:	17,000 AADT
U.S. Highway 23:	27,000 AADT
Jones Street:	11,000 AADT
East Jackson Street:	3,600 AADT

## PARKING

28 parking stalls, including two (2) handicap stalls

## YEAR BUILT

2018

## NEAREST INTERNATIONAL AIRPORT

Charlotte Douglas International Airport (CLT | 165 miles)



**28**  
PARKING  
STALLS



**2018**  
YEAR BUILT



**17K**  
TRAFFIC  
COUNT (AADT)



**NEAREST  
AIRPORT**  
CHARLOTTE DOUGLAS  
INTERNATIONAL  
AIRPORT



# AREA OVERVIEW

Gate City is a town in, and the county seat of, Scott County, Virginia. Gate City is a small city relative to its neighbors and is located on U.S. Routes 23 and 421 near the Tennessee state line. Located in the Mountains of Southwest Virginia, Gate City is minutes away from the legendary Carter Fold Performance Center and Creation Kingdom Zoo. Gate City also hosts free weekly summer concerts, an annual BBQ contest, music festivals, car shows, a Halloween event, and a Christmas Parade. Gate City offers a variety of unique antique stores, family operated retail stores, food boutiques, parks, and a golf course. Gate City is rich in Pioneer and Native American History and is the home of Moccasin Gap and a part of the Daniel Boone Wilderness Trail and Crooked Road.

Scott County is part of the Kingsport–Bristol–Bristol, Tennessee–Virginia Metropolitan Statistical Area, which is a component of the Johnson City–Kingsport–Bristol, Tennessee–Virginia Combined Statistical Area, commonly known as the "Tri-Cities" region. With the recent announcements of technology related jobs with Holston Medical Group and Results, Scott County is primed to attract additional related businesses in the near future as the County markets the new Scott County Regional Business and Technical Park. Scott County has a strong industrial base in the Duffield Regional Industrial Park with companies like Gilbert-NS Lumber, Joy Mining and Machinery, Tempur Production, and VFP, Inc. These companies provide employment to the regional pool and continue to make products that are shipped all over the U.S. and the world.

- » Scott County is served by five main highways: U.S. 23, U.S. 58, I-26, VA 65, VA 71, and VA 72.
- » Tri-Cities Regional Airport, in Blountville, Tennessee, is approximately 35 miles from Scott County. Airline service is provided by USAir, Delta, Allegiant Air, and American Airlines.
- » Scott County is renowned for its outdoor recreational offerings, including the Natural Tunnel State Park, Scott County Park & Golf Course, Grogan Park in Gate City, Weber City Recreation Complex, Duffield Recreation Complex, Bush Mill, Keith Memorial Park in Nickelsville, Bark Camp Lake, the Jefferson National Forest, the High Knob Recreation Areas, and the Clinch and Holston Rivers.

LARGEST EMPLOYMENT INDUSTRIES IN SCOTT COUNTY, VA	# OF EMPLOYEES
MANUFACTURING	1,491
HEALTH CARE & SOCIAL ASSISTANCE	1,411
RETAIL TRADE	1,110
CONSTRUCTION	830
EDUCATIONAL SERVICES	584
ADMINISTRATIVE & SUPPORT	468
PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERVICES	410
PUBLIC ADMINISTRATION	360
OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	350
ACCOMMODATION & FOOD SERVICES	312





# DEMOGRAPHIC PROFILE

## 2019 SUMMARY

	1 Miles	3 Miles	5 Miles
<b>Population</b>	<b>1,668</b>	<b>5,909</b>	<b>19,576</b>
Households	776	2,624	8,406
Families	497	1,709	5,458
Average Household Size	2.15	2.21	2.32
Owner Occupied Housing Units	583	1,961	5,860
Renter Occupied Housing Units	193	663	2,546
Median Age	48.5	48.5	46.1
<b>Average Household Income</b>	<b>\$55,592</b>	<b>\$53,967</b>	<b>\$50,046</b>

## 2024 ESTIMATE

	1 Miles	3 Miles	5 Miles
<b>Population</b>	<b>1,628</b>	<b>5,792</b>	<b>19,402</b>
Households	757	2,569	8,317
Families	482	1,667	5,374
Average Household Size	2.15	2.21	2.32
Owner Occupied Housing Units	572	1,933	5,856
Renter Occupied Housing Units	185	636	2,461
Median Age	49.4	49.5	47.0
<b>Average Household Income</b>	<b>\$62,001</b>	<b>\$60,665</b>	<b>\$57,509</b>





**YURAS  
AICALE  
FORSYTH  
CROWLE**

Leased Investment Team



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