

Representative Photo

POPEYES SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



5503 Commercial St, Salem, OR 97301

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Investment Highlights

PRICE: \$3,533,598 | CAP: 5.00% | RENT: \$176,680



About the Investment

- ✓ Brand New 19-Year Lease
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases of Two Percent (2.0%) Annually Beginning in Year 6
- ✓ Four (4) Tenant Renewal Periods of Five (5) Years Each

About the Location

- ✓ Dense Urban Infill | Trader Joes, Walmart, Winco, Rite Aid, Petco, Tuesday Morning, Walgreens, Goodwill, Burger King, Jack in the Box, Applebee's, McDonalds, and More
- ✓ Large Academic Presence | Willamette University is Located Within Close Proximity of the Subject Property | Total Enrollment Exceeding 2,800
- ✓ Affluent Community | Average Income Within a Five-Mile Radius Exceeds \$78,150 | Population Exceeds 243,200 Individuals Within a Five-Mile Radius
- ✓ Strong Traffic Counts | Commercial Street Experiences Over 30,211 Vehicles Per Day
- ✓ Compelling Location Fundamentals | Located 45 Miles From Portland, OR | Largest City in Oregon
- ✓ Salem Hospital | Located Less Than Two Miles Away | Level II Trauma Center Community Hospital | 454 Total Beds

About the Tenant / Brand

- ✓ Popeyes is the World's Second Largest Quick Service Chicken Concept
- ✓ Popeyes is a Unique, Highly-Differentiated Brand - Internationally-recognized Louisiana heritage since 1972
- ✓ Ambrosia QSR is a Well-Funded Developer and Operator of Burger King and Popeyes Locations Throughout Washington and Oregon
- ✓ Lease Guaranteed by Pacific Quick Serve Holdco, LLC | A 150+ Unit Popeyes and Burger King Entity with Plans for Expansion*

*Guarantor entity is the full parent company. Once the Popeyes entity reaches 30 units, the guarantor will be replaced with Ambrosia QSR II, LLC. Contact listing broker for more information



Representative Photo



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Financial Analysis

PRICE: \$3,533,598 | CAP: 5.00% | RENT: \$176,680

PROPERTY DESCRIPTION

Property	Popeyes
Property Address	5503 Commercial St
City, State ZIP	Salem, OR
Year Built / Renovated	New Construction – Expected to Open March 2023
Building Size (SF)	2,333
Lot Size (Acres)	+/- 1.00 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,533,598
CAP Rate	5.00%
Annual Rent	\$176,680

LEASE SUMMARY

Property Type	Net-Leased Restaurant
Guarantor*	Pacific Quick Serve Holdco, LLC (150+ units)
Original Lease Term	20 Years
Lease Commencement	9/30/2021
Lease Expiration	9/30/2041
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.75% Annually Starting Year 6
Options to Renew	Four (4), Five (5)-Year Options

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$176,680	\$14,723	-
Year 2	\$176,680	\$14,723	-
Year 3	\$176,680	\$14,723	-
Year 4	\$176,680	\$14,723	-
Year 5	\$176,680	\$14,723	-
Year 6	\$179,772	\$14,981	1.75%
Year 7	\$182,918	\$15,243	1.75%
Year 8	\$186,119	\$15,510	1.75%
Year 9	\$189,376	\$15,781	1.75%
Year 10	\$192,690	\$16,058	1.75%
Year 11	\$196,062	\$16,339	1.75%
Year 12	\$199,493	\$16,624	1.75%
Year 13	\$202,984	\$16,915	1.75%
Year 14	\$206,537	\$17,211	1.75%
Year 15	\$210,151	\$17,513	1.75%
Year 16	\$213,829	\$17,819	1.75%
Year 17	\$217,571	\$18,131	1.75%
Year 18	\$221,378	\$18,448	1.75%
Year 19	\$225,252	\$18,771	1.75%
Year 20	\$229,194	\$19,100	1.75%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Popeyes located in Salem, OR. The property consists of 2,333 square feet of building space and is situated on an estimated 1.00-acres of land. The tenant is subject to a 20-year absolute triple net (NNN) lease, which commenced on 9/30/2021. The base rent is \$176,680 and will increase by 1.75% percent annually starting in year six and continuing throughout the base term and into each of the four (4), five (5)-year tenant renewal option periods.

*Guarantor entity is the full parent company. Once the Popeyes entity reaches 30 units, the guarantor will be replaced with Ambrosia QSR II, LLC. Contact listing broker for more information



Concept & Guarantor Overview

POPEYES
LOUISIANA KITCHEN

About Popeyes

Founded in 1972, Popeyes is the world's second largest quick service chicken concept as measured by total number of restaurants (only behind KFC). As of December 31, 2018, Popeyes owned or franchised a total of 3,102 restaurants. Popeyes restaurants are quick service restaurants that distinguish themselves with a unique "Louisiana" style menu featuring spicy chicken, chicken tenders, fried shrimp and other seafood, red beans and rice and other regional items. Popeyes was acquired on March 27, 2017 for a total consideration of \$1.7 billion by Restaurant Brands International (NYSE: QSR).

Fun Facts:

- *Global Leadership in Chicken Segment - One of the largest players with rapidly-growing market share*
- *Unique, Highly-Differentiated Brand - Internationally-recognized Louisiana heritage since 1972*
- *Highly-Attractive Unit Economics - >\$1.4mm ARS and strong franchisee EBITDA margins*
- *Nearly Fully-Franchised Business Model - 98% franchised, leading to healthy margins and cash flow*
- *Significant Expansion Opportunity in the U.S. - Consistent track record of successful growth across the country*
- *International Growth Acceleration - Numerous development agreements signed in last few years*



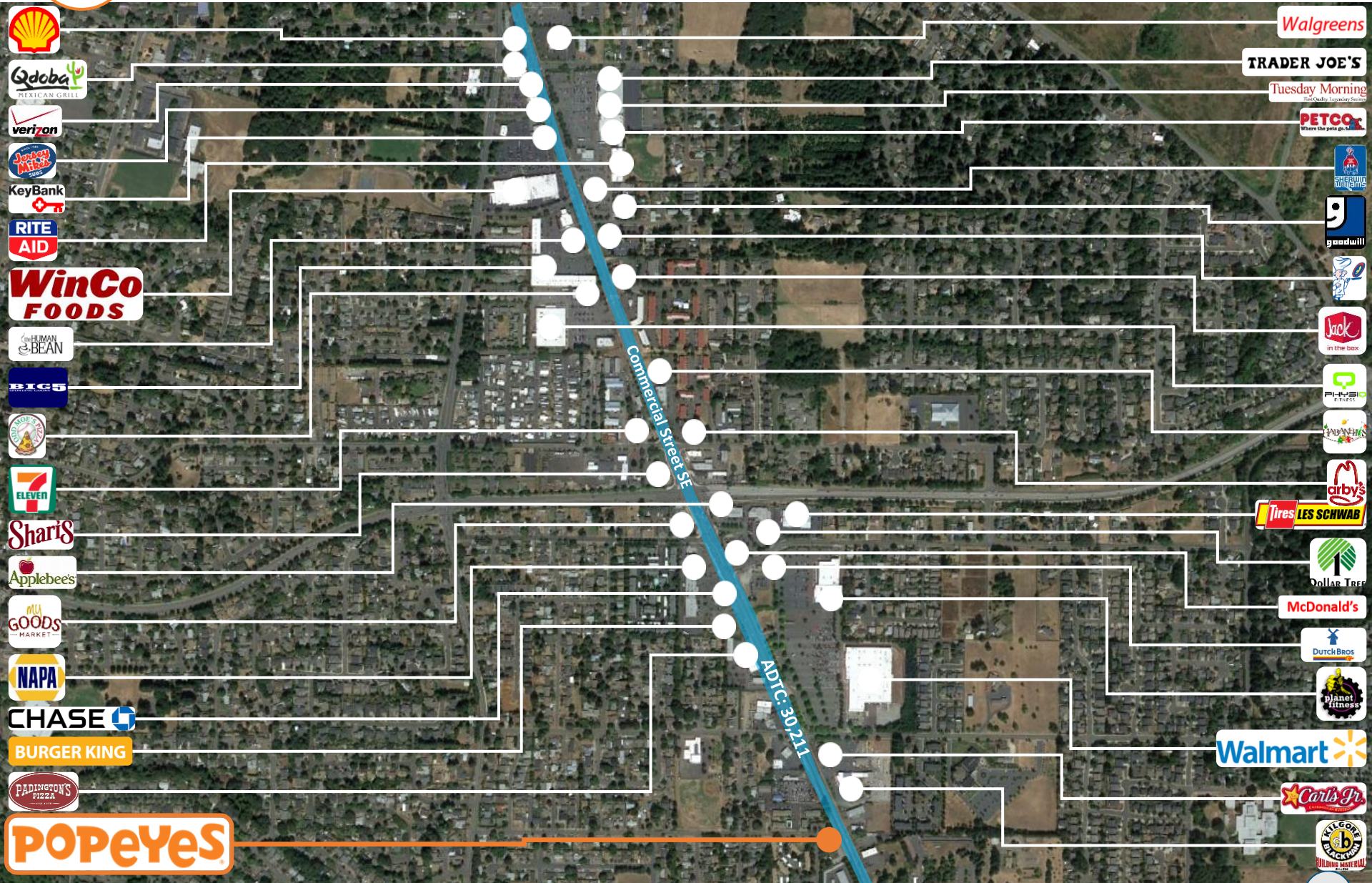
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Ambrosia QSR

Ambrosia QSR is a well-funded developer and operator of Popeyes and Burger King locations. They are based out of Vancouver, WA with over 100 locations throughout the Pacific Northwest. With new capital investors, the tenant is looking to expand, and the strength of the operator will only continue to grow over the next few years. The operator is following a tactical and sophisticated development thesis by selecting high quality locations with tremendous upside potential.



Surrounding Area



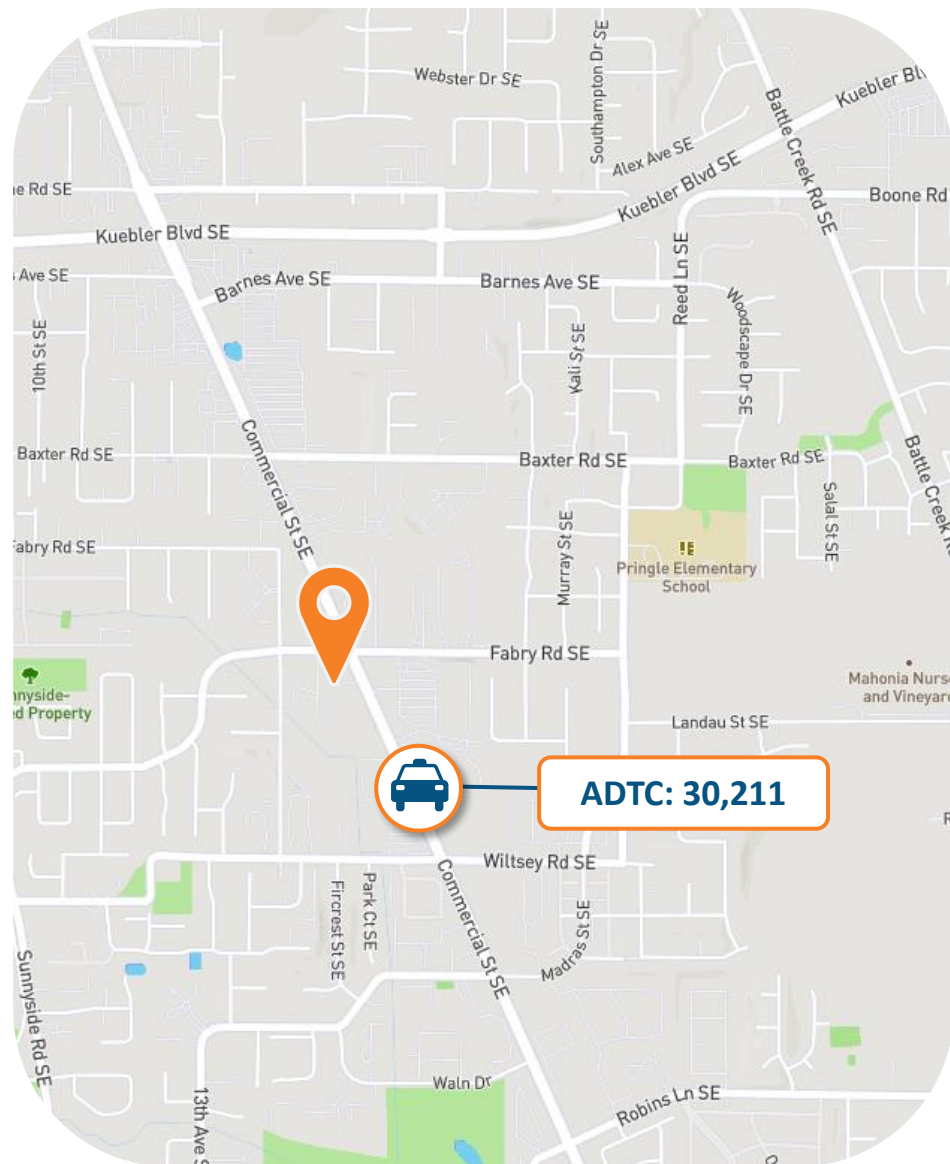


Location Overview

The subject investment property is situated Commercial Street which has an average daily traffic count exceeding 30,211 vehicles. There are approximately 104,900 individuals residing within a three-mile radius of the property and approximately 243,200 individuals residing within five-miles. The average household income within a five-mile radius exceeds \$78,150.

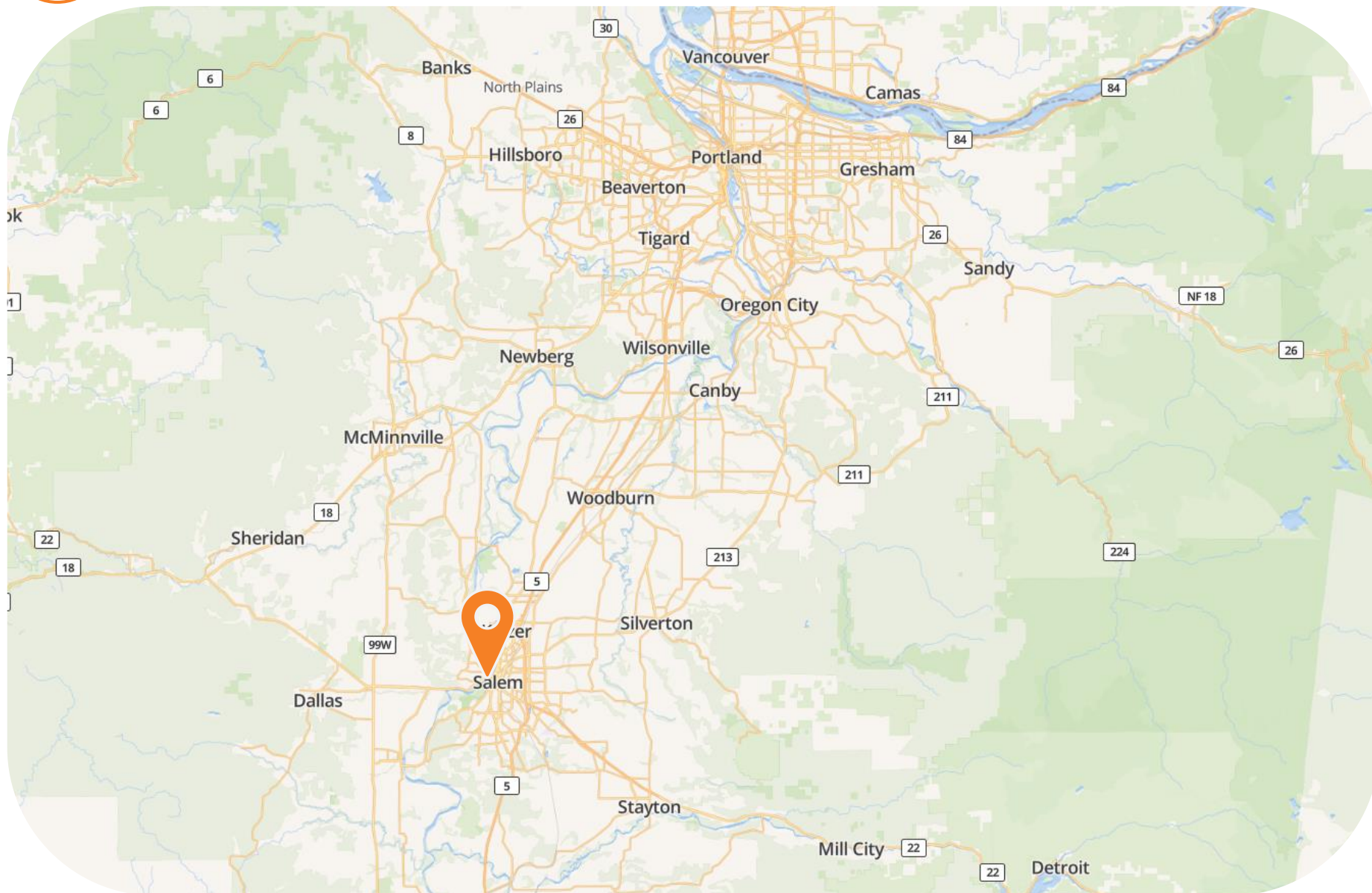
This Popeyes property benefits from being well-positioned in a strong retail corridor surrounded by national and local tenants, shopping centers, and academic institutions. Major national tenants in the immediate area include Trader Joes, Walmart, Winco, Rite Aid, Petco, Tuesday Morning, Walgreens, Goodwill, Burger King, Jack in the Box, Applebee's, McDonalds, as well as many more. The subject property benefits from being in close proximity to several academic institutions. Most notable of these being Willamette University, a private university with over 2,800 students. Additionally, the subject property is located less than five-miles from Salem Hospital, a level II trauma center community hospital with a total of 454 beds.

Salem is the capital of Oregon and the county seat of Marion County. It is located in the center of the Willamette Valley alongside the Willamette River, which runs north through the city. Salem was chosen as the permanent site of the Oregon State Fair by the Oregon State Agricultural Association. Salem is nicknamed the "Cherry City", because of the past importance of the local cherry-growing industry. From May through October the Salem Saturday Market, located north of the capital, exhibits an emphasis on local products including crafts, baked goods, produce, meat, and other items. Other attractions like the Salem Film Festival and, Mission Mill Museum, and the historic Reed Opera House attract many visitors from all over. Salem's central location provides access to a wide variety of recreational activities in a variety of climates and geographies year-round. The Coast Range and the Pacific Ocean is to the west, the Santiam Canyon area, Western Cascades and High Cascades are to the east, Portland is north, and Eugene is south. State government is Salem's largest employer, but the city also serves as a hub for the area farming communities and is a major agricultural food processing center.





Local Map



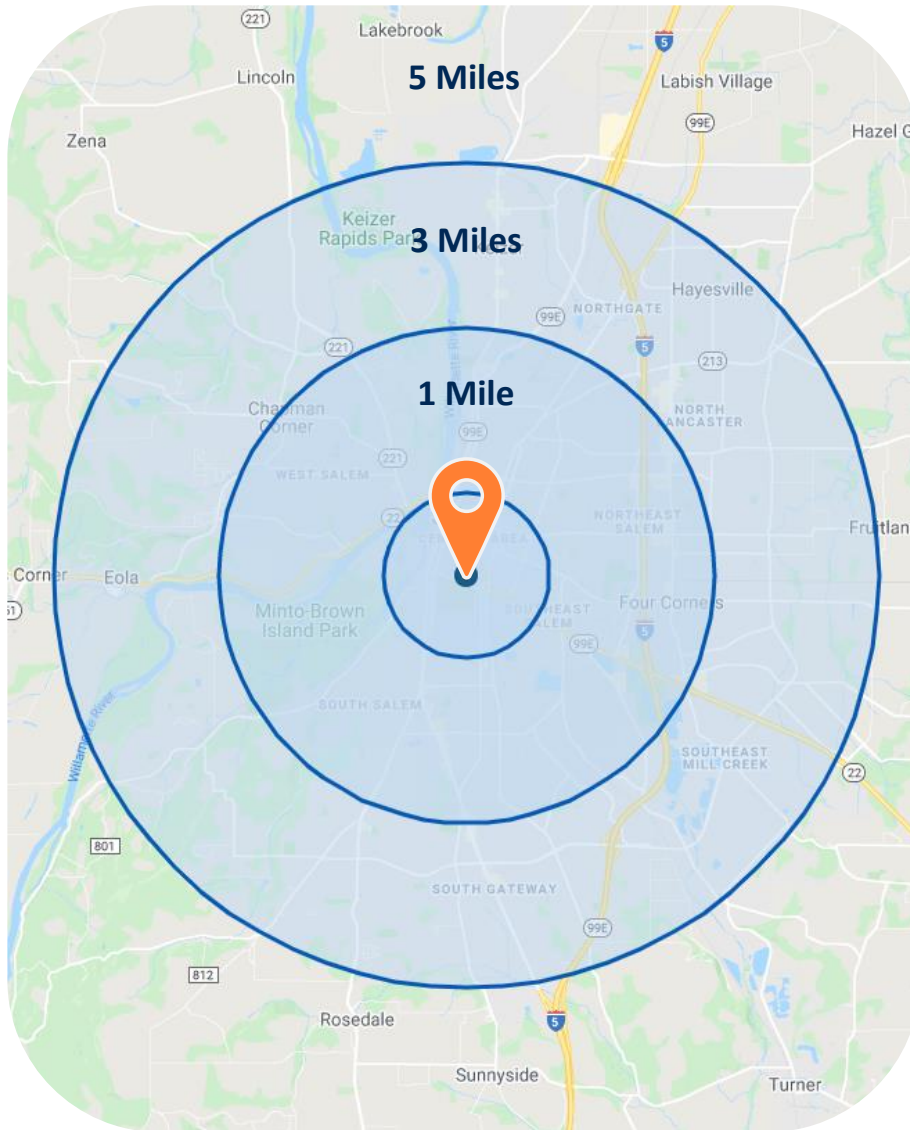


Regional Map





Demographics



POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	10,733	93,148	209,843
2021 Population	11,971	104,914	243,238
2026 Population Projection	12,593	110,986	257,995
Annual Growth 2010-2021	1.00%	1.10%	1.40%
Annual Growth 2021-2026	1.00%	1.20%	1.20%

POPULATION BY RACE (2021)

	1 Mile	3 Miles	5 Miles
White	10,434	91,577	212,063
Black	207	2,245	4,843
American Indian/Alaskan Native	290	2,615	5,704
Asian	361	2,655	7,199
Hawaiian & Pacific Islander	98	1,377	3,435
Two or More Races	581	4,445	9,993
Hispanic Origin	2,036	25,342	63,145

HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	4,475	35,358	76,908
2021 Households	5,085	39,842	88,859
2026 Household Projection	5,365	42,158	94,230
Annual Growth 2010-2021	0.60%	0.60%	1.00%
Annual Growth 2021-2026	1.10%	1.20%	1.20%

Avg Household Income

1 Mile	3 Miles	5 Miles
\$69,374	\$75,289	\$78,181

Median Household Income

1 Mile	3 Miles	5 Miles
\$50,904	\$60,332	\$63,382

HOUSEHOLDS BY HOUSEHOLD INCOME (2021)

	1 Mile	3 Miles	5 Miles
< \$25,000	1,205	7,623	15,187
\$25,000 - 50,000	1,307	9,573	20,113
\$50,000 - 75,000	859	7,187	17,979
\$75,000 - 100,000	652	5,205	11,736
\$100,000 - 125,000	410	4,241	9,273
\$125,000 - 150,000	235	2,595	5,481
\$150,000 - 200,000	227	1,954	5,855
\$200,000+	191	1,464	3,235



Market Overview



Portland, OR

Portland is the largest and most populous city in the U.S. State of Oregon. It is a major port in the Willamette Valley region of the Pacific Northwest, at the confluence of the Willamette and Columbia Rivers. As of 2018, Portland had an estimated population of 653,115, making it the 25th most populous city in the United States, and the second-most populous in the Pacific Northwest. The city is frequently recognized as one of the world's most environmentally conscious cities because of its high walkability, large community of bicyclists, farm-to-table dining, expansive network of public transportation options, and over 10,000 acres of public parks. As a result, Portland consistently ranks highly in quality of life in the United States. Its climate is marked by warm, dry summers and cool, rainy winters. This climate is ideal for growing roses, and Portland has been called the "City of Roses" for over a century.

Portland's location is beneficial for several industries. Relatively low energy cost, accessible resources, north-south and east-west interstates, international air terminals, large marine shipping facilities, and both west coast intercontinental railroads are all economic advantages. The Portland metro area has become a business cluster for athletic and footwear manufacturers. The area is home to the global, North American or U.S. headquarters of Nike, Adidas, Columbia Sportswear, LaCrosse Footwear, Dr. Martens, Li-Ning, Keen and Hi-Tec Sports. Technology is a major component of the city's economy, with more than 1,200 technology companies existing within the metro. This high density of technology companies has led to the nickname Silicon Forest being used to describe the Portland area, a reference to the abundance of trees in the region and to the Silicon Valley region in Northern California.



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Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

Adam Lewis
Broker of Record
111 SW 5th Ave., Ste. 1950
Portland, OR 97204
Tel: (503) 200-2000
License #: 201209561



503 Commercial St, Salem, OR 97301