

Representative Photo

POPEYES SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



20118 Mountain Hwy E, Spanaway, WA 98387

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Table of Contents

Investment Highlights	4
Financial Analysis	5
Concept & Guarantor Overview	6
Surrounding Area	7
Location Overview	8
Local Map	9
Regional Map	11
Demographics / Market Overview	11-12





Investment Highlights

PRICE: \$3,364,150 | CAP: 4.75% | RENT: \$159,797



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 Retail Corridor | Walmart, Dollar Tree, GameStop, McDonalds, Starbucks, Jack in the Box, Arby's, Ace Hardware, Dairy Queen, Grease Monkey, AT&T, 76, Arco, 7-Eleven and More
- ✓ Large Academic Presence | 15 Primary Education Institutions Within 5 Miles of the Subject Property | Total Enrollment of over 9000 Students
- ✓ Affluent Community | Average Income Within a Three-Mile Radius Exceeds \$90,000
- ✓ Strong Traffic Counts | Pacific Ave and Mountain Highway E | Average Daily Traffic Counts of 40,300 and 24,800 Vehicles, Respectively
- ✓ Compelling Location Fundamentals | Located Just Outside of Tacoma | 3rd Largest City in Washington

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*



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*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



Financial Analysis

PRICE: \$3,364,150 | CAP: 4.75% | RENT: \$159,797

PROPERTY DESCRIPTION

Property	Popeyes
Property Address	20118 Mountain Hwy E,
City, State ZIP	Spanaway, WA
Year Built / Renovated	2022
Building Size (SF)	2,333
Lot Size (Acres)	+/- 1.00 Acres
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$3,364,150
CAP Rate	4.75%
Annual Rent	\$159,797

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	\$159,797	\$13,316	-
Year 2	\$159,797	\$13,316	-
Year 3	\$159,797	\$13,316	-
Year 4	\$159,797	\$13,316	-
Year 5	\$159,797	\$13,316	-
Year 6	\$162,593	\$13,549	1.75%
Year 7	\$165,439	\$13,787	1.75%
Year 8	\$168,334	\$14,028	1.75%
Year 9	\$171,280	\$14,273	1.75%
Year 10	\$174,277	\$14,523	1.75%
Year 11	\$177,327	\$14,777	1.75%
Year 12	\$180,430	\$15,036	1.75%
Year 13	\$183,588	\$15,299	1.75%
Year 14	\$186,801	\$15,567	1.75%
Year 15	\$190,070	\$15,839	1.75%
Year 16	\$193,396	\$16,116	1.75%
Year 17	\$196,780	\$16,398	1.75%
Year 18	\$200,224	\$16,685	1.75%
Year 19	\$203,728	\$16,977	1.75%
Year 20	\$207,293	\$17,274	1.75%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Popeyes located in Spanaway, WA. 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, that commenced on 9/30/2021. The base rent is \$159,797 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.



Location Overview

The subject investment property is situated between Spanaway McKenna Highway and Mountain High East just after the two merge with Pacific Avenue. Pacific Avenue alone boasts average daily traffic counts of 40,300 vehicles per day. Spanaway McKenna Highway and Mountain Highway East each bring an additional 15,000 and 24,800 vehicles into the immediate area per day, respectively. There are approximately 44,105 individuals living within a three-mile radius of the subject property and 99,697 individuals within a five-mile radius.

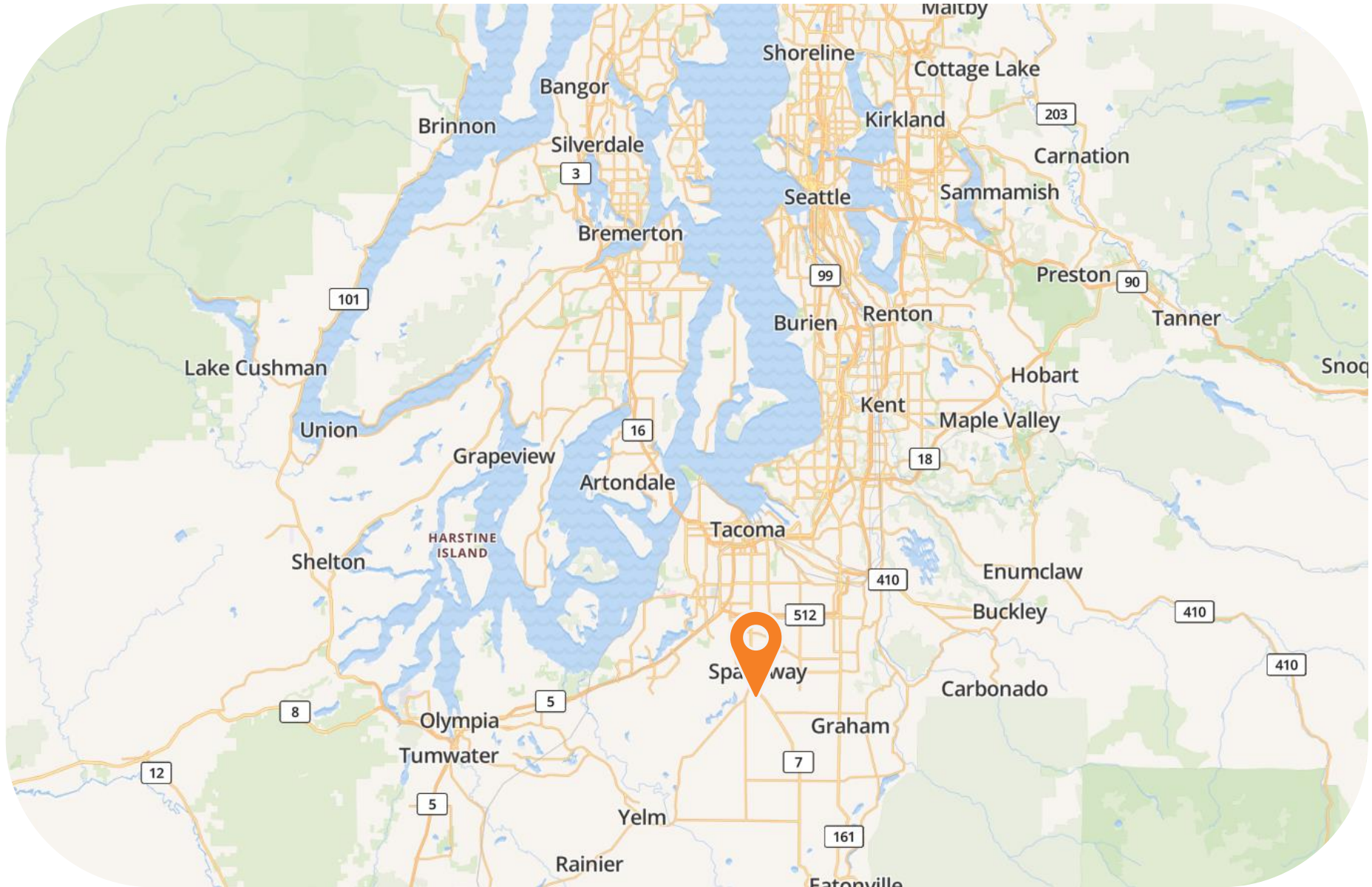
This Popeyes property benefits from being well-positioned in a strong retail corridor surrounded by national and local tenants and academic institutions. Major national tenants in the immediate area include: Walmart, Dollar Tree, GameStop, McDonalds, Starbucks, Jack in the Box, Arby's, Ace Hardware, Dairy Queen, Grease Monkey, AT&T, 76, Arco, 7-Eleven, as well as many more. Additionally, within 5 miles of the subject primary there are 15 primary education institutions, comprising a total of over 9000 students.

Spanaway is a census-designated place in Pierce County, Washington, United States, just under 11 miles South of Tacoma. Originally The Hudson's Bay Company, headquartered at Fort Nisqually, had control of this region until 1863. Company maps and journals show the company's subsidiary, the Puget Sound Agricultural Company, raised cattle, grain, and sheep at "Spanueh Station" on the south and east shores of "Spanueh Lake." Spanueh is the Hudson Bay Company's spelling of the native Lushootseed *spadue*. It now an unincorporated area near Tacoma, and is often identified together with the more urban, less wealthy Parkland. Spanaway's main business thoroughfare is Pacific Avenue South, which is a north-south road that coincides with State Route 7 through the Spanaway area. According to United States Census Bureau, the CDP has a total area of 8.7 square miles, of which, 8.3 square miles of it is land and 0.4 square miles of it (4.25%) is water.





Local Map



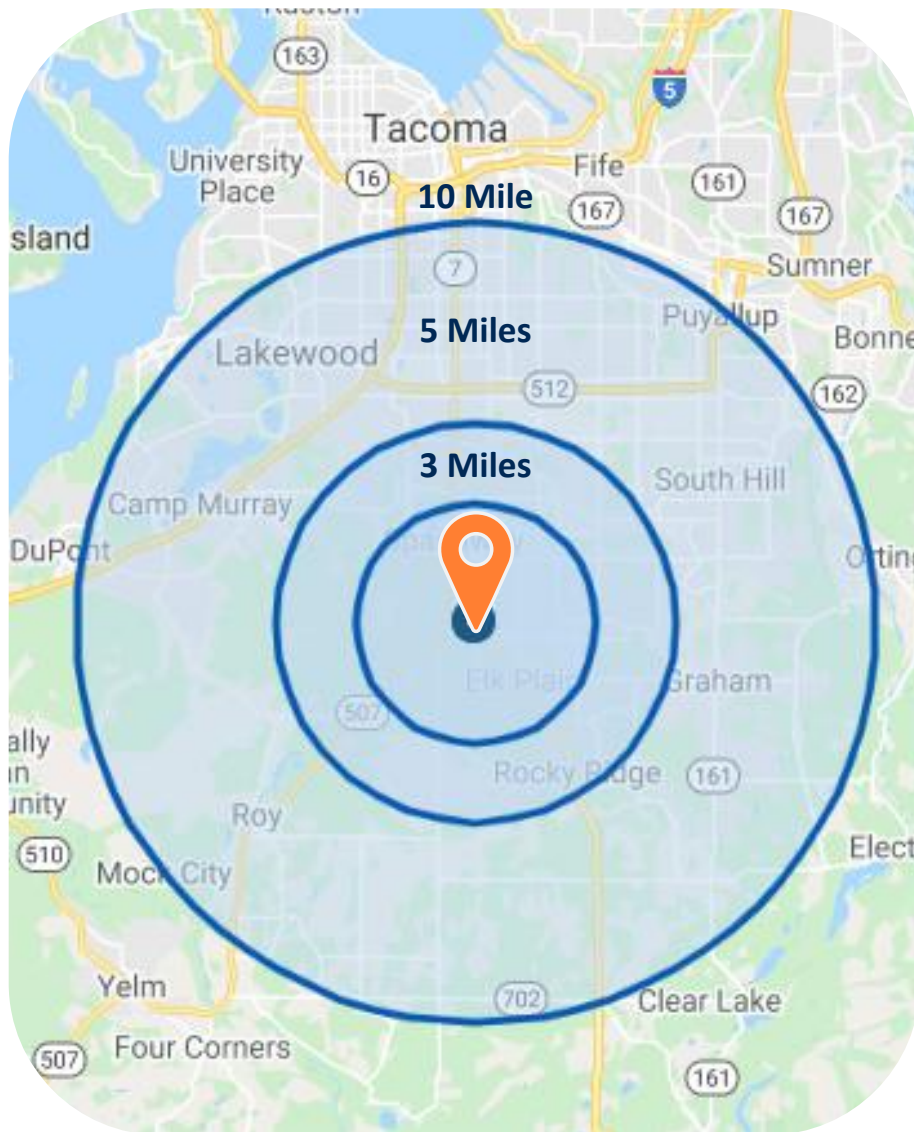


Regional Map





Demographics



Population Trends:

2010 Population	34,056	82,108	389,228
2021 Population	44,105	99,697	458,680
2026 Population Projection	47,693	106,937	490,058
Growth 2010 – 2021	2.70%	1.90%	1.60%
Growth 2021 – 2026	1.60%	1.50%	1.40%

Population by Race (2021):

White	28,458	68,646	319,649
Black	5,147	9,322	42,606
American Indian/Alaskan Native	594	1,523	8,547
Asian	3,550	7,373	37,130
Hawaiian & Pacific Islander	2,071	3,845	12,267
Two or More Races	4,285	8,988	38,480
Hispanic Origin	5,507	11,391	63,998

Household Trends:

2010 Households	11,635	28,602	140,935
2021 Households	15,187	35,080	166,288
2026 Household Projection	16,448	37,703	177,808
Growth 2010 – 2021	2.40%	1.70%	1.20%
Growth 2021 – 2026	1.70%	1.50%	1.40%
Owner Occupied	12,086	27,732	107,831
Renter Occupied	4,362	9,971	69,977

Average Household Income (2021):

Households by Household Income (2021):

<\$25,000	1,483	3,534	21,291
\$25,000 - \$50,000	2,255	5,663	31,765
\$50,000 - \$75,000	3,314	6,889	32,288
\$75,000 - \$100,000	2,842	6,240	25,128
\$100,000 - \$125,000	1,702	4,414	21,484
\$125,000 - \$150,000	1,604	3,590	12,856
\$150,000 - \$200,000	1,222	3,023	12,868
\$200,000+	764	1,726	8,608

Median Household Income (2021):

3 Mile 5 Miles 10 Miles

3 Mile	5 Miles	10 Miles
34,056	82,108	389,228
44,105	99,697	458,680
47,693	106,937	490,058
2.70%	1.90%	1.60%
1.60%	1.50%	1.40%
28,458	68,646	319,649
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11,635	28,602	140,935
15,187	35,080	166,288
16,448	37,703	177,808
2.40%	1.70%	1.20%
1.70%	1.50%	1.40%
12,086	27,732	107,831
4,362	9,971	69,977
\$93,846	\$93,901	\$89,278
1,483	3,534	21,291
2,255	5,663	31,765
3,314	6,889	32,288
2,842	6,240	25,128
1,702	4,414	21,484
1,604	3,590	12,856
1,222	3,023	12,868
764	1,726	8,608
\$79,759	\$80,823	\$73,314



Market Overview



Tacoma, WA

Tacoma is a mid-sized urban port city and the county seat of Pierce County, Washington, United States. The city is on Washington's Puget Sound, 32 miles southwest of Seattle, 31 miles northeast of the state capital, Olympia, and 58 miles northwest of Mount Rainier National Park. The population was 191,704, according to the 2010 census. Tacoma is the second-largest city in the Puget Sound area and the third-largest in the state. Tacoma also serves as the center of business activity for the South Sound region, which has a population of around 1 million.

Tacoma adopted its name after the nearby Mount Rainier, originally and locally called Takhoma or Tahoma. It is locally known as the "City of Destiny" because the area was chosen to be the western terminus of the Northern Pacific Railroad in the late 19th century. The decision of the railroad was influenced by Tacoma's neighboring deep-water harbor, Commencement Bay. By connecting the bay with the railroad, Tacoma's motto became "When rails meet sails". Commencement Bay serves the Port of Tacoma, a center of international trade on the Pacific Coast and Washington's largest port. The city gained notoriety in 1940 for the collapse of the Tacoma Narrows Bridge, which earned the nickname "Galloping Gertie". Like most industrial cities, Tacoma suffered a prolonged decline in the mid-20th century as a result of suburbanization and divestment. Since the 1990s, downtown Tacoma has experienced a period of revitalization. Developments in the downtown include the University of Washington Tacoma; Line T, the first modern electric light rail service in the state; the state's highest density of art and history museums; and a restored urban waterfront, the Thea Foss Waterway.



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