

KFC - 800+ UNIT GUARANTOR

895 4TH STREET WEST, MILAN, ILLINOIS



OFFERING MEMORANDUM

Marcus & Millichap



The information in this package has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2022 Marcus Millichap

Executive Summary

895 4th Street West, Milan, IL 61264

FINANCIAL SUMMARY

Price	\$1,284,000
Cap Rate	5.75%
Building Size	2,384 SF
Net Cash Flow	5.75% \$73,825
Year Built	1997
Lot Size	0.34 Acres

LEASE SUMMARY

Lease Type	Absolute Triple-Net (NNN) Lease
Tenant	FQSR, LLC
Guarantor	FQSR, LLC
Roof & Structure	Tenant Responsible
Lease Commencement Date	April 1, 2011
Lease Expiration Date	March 31, 2034
Lease Term Remaining	11.5 Years
Rental Increases	10% Every 5 Years
Renewal Options	2, 5 Year Options
Right of First Refusal	None

ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
Current - 3/31/2024	\$73,824.56	5.75%
4/1/2024 - 3/31/2029	\$81,207.02	6.32%
4/1/2029 - 3/31/2034	\$89,327.72	6.96%
Renewal Options	Annual Rent	Cap Rate
Option 1	\$98,260.49	7.65%
Option 2	\$108,086.54	8.42%

Base Rent	\$73,825
Net Operating Income	\$73,825
Total Return	5.75% \$73,825



19,700 CPD
INTERSTATE 280

INDUSTRIAL WAREHOUSES

9,800 CPD
1ST STREET EAST



10,600 CPD
W 10TH AVENUE



LIQUOR STORE,
MEXICAN RESTAURANT &
CHINESE RESTAURANT



6,300 CPD
4TH STREET WEST

DOLLAR GENERAL



 **DOLLAR TREE**

Walgreens

10,600 CPD
W 10TH AVENUE

CVS
pharmacy

verizon
RUDY'S
TACOS
B&B
HARDWARE
& RENTAL
HUNGRY HOBO

**LIQUOR STORE,
MEXICAN RESTAURANT &
CHINESE RESTAURANT**

DOLLAR GENERAL

6,300 CPD
4TH STREET WEST



Property Description



INVESTMENT HIGHLIGHTS

- » **Absolute Triple-Net (NNN) Lease with 11.5 Years Remaining - Drive Thru Location**
- » Franchisee and Lease Guarantor is an 800+ Unit Operator of KFC and Taco Bell - Over \$1 Billion in Sales
- » **10 Percent Rental Increases Every Five Years**
- » 67,905 Residents within a Five-Mile Radius - Quad Cities MSA
- » **Adjacent to Hy-Vee Grocery Store and Surrounded by National Retailers - Walgreens, Pizza Hut, CVS, Dollar Tree, and More**
- » Easily Accessible via I-280, a Major Connector for the Quad Cities Area
- » **Less Than a 10-Minute Drive from Quad Cities International Airport**
- » Average Household Income Exceeds \$77,000 within a Three-Mile Radius

 DEMOGRAPHICS	1-mile	3-miles	5-miles
--	--------	---------	---------

Population

2027 Projection	3,829	19,531	67,158
2022 Estimate	4,020	19,917	67,905

Daytime Population

2022 Estimate	4,681	21,196	77,051
---------------	-------	--------	--------

Households

2027 Projection	2,861	4,702	22,156
2022 Estimate	2,853	4,636	20,921

Income

2022 Est. Average Household Income	\$60,706	\$77,524	\$71,894
------------------------------------	----------	----------	----------



Tenant Overview



Louisville, Kentucky

Headquarters

Yum! Brands

Parent Company

26,000+

Locations

1930

Founded

www.kfc.com

Website

KFC is a global chicken restaurant brand with a rich, decades-long history of success and innovation. Colonel Harland Sanders created the original chicken recipe and founded the KFC brand more than 90 years ago. Today, over 800,000 team members are employed in more than 26,000 restaurants in over 145 countries and territories around the world. KFC believes in making chicken the right way, by using quality ingredients and freshly preparing them by hand every day. KFC is always evolving through digital innovation and building new restaurants with franchise partners. The franchisee of the subject KFC property, KBP Brands (d/b/a FQSR, LLC), is an 800+ unit operator of KFC and Taco Bell.

PARENT COMPANY: YUM! BRANDS

Yum! Brands (NYSE: YUM) operates a system of over 53,000 restaurants in 155 countries and territories under the company's concepts: KFC, Taco Bell, Pizza Hut, and The Habit Burger Grill. The Company's KFC, Taco Bell, and Pizza Hut brands are global leaders of the chicken, Mexican-style food, and pizza categories, respectively. The focus of Yum! Brands is to build the world's most loved, trusted, and fastest-growing restaurant brands in partnership with the best franchise operators in the business.

Property Photos



Location Overview



Milan is a village in Rock Island County, Illinois, located within the Quad Cities metropolitan area, a region associated with the Quad Cities in Illinois and Iowa. The village is situated on the Rock River in northwest Illinois, about four miles upstream of its outlet to the Mississippi. Milan is home to the John Deere North American Parts Distribution Center, one of the largest warehouses in the world.

QUAD CITIES METROPOLITAN AREA

A vibrant community of over 400,000 residents, the Quad Cities metropolitan area consists of the cities of Davenport and Bettendorf in Iowa, and Rock Island, Moline, and East Moline in Illinois, and the surrounding suburban towns in northwest Illinois and southeast Iowa. The Quad Cities metro is also considered

part of the Great Lakes Megalopolis, which is the most populated and largest megalopolis in North America. The Quad Cities metro is within a 300-mile radius of 37 million people with close access to major markets: Chicago, Minneapolis-St. Paul, St. Louis, Des Moines, Omaha, Kansas City, and Indianapolis.

The Quad Cities region offers an overall cost of living that is lower than the national average, as well as competitively priced housing options and new construction in urban, suburban, and rural settings. Visitors and residents alike enjoy diverse cultural festivals and events, top-notch parks, outdoor recreation, scenic spaces, hiking trails, as well as robust arts, culture, theater, sports, culinary, and entertainment scenes.

[exclusively listed by]

Mark J. Ruble
Executive Managing Director
602 687 6766
mruble@marcusmillichap.com

Chris N. Lind
Senior Managing Director
602 687 6780
chris.lind@marcusmillichap.com

Steven Weinstock
Broker of Record
630 570 2200
Lic #: 471.011175

Offices Nationwide
www.marcusmillichap.com

NET LEASED DISCLAIMER

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.

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.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

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.

CONFIDENTIALITY AGREEMENT

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and it should not be made available to any other person or

entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this offering memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

Marcus & Millichap