

McDonald's GLOBAL HQ

A
Sterling Bay
Development



FULTON MARKET, CHICAGO

Jones Lang LaSalle
Americas (Illinois), L.P. ("JLL")



McDonald's GLOBAL HQ



Global HQ

INVESTMENT GRADE



Core

SINGLE-TENANT OFFICE
WITH RETAIL AS AMENITY



100%

LEASED OFFICE TO SINGLE-
TENANT USER MCDONALD'S

97% LEASED OVERALL



13.2 YRS

WTD. AVG. LEASE TERM



575,208

RENTABLE SQUARE FEET



2018

YEAR BUILT



92%

OF YEAR 1 INCOME COMPRISED
OF CREDIT TENANTS



Significant

TENANT CAPITAL
INVESTMENT ON TOP OF
LANDLORD CONTRIBUTION

CREDIT TENANTS



SINGLE-TENANT
OFFICE USER

- ▶ **532,526 RSF**
- ▶ **100% of Office Rentable Area
93% of Overall Rentable Area**
- ▶ **July 2033 Lease Expiration
(12.6 Years)**
- ▶ Four 5-Year Renewal Options at 95% of Market
- ▶ \$33.19 PSF Current Office Rent (Net)
- ▶ \$57.50 PSF Current Retail Rent (Net)
- ▶ 2.25% Annual Rent Increases

Credit Rating

- ▶ **S&P: BBB+**
- ▶ **Moody's: Baa1**



RETAIL CREDIT TENANTS



- ▶ **9,369 RSF**
- ▶ **September 2048 Lease Expiration
(27.7 Years)**
- ▶ \$55.00 PSF Current Rent (Net)
- ▶ 5.0% Rent Steps Every Five (5) Years

Credit Rating

- ▶ **S&P: BBB**
- ▶ **Moody's: Baa2**



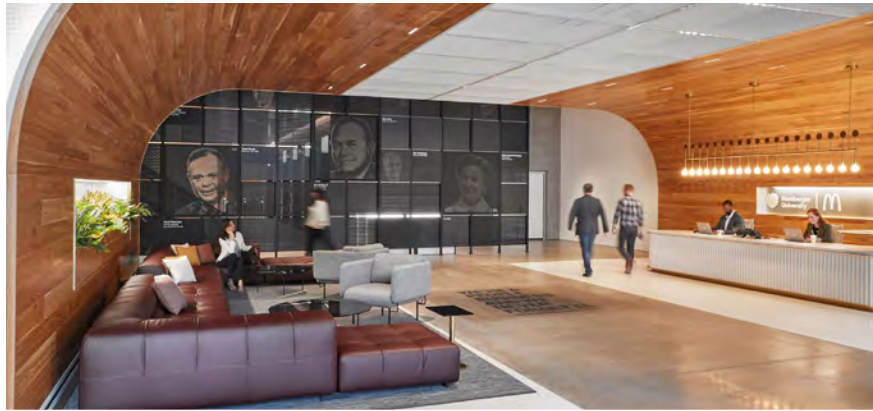
- ▶ **2,124 RSF**
- ▶ **December 2028 Lease Expiration
(8.0 Years)**
- ▶ \$75.00 PSF Current Rent (Net)
- ▶ 10.0% Rent Step in Year Five

Credit Rating

- ▶ **S&P: BBB**
- ▶ **Moody's: Baa2**

McDonald's GLOBAL HQ

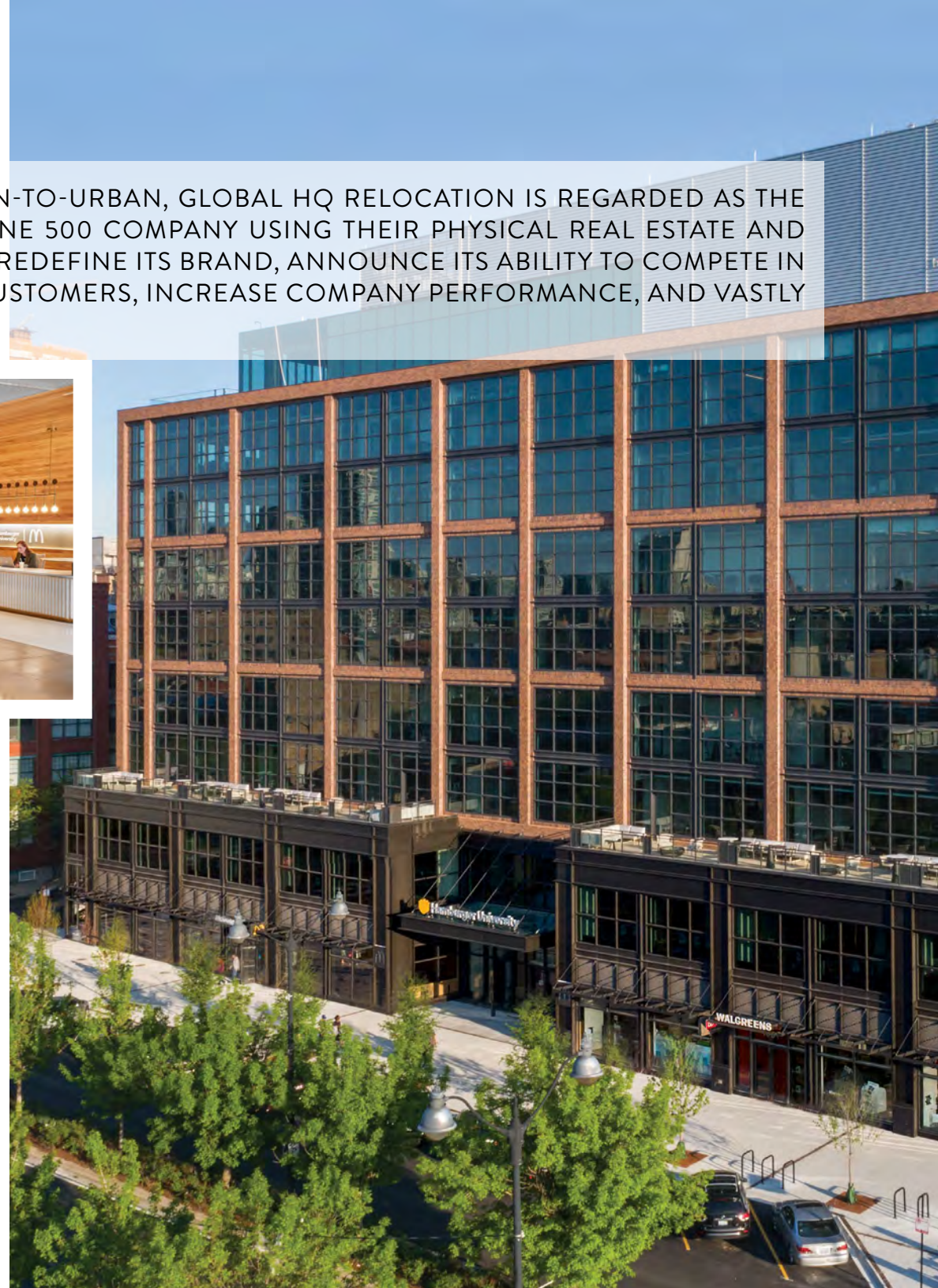
MCDONALD'S FORWARD-THINKING, SUBURBAN-TO-URBAN, GLOBAL HQ RELOCATION IS REGARDED AS THE NATION'S GREATEST CASE STUDY OF A FORTUNE 500 COMPANY USING THEIR PHYSICAL REAL ESTATE AND TREND-SETTING LOCATION TO STRATEGICALLY REDEFINE ITS BRAND, ANNOUNCE ITS ABILITY TO COMPETE IN THE MODERN ECONOMY, RECONNECT WITH CUSTOMERS, INCREASE COMPANY PERFORMANCE, AND VASTLY IMPROVE THE EMPLOYEE EXPERIENCE.



THE OFFERING

Jones Lang LaSalle (Illinois), L.P. ("JLL") has been exclusively retained to present the rare opportunity to acquire the 100% fee simple interest in the McDonald's Global Headquarters located at 110 North Carpenter (the "Property"). The LEED Platinum, nine (9) story building is anchored by McDonald's and is positioned in Chicago's coveted and dynamic Fulton Market. The 575,208 rentable square foot ("RSF") property was developed by Sterling Bay in 2018 and custom designed by architecture firm Gensler to be reverent to Fulton Market's warehousing roots and industrial aesthetic.

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INVESTMENT HIGHLIGHTS



Stable, Long-Term Cash Flow Secured By Investment Grade Credit



Irreplaceable Location in Chicago's Coveted Fulton Market



The Only Opportunity to Acquire the Headquarters of a Top Ten Global Brand



LEED Platinum Trophy Asset With Substantial Tenant Investment



Vibrant Ground Floor Retail Connects to the Surrounding Neighborhood



Core, Global Tech HQ

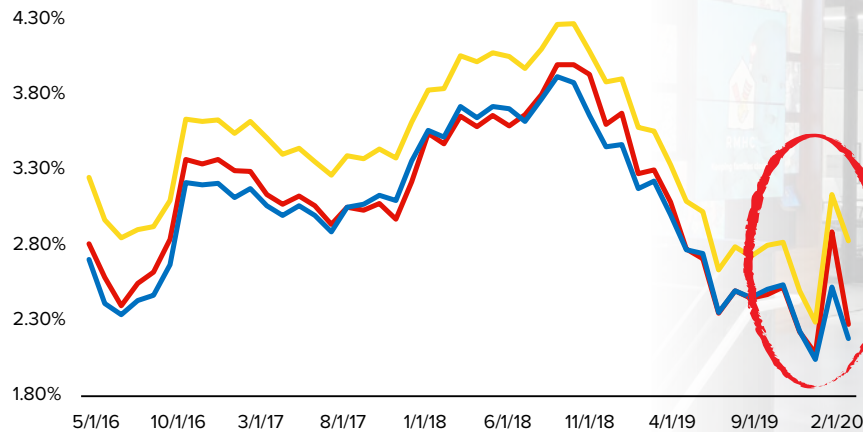
McDonald's GLOBAL HQ



Stable, Long-Term Cash Flow
SECURED BY MCDONALD'S INVESTMENT GRADE CREDIT

OVER THE PAST FOUR (4) YEARS, MCDONALD'S BONDS HAVE TRADED MORE IN LINE WITH "A" CREDIT - TWO (2) NOTCHES ABOVE MCDONALD'S STATED CREDIT RATING - DUE TO ITS DESIRABILITY, PERCEIVED SAFETY IN THE CURRENT MARKET, AND SCARCITY OF INVESTMENT GRADE QSR CREDIT.

HISTORICAL 10-YEAR BOND YIELDS



Source: Bloomberg, 2020

Single-Tenant Net Lease Global HQ

100% of Office

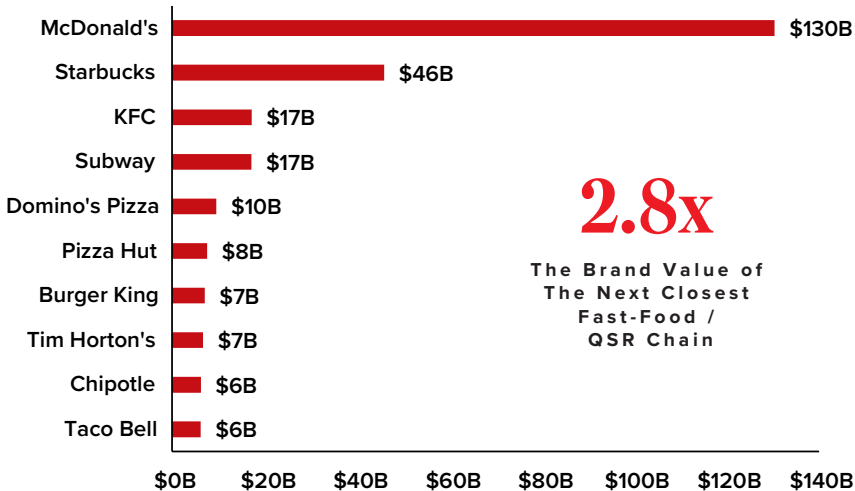
13 Years of Remaining Term

BBB+ Trading Commensurate with A Rating

S&P Global BBB+
MOODY'S Baa1

MCDONALD'S AT A GLANCE

Top Fast Food Brand By Value, Nearly 3x Closest Competitor



Source: WPP / Kantar World's Most Valuable Brands Study, 2019

McDonald's Quantitative Credit Indicators Largely Map to "A" or Higher Ratings

CREDIT INDICATOR	MCDONALD'S VALUE (2019)	INDICATOR MAPS TO CREDIT RATING
REVENUE	\$21B	A
# OF SYSTEMWIDE RESTAURANTS	±40,000	Aa
REVENUE BY GEOGRAPHIC REGION	No single country makes up a majority of revenue ⁽¹⁾	Aa
RETURN ON ASSETS	13.8%	Aa
DEBT / EBITDA	3.9x	Baa
EBIT / INTEREST EXPENSE	7.9x	A

(1) US is the largest market with 37% of revenue

Sources: S&P CapIQ and Moody's Investor Service, Restaurants Industry Rating Methodology



\$100B
SYSTEM-WIDE SALES

1,000
NEW LOCATIONS
PROJECTED 2020FY

NEARLY
40,000
TOTAL LOCATIONS

100+
COUNTRIES

70M+
PEOPLE SERVED EVERY DAY

2M+
EMPLOYEES

McDonald's GLOBAL HQ

Irreplaceable Location in Chicago's Coveted Fulton Market



Unparalleled Demographics

- 122%** | population growth in the last five (5) years
- 56,000** | people living within a one (1) mile radius of the Property
- 91%** | of population is in the professional workforce
- 60661** | Fulton Market zip code that has densest population of millennials in the United States
- 64%** | between the ages of 25-44, compared to 33% in the Chicago CBD
- \$132,250** | average household income
- 900,000+** | annual ridership at Lake and Morgan CTA station, 80% increase since 2012

Synergistic Mix of Hotel, Entertainment, Dining, Shopping & Luxury Residential

- ▶ 30+ critically acclaimed restaurants, including three (3) Michelin Star and nine (9) James Beard Award winners
- ▶ Influx of anchor and high-end, boutique retailers as well as innovative and lifestyle brands committed to Fulton Market including Soho House, The Hoxton, lululemon, and more
- ▶ 51% growth in average net retail rents since 2016

Moving Its Global HQ to Fulton Market in June 2018 Has Made McDonald's Faster and Younger as a Company

250K+
JOB APPLICATIONS SINCE
JUNE 2018
20% INCREASE

2x
NUMBER OF TECH HIRES AS
A RESULT OF CONTINUED
INVESTMENT IN TECH AND
MOBILE APPLICATIONS



“We have been on a journey to change our culture for the past five years to be more collaborative, nimble, agile, technology-focused, and certainly the move here has helped accelerate that, just by the physical workspace that people are in. It supports being collaborative.”

– Vice President of Global People at McDonald's

Source: Chicago Tribune, 2020

McDonald's GLOBAL HQ

The Only Opportunity to Acquire the Headquarters of a Top Ten Global Brand

110 NORTH CARPENTER IS THE ONLY TOP TEN GLOBAL BRAND HQ NOT OWNED BY THE COMPANY.



Source: Interbrand Top Ten Global Brands, 2019

LEED Platinum Trophy Asset with Substantial Tenant Investment

Gensler

Custom designed for McDonald's single-tenant Global Headquarters, **110 North Carpenter** epitomizes the blend of Gensler's sophisticated, sustainable design and modern infrastructure.

IA | INTERIOR ARCHITECTS

O+A

"Like co-authors joining forces on one big story, IA Interior Architects and Studio O+A turned each floor into a chapter."


- McDonald's




Significant Investment by McDonald's



LEED Platinum for Core and Shell



Smart Building Technology



Authentic Design & Skyline Views



TOBY REGIONAL AWARD, NORTH CENTRAL REGION
- BOMA



TOP WORKPLACE ROOFTOPS
- CRAIN'S



OUTSTANDING BUILDING OF THE YEAR, CORPORATE FACILITY
- BOMA



OFFICE DEVELOPMENT OF THE YEAR
- NAIOP CHICAGO

BUILDING TEAM AWARD, BUILDING DESIGN+CONSTRUCTION (2019)

PROJECT OF THE YEAR, CORENET REAL AWARDS (2018)



McDonald's GLOBAL HQ



McDonald's



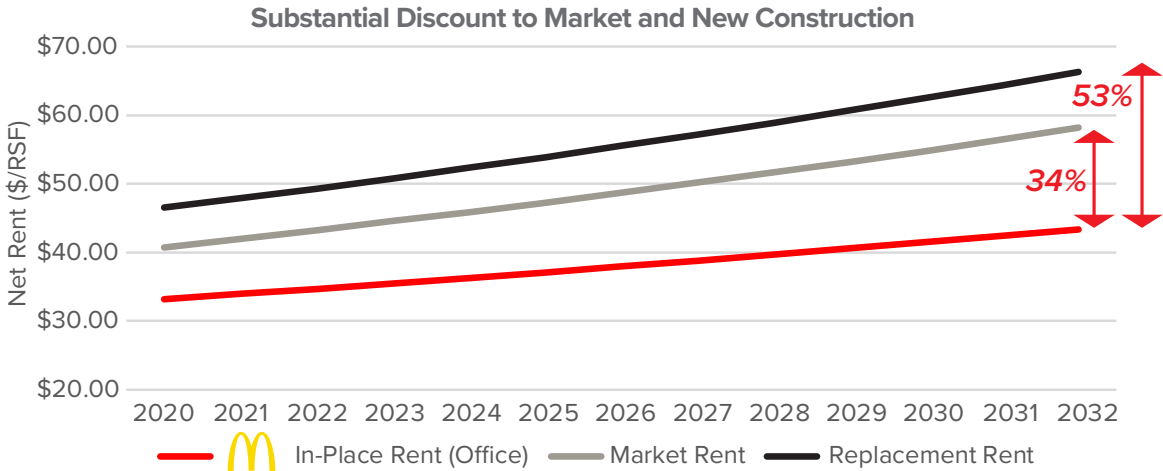
Early Adoption into Fulton Market Provides True Mark-to-Market Opportunity



32.3% INCREASE IN MARKET RENTS SINCE LEASE SIGNED AT 110 NORTH CARPENTER IN 2016



76.8% INCREASE IN MARKET RENTS SINCE LEASE SIGNED AT 1K FULTON IN 2013



**Net replacement rent of \$46.50 in 2020 assumes a 7.5% development yield*



SINCE 2016, WEIGHTED AVERAGE RENTS IN FULTON MARKET HAVE GROWN 55%, PROVIDING A TRUE MARK-TO-MARKET OPPORTUNITY FOR EARLY ADOPTERS LIKE MCDONALD'S AND GOOGLE.



McDonald's GLOBAL HQ

Vibrant Ground Floor Retail Connects to the Surrounding Neighborhood

POLITAN ROW
CHICAGO

one medical



Walgreens



- ▶ Retail amenity at the base of the building includes investment grade Walgreens (9,369 RSF) and FedEx (2,124 RSF) as well as One Medical (4,889 RSF) and Politan Row (10,453 RSF), the chef-driven food hall with locations in Chicago, Miami, Houston and more
- ▶ Increasing retail and restaurant demand in Fulton Market further benefits the Property's prime location given the density in surrounding neighborhoods



POLITAN ROW

POLITAN ROW

Berle

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