

CONFIDENTIAL OFFERING MEMORANDUM

Corporate Checkers Ground Lease

Next to CTA 'L' Station · Signalized Hard Corner · Strong Traffic Counts

6301 S. Ashland Avenue // Chicago, IL 60636



Actual Site

EXCLUSIVELY OFFERED BY:

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Offering Summary

Baum Realty Group has been exclusively retained by ownership to sell a ground leased Checkers asset located in Chicago, IL. The property is situated at the signalized hard corner of Ashland Avenue and 63rd Street featuring vehicular exposure of 47,780 cars per day. Checkers built a new drive-thru restaurant and has 9.75 years remaining with rent increases and extension options. The site is adjacent to the CTA 'L' Green Line Ashland station, which has annual ridership of 377,000 passengers, adding to the dense daytime population in the immediate area.



PRICE:	\$1,307,700
CURRENT CAP RATE:	6.50%
CAP RATE AS OF DECEMBER 2020	7.15%
TERM REMAINING:	9.75 Years
Current Annual Ground Rent:	\$85,000
December 2020 Ground Rent:	\$93,500
Escalations:	10% every 5 years
Lease Type:	Absolute NNN Ground Lease – No Landlord Maintenance Responsibilities
Corporate Tenant:	Checkers Drive-In Restaurants, Inc.
Year Built:	2017





Investment Highlights



LONG TERM GROUND LEASE WITH RENT INCREASES AND EXTENSION OPTIONS

Checkers has 9.75 years remaining on their absolute NNN ground lease with four, five-year extension options. There are 10% rent escalations every five years in the primary term and options, providing solid asset appreciation. There are zero landlord maintenance responsibilities associated with the property.

GROWING CORPORATE TENANT

Checkers is a nationally recognized brand with nearly 900 locations across the country with plans to have 1,200 locations open by end of 2020. In 2017 Oak Hill Capital purchased the company for \$525M with plans for heavy brand investment and growth.

THREE CTA 'L' STATIONS WITHIN 1.5 MILES

The site is next to the CTA 'L' Green Line Ashland station and 1 mile away from the Green Line Halsted station; the two Green Line stations have a combined annual ridership of 588,000 passengers. The CTA 'L' Red Line 63rd station is 1.5 miles directly east and caters to 1.04M passengers per year.

1 MILE FROM NEW WHOLE FOODS SHOPPING CENTER AND KENNEDY-KING COLLEGE

Checkers is 1 mile directly west of Englewood Square, a newly developed Whole Foods anchored shopping center including Starbucks, Chipotle, PNC Bank, and Oak Street Health. Kennedy-King College is a part of the City Colleges of Chicago network and has annual enrollment of 14,000 students.

EASY INTERSTATE ACCESS

Interchange access to the Dan Ryan Expressway (I-90/94) is located 1.5 miles east and leads directly into downtown Chicago. The interstate highway features exposure to 327,900 vehicles per day, providing solid traffic counts and convenient access to the site.

SIGNALIZED HARD CORNER INTERSECTION EXPOSURE

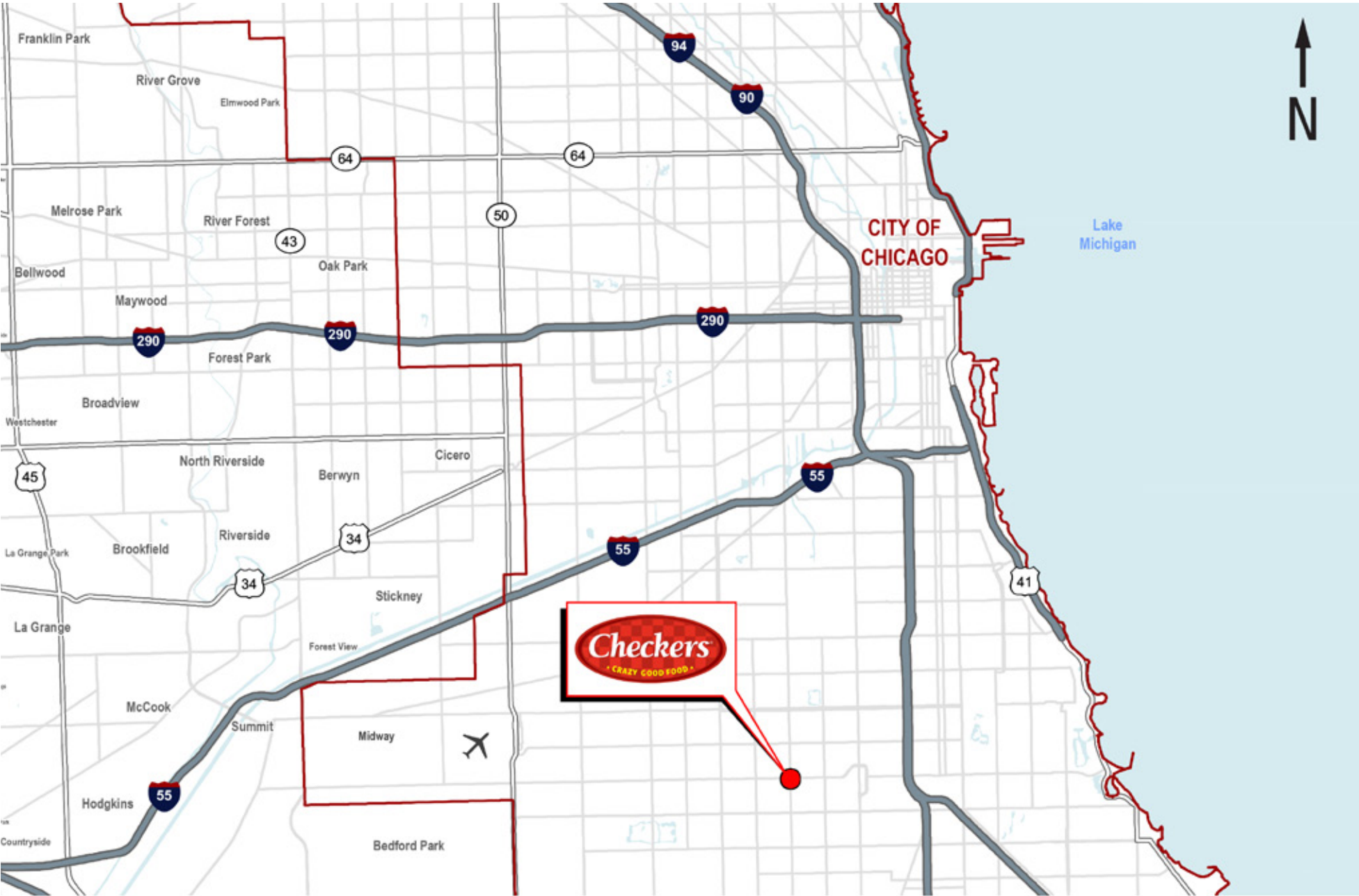
The property is situated at the SEC of the signalized intersection of S. Ashland Avenue and W. 63rd Street providing exposure to 47,780 VPD. There are points of egress / ingress from W. 63rd Street and egress from S. Ashland Avenue, providing easy access at a highly trafficked intersection.

DENSE PRIMARY MARKET POPULATION

There are more than 158,000 residents, 47,000 households, and a daytime population of 126,958 within 2 miles of the site, furnishing the quick service restaurant with a densely populated consumer base in the immediate area.

Site Photographs













Property Information

Checkers is situated on a 13,375 square foot parcel at the signalized hard corner of Ashland Avenue and 63rd Street providing excellent vehicular exposure to 47,780 cars per day. The site has points of access along both streets and is equipped with a single-lane drive-thru.

PROPERTY ADDRESS:
6301 S. ASHLAND AVENUE,
CHICAGO, IL 60636

BUILDING SIZE:
±984 SQUARE FEET

TOTAL LOT SIZE:
±13,375 SQUARE FEET

DRIVE-THRU:
YES – ONE LANE

Checkers is conveniently located next to the CTA 'L' Green Line Ashland station, providing the 377,000 annual passengers with easy access to the quick-service restaurant. The site benefits from having national retailers in the vicinity, including McDonald's, Ace Hardware, and MetroPCS as well as the newly developed Englewood Square Shopping Center. Englewood Square is located 1 mile directly east and is anchored by Whole Foods, Starbucks, Chipotle, Wingstop, and Oak Street Health. The Whole Foods anchored shopping center provides local residents and consumers with a much needed fresh grocer. Englewood Square should continue to attract consumers and traffic to the neighborhood well into the foreseeable future.

The site features easy access to interstate highways and downtown Chicago, which is located 20 minutes north of the restaurant. In addition to the CTA 'L' Green Line Ashland station, the CTA 'L' Red Line 63rd station and full interchange access to the Dan Ryan Expressway (I-90/94) are 1.5 miles directly east of the site. The 63rd Red Line stop has annual ridership of 1.04M passengers and the Dan Ryan Expressway features close to 328,000 cars per day; both provide a large influx of daily consumers to the area.

Site Plan





Rent Roll & Pricing

Term	Annual Rent	Monthly Rent	Rent Increase	Yield
12/1/2015 - 11/30/2020	\$ 85,000	\$ 7,083	N/A	6.50%
12/1/2020 - 11/30/2025	\$ 93,500	\$ 7,792	10%	7.15%
12/1/2025 - 9/9/2029	\$ 102,850	\$ 8,571	10%	7.86%
9/10/2029 - 9/9/2034 (Opt. 1)	\$ 113,135	\$ 9,428	10%	8.65%
9/10/2034 - 9/9/2039 (Opt. 2)	\$ 124,449	\$ 10,371	10%	9.52%
9/10/2039 - 9/9/2044 (Opt. 3)	\$ 136,893	\$ 11,408	10%	10.47%
9/10/2044 - 9/9/2049 (Opt. 4)	\$ 150,583	\$ 12,549	10%	11.52%
Average Yield:				8.81%

Pricing	
Price:	\$1,307,700
Cap Rate:	6.50%
Term Remaining:	9.75 Years
Current Annual Ground Rent:	\$85,000
Escalations:	10% every 5 years
Lease Type:	Absolute NNN Ground Lease
Corporate Tenant:	Checkers Drive-In Restaurants, Inc.
Year Built:	2017





Lease Abstract

Tenant:	Checkers Drive-In Restaurants, Inc.
Building Size:	±984 Square Feet
Lot Size:	±13,375 Square Feet
Rent Commencement:	December 1, 2015
Lease Expiration:	September 9, 2029
Annual Ground Rent:	\$85,000
Renewal Options:	Four, 5-year options
Rent Increases:	10% every 5 years, including primary term and option periods. (Next increase December 2020.)
Landlord Responsibilities:	None.
Roof & Structure:	Tenant is responsible for all maintenance, repair, and replacement.
Real Estate Taxes:	Tenant pays taxes directly.
Common Area Maintenance & Parking Area:	Tenant is responsible for all maintenance, repair, and replacement.
HVAC:	Tenant maintains, replaces, and repairs the HVAC.
Insurance:	Tenant maintains insurance.
Utilities:	Tenant pays utilities directly.



Tenant Overview

CHECKERS DRIVE-IN RESTAURANTS, INC.

Checkers Drive-In Restaurants Inc. does business as both “Checkers” and “Rally’s Hamburgers” and is one of the largest chains of double drive-thru restaurants in the United States. There are currently nearly 900 locations located throughout 29 states and the District of Columbia. Approximately 33% of the locations are corporately operated.

In Q1 2017, Checkers Drive-In Restaurants Inc. was sold to the private-equity group Oak Hill Capital Partners for \$525 million. Oak Hill purchased the fast food chain with plans to invest heavily into future growth and expansion. By 2020, the company hopes to have 1,200 locations across the country.

The Checkers franchise is adapting. Their new modular stores are built in a factory off-site location and costs \$300,000 (\$100,000 less than a traditional build).

The company is known for value and has worked to innovate on many of those offers, including a \$2 Box featuring fries and protein. It also introduced a 4-for-\$3 value, giving customers an option of four different sandwiches, fries, a drink and an apple pie. Restaurant design also helps profitability. Checkers and Rally’s locations are mainly drive-thru and carry-out restaurants that can operate in smaller spaces and with fewer employees, allowing the workers to focus on getting cars through the drive-thru.

Checkers and Rally’s is headquartered in Tampa, Florida. Checkers Drive-In was founded in 1986 in Mobile, AL while the first Rally’s was founded in 1985 in Louisville, KY. In August of 1999, Checkers and Rally’s merged businesses making them the largest double drive-thru restaurant chain in the country, which in turn helped bolster both the Checkers & Rally’s brands on all fronts.



TENANT:
CHECKERS DRIVE-IN RESTAURANTS, INC.

PARENT COMPANY:
CHECKERS DRIVE-IN RESTAURANTS, INC.

NUMBER OF LOCATIONS:
854

PARENT COMPANY ANNUAL REVENUE:
\$3.6 BILLION

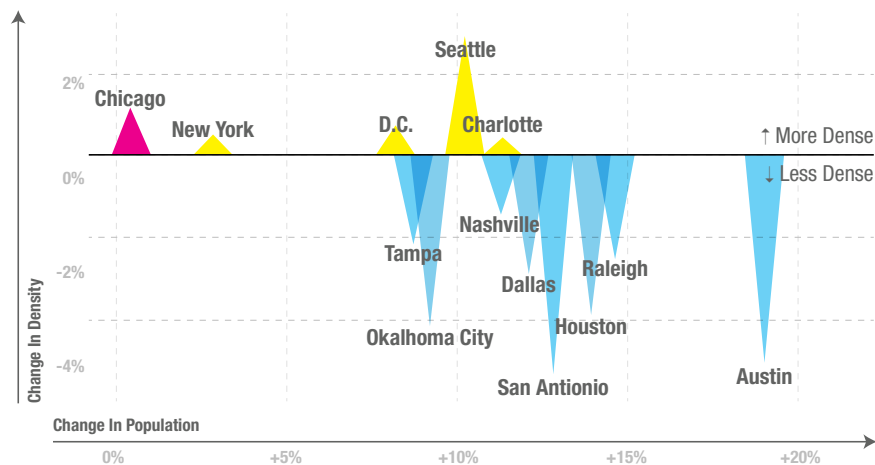
Chicago Economic Overview

3RD LARGEST MSA IN THE U.S.

The Chicago MSA is home to approximately 9.5 million residents, making it the third most populous region in the country, encompassing 16 counties across three states: Illinois, Indiana, and Wisconsin. The city of Chicago is the economic and cultural capital of the Midwest, featuring a vibrant downtown district that is filled with world class businesses, restaurants, retail, residences, and entertainment. The strong economic base, skilled labor pool and diverse background make this 24-hour metropolis one of the most important and influential in the world.



POPULATION DENSITY CHANGE IN U.S. METRO AREAS (2010-2016)



Source: world population review

GROWING URBAN CORE

Chicago's urban core and surrounding neighborhoods has become noticeably more dense. In the last several years, according to a report by The New York Times, between 2010 and 2016, Chicago's density has increased by 1.2%.

The report suggests that the city's population is shifting and refocusing with an influx of younger, more affluent residents moving into areas like the Loop, West Loop, and Wicker Park.

#1 FOR CORPORATE RELOCATION & INVESTMENT

Chicago remains the #1 ranked metro area for Corporate Relocation and Investment in the US in *Site Selection Magazine*, a title it has held for six consecutive years and Chicago lead all major cities in the Americas except for New York for Foreign Direct Investment (FDI) Strategy according to *fDi Magazine*. Since Q1 2018, Canada-based BMO Financial Group, Italy-based Ferrara Candy, Germany-based navigation company HERE, and UK based digital agency AmazeRealise have all announced plans to establish headquarters in Chicago. Additionally, more than 30 corporations have moved their operations from surrounding suburbs since 2015, to the Chicago metro area. Most recently, McDonald's moved their global headquarters from Oak Brook to a new \$250M building in the West Loop.

START UP AND TECH HUB

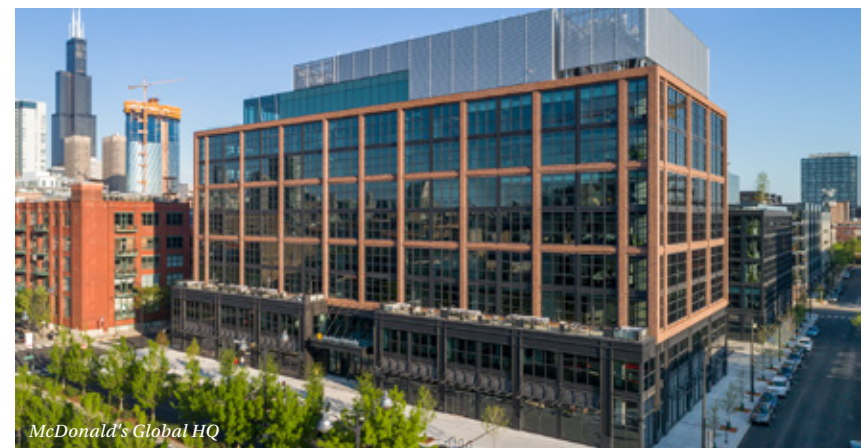
Chicago is home to tech industry giants and is a hotbed for privately held startups in the Midwest. Chicago has one of the largest venture capital ecosystems in the US and was ranked the #1 US city for venture capital returns in 2019 by PitchBook, a leading source for venture capital and private equity data research. In 2018, Chicago saw \$1.86 billion in venture capital investments. Facebook expanded their operations in Chicago, leasing 263,000 SF downtown and Google signed a lease for over 200,000 SF at 210 N. Carpenter Street in the West Loop, just down the street from their Midwest HQ at 1K Fulton. Salesforce, a global leader in CRM, announced a they will occupy 500,000 SF in the new 60-story Salesforce Tower Chicago, in a move that will significantly expand Salesforce's regional HQ and add 1,000 new tech jobs over the next five years. Salesforce employees will start moving into the Salesforce Tower Chicago upon completion which is slated for 2023.

"Reflecting a melding of corporate and entrepreneurial cultures, Chicago has more than 100 startup incubators and accelerators and more than 300 corporate R&D centers."

Site Selection Magazine



Salesforce Tower rendering



McDonald's Global HQ



GLOBAL CITY

Chicago ranks 8th for the second year in a row on the A.T. Kearney 2019 Global Cities Index, which examines cities' performance based metrics spanning five dimensions: business activity, human capital, information exchange, cultural experience, and political engagement.

Chicago ranks 6th on fDi's American Cities of the Future 2019/20 report, which benchmarks cities based on five categories: Economic Potential, Business Friendliness, Human Capital and Lifestyle, Cost Effectiveness and Connectivity. Chicago had the biggest movement in this year's top 10, rising nine places to 6th. In 2018, Chicago attracted 49 FDI projects, its highest such figures since FDI Markets records began in 2003. Most FDI investments were in sales, marketing and support, business services and headquarters activities (together accounting for more than three-quarters of Chicago's inward FDI).

"The Windy City, the Second City, the Dark City – call it what you will, Chicago is the economic and cultural capital of the Midwest."

Wired Magazine

WORLD CLASS EDUCATION

The Chicago MSA is home to several world class higher education universities that provide the area with a constant supply of top job talent and disposable income. On average there are 145,000 annual graduates from 138 degree-granting colleges and universities.

Top universities in the area include Northwestern University, The University of Chicago, Illinois Institute of Technology, Loyola University Chicago, De Paul University, Columbia College Chicago and, University of Illinois at Chicago.

Global Cities Index	
Top 10 Global Cities 2019	
CITY	RANK
New York	1
London	2
Paris	3
Tokyo	4
Hong Kong	5
Singapore	6
Los Angeles	7
Chicago	8
Beijing	9
Washington DC	10

The Global Cities Index examines the current performance of 130 cities based on 27 metrics spanning five dimensions: business activity, human capital, information exchange, cultural experience, and political engagement. The Index provides insights into the global reach, performance, and level of development of the world's largest cities. Source: A.T. Kearney Global Cities 2019.

American Cities of the Future	
Top 10 Overall American Cities of the Future 2019/20	
CITY	RANK
New York	1
San Francisco	2
Toronto	3
Montreal	4
Houston	5
Chicago	6
Boston	7
Los Angeles	8
Palo Alto	9
Seattle	10

218 locations were analyzed for the study under five categories: Economic Potential, Business Friendliness, Human Capital and Lifestyle, Cost Effectiveness and Connectivity, which were weighted by importance to the FDI decision-making process in order to compile both subcategory rankings and the overall 'American Cities of the Future 2019/20' ranking. Source: fDi Magazine. Research and data by fDi Intelligence division of the Financial Times, 2019.



Fortune 500 Companies With Headquarters In the Chicago MSA

COMPANY	RANK	REVENUES (\$M)	Location
Walgreens Boots Alliance	17	\$ 131,537	Deerfield
Boeing	28	\$ 101,127	Chicago
State Farm Insurance	36	\$ 81,732.2	Bloomington
Archer Daniels Midland	49	\$ 64,341	Chicago
Caterpillar	58	\$ 54,722	Deerfield
United Continental Holdings	78	\$ 41,303	Chicago
Allstate	82	\$ 39,815	Northbrook
Exelon	93	\$ 35,985	Chicago
AbbVie	96	\$ 32,753	North Chicago
Abbott Laboratories	103	\$ 30,578	Abbott Park
Mondelez International	116	\$ 25,938	Deerfield
US Foods Holding	125	\$ 24,175	Rosemont
McDonald's	149	\$ 21,025.2	Chicago
Jones Lang LaSalle	189	\$ 16,318.4	Chicago
CDW	191	\$ 16,240.5	Lincolnshire
Illinois Tool Works	214	\$ 14,768	Glenview
Discover Financial Services	253	\$ 12,848	Riverwoods
LKQ	262	\$ 11,876.7	Chicago
Tenneco	267	\$ 11,763	Lake Forest
W.W. Grainger	282	\$ 11,221	Lake Forest
Baxter International	286	\$ 11,127	Deerfield
Univar	353	\$ 8,632.5	Downers Grove
Anixter International	364	\$ 8,400.2	Glenview
Conagra Brands	386	\$ 7,938.3	Chicago
Dover	412	\$ 7,395.8	Downers Grove
Motorola Solutions	416	\$ 7,343	Chicago
Packaging Corp. of America	432	\$ 7,014.6	Lake Forest
Arthur J. Gallagher	435	\$ 6,934	Rolling Meadows
R.R. Donnelley & Sons	445	\$ 6,800.2	Chicago
Ulta Beauty	449	\$ 6,716.6	Bolingbrook
Northern Trust	453	\$ 6,658.9	Chicago
Old Republic International	481	\$ 6,021.8	Chicago
Ingredion	486	\$ 5,841	Westchester
TreeHouse Foods	489	\$ 5,812.1	Oak Brook

Source: Fortune Magazine, June 2019

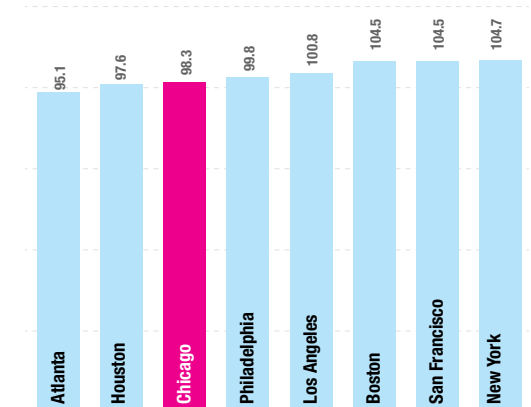
STRONG, DIVERSE ECONOMY

Chicago MSA has the 3rd largest Gross Domestic Product in the US, after New York City and Los Angeles, at \$737.3 billion. Chicago also ranks 8th in the world in terms of cities with the highest Gross Product. Additionally, Chicago is the most diversified economy in the US, with no single industry employing more than 14% of the workforce. Chicago's primary industries include Financial Services, Business & Professional Services, Manufacturing, Health Services, and Transportation and Warehousing.



Chicago is home to over 400 major corporate headquarters, including 36 Fortune 500 companies

As one of the largest financial centers in North America, the Chicago MSA is home to more than 400 major corporate headquarters, including Walgreens Boots Alliance, Boeing, United Continental Holdings, McDonald's, Discover Financial and Abbott Laboratories, among others. The city is also home to the largest futures exchanges in the US, the CME Group.

COST OF DOING BUSINESS BY METRO AREA


INTERNATIONAL TRAVEL DESTINATION

Chicago’s tourism totals have consistently been on the rise in recent years, growth in 2018 was more substantial than normal. A record **57.6 million people visited Chicago in 2018**, nearly a 4.3% increase over 2017's record of 55.2 million. The largest percentage of growth was domestic travel with a 4.4% increase over 2017. International visitor numbers also increased 2.9% over 2017.

The record setting numbers were due, in part, to several initiatives that boosted leisure travel as well as word-of-mouth and high-profile kudos. *Condé Nast Traveler* readers voted Chicago the number 1 big city in the US two years in a row, *Bon Appétit* magazine named Chicago “restaurant city of the year” in 2017, and the *Financial Times* called Chicago “the most architecturally aware city on earth.” Part of the boost also came from the city’s aggressive pursuit of big-tourist draws including the NFL Draft, the James Beard Foundation Awards and the Laver Cup. The city also bolstered tourism-friendly offerings with attractions like the Riverwalk and, more recently, Art on the Mart. Business travel also contributed to the bump, with an 3.5% in 2018. 59 new major conventions have committed to meet in Chicago in future years.



57.6 million
TOTAL VISITORS IN 2018

4.4% Increase
IN VISITORS 2007-2018

“Dual-hub” airport system with O’Hare International Airport and Midway International Airport combining for more than 105 million annual passengers.

DUAL-HUB AIRPORT SYSTEM

O’Hare International Airport and Midway International Airport, the only “dual-hub” airport system in North America, handled **105 million passengers in 2018**. Both airports have direct rail access to Downtown Chicago and modernization projects are happening at both O’Hare and Midway. Most notably O’Hare’s \$8.5 billion plan to expand over the next decade which includes a new airfield, terminal, gates, and passenger perks. Midway’s improvements are budgeted at \$400 million and include restaurants, upgraded passenger screening, and updated parking infrastructure.

O’Hare is the busiest airport in the world for flight operations and is among the few airports worldwide that rank in the top 20 for both passenger volume and cargo tonnage - two leading indicators of an airport's connectivity and economic strength.



Confidentiality Disclosure

Baum Realty Group, LLC. ("Baum") has been retained as the exclusive broker by the Owner of Record ("the Owner") of 6301 S. Ashland Avenue, Chicago, IL 60636 in connection with the sale of certain properties ("the Property") as described in this Offering Memorandum.

This Offering Memorandum has been prepared by Baum for use by a limited number of parties, and does not purport to provide a necessarily accurate summary of the physical or economic aspects of the Property or any of the documents related thereto, nor does it purport to be all inclusive or to contain all of the information which prospective investors may need or desire further, the Offering Memorandum is limited to the matters set forth therein. All budgets or projections have been developed by Baum and Owner, and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Baum and therefore are subject to variation. Each of Baum and Owner makes no representation as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, Baum and its employees, and Owner, and its trustees, officers, and employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or omissions from the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property Owner as of the date of preparation of the Offering Memorandum.

Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors.

Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers regarding the property, and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner and the Board of Trustees of Owner and a written agreement for the purchase of the Property has been fully executed, delivered and approved by Owner and its legal counsel, and any conditions to Owner's obligations hereunder have been satisfied or waived.

This Offering Memorandum and the contents, except such information that is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Offering Memorandum, you acknowledge that you have executed, and have agreed to be bound by, the Confidentiality Agreement with Baum and Owner.

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