DRIVE-THRU FAST FACTS

- There is an estimated 200,000+ drive-thru operations across the U.S. in 2020.
- Americans visit drive-thru lanes about 6 billion times each year according to some statistics.
- 60% to 70% of most fast food sales come from drive-thru sales. Satisfying experience is key to maintain figures especially during pandemic.
- Drive-thru sales represent 70% of fast food sales which generates billions of dollars for the industry each month.
- According to the NPD Group, 57% of hamburger fast food customers use the drive-thru lane, 40% with Mexican QSRs, and 38% of chicken fast food customers went straight to drive-thru lanes.
- 34% of customers eat on-site at QSR Mexican restaurants with drive-thru, while 26% prefer takeouts. Chicken chains have 25% dining in with 36% order to go.

<table>
<thead>
<tr>
<th>BRAND</th>
<th>OVERALL EXPERIENCE</th>
<th>SPEED OF SERVICE</th>
<th>FRIENDLINESS OF STAFF</th>
<th>CLEANLINESS AND SANITATION</th>
<th>MENU ITEM AVAILABILITY</th>
<th>QUALITY OF MENU ITEMS ORDERED</th>
<th>ORDER ACCURACY</th>
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Source: QSR (2020 Drive-thru Survey)
CHICK-FIL-A OPERATIONAL HIGHLIGHTS

- 60% of Chick-fil-A’s drive-thrus have employees taking orders outside the queue. This was optimized using video technology and handheld tablets to take orders.
- In 2019, Chick-fil-A focused heavily on drive-thru, mobile ordering and contactless payments.
- Thrived with its drive-thru and loyalty of its customer base.
- Chick-fil-A will be slimming down its menu offerings particularly its breakfast options and fewer size options. Similar efforts have been seen at other QSRs in an effort to streamline operations and decrease drive-thru times.

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for Chick-fil-A dropped by 18 basis points from 3.82% in Q420 to 4.00% YTD. Asking sale prices have decreased to $2,420,000 down ($600,536) from Q420 comps averaging $3,020,536. Current inventory stands at 9 units available, days on the market has decreased to 110 days YTD vs 130 days in Q420.

CHICK-FIL-A MARKET INVENTORY

- US STORE COUNT: 2,671+
- # OF UNITS ON MARKET: 9
- AVG ASK PRICE: $5,652,102
- AVG CAP ASKING RATE: 3.6%
- AVG ASKING PRICE/SF: $1,302
- DAYS ON MARKET: 164 Days

Source: Costar
DUNKIN’ OPERATIONAL HIGHLIGHTS

- Dunkin’ introduced the concept of a drive-thru mobile order window in 2018, exclusively for those who ordered through the mobile app. Customers who ordered using the app went directly to the “Mobile Order Pick Up’ lane to avoid jamming up line for customers ordering in real time.
- Roughly 64% of Dunkin’ locations are equipped with drive-thru facilities. Nearly 80% in Midwest, South and Western regions. At the peak of the pandemic, a majority of non drive-thru locations were closed.
- Dunkin’ had a number of closures, predominately limited menu Speedway locations. The chain is working with franchisees to “raise the bar”, reinvesting in the brand, relocating to higher traffic areas & deploying the Next Generation model.

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for Dunkin’ compressed 90 basis points from 6.05% in Q4 2020 to 5.15% YTD. Asking sale prices have decreased to $1,260,000, down ($376,364) from Q420 comps averaging $1,636,364. Current inventory stands at 12 units available, days on the market has decreased to 72 days YTD vs 189 days in Q420.
- Property transactions from Q420 decreased from 20 sales, down to 13 sales in Q121. Sale prices PSF decreased by ($45.01) to $628.07 from $673.08 PSF the quarter prior. Sale price to asking price ratios have decreased slightly, closing at 98.03% of asking prices, down (1.62%) from the previous quarter.

DUNKIN’ MARKET INVENTORY

- US STORE COUNT: 9,100+
- # OF UNITS ON MARKET: 12
- AVG ASK PRICE: $1,743,931
- AVG CAP ASKING RATE: 5.20%
- AVG ASKING PRICE/SF: $864
- DAYS ON MARKET: 237 Days

Source: Costar
WENDY’S OPERATIONAL HIGHLIGHTS

- Drive-thru sales upwards of 90% of overall sales mix in 2020. Q3 2020 same store sales rose 7% vs year prior, with the chain’s new breakfast roll out accounting for 7% of total sales.
- End of Q4 2020, posted revenues of $474.3M up 11% from $427.2M the year prior.
- Same store sales increased 5.5% in Q4, and 2% for the full year. Wendy’s anticipates breakfast to account for 10% of sales by the end of 2022.
- Discussions of potentially looking at drive-thru only restaurants with Smart 2.0 Design prototype testing underway.

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for Wendy’s dropped by 65 basis points from 5.20% in Q420 to 5.85% YTD. Asking sale prices have decreased to $1,679,500 down ($391,750) from Q420 comps averaging $2,071,250. Current inventory stands at 60 units available, days on the market has increased to 228 days YTD vs 147 days in Q420.
- Property transactions from Q420 decreased from 54 sales, down 22 sales in Q121. Sale prices PSF decreased by ($173.57) to $525.00 from $698.57 PSF the quarter prior. Sale price to asking price ratios have decreased minimally by nearly a half percent, over the previous quarter, closing at 96.67% YTD.

WENDY’S MARKET INVENTORY

- US STORE COUNT: 5,890+
- # OF UNITS ON MARKET: 60
- AVG ASK PRICE: $2,567,493
- AVG CAP ASKING RATE: 5.50%
- AVG ASKING PRICE/SF: $784
- DAYS ON MARKET: 207 Days

Source: Costar
Q1 FY21 Comparable sales declined 5%, driven by 21% in comparable transactions, offset by 19% ticket increase.

STARBUCKS OPERATIONAL HIGHLIGHTS

- Starbucks has drive-thrus at roughly 58% of company operated locations. Announced in 2019, it would include a drive-thru on 60% of new coffee shops to be built (pre-pandemic figures).
- Digital drive-thru screens installed at about 3,800 stores, using artificial intelligence “Deep Brew” for suggestive sales.
- 70% of customers go for drive-thru in Starbucks with car service while only a small percentage stayed inside.
- In the middle of 2020, Starbucks announced accelerating the expansion of Drive-thru, pickup and curbside offerings through its Starbucks App with over 19.4M Starbucks Reward members.
- Mobile ordering allowed Starbucks to improve “out-the-window” times, delivering positive comps in Q1 FY21.

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for Starbucks compressed 12 basis points from 5.12% in Q420 to 5.00% YTD. Asking sale prices have increased to $2,550,000, up $381,200 from Q420 comps averaging $2,168,800. Current inventory stands at 50 units available, days on the market has decreased to 148 days YTD vs 188 days in Q420.
- Property transactions from Q420 decreased from 34 sales, down to 25 sales in Q121. Sale prices PSF increased by $53.65 to $1,040.72 from $987.07 PSF the quarter prior. Sale price to asking price ratios have remained relatively flat with purchases closing at 97.82% of asking prices, down 0.53% from the previous quarter.

STARBUCKS MARKET INVENTORY

- US STORE COUNT: 14,760+
- # OF UNITS ON MARKET: 50
- AVG ASK PRICE: $2,370,685
- AVG CAP ASKING RATE: 5.20%
- AVG ASKING PRICE/SF: $1,126
- DAYS ON MARKET: 161 Days

Source: Costar
BURGER KING OPERATIONAL HIGHLIGHTS

- Burger King announced re-introduction of its fan-favorite, French toast. The breakfast daypart across all QSRs have experienced decline during the pandemic due to work from home.
- Restaurant Brands to modernize 10,000 drive-thrus with predictive selling technology, remote & contactless payment, integration of loyalty program and other upgrades at Burger King and its other sister brands.
- Burger King has more than 6,500 drive-thrus. During the past quarter, drive-thru mix lifted to more than 85% of total sales versus 67% in 2019. *(QSR)*

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for Burger King compressed by 10 basis points from 5.78% in Q420 to 5.68% YTD. Asking sale prices have decreased to $1,742,500, down ($241,547) from Q420 comps averaged $1,984,047. Current inventory stands at 75 units available, days on the market have decreased to 91 days YTD vs 146 days in Q420.
- Property transactions from Q420 increased from 61 sales, up 91 sales in Q121. Sale prices PSF prices slightly decreased by $8.45/SF to $533.81/SF from $542.26 the quarter prior. Sale price to asking price ratios have remained on par with purchases closing at 96.00% of asking prices, down 0.19% from the previous quarter.

BURGER KING MARKET INVENTORY

- US STORE COUNT: 7,257+
- # OF UNITS ON MARKET: 75
- AVG ASK PRICE: $1,978,271
- AVG CAP ASKING RATE: 5.60%
- AVG ASKING PRICE/SF: $629
- DAYS ON MARKET: 190 Days

*Source: Costar*
TACO BELL OPERATIONAL HIGHLIGHTS

- Served 30M more cars in the Q3 2020 vs the year prior, primarily attributed to its drive-thru.
- Orders completed at a quicker pace, 17 seconds faster than the year prior. Menu cuts has helped Taco Bell’s margins and created efficiencies in drive-thru speeds.
- Taco Bell breakfast daypart sales historically at 6% dropped to 4%; due to work from home.
- Developing a re-design, Go Mobile, envisions double drive-thru lanes and more integrated technology. Taco Bell will also be adding 1,000 “bellhops” with iPads to take orders at drive-thru lanes throughout the U.S.

TACO BELL MARKET INVENTORY

- US STORE COUNT: 7,270+
- # OF UNITS ON MARKET: 38
- AVG ASK PRICE: $2,170,760
- AVG CAP ASKING RATE: 5.10%
- AVG ASKING PRICE/SF: $893
- DAYS ON MARKET: 210 Days

Source: Costar

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for Taco Bell compressed by 41 basis points from 4.95% in Q420 to 4.88% YTD. Asking sale prices have increased to $2,250,000 up $325,749 from Q420 comps averaging $1,924,251. Current inventory stands at 38 units available, days on the market has increased to 191 days YTD vs 140 days in Q420.
- Property transactions from Q420 decreased from 55 sales, down to 23 sales in Q121. Sale prices PSF increased by $97.97 to $825.99, up from $728.02 PSF the quarter prior. Sale price to asking price ratios have remained on par with purchases closing at 96.98% of asking prices, down 0.41% from the previous quarter.

TENANT SPOTLIGHT: TACO BELL

Recovering from the pandemic, Taco Bell posted same store sales of +1% in Q420.

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MCDONALD’S OPERATIONAL HIGHLIGHTS

• McDonald’s acquired Dynamic Yield in 2020 for $300M to enhance its menu boards. Its strategy is to adjust the kiosk based on time of day, weather, drive-thru times, regional menu item popularity and more granularly based on purchase history, suggestive selling, and new menu development. McDonald’s also limited its menu in efforts to streamline operations.

• 70% of sales took place at the drive-thru during the pandemic. Some franchise locations activated voice technology assistants taking orders vs humans. (Deployed by voice technology startup Apprente, which McDonalds acquired last fall.)

• McDonald’s implemented dedicated parking spaces for pickup orders, drive-thru lane exclusively for pick up orders and limited or no in room dining at all - just a kitchen surrounded by drive-thru lanes and pickup parking.

• Roll out of MyMcDonald’s rewards program to order ahead of time, tailored offers, and earn points for redemption.

• Chain leads the industry in drive-thru innovation, shaving off 30 seconds off its average drive-thru time since 2018. The company has plans to reduce those times even further.

CAP RATES & YTD VS. Q4 2020 COMPARISON

• Cap rates for McDonald’s dropped 37 basis points from 4.00% in Q420 to 4.37% YTD. Asking sale prices have increased up to $2,068,000 while Q420 comps averaged $1,607,000. Inventory is low with 8 single-tenant investment sites currently available on the market. Days on the market have stayed relatively stayed flat between Q420 to YTD, on average 70 - 75 days vs 81 days in 2020.

• Property transactions from Q420 decreased from 15 sales down to 8 sales in Q121. Sale prices PSF have remained flat between Q420 and YTD comparables at $432.42. Sale price to asking price ratios ticked up with purchases closing at 91.97% of asking prices, up 1.62% from Q420.

MCDONALD’S MARKET INVENTORY

• US STORE COUNT: 18,332+
• # OF UNITS ON MARKET: 8
• AVG ASK PRICE: $2,304,636
• AVG CAP ASKING RATE: 4.20%
• AVG ASKING PRICE/SF: $653
• DAYS ON MARKET: 63 Days

Source: Costar

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KFC OPERATIONAL HIGHLIGHTS

- Q3 2020, KFC saw a 60% increase in drive-thru sales.
- KFC experienced success in 2020 primarily attributed to its family-oriented bucket meals offering.
- Chain is set to ramp up next units in 2021, unveiling its “Next Generation Prototype”, including cubby systems for digital orders, double drive-thrus, parking for takeout orders, outdoor dining and fewer seats.

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for KFC dropped 137 basis points from 5.61% in Q420 to 6.98% YTD. Asking sale prices have decreased to $1,075,000 down ($539,550) from Q420 comps averaging $1,614,550. Current inventory stands at 33 units available, days on the market has decreased to 94 days YTD vs 47 days in Q420.
- Property transactions from Q420 decreased from 53 sales, down to 12 sales in Q121. Sale prices PSF decreased by ($196.76) to $362.83 from $559.59PSF the quarter prior. Sale price to asking price ratios have increased slightly, closing at 99.47% of asking prices, up 1.80% from the previous quarter.

KFC MARKET INVENTORY

- US STORE COUNT: 4,020+
- # OF UNITS ON MARKET: 33
- AVG ASK PRICE: $1,585,185
- AVG CAP ASKING RATE: 5.60%
- AVG ASKING PRICE/SF: $605
- DAYS ON MARKET: 247 Days

Source: Costar
POPEYES OPERATIONAL HIGHLIGHTS

- Popeyes introduction of its chicken sandwich menu option is the key component in its sales growth.
- Restaurant Brands (parent company to Burger King, Popeyes & Tim Hortons) is planning to transform and speed up its drive-thru operations. The project will deploy new digital menu boards with over 40,000 new digital screens (across all brands) to be installed with predictive selling technology and integration of loyalty programs.

CAP RATES & YTD VS. Q4 2020 COMPARISON

- Cap rates for Popeyes dropped by 64 basis points from 5.51% in Q420 to 6.15% YTD. Asking sale prices have decreased to $1,712,500 down ($497,500) from Q420 comps averaging $2,210,000. Current inventory stands at 18 units available, days on the market has decreased to 104 days YTD vs 118 days in Q420.
- Property transactions from Q420 decreased from 32 sales, down to 9 transactions in Q121. Sale prices PSF decreased by ($150.63) to $680.54 from $831.17 PSF the quarter prior. Sale price to asking price ratios have slightly decreased with purchases closing at 96.74% of asking prices, down 0.74% from the previous quarter.

POPEYES MARKET INVENTORY

- US STORE COUNT: 2,633+
- # OF UNITS ON MARKET: 18
- AVG ASK PRICE: $2,215,105
- AVG CAP ASKING RATE: 5.30%
- AVG ASKING PRICE/SF: $878
- DAYS ON MARKET: 227 Days

Source: Costar

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<th></th>
<th>2020 YE</th>
<th>2021 YTD</th>
<th>Variance</th>
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<td>97.31%</td>
<td>96.74%</td>
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Source: Costar
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