

NNN INVESTMENT OPPORTUNITY

KFC - TOLEDO, OHIO



AGM
COMMERCIAL REAL ESTATE

*net
lease
properties*

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KFC - TOLEDO, OH

2224 Woodville Rd, Oregon, OH 43616

INVESTMENT OVERVIEW 04

TENANT OVERVIEW 12

MARKET OVERVIEW 14

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INVESTMENT SUMMARY

An opportunity to acquire an ideal 1031 investment - A 2,088 square foot KFC restaurant on a long term NNN lease located in the suburban Toledo city of Oregon, Ohio. Oregon is a growing Northwest Ohio community with a population of 20,000 and 700 acres of prime real estate as the East part of Toledo. Tenant has successfully operated at the location since 1996, renovated the building in 2007 and is preparing to renovate the building once more in 2017/2018. In late 2014, the tenant completed a sale leaseback on a 15 year basis, showcasing confidence in their ability to perform for years to come at the existing location. Subject store has historically been a strong performer, with the most recent sales increase of 15% since 2015. Rent to sales ratio at the location is very healthy at 7.2%. Fast food tenants are happy with anything below 10%, especially if it is experiencing a decreasing trend such as the subject property.

LEASE DETAILS

Subject property is subject to a 15-year absolute NNN lease with approximately 12.5+/- years remaining. There are four 5-year options after the initial term. The lease calls for 5% rental escalations every 5 years, including option periods providing for an effective inflation hedge, value preservation and growth instrument. First rental

increase will come in January, 2020. The tenant, FQSR, LLC dba KBP Foods has recently acquired the previous operator, Treadwell Restaurants and is a corporate like entity, operating in 19 states with an excess of 435 restaurants under operation. Strong tenancy, long term lease, absolute NNN lease with zero landlord responsibilities ass up to an ideal long term 1031 exchange investment.

TRADE AREA

Oregon is in essence the Eastern part of Toledo and while a separate city, it is considered as suburb of Toledo. Subject property is located on the busy thoroughfare of Woodville Road, connecting Toledo to Oregon, experiencing traffic counts in excess of 15,000 ADT. Portion of Woodville Road where the property is located is a retail heavy area, with national tenants such as Meijer, Kroger, O'Reilly, Rite Aid, Office Max, McDonalds, Arby's Advance Auto Parts, Dollar General, Applebee's, Taco Bell etc, providing for a strong core for further retail development. A positive note is the limited presence of national fast food chains in the area, and a historical presence of the KFC, which allow for a healthy outlook in the future for the subject store.

PRICING AND FACTS

SALE PRICE: \$ 1,596,000.00

CAP RATE (CURRENT): 5.75%

NOI: \$91,800.00

YEAR BUILT / RENOVATED: 1996 / 2007

RENTABLE SF: 2,088 SF

LOT SIZE: 0.82 Acres

OWNERSHIP TYPE: Fee Simple

INVESTMENT HIGHLIGHTS

Excellent Sales/Rent Ratio

Healthy Rent to Sales ratio of 7.2%, which continues to decrease as store sales grow.

Largest KFC Franchisee

KBP Foods, franchisee of 435 units had just completed the transaction to acquire the location from another successful operator.

Strong guaranty

Lease is guaranteed by 435 KFC restaurants in the FQSR, LLC. This is lender friendly corporate-like guaranty.

Historical Occupancy and Exceptional Sales Growth

KFC has been successfully operating at the site since 1996, and has recently seen another successful 15 % Increase in store sales volume since 2015.

Favorable Rent Increases

Lease calls for 5% rental increases every 5 years of the fixed term, as well as the options to hedge for inflation.

Zero Landlord Responsibility

Lease is NNN, allowing for carefree ownership by the landlord.

Upcoming Building Renovation

KFC has been operating at the site since 1996. Building was first renovated in 2007 and is slated for another renovation to fit the newest KFC model in the next 12 months.

Strong Location and Retail Corridor

Subject property is located on a well trafficked Woodville Road experiencing a traffic density of approximately 15,000 cars daily. Neighboring retailers include Meijer, Kroger, O'Reilly, Rite Aid, Office Max, McDonalds, Arby's Advance Auto Parts, Dollar General, Applebee's, Taco Bell etc.

LEASE SUMMARY



TENANT: FQSR, LLC dba KBP Foods

LEASE TYPE: NNN

UTILITIES: Tenant Pays Directly

TAXES: Tenant Pays Directly

INSURANCE: Tenant Pays Directly

LEASE TERM: 15 Years

COMMENCEMENT: December 29, 2014

EXPIRATION: December 31, 2029

REMAINING TERM: 12.5 +/- years

RENEWAL OPTIONS: Four 5-year options

ROFR: 15 days

Estoppel Period: 10 business days

BASE RENT SCHEDULE

PERIOD	YEARS	\$/SF	MONTHLY RENT	ANNUAL RENT
CURRENT	1/15 - 12/19	\$43.97	\$7,650.00	\$91,800.00
INITIAL TERM	1/20 - 12/24	\$46.16	\$8,032.50	\$96,390.00
INITIAL TERM	1/25 - 12/29	\$48.47	\$8,434.13	\$101,209.50
OPTION 1	1/30 - 12/34	\$50.90	\$8,855.83	\$106,269.98
OPTION 2	1/35 - 12/39	\$53.44	\$9,298.62	\$111,583.46
OPTION 3	1/40 - 12/44	\$56.11	\$9,763.55	\$117,162.64
OPTION 4	1/45 - 12/49	\$58.92	\$10,251.73	\$123,020.76

LOCATION AERIAL MAP



PROPERTY SITE MAP



BRAND OVERVIEW



Based in Louisville, Kentucky, KFC Corporation is the franchisor of the world's most popular chicken restaurant chain, founded by Colonel Harland Sanders in 1952. It is estimated that, on average, more than 185 million people see a KFC commercial at least once a week—that's more than half the U.S. population. The KFC system serves more than 12 million customers each day in more than 115 countries and territories around the world. KFC operates more than 17,000 restaurants in the United States and internationally. KFC's parent company is Yum! Brands, Inc., the world's largest restaurant company in terms of system restaurants, with more than 40,000 locations in more than 130 countries and territories and employing more than one million associates. Yum! is ranked number 201 on the Fortune 500 list, with revenues exceeding \$13 billion in 2012.

For more information about KFC visit www.kfc.com.

13.1 billion USD
ANNUAL REVENUE

33.2 billion USD
MARKET CAP



FRANCHISOR TRADE NAME
YUM! BRANDS INC.
OWNERSHIP
PUBLIC
TICKER SYMBOL
YUM (NYSE)
CREDIT RATING
BB (S&P) Ba1 (Moody's)

Building image above is for illustrative purposes only.

TENANT OVERVIEW

The tenant FQSR, LLC dba KBP Foods, based in Overland Park, KS is the largest KFC and Taco Bell franchisee in the U.S. operating 435 locations in 19 states, which accounts for 10%+ of restaurants nationwide! KBP Foods generated sales in excess of \$400MM in 2016. KBP is a well capitalized company with moderate debt and substantial equity backing from three large financial institutions. The management team has invested substantial capital as shareholders of the business and they control the Board of Managers. The success KBP Foods has had with growth through acquisition is directly correlated to diligent selection criteria, prudent and responsible capital structure and industry leading operational talent.

In 2015, KBP Foods has been named one of the top 100 Private Companies & Corporate Report 100 Fastest Growing Companies by Ingrams. In May of 2017, KBP Foods successfully acquired 86 restaurants from Treadwell Restaurants and related subsidiaries. This brought the total restaurant count to over 435 unties nationwide, increasing the strength and economies of scale for the company. Unlike most other franchisee leases, the subject property lease is guaranteed by all units in the FQSR LLC, which make it a corporate-like guaranty that lenders prefer and offer much more favorable terms on.

KBP FOODS HAS
TOP 100 PRIVATE
REPORT 100 FASTEST
— Ingrams, June 2015

FRANCHISEE TRADE NAME

KBP FOODS

OWNERSHIP

PRIVATE

TICKER SYMBOL

N/A

CREDIT RATING

N/A

TENANT OVERVIEW

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STEST-GROWING COMPANIES

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TOLEDO

A STRATEGIC TRADE CENTER

Toledo is the fourth most populous city in the State of Ohio and is the county seat of Lucas County. Toledo is in north-west Ohio, on the western end of Lake Erie, and borders the State of Michigan. There are three major highway interstates that run through Toledo. East-west traffic travels on Interstate 80 and Interstate 90. The Turnpike (I-80) connects Toledo to South Bend and Chicago to the west, and Cleveland to the east. Interstate 75 travels north-south and provides a direct route to Detroit and Cincinnati.

The largest employer in Toledo is now the University of Toledo. The university boasts 23,085 students and an academic staff of nearly 2,300 members.

The metro area is home to three Fortune 500 companies: Dana Corporation, Owens Corning, and Owens Illinois. Additionally, Fifth-Third Bank's Northwest Ohio headquarters is located in downtown Toledo. Toledo is known as the Glass

City because of its long history of innovation in all aspects of the glass industry: windows, bottles, windshields, construction materials, and glass art, of which the Toledo Museum of Art has a large collection. Several large glass companies have their original in Toledo. Owens-Illinois, Owens Corning, Libbey Glass, Pilkington North American (formerly Libbey Owens Ford), and Therma-Tru have long been a staple of Toledo's economy. Toledo grew quickly as a result of the Miami and Erie Canal and its position on the railway line between New York and Chicago. It has since become a city well-known for its industry, particularly in glass and auto assembly, as well as for its art community, education, healthcare, and local sports teams.

AREA DEMOGRAPHICS



2016	1 MILE	3 MILES	5 MILES
Total Population	4,817	52,795	128,890
Total Households	1,994	20,943	51,131
2021 Projections	1 MILE	3 MILES	5 MILES
Total Population	4,754	52,471	127,709
Total Households	1,980	20,923	50,913
Housing Units 2016	1 MILE	3 MILES	5 MILES
Total Housing Units	2,262	24,292	62,435
Occupied Housing Units	1,994	20,943	50,913
Household Income 2016	1 MILE (in %)	3 MILES (in %)	5 MILES (in %)
2016 Average	\$45,947	\$46,576	\$43,970
2021 Average	\$48,316	\$50,110	\$47,591
2016 - 2021 Annual Rate	1.01%	1.47%	1.60%



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