

# OFFERING MEMORANDUM

Net Leased Restaurant

Marcus & Millichap



**2019 Construction**

175 South Highway 17  
East Palatka, FL 32131

Representative Image





Representative Image

# TABLE OF CONTENTS

## OFFERING MEMORANDUM

|                            |       |
|----------------------------|-------|
| Financial Overview         | 3     |
| Investment Summary         | 4     |
| Company Overview           | 5     |
| Site Plan                  | 6     |
| Surrounding Retail Aerial  | 7-9   |
| Demographics               | 10-11 |
| Location Overview          | 12-14 |
| Confidentiality Disclaimer | 15    |



# POPEYES | EAST PALATKA, FL

## FINANCIAL OVERVIEW

PRICE: \$2,058,500 | RENT: \$120,421

|                              |                           |
|------------------------------|---------------------------|
| Property Address             | 175 South Highway 17      |
| City, State, Zip             | East Palatka, FL 32131    |
| Estimated Building Size (SF) | 2,265                     |
| Lot Size SF/Acres            | 47,378 SF   1.08 Acre (s) |
| Year Built                   | 2018                      |
| Rent p/SF                    | \$53.17                   |

## LEASE SUMMARY

|                              |  |
|------------------------------|--|
| Property Type                | Net Leased Restaurant  |
| Ownership                    | Private  |
| Tenant                       | Sailormen, Inc.  |
| Guarantor                    | 94+Unit Franchisee   |
| Lease Commencement Date      | Earlier of the date on which tenant opens for business to the public, or 30 days following notice of work completed. Estimated Opening date of <b>March 2019</b> |
| Lease Expiration             | 15 Years Thereafter  |
| Lease Term Remaining         | 15 Years   |
| Lease Type                   | NNN  |
| Roof & Structure             | Tenant Responsibility  |
| Options to Renew             | Five 5-Year Options  |
| Base Term Rental Escalations | 10% Every Five Years   |
| Percentage Rent              | No   |
| Right of First Refusal       | Yes  |

## ANNUALIZED OPERATING DATA

|                    |                   |
|--------------------|-------------------|
| Annual Rent        | \$120,421*        |
| Rental Escalations | 10% Every 5 Years |
| Average Cap Rate   | 8.36%             |

\* Final rent amount will be determined from final construction costs, not to exceed \$120,421

| RENT SCHEDULE             | ANNUAL RENT   | MONTHLY RENT | CAP RATE |
|---------------------------|---------------|--------------|----------|
| YEARS 1-5                 | \$ 120,421.00 | \$ 10,035.08 | 5.85%    |
| YEARS 6-10                | \$ 132,463.10 | \$ 11,038.59 | 6.43%    |
| YEARS 11-15               | \$ 145,709.41 | \$ 12,142.45 | 7.08%    |
| Option I<br>Years 16-20   | \$ 160,280.35 | \$ 13,356.70 | 7.78%    |
| Option II<br>Years 21-25  | \$ 176,308.39 | \$ 14,692.37 | 8.56%    |
| Option III<br>Years 26-30 | \$ 193,939.22 | \$ 16,161.60 | 9.42%    |
| Option IV<br>Years 31-35  | \$ 213,333.15 | \$ 17,777.76 | 10.36%   |
| Option V<br>Year 36-40    | \$ 234,666.46 | \$ 19,555.54 | 11.40%   |

# POPEYES | EAST PALATKA, FL

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present for sale this single-tenant, absolute triple-net lease Popeyes Louisiana Kitchen Restaurant investment opportunity located at 175 South Highway 17, East Palatka, Florida. The property consists of 1.08-acres improved with an approximately 2,265-square foot building. The newly constructed restaurant has a brand new 15-year lease in place with Sailormen, Inc, one of the largest domestic franchisees of Popeyes Louisiana Kitchen restaurants, currently operating 94 Popeyes in Florida and Georgia, with approximately eight to ten new restaurants being built every year. Annual base rent is set at \$120,421\*, with 10 percent rental increases every five years in the base term, as well as the five five-year renewal options.

The new construction restaurant is located on US17, a major highway connecting all the communities on the St. John's River from Orlando to Jacksonville. With traffic counts exceeding 34,000 vehicles daily, the new Popeyes will be adjacent to an a brand new Taco Bell currently breaking ground as well as a recently built McDonald's across the street. Other nearby retailers include Burger King, CVS and Hardee's.

Palatka is the county seat of Putnam County and the principal city with over 72,000 residents in the market. It is home to the St. Johns River State College and well known for its local Blue Crab Festival. Within a ten-minute drive of the restaurant is the Georgia-Pacific Plant, the single largest private employer in the city with nearly 1,500 employees. The city is surrounded by four major MSA's including those of Orlando, Jacksonville, Gainesville and Daytona Beach.

## FRANCHISEE HIGHLIGHTS

- ✿ Tenant is a Seasoned Operator, Largest Popeyes Franchisee in the S.E.
- ✿ Long-Term Lease with Strong Rental Escalations
- ✿ Established QSR Brand Acquired by Burger King's Parent Company in 2017
- ✿ True Triple-Net Investment with Zero Landlord Responsibilities

\* Final rent amount will be determined from final construction costs, not to exceed \$120,421

**Brand New  
15-Year  
NNN Lease**

**Traffic  
Counts of  
34,000 VPD**

**94+Unit  
Guarantee**

**Brand New 2019  
Construction**



## Sailormen, Inc.

Sailormen, Inc was founded in 1987 with 10 stores and grew to over 150 stores with over \$185MM in revenue in Florida, Georgia, Mississippi, Alabama and Louisiana. In 2018, Sailormen divested its stores in Mississippi, Alabama and Louisiana to concentrate on its new store development in both Florida and Georgia. Currently, Sailormen operates 94 Popeyes in Florida and Georgia with approximately 10 new stores slated to open by the end of 2018.

Sailormen is the recipient of numerous brand awards and its Executives participate on numerous Franchisee Committees including Marketing, Operations, Development and Technology. In addition to their success as a Popeyes franchisee, the longtime partners also own and operate over 50 Burger King and Taco Bell restaurants through affiliated companies and have numerous real estate holdings.

## Popeyes Louisiana Kitchen

Founded in New Orleans in 1972, Popeyes® has more than 40 years of history and culinary tradition. Popeyes distinguishes itself with a unique New Orleans style menu featuring spicy chicken, chicken tenders, fried shrimp and other regional items. The chain's passion for its Louisiana heritage and flavorful authentic food has allowed Popeyes to become one of the world's largest quick service restaurant chicken concepts with over 2,600 restaurants in the U.S. and around the world. In March 2017, Popeye's was acquired by Restaurant Brands International, Inc. (NYSE/TSX: QSR, TSX: QSP) the third largest operator of fast food restaurants in the world.



### General Information

|                |  |
|----------------|--|
| Tenant Name    | Popeyes  |
| Headquartered  | Atlanta, GA  |
| President      | Alexandre de Jesus Santoro                           |
| Website        | <a href="http://www.popeyes.com">www.popeyes.com</a> |
| Parent Company | Restaurant Brands International, Inc.                |
| Credit Rating  | B1   |

### Financial Metrics

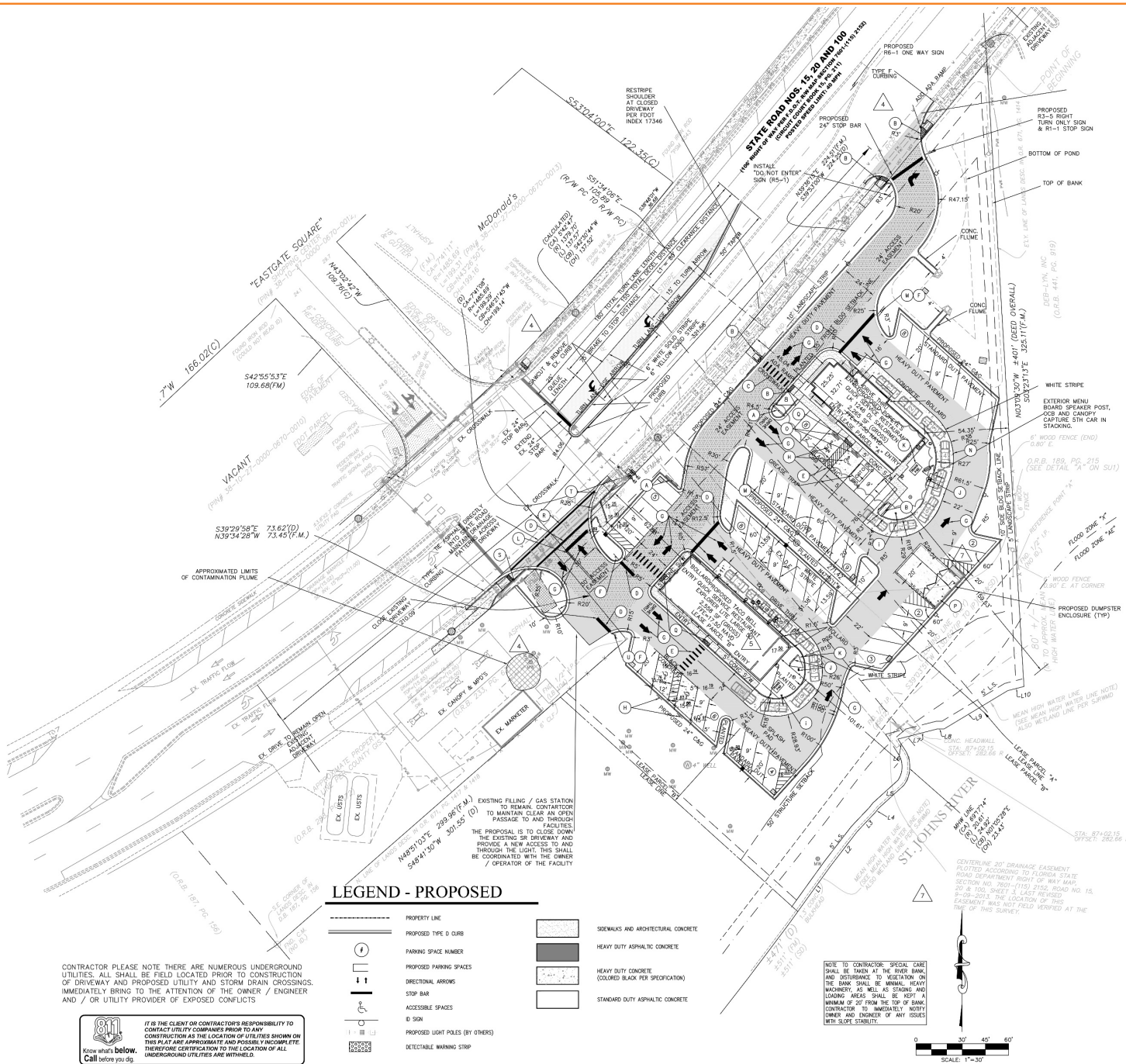
|                |                         |
|----------------|-------------------------|
| Stock Ticker   | QSR                     |
| 2017 Sales     | \$4.6 Billion           |
| Current Price  | \$56.52 as of 11/7/2018 |
| 52 Wk High/Low | \$66.53/\$52.60         |

### Store Base

|                  |              |
|------------------|--------------|
| Store Count      | 20,351       |
| No. of Employees | 30,300       |
| TTM Sales        | \$4,576.1 MM |



SITE PLAN







## RETAIL AERIAL



47,378SF | 1.08 Acres

New Construction Popeyes Opening March 2019



VPD 34,000

McDonald's



New Construction Taco Bell  
Opening Spring 2019





# RETAIL AERIAL



Sunrise Marine

CVS/ Advance Auto Parts

DOLLAR GENERAL

Putnam County Fairgrounds



Hardee's

St. Johns River



BURGER KING

North Florida Tractor Company



VPD 34,000

McDonald's



New Construction Popeyes Opening March 2019

New Construction Taco Bell Opening Spring 2019

FAMILY DOLLAR

Advance America

Hitchcock's Markets

Antonio's Pizza







## RETAIL AERIAL



Palatka-Kay Larkin Airport  
Georgia Pacific Corp.

St. Johns River



Capital City Bank

Florida Highway Patrol

Antonio's Pizza



Hitchcock's Markets



VPD 34,000

McDonald's

North Florida  
Tractor Company



U.S. Highway 17





# POPEYES | EAST PALATKA, FL

*East  
Palatka*

## DEMOGRAPHICS

More than 72,000 Residents  
within the Palatka MSA

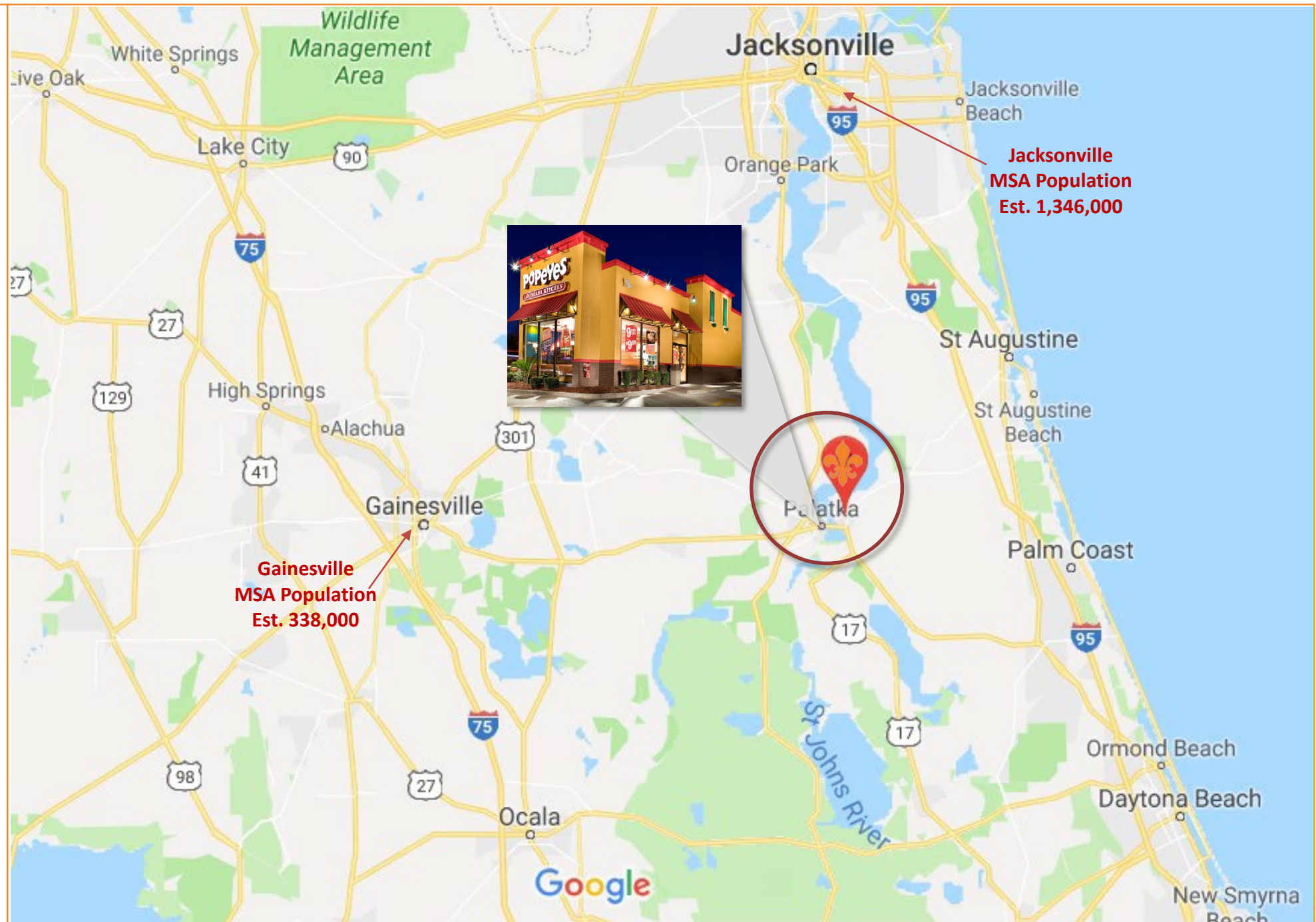
Located Between Gainesville  
(Home of the University of Florida)  
and Jacksonville, Florida's Most Populous City

The City of Palatka is Actively Working Toward  
Redevelopment of its Riverfront and  
Downtown Area

| POPULATION      | 3-MILE   | 5-MILES  | 10-MILES |
|-----------------|----------|----------|----------|
| 2021 Projection | 8,460    | 22,407   | 42,669   |
| 2016 Estimate   | 8,652    | 22,441   | 41,336   |
| 2010 Census     | 8,887    | 23,037   | 41,427   |
| INCOME          | 3-MILE   | 5-MILES  | 10-MILES |
| Average         | \$47,311 | \$50,064 | \$50,191 |
| Median          | \$28,147 | \$30,788 | \$33,430 |
| Per Capita      | \$17,054 | \$19,294 | \$19,655 |
| HOUSEHOLDS      | 1-MILE   | 3-MILES  | 5-MILES  |
| 2021 Projection | 2,992    | 8,508    | 16,506   |
| 2016 Estimate   | 3,044    | 8,451    | 15,790   |
| 2010 Census     | 3,170    | 8,780    | 16,023   |



# POPEYES | EAST PALATKA, FL





## JACKSONVILLE OVERVIEW

The Jacksonville metro is located in the northeastern corner of Florida just south of the Georgia border. It comprises five counties: Duval, Clay, St. Johns, Nassau and Baker, with the Atlantic Ocean providing its eastern border. Jacksonville's access to road, rail, sea and air transportation has made it an intermodal hub for the Southeast. JAXPORT is one of the largest ports in the region and is equipped to handle cargo as well as cruise ships and the local ferry service. Naval Air Station Jacksonville and Mayport Naval Station contribute to a strong military presence in the market. The metro houses nearly 1.5 million people. With approximately 883,000 residents, Jacksonville is the largest city in the metro. No other city in the market contains more than 40,000 citizens.

### METRO HIGHLIGHTS



#### BUSINESS ATTRACTION

A lower cost of doing business than other nearby cities and a large, skilled labor pool help draw relocating and expanding companies.



#### STRONG POPULATION GROWTH

In past decades, the metro's population growth has outpaced that of the nation, a trend that is projected to continue over the next five years.



#### DEEPWATER PORT

JAXPORT provides a \$27 billion annual economic impact to the metro. More than 9 million tons of cargo pass through the port last year.





# POPEYES | EAST PALATKA, FL

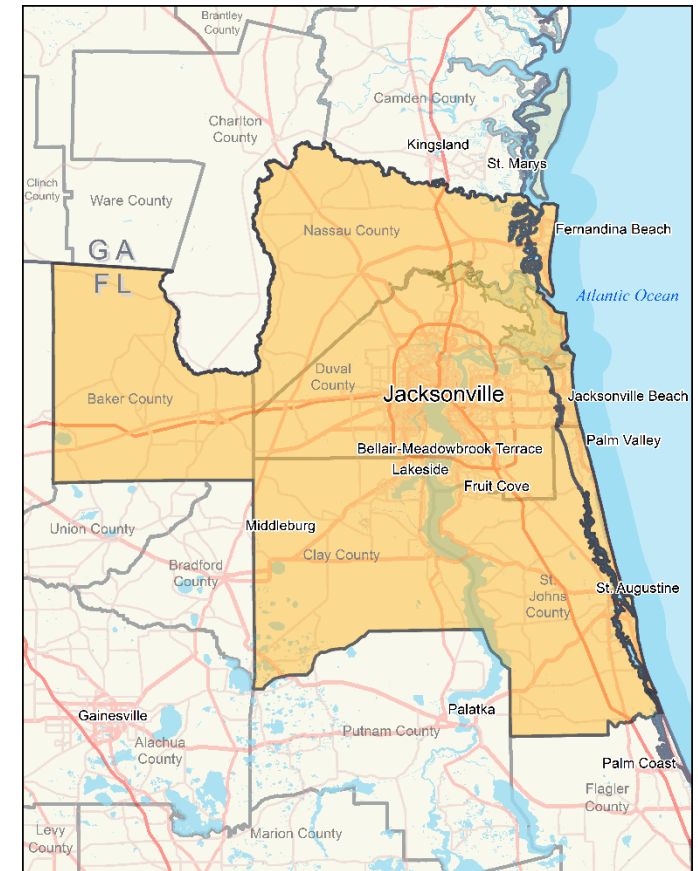
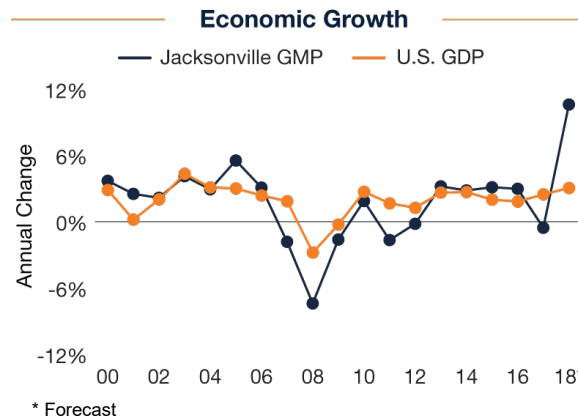


## ECONOMY

- Once rooted in its military bases, a commercial port, tourism and paper mills, the Jacksonville economy has begun to diversify.
- The metro is home to three Fortune 500 companies: Fidelity National Information Services, Fidelity National Financial and CSX.
- The city has developed a large financial services sector, led by Bank of America, Fidelity National and Citibank.
- Jacksonville has an emerging industrial base in medical products research and manufacturing.

### MAJOR AREA EMPLOYERS

|                                |
|--------------------------------|
| Jacksonville Naval Air Station |
| Mayo Clinic                    |
| Mayport Naval Station          |
| Florida Blue                   |
| CSX                            |
| Baptist Health System          |
| Citi                           |
| Wells Fargo                    |
| JP Morgan Chase                |
| Bank of America Corp.          |



## SHARE OF 2017 TOTAL EMPLOYMENT



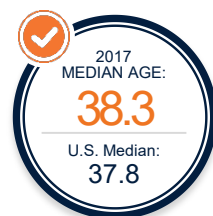




## DEMOGRAPHICS

- The metro is projected to add roughly 123,900 people through 2022, resulting in the formation of nearly 56,800 households.
- A median home price below the national level has produced a homeownership rate of 65 percent, which is slightly above the national rate of 64 percent.
- Roughly 28 percent of people age 25 and older hold a bachelor's degree; among those residents, 9 percent also have earned a graduate or professional degree.

### 2017 Population by Age



## QUALITY OF LIFE

The Jacksonville area offers many recreational events and cultural opportunities. Jacksonville's beach communities consist of Atlantic Beach, Neptune Beach and Jacksonville Beach along 50 miles of shoreline, offering sport fishing, boating and water sport activities. The area is home to the Professional Golfers Association, the World Golf Village and the World Golf Hall of Fame. The Association of Tennis Professionals is also based in the area. Sports teams include the Jacksonville Suns, a minor league baseball team, and the Jacksonville Jaguars of the NFL. Everbank Field hosts the TaxSlayer.com Gator Bowl and the annual matchup between Florida and Georgia. Cultural opportunities and museums abound throughout the metro.

\* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



## SPORTS



FLORIDA STATE COLLEGE  
AT JACKSONVILLE

UNF UNIVERSITY OF  
NORTH FLORIDA



JACKSONVILLE  
UNIVERSITY



## ARTS & ENTERTAINMENT

CUMMER  
MUSEUM  
ART | GARDENS | EDUCATION



JACKSONVILLE  
ZOO  
AND GARDENS

MOSH



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# exclusive listing

Popeyes | East Palatka, FL

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