



KFC Sale-Leaseback

Lubbock, Texas

One Mile From



TEXAS TECH UNIVERSITY

Marcus & Millichap



OFFERING MEMORANDUM

215 University Avenue
Lubbock, Texas 79415

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Table of Contents

| | |
|--------------------------------|-------|
| Investment Highlights | 4 |
| Investment Overview | 5 |
| Financial Analysis | 6 |
| Tenant Overview | 7 |
| Surrounding Area | 8 |
| Location Overview | 9 |
| Property Photos | 10-11 |
| Surrounding Area Photos | 12 |
| Maps | 13-14 |
| Demographics / Market Overview | 15-16 |





Investment Highlights

PRICE: \$1,447,041 | CAP: 5.75% | RENT: \$83,205



About the Investment

- ✓ Brand New 20-Year Triple-Net (NNN) Sale-Leaseback
- ✓ 1.25% Annual Rental Increases Starting in Year 6
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ 45-Unit Franchisee Guarantee from Ampex Brands, LLC.

About the Location

- ✓ Positioned on the Campus of Texas Tech University
- ✓ Strategically Located Directly on University Avenue – Attractive Traffic Counts of 18,900 Vehicles Per Day
- ✓ Over 166,000 Individuals Within a Five Mile Radius
- ✓ Lubbock – Home to Texas Tech University – 6th Largest College by Enrollment in Texas – Over 26,600 Students

About the Tenant/Brand

- ✓ Ampex Brands owns and operates around 500 units of KFC, Taco Bell, Tim Hortons, Long John Silver's and A&W in Arkansas, Louisiana, Texas, Oklahoma, Ohio, Pennsylvania, West Virginia, Illinois, New York and Missouri, and employs over 6,000 team members.
- ✓ 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



INVESTMENT SUMMARY



Marcus & Millichap is pleased to exclusively market for sale the subject single-tenant net-leased KFC Sale-Leaseback located at 215 West University Avenue in Lubbock, Texas. The property made up of a 2,800 square feet building and is situated on approximately 0.55 acres of land. This investment opportunity is subject to an absolute triple-net (NNN) lease which will commence upon the close of escrow. Ampex Brands operates this KFC location, as well as over 500 other restaurant units. The lease is guaranteed by Ampex Brands, LLC, which is comprised of 45 units. The current rent is \$83,205 and is subject to 1.25% annual rental increases starting in year six. Additionally, there are four, five-year tenant renewal options.

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





Financial Analysis

PRICE: \$1,447,041 | CAP: 5.75% | RENT: \$83,205



Property Description

| | |
|-------------------|-----------------------|
| Property | KFC |
| Property Address | 215 University Avenue |
| City, State, ZIP | Lubbock, Texas 79415 |
| Building Size | 2,800 |
| Lot Size | +/- 0.55 Acres |
| Type of Ownership | Fee Simple |

The Offering

| | |
|----------------|-------------|
| Annual Rent | \$83,205 |
| CAP Rate | 5.75% |
| Purchase Price | \$1,447,041 |
| Price / SF | \$517 |
| Rent / SF | \$29.72 |

Lease Summary

| | |
|----------------------|-------------------------------------|
| Property Type | Net Leased Quick Service Restaurant |
| Tenant / Guarantor | Franchisee (45 Units) |
| Ownership Type | Private |
| Original Lease Term | 20.0 Years |
| Lease Commencement | Upon Close of Escrow |
| Lease Expiration | 20 Years from Close of Escrow |
| Lease Term Remaining | 20.0 |
| Lease Type | Triple-Net (NNN) |
| Roof & Structure | Tenant Responsible |
| Rental Increases | 1.25% Starting in Year 6 |
| Next Rent Increase | 2024 |
| Options to Renew | Four (4), Five (5)-Year Options |

Rent Schedule

| Lease Year(s) | Annual Rent | Monthly Rent | Rent Escalation (%) |
|---------------|-------------|--------------|---------------------|
| Years 1-5 | \$83,205 | \$6,934 | - |
| Year 6 | \$84,245 | \$7,020 | 1.25% |
| Year 7 | \$85,298 | \$7,108 | 1.25% |
| Year 8 | \$86,364 | \$7,197 | 1.25% |
| Year 9 | \$87,444 | \$7,287 | 1.25% |
| Year 10 | \$88,537 | \$7,378 | 1.25% |
| Year 11 | \$89,644 | \$7,470 | 1.25% |
| Year 12 | \$90,764 | \$7,564 | 1.25% |
| Year 13 | \$91,899 | \$7,658 | 1.25% |
| Year 14 | \$93,048 | \$7,754 | 1.25% |
| Year 15 | \$94,211 | \$7,851 | 1.25% |
| Year 16 | \$95,388 | \$7,949 | 1.25% |
| Year 17 | \$96,581 | \$8,048 | 1.25% |
| Year 18 | \$97,788 | \$8,149 | 1.25% |
| Year 19 | \$99,010 | \$8,251 | 1.25% |
| Year 20 | \$100,248 | \$8,354 | 1.25% |





Tenant Overview



About KFC

KFC Corporation, based in Louisville, Kentucky, is one of the few brands in America that can boast a rich, decades-long history of success and innovation. It all started with one cook who created a soon-to-be world-famous recipe more than 70 years ago, a list of secret herbs and spices scratched out on the back of the door to his kitchen. That cook was Colonel Harland Sanders, of course, and now KFC is the world's most popular chicken restaurant chain, specializing in that same Original Recipe® along with Extra Crispy™ chicken, home-style sides and buttermilk biscuits. There are over 20,500 KFC outlets in more than 125 countries and territories around the world. There's still a cook in a kitchen in every last one of them, freshly preparing delicious, complete family meals at affordable prices.

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.

About Ampex Brands

Ampex Brands was formed in 2005 to acquire 18 Long John Silver's restaurants, and has since grown tremendously, landing as the 21st largest franchisee in the US according to The 2015 Mega 99 Rankings. Currently, Ampex owns and operates around 500 units of KFC, Taco Bell, Tim Hortons, Long John Silver's and A&W in Arkansas, Louisiana, Texas, Oklahoma, Ohio, Pennsylvania, West Virginia, Illinois, New York and Missouri, and employs over 6,000 team members.



Surrounding Area





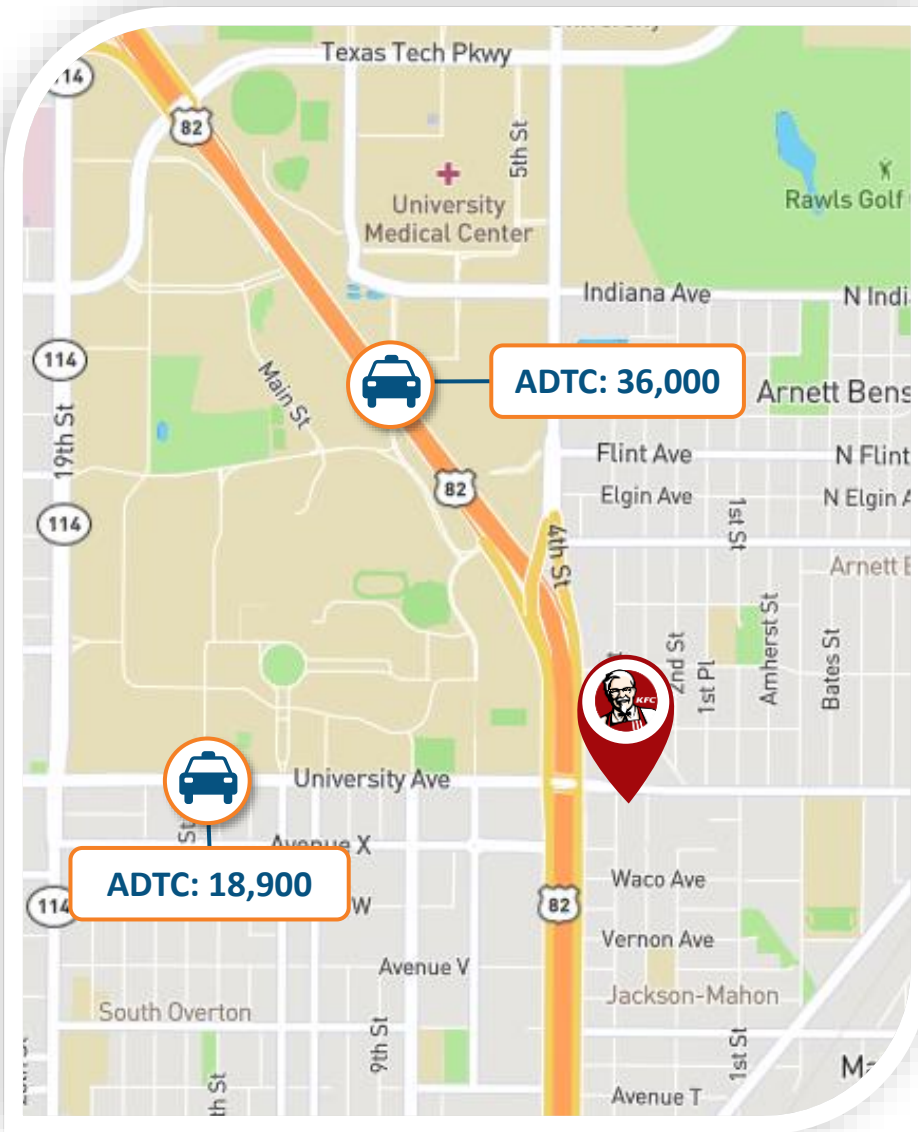
Location Overview



This KFC property is located at 215 University Ave in Lubbock, Texas. The property is in a densely populated area directly across the street from Texas Tech University. There are approximately 72,600 people within a three-mile radius of this property and 166,700 within a five-mile radius. This is also a very busy area in which KFC will benefit from excellent traffic counts on University Avenue and Marsha Sharp Freeway (US Highway 82). These two roads have an average daily traffic count of 18,900 and 36,000 vehicles, respectively. This area also experiences high volume of foot traffic due to its proximity to the university.

The subject KFC is ideally-positioned in a dense retail corridor surrounded by various local and nationally recognized tenants. Major national retailers in the area include: McDonald's, Starbucks, Walmart, CVS Pharmacy, Subway, IHOP, Raising Cane's, as well as many other local restaurants, college bars, and small businesses. Texas Tech University is less than one miles from the subject property and enrolls over 26,600 undergraduate students. Additionally, Local schools in the area include Cavazos Middle School and Jackson Elementary School, both of which are located within a quarter-mile of the subject property.

Lubbock is the 83rd most populous city in the nation and the 11th most populous city in Texas. The area is the largest contiguous cotton-growing region in the world and is heavily dependent on water drawn from the Ogallala Aquifer for irrigation. Lubbock was selected as the 12th best place to start a small business by CNNMoney.com, as the city's traditional business atmosphere, low rent for commercial space, central location, and cooperative government were all cited as reasons for the ranking. While Lubbock serves as an economic hub in Texas, the city also offers a variety of cultural events such as the annual Independence Day festival and the National Cowboy Symposium and Celebration. Lubbock also has a rich musical history and current day scene. It is home to the West Texas Walk of Fame, as well as classic venues like the Cactus Theater and The Blue Light Live. Lubbock is home to the 17 varsity teams of the Texas Tech University Red Raiders, which compete in the Big 12 Conference. The most popular team is the football team, which has won 11 conference titles and neem to 31 bowl games since the programs founding in 1925.





Property Photo





Property Photo



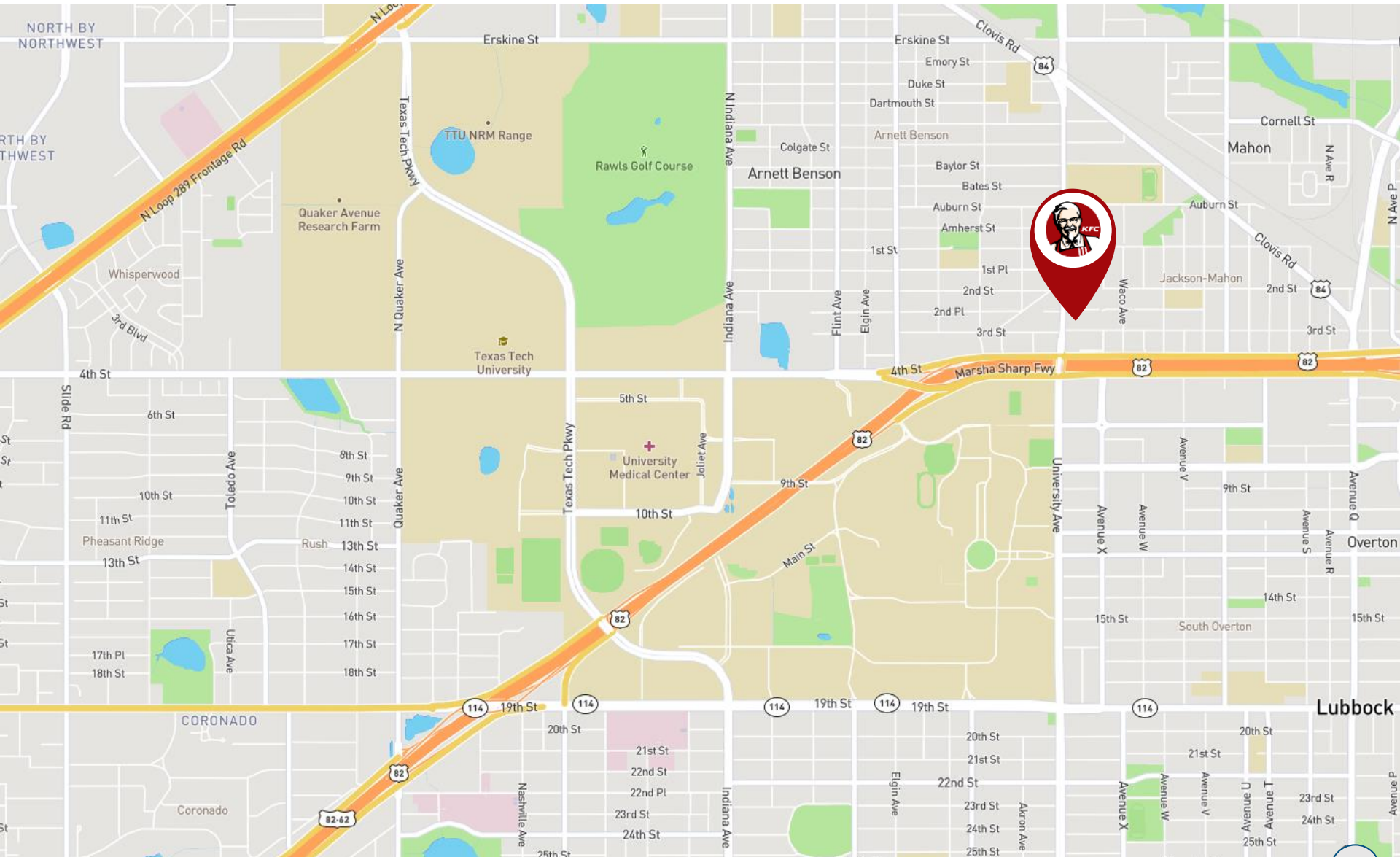


Surrounding Area Photos



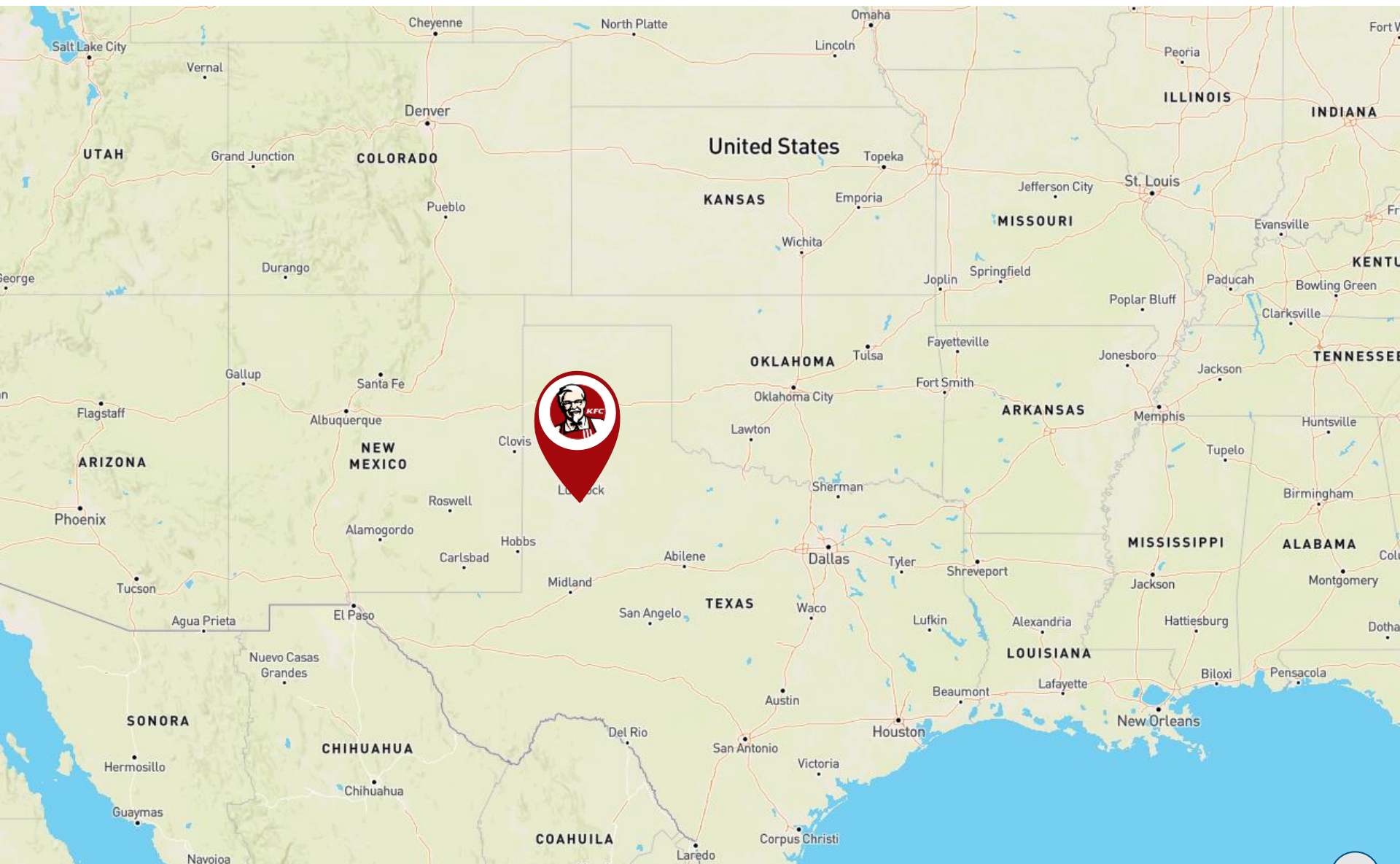


Local Map



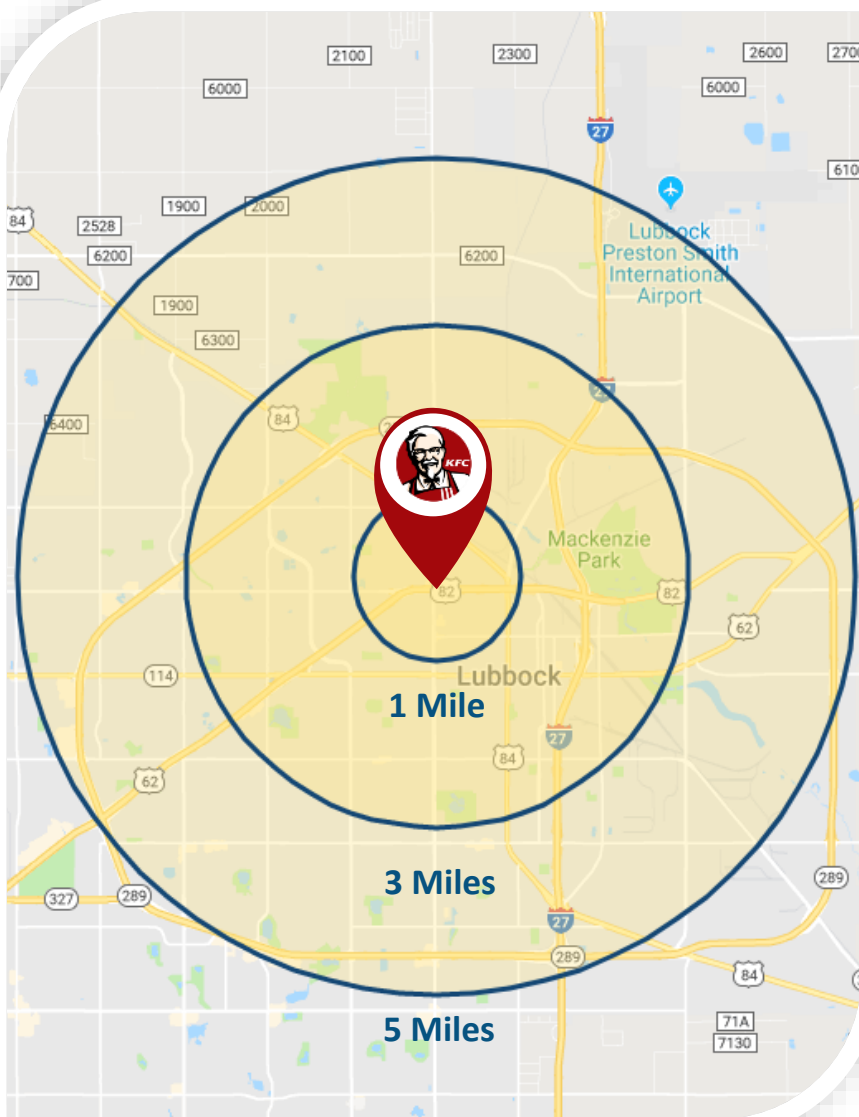


Regional Map





Demographics



1 Mile 3 Miles 5 Miles

POPULATION

| | | | |
|-----------------|--------|--------|---------|
| 2022 Projection | 17,256 | 72,586 | 169,243 |
| 2017 Estimate | 17,685 | 72,614 | 166,760 |
| 2010 Census | 16,643 | 69,636 | 159,998 |
| 2000 Census | 16,943 | 66,132 | 149,469 |

INCOME

| | | | |
|------------|----------|----------|----------|
| Average | \$29,353 | \$48,389 | \$52,037 |
| Median | \$21,500 | \$31,426 | \$36,854 |
| Per Capita | \$12,552 | \$18,679 | \$20,539 |

HOUSEHOLDS

| | | | |
|-----------------|-------|--------|--------|
| 2022 Projection | 5,843 | 25,949 | 65,136 |
| 2017 Estimate | 5,968 | 25,683 | 63,358 |
| 2010 Census | 5,643 | 24,713 | 60,481 |
| 2000 Census | 6,001 | 24,479 | 57,897 |

HOUSING

| | | | |
|------|----------|----------|----------|
| 2017 | \$55,941 | \$87,389 | \$98,557 |
|------|----------|----------|----------|

EMPLOYMENT

| | | | |
|---------------------------|--------|---------|---------|
| 2017 Daytime Population | 52,864 | 136,600 | 232,554 |
| 2017 Unemployment | 7.39% | 5.70% | 4.45% |
| 2017 Median Time Traveled | 15 | 17 | 17 |

RACE & ETHNICITY

| | | | |
|------------------------|--------|--------|--------|
| White | 70.28% | 71.12% | 69.43% |
| Native American | 0.11% | 0.14% | 0.12% |
| African American | 5.66% | 8.61% | 11.01% |
| Asian/Pacific Islander | 6.52% | 3.16% | 2.42% |



Market Overview



Lubbock is the 83rd most populous city in the nation and the 11th most populous city in Texas. The area is the largest contiguous cotton-growing region in the world and is heavily dependent on water drawn from the Ogallala Aquifer for irrigation. Lubbock was selected as the 12th best place to start a small business by CNNMoney.com, as the city's traditional business atmosphere, low rent for commercial space, central location, and cooperative government were all cited as reasons for the ranking. While Lubbock serves as an economic hub in Texas, the city also offers a variety of cultural events such as the annual Independence Day festival and the National Cowboy Symposium and Celebration. Lubbock also has a rich musical history and current day scene. It is home to the West Texas Walk of Fame, as well as classic venues like the Cactus Theater and The Blue Light Live. Lubbock is home to the 17 varsity teams of the Texas Tech University Red Raiders, which compete in the Big 12 Conference. The most popular team is the football team, which has won 11 conference titles and neem to 31 bowl games since the programs founding in 1925.

Major Employers

| Employer | Estimated # of Employees |
|-------------------------------|--------------------------|
| Texas Tech University | 5,173 |
| Sisters of St Joseph Orange | 5,009 |
| Covenant Health System | 4,027 |
| University Medical Center | 2,075 |
| Health Sciences Center | 2,000 |
| City Garbage Dept | 1,900 |
| Ttu College of Arts SC | 1,494 |
| City of Lubbock | 1,363 |
| Covenant Childrens Hospital | 1,200 |
| Texas Tech Health Science Ctr | 1,000 |
| Lubbock State School | 850 |
| Presidents Office | 800 |

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

