

KFC

EXCLUSIVE NET LEASED OFFERING

Representative Photo



OFFERING
MEMORANDUM



190 US-46
Rockaway, NJ 07866

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Investment Highlights

LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Major National Tenants in this Corridor Include Aldi, Walgreens, McDonald's, Arby's, and Advance Auto Parts, Among Others
- ✓ Strong Traffic Counts | US-46 | 26,515 Vehicles Per Day
- ✓ Strong Population | 145,479 Individuals Within a Five-Mile Radius
- ✓ Saint Clare's Denville Hospital | 367-Bed Facility Just Three Miles Away
- ✓ Rockaway Townsquare | 1,200,000 + Square Foot Super Regional Shopping Center | Four Miles Away
- ✓ Morris Knolls High School | 1,557 Students | Half of a Mile Away

LEASE

LEASE STRUCTURE

- ✓ 20-Year Triple Net (NNN) Lease with 14.8 Years Remaining
- ✓ Passive Investment Offering a Long-Term Security of Cash Flow
- ✓ Attractive Rental Increases | 8.00% Every Five (5) Years
- ✓ Tenant Renewal Options: Four (4) Periods of Five (5) Years, Bringing the Potential Lease Term to 40 Years

TENANT

TENANT / GUARANTOR

- ✓ Tenant on the Lease is FQSR, LLC (dba KBP Foods "KBP")
- ✓ KBP Operates More Than 600 Restaurants in 23 States
- ✓ KBP has Grown to Become One of the Largest YUM! Brands Franchisees in the United States



Financial Analysis & Investment Summary

PURCHASE PRICE: \$1,732,781 | CAP RATE: 5.25% | RENT: \$90,971

PROPERTY DESCRIPTION

Property	KFC
Property Address	190 US-46
City, State ZIP	Rockaway, NJ 07866
Building Size (SF)	2,214
Lot Size (Acres)	0.65
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$1,732,781
CAP Rate	5.25%
Annual Rent	\$90,971

LEASE SUMMARY

Property Type	Net-Leased Restaurant
Tenant / Guarantor	FQSR, LLC dba KBP Foods
Lease Term	20 Years
Lease Commencement	October 31, 2013
Lease Expiration	October 31, 2033
Lease Term Remaining	14.8 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four (4), Five (5) Year Option Periods
Rental Increases	8.00% Every Five (5) Years

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
10/31/13 - 10/31/14	\$84,233	\$7,019	-
11/1/14 - 10/31/15	\$84,233	\$7,019	-
11/1/15 - 10/31/16	\$84,233	\$7,019	-
11/1/16 - 10/31/17	\$84,233	\$7,019	-
11/1/17 - 10/31/18	\$84,233	\$7,019	-
11/1/18 - 10/31/19	\$90,971	\$7,580	8.00%
11/1/19 - 10/31/20	\$90,971	\$7,580	-
11/1/20 - 10/31/21	\$90,971	\$7,580	-
11/1/21 - 10/31/22	\$90,971	\$7,580	-
11/1/22 - 10/31/23	\$90,971	\$7,580	-
11/1/23 - 10/31/24	\$98,248	\$8,187	8.00%
11/1/24 - 10/31/25	\$98,248	\$8,187	-
11/1/25 - 10/31/26	\$98,248	\$8,187	-
11/1/26 - 10/31/27	\$98,248	\$8,187	-
11/1/27 - 10/31/28	\$98,248	\$8,187	-
11/1/28 - 10/31/29	\$106,107	\$8,842	8.00%
11/1/29 - 10/31/30	\$106,107	\$8,842	-
11/1/30 - 10/31/31	\$106,107	\$8,842	-
11/1/31 - 10/31/32	\$106,107	\$8,842	-
11/1/32 - 10/31/33	\$106,107	\$8,842	-

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a KFC located at 190 US-46, Rockaway, NJ. The property consists of 2,214 square feet of building space and is situated on approximately 0.65 acres of land. The property is subject to a 20-year triple-net (NNN) lease with 14.8 years remaining. The annual rent is currently \$90,971 and will be subject to 8.00% rental increases every five years. The rental increases will continue through the four, five-year tenant renewal options. The tenant on the lease is FQSR, LLC which does business as KBP Foods, a 600+ unit operator with operations in 23 states.



Concept Overview



About KFC

Kentucky Fried Chicken (KFC) is a fast food restaurant chain that specializes in fried chicken and is headquartered in Louisville, Kentucky, United States. It is one of the world's largest restaurant chains with over 22,000 locations globally of September 2018. The company is a subsidiary of Yum! Brands, a restaurant company that also owns the Pizza Hut and Taco Bell chains.

KFC was founded by Harland Sanders, an entrepreneur who began selling fried chicken from his roadside restaurant in Corbin, Kentucky, during the Great Depression. Sanders identified the potential of the restaurant franchising concept, and the first "Kentucky Fried Chicken" franchise opened in Utah in 1952. KFC popularized chicken in the fast food industry, diversifying the market by challenging the established dominance of the hamburger. By branding himself as "Colonel Sanders", Harland became a prominent figure of American cultural history, and his image remains widely used in KFC advertising.

KFC was one of the first fast food chains to expand internationally, opening outlets in Canada, the United Kingdom, Mexico, and Jamaica by the mid-1960s. The chain continued to expand overseas and in 1987 KFC became the first Western restaurant chain to open in China. The chain has since expanded rapidly in China, which is now the company's single largest market.

KFC's original product is pressure fried chicken pieces, seasoned with Sanders' recipe of 11 herbs and spices. The constituents of the recipe represent a notable trade secret. Larger portions of fried chicken are served in a cardboard "bucket", which has become a well known feature of the chain since it was first introduced by franchisee Pete Harman in 1957. Since the early 1990s, KFC has expanded its menu to offer other chicken products such as chicken fillet burgers and wraps, as well as salads and side dishes, such as French fries and coleslaw, desserts, and soft drinks.

- Kentucky Fried Chicken is headquartered in Louisville, Kentucky. KFC has over 22,000 locations globally.
- KFC is one of the world's largest restaurant chains, and the world's most popular chicken brand.
- KFC is a subsidiary of Yum! Brands, which also owns Pizza Hut and Taco Bell. Yum! Brands has approximately 47,000 restaurants in more than 140 countries and territories, making it one of the world's largest restaurant companies.





Guarantor Overview

About KBP Foods

Consistently ranked among the 10 fastest-growing restaurant companies in the United States, KBP Foods now operates more than 600 KFC, Taco Bell and Long John Silver's restaurants in 23 states. In 2017, it added 223 locations, making it the biggest acquisition year yet. KBP has grown to become one of the largest Yum! Brands franchisees in the United States.

KBP FOODS HAS BEEN NAMED ONE OF THE TOP 100 PRIVATE COMPANIES & CORPORATE REPORT 100 FASTEST-GROWING COMPANIES

— Ingram's

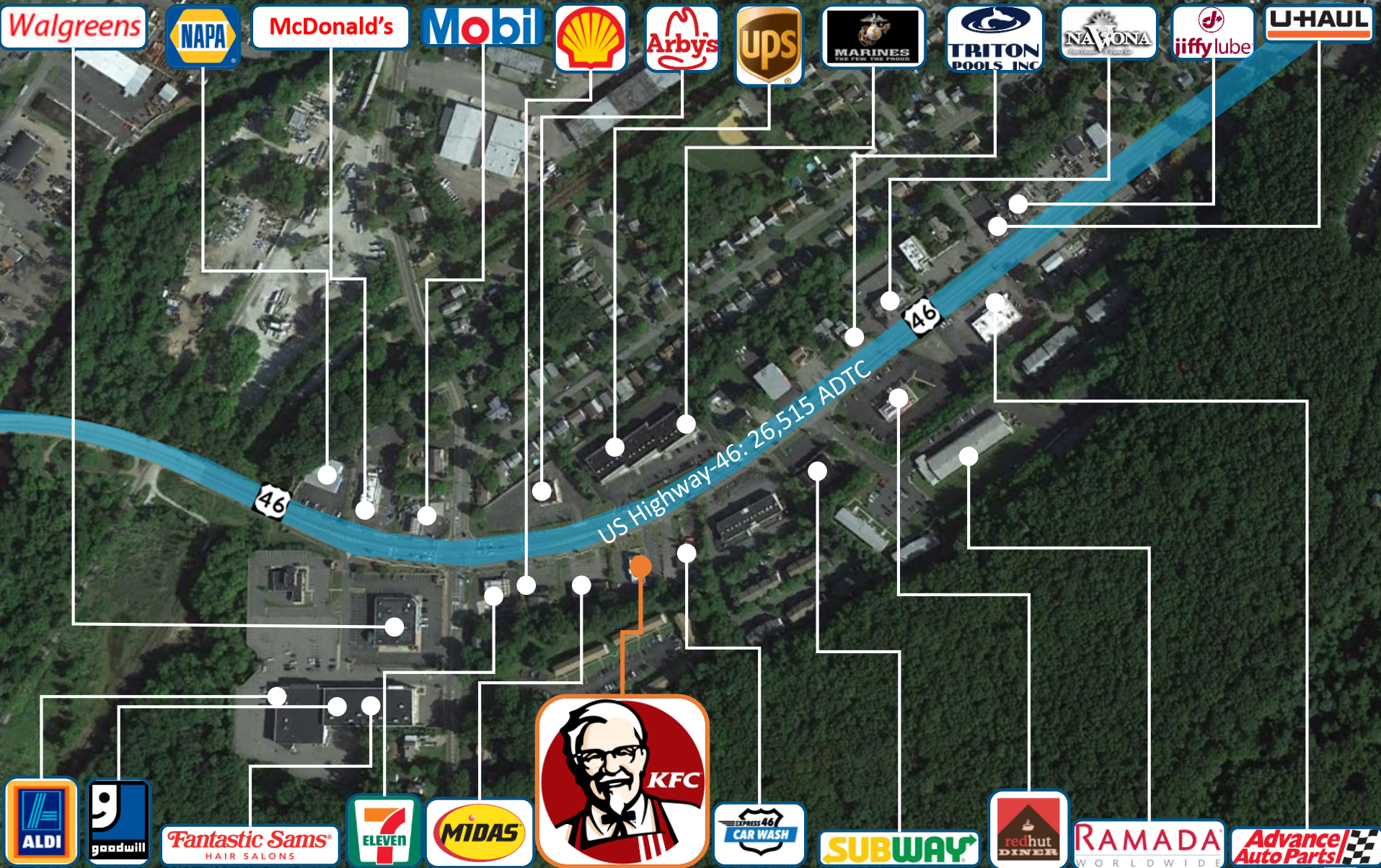


- KBP Foods operates over 600 restaurants in 23 states and has Regional Vice Presidents in every major geographical region.
- Their Corporate Office and Restaurant Support Center are located in Overland Park, KS.
- KBP Foods has been named one of the top 100 Private Companies & Corporate Report 100 Fastest Growing Companies
- 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. Ultimately this gives their people significant opportunity to growth themselves personally, professionally and financially.



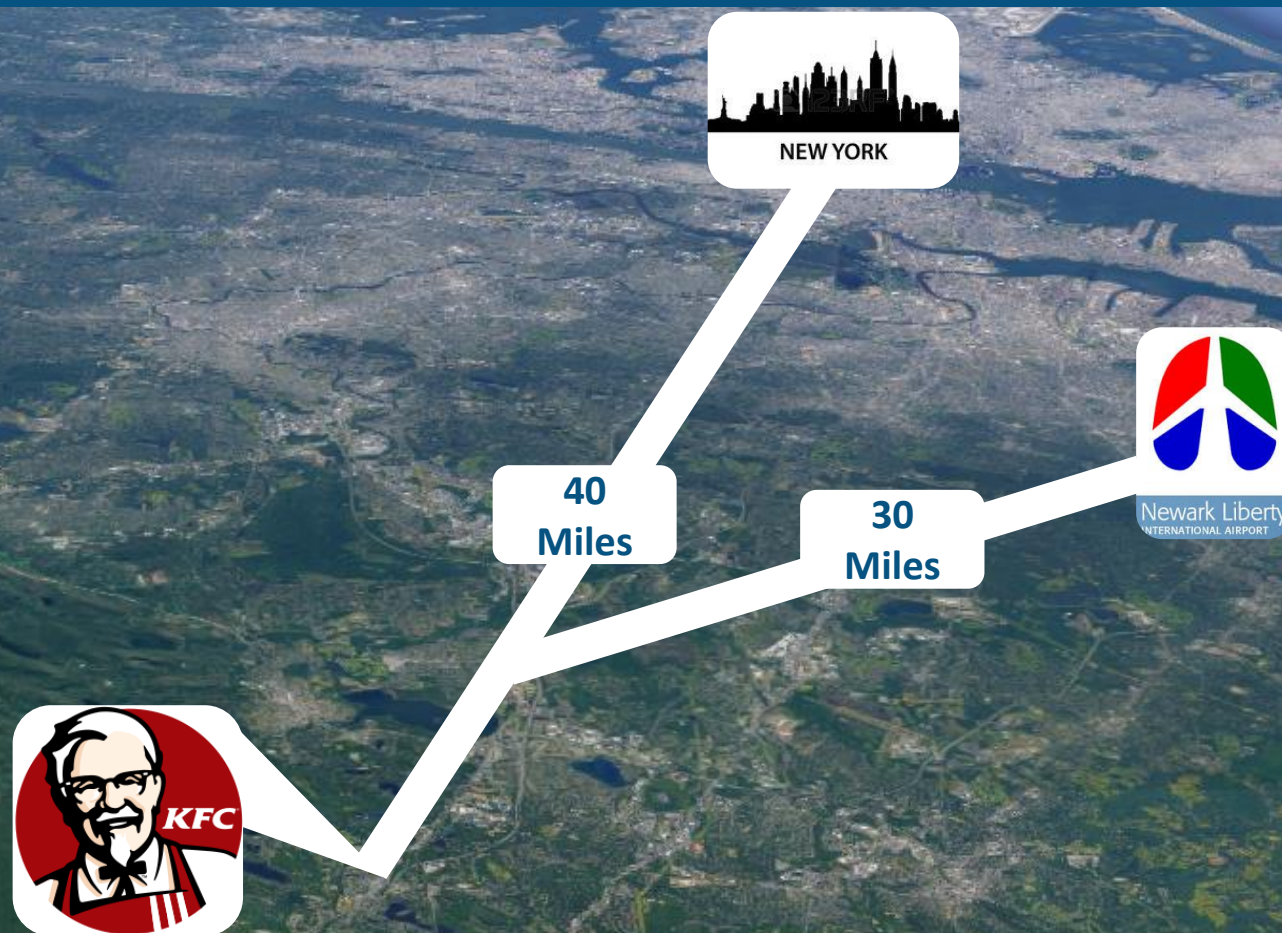


Surrounding Area





Surrounding Area





Property Photos





Location Overview

This KFC is located at 190 US-46 in Rockaway, New Jersey. Rockaway is an affluent suburb of New York City and a borough in Morris County. Rockaway is located approximately 40 miles northwest of Manhattan.

SURROUNDING RETAIL & POINTS OF INTEREST

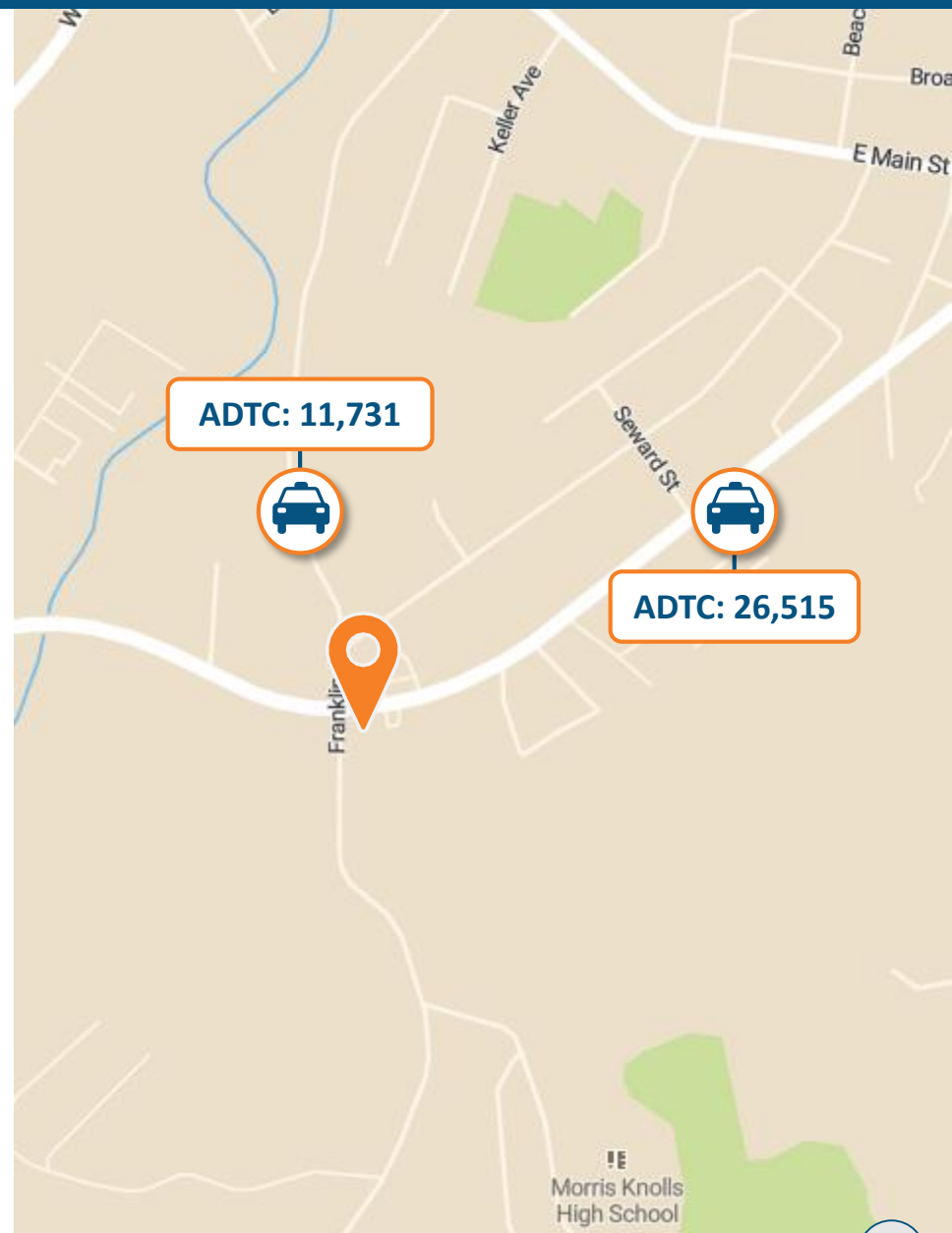
This KFC property benefits from its strategic positioning within a dense retail corridor consisting of a variety of national and local tenants. Major national tenants in this corridor include Aldi, Walgreens, McDonald's, Arby's, and Advance Auto Parts, among others. Immediately adjacent to the property is a Midas Car Repair and Maintenance, as well as a local car wash. Directly across US-46, there is a strip mall with over a dozen local businesses, a UPS store, and a marine recruitment center. An 88-room Ramada hotel is located less than 1,000 feet away from this KFC property. Morris Knolls High School, which has 1,557 students enrolled, is located just a half mile down the road. Saint Clare's Denville Hospital, which is a 367-Bed facility, is located just three miles away. Rockaway Townsquare, a super regional shopping mall with over 1,200,000 square feet of retail space, is just four miles away from the subject property. The Picatinny Arsenal military research and manufacturing facility is roughly six miles northwest.

TRAFFIC COUNTS & DEMOGRAPHICS

The subject property has approximately 68,292 individuals residing within a three-mile radius and 134,049 individuals residing within a five-mile radius. The KFC property is located on US-46, which experiences an average daily traffic count of 26,515 vehicles. Intersecting with US-46 is Franklin Avenue, which experiences an average daily traffic count of 11,731 vehicles. Additionally, Interstate 80 brings more than 145,479 vehicles directly past US-46 each day.

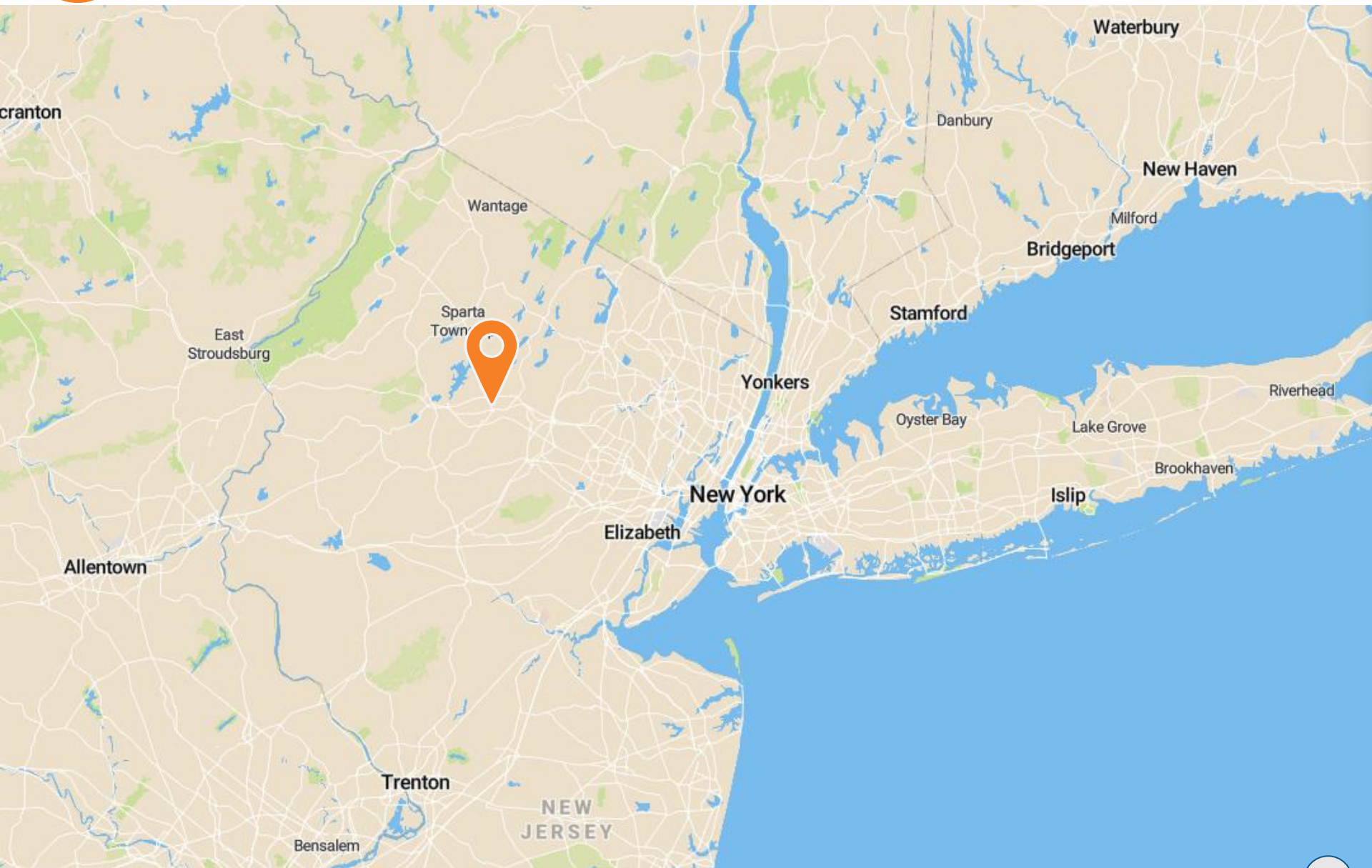
ROCKAWAY, NJ

Rockaway Township is a thriving community offering one of the best environments in which families and businesses can grow and prosper. Morris County has repeatedly been recognized as one of the "Ten Best" counties to live and raise a family in the United States. The Picatinny Arsenal in Rockaway and Jefferson Township is located on 6,400 acres of land. The Arsenal is the headquarters of the United States Army Armament Research, Development, and Engineering Center. Picatinny has more than 1,010 permanent structures, including 64 laboratories. As one of the largest employers in Morris County, the facility employs approximately 5,000 civilians, 160 military personnel, and 1,000 contractors. Major companies with headquarters or major operations in the surrounding area include B&G foods, Allergan, Kings Food Markets, Lexus, Toyota Financial Services, Wyndham Worldwide, and PNY Technologies.





Regional Map





Demographics



MAJOR EMPLOYERS

Employer	# of Employees
US Army	3,542
Picatinny Army Arsenal	3,200
Honeywell	2,458
Prime Healthcare Services	2,420
CHI	2,322
Saint Clare's Hospital	2,000
Budget Rent-A-Car	1,800
New Jersey Transit Corporation	1,734
Pbf Energy	1,714
RB	1,600
R C I	1,400
Alcoa Howmet Dover	1,300

of Employees based on 5 mile radius

DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
Population			
2023 Projection	7,556	69,566	136,909
2018 Estimate	7,456	68,292	134,049
Income			
Average	\$127,743	\$127,660	\$140,680
Median	\$96,680	\$94,198	\$100,849
Per Capita	\$49,438	\$46,139	\$50,721
Households			
2018 Estimate	2,884	24,607	48,169
Employment			
2018 Daytime Population	11,656	68,501	155,738
2018 Unemployment	3.26%	3.78%	3.96%
2018 Median Time Traveled	30	30	31

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



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