

# KFC

EXCLUSIVE NET LEASED OFFERING



*Subject Property*

# OFFERING MEMORANDUM



1445 West Bristol Road  
Flint, MI 48507

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# Investment Highlights

## LOCATION

### REAL ESTATE FUNDAMENTALS

- ✓ General Motors | Major Operations Within 1 Mile | Over \$5,000,000,000 Invested Since 2011
- ✓ Strong Traffic Counts | West Bristol Road and Van Slyke Road | Bring In 34,000 and 19,000 Vehicles Per Day
- ✓ Strong Demographics | Approximately 130,000 Individuals within a 5-Mile Radius
- ✓ Bishop International Airport – Serving 700,000 Passengers Each Year | Approximately 1 Mile Away
- ✓ Close Proximity to Baker College - Flint & Baker System Headquarters | Over 1,300 Students Enrolled | 1 Mile Away

## LEASE

### LEASE STRUCTURE

- ✓ 20-Year Triple Net (NNN) Lease with 14.45 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: \$1,582,648 | CAP RATE: 5.40% | RENT: \$85,463

## PROPERTY DESCRIPTION

Property	KFC
Property Address	1445 W Bristol Road
City, State ZIP	Flint, MI 48507
Building Size (SF)	2,472
Lot Size (Acres)	2.01
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$1,582,648
CAP Rate	5.40%
Annual Rent	\$85,463

## 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	14.45 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	\$79,132	\$6,594	-
11/1/14 - 10/31/15	\$79,132	\$6,594	-
11/1/15 - 10/31/16	\$79,132	\$6,594	-
11/1/16 - 10/31/17	\$79,132	\$6,594	-
11/1/17 - 10/31/18	\$79,132	\$6,594	-
11/1/18 - 10/31/19	\$85,463	\$7,122	8.00%
11/1/19 - 10/31/20	\$85,463	\$7,122	-
11/1/20 - 10/31/21	\$85,463	\$7,122	-
11/1/21 - 10/31/22	\$85,463	\$7,122	-
11/1/22 - 10/31/23	\$85,463	\$7,122	-
11/1/23 - 10/31/24	\$92,300	\$7,692	8.00%
11/1/24 - 10/31/25	\$92,300	\$7,692	-
11/1/25 - 10/31/26	\$92,300	\$7,692	-
11/1/26 - 10/31/27	\$92,300	\$7,692	-
11/1/27 - 10/31/28	\$92,300	\$7,692	-
11/1/28 - 10/31/29	\$99,684	\$8,307	8.00%
11/1/29 - 10/31/30	\$99,684	\$8,307	-
11/1/30 - 10/31/31	\$99,684	\$8,307	-
11/1/31 - 10/31/32	\$99,684	\$8,307	-
11/1/32 - 10/31/33	\$99,684	\$8,307	-

## Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a KFC located at 1445 West Bristol Road in Flint, MI. The property consists of 2,472 square feet of building space and is situated on approximately 2.01 acres of land. The property is subject to a 20-year triple-net (NNN) lease with 14.45 years remaining. The annual rent is currently \$85,463 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 as 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 grow themselves personally, professionally and financially.







# Surrounding Area

## GENERAL MOTORS

Flint Assembly:  
3,164 Employees

Flint Engine  
Operations:  
806 Employees

Flint Metal Center:  
1,353 Employees



BAKER COLLEGE – FLINT  
1,300 Students

WEST BRISTOL ROAD

VAN SYKE ROAD







# Property Photos





# Location Overview

This KFC is located at 1445 West Bristol Road in Flint, Michigan. Flint is the largest city and county seat of Genesee County, Michigan, United States. Located along the Flint River, 66 miles northwest of Detroit, it is a principal city within the region known as Mid Michigan.

## SURROUNDING RETAIL & POINTS OF INTEREST

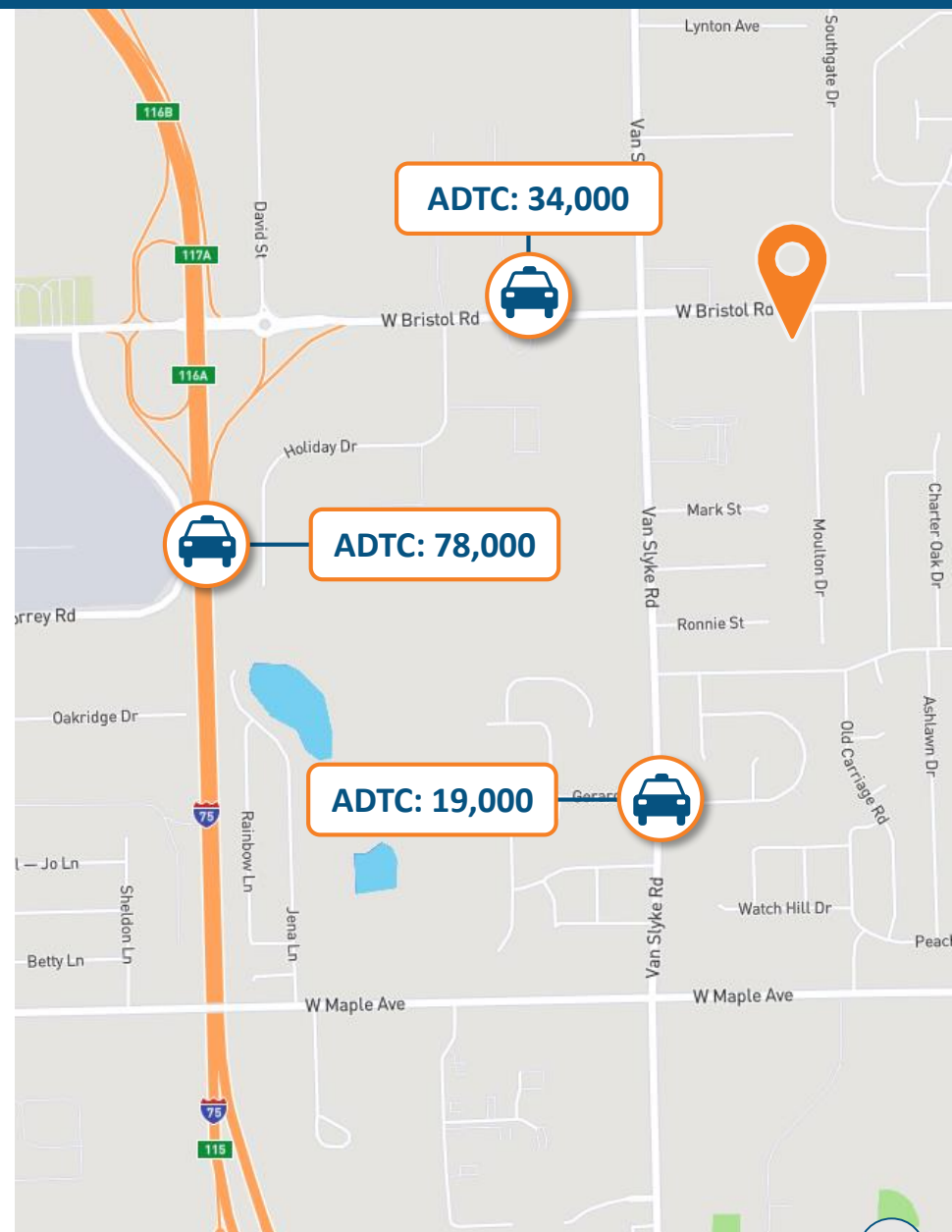
This KFC property is strategically located within close proximity to major highways, large-scale commercial enterprises, and many other national retailers. National retailers include: McDonald's, Walgreen's, Rite-Aid, Dollar General, Chase Bank, AutoZone, and more. General Motors, the city's largest employer, conducts the majority of its manufacturing processes within a mile of the subject property. Additionally, Baker College-Flint enrolls over 1,300 students each year and is located less than a mile from this KFC. The Baker College System Headquarters are located adjacent to the academic buildings, bringing additional faculty to the area daily. The system has 11 campuses and is the largest independent, not-for-profit college in Michigan. Bishop International Airport, which serves over 700,000 passengers annually, is located approximately one mile from this KFC. The subject property is also located less than five miles from the 416-bed McLaren Flint Hospital and the 443-bed Hurley Medical Center.

## TRAFFIC COUNTS & DEMOGRAPHICS

Flint has approximately 53,000 individuals residing within a three-mile radius of this KFC and about 130,000 individuals within a five-mile radius. The KFC property is located on West Bristol Road, which experiences an average daily traffic count of 34,000 vehicles. Intersecting with West Bristol Road is Van Slyke Road, which experiences an average daily traffic count of 19,000 vehicles. Nearby, Interstate 75 brings an additional 78,000 vehicles per day to the area and serves as an artery to Detroit.

## FLINT, MI

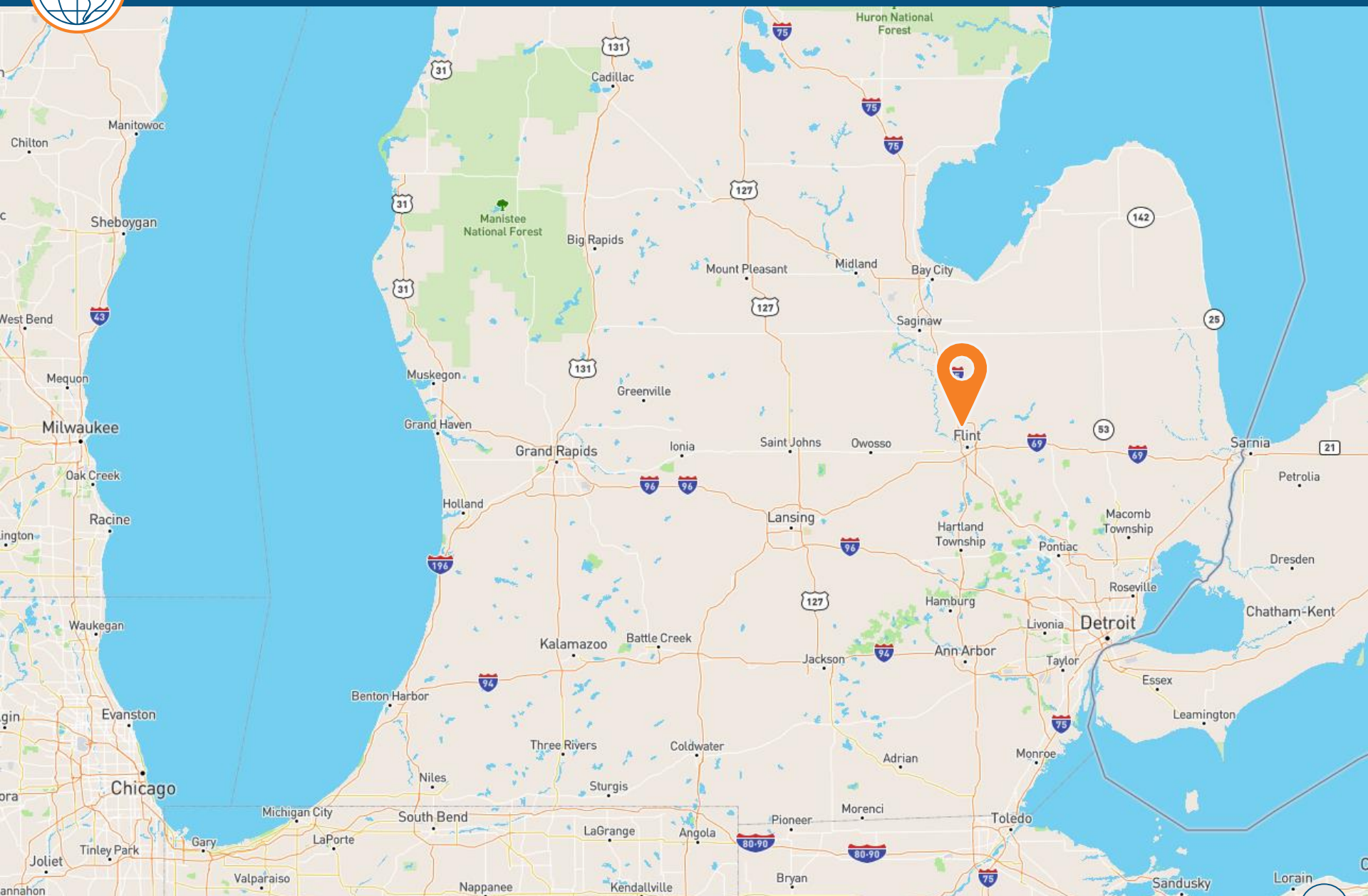
Flint is well positioned for trade at the crossroads of Interstate 69 and Interstate 75. Since 2011 General Motors has invested over \$5 billion between its Flint engine operation and vehicle assembly plants. The metro area also hosts the headquarters to four national insurance companies, including Auto-Owners Insurance Co. Higher education is another key economic driver for Flint, which is home to the University of Michigan-Flint, Kettering University, Mott Community College, The Michigan State University College of Human Medicine, Baker College, and satellite campuses of Davenport University and Spring Arbor University. In September of 2017, Bishop International Airport received a \$4,300,000 grant from the Federal Aviation Administration for maintenance and runway upgrades. Over 700,000 passengers a year travel through Flint by way of Bishop International Airport.





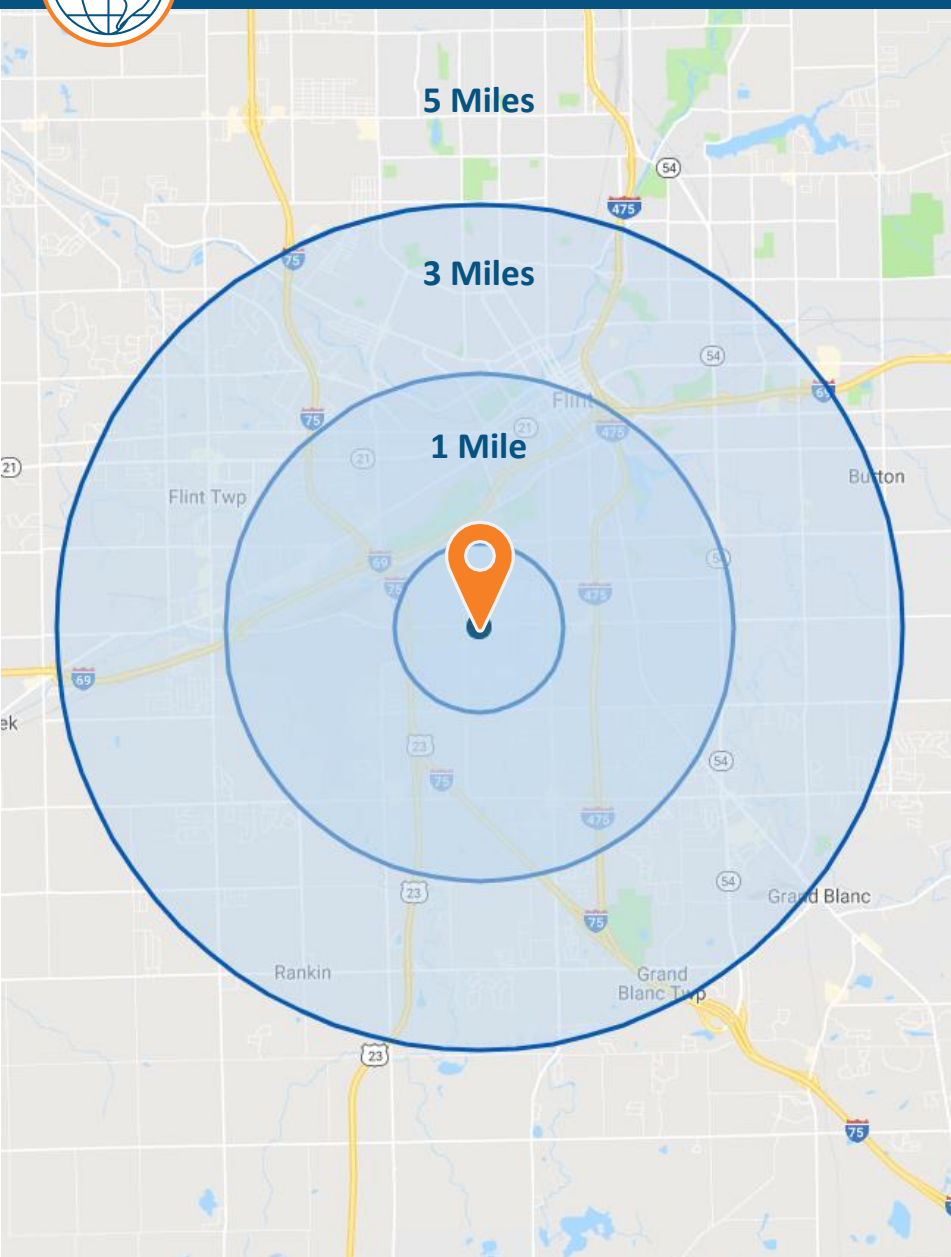


# Regional Map





# Demographics



## MAJOR EMPLOYERS

Employer	# of Employees
General Motors	13,463
Geriatric Outreach Clinic/Care	2,650
McLaren Flint	2,000
Serra Automotive Inc	1,400
AI-Flint LLC	1,100
University of Michigan-Flint	914
Mott Community College	850
County of Genesee	776
Walmart	651
City of Flint	590
Genesee County Department Social Services	520
City of Flint Garage	485

# of Employees based on 5 mile radius

## DEMOGRAPHICS

Population	1 Mile	3 Miles	5 Miles
2018 Estimate	6,584	52,637	129,579
<b>Income</b>			
Average	\$50,466	\$46,628	\$48,161
Median	\$45,321	\$36,492	\$36,381
Per Capita	\$20,717	\$19,246	\$19,791
<b>Households</b>			
2018 Estimate	2,641	21,257	52,331
<b>Employment</b>			
2018 Daytime Population	11,785	71,137	161,892
2018 Unemployment	5.61%	5.74%	6.39%
2018 Median Time Traveled	23	25	25



# Marcus & Millichap

## EXCLUSIVE NET LEASE OFFERING



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