

# POPEYES SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



## OFFERING MEMORANDUM

*Representative Photo*



2931 Clay Street, Vicksburg, MS 39183

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2931 Clay Street, Vicksburg, MS 39183



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# Investment Highlights

PRICE: \$1,657,026 | CAP: 6.00% | RENT: \$99,422



## About the Investment

- ✓ Brand New 20-Year Sale-Leaseback
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases of One Percent (1.0%) Annually Beginning in Year 11
- ✓ Six (6) Tenant Renewal Periods of Five (5) Years Each

## About the Location

- ✓ Dense Retail Corridor | Dollar Tree, Dollar General, Family Dollar, O'Reilly Auto Parts, AutoZone Auto Parts, McDonald's, McAlister's Deli, Pizza Hut, Wendy's, KFC, and many more
- ✓ Strong Academic Presence | Approximately Three Miles from Warren Central High School | Approximately 1,290 Students Enrolled
- ✓ Excellent Real Estate Fundamentals | Within 40 Miles of Jackson, MS | The State Capital and the Anchor of the Jackson, Mississippi Metropolitan Statistical Area
- ✓ Strong Traffic Counts | Clay Street and I-20 | Average Daily Traffic Counts of 15,430 and 35,200 Vehicles Per Day, Respectively

## About the Tenant / Brand

- ✓ Tenant on the Lease is Frayser Quality, LLC | Operates 60+ Popeyes and Rapidly Growing
- ✓ Lease Guaranteed by New CFH, LLC | 230-Unit Entity | New CFH, LLC is a wholly owned subsidiary of Carrols Restaurant Group, Inc.
- ✓ Carrols Restaurant Group is One of the Largest Restaurant Companies and Franchisee's in the United States | 1,000+-Unit Operator
- ✓ Strong Track Record With Proven Operational Expertise
- ✓ In May 2019, Carrols Merged With Cambridge Franchise Holdings LLC, Acquiring 165 Burger Kings and 58 Popeyes Restaurants in 10 Southeastern and Southern States



Representative Photo



Representative Photo





# Financial Analysis

PRICE: \$1,657,026 | CAP: 6.00% | RENT: \$99,422

PROPERTY DESCRIPTION	
Property	Popeyes
Property Address	2931 Clay Street
City, State, ZIP	Vicksburg, MS 39183
Year Built / Renovated	December 2019 <sup>1</sup>
Estimated Building Size	3,736 SF
Lot Size	+/- 0.79 Acres
Type of Ownership	Fee Simple

THE OFFERING	
Purchase Price	\$1,657,026 <sup>2</sup>
CAP Rate	6.00%
Annual Rent	\$99,422

LEASE SUMMARY	
Property Type	Net-Lease Quick-Service Restaurant
Tenant / Guarantor	Frayser Quality, LLC / New CFH, LLC
Ownership Type	Public (NYSE: TAST)
Original Lease Term	20 Years from COE
Lease Commencement	Upon Close of Escrow
Lease Expiration	20 Years from COE
Lease Term Remaining	20.0 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.0% Annually Starting Year 11
Options to Renew	Six (6), Five (5)-Year Options

<sup>1</sup> Store opening subject to change

<sup>2</sup> Pricing is subject to change +/-250,000 based upon final construction costs

RENT SCHEDULE			
Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1-10	\$99,422	\$8,285	-
Year 11	\$100,416	\$8,368	1.00%
Year 12	\$101,420	\$8,452	1.00%
Year 13	\$102,434	\$8,536	1.00%
Year 14	\$103,458	\$8,622	1.00%
Year 15	\$104,493	\$8,708	1.00%
Year 16	\$105,538	\$8,795	1.00%
Year 17	\$106,593	\$8,883	1.00%
Year 18	\$107,659	\$8,972	1.00%
Year 19	\$108,736	\$9,061	1.00%
Year 20	\$109,823	\$9,152	1.00%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present this exclusive listing for a Popeyes located at 2931 Clay Street in Vicksburg, MS. The subject property is under construction and will consist of roughly 3,736 square feet of building space on approximately a 0.79 acre parcel. This investment opportunity is subject to a brand new 20-year Triple-Net (NNN) sale-leaseback with zero landlord responsibilities. The lease will commence upon the close of escrow and will be subject to six (6), five (5) year tenant renewal options. The initial annual rent will be \$99,422 and is scheduled to increase by one percent (1.00%) annually starting in year 11 and continuing throughout the base term and option periods. In each option period the rent will increase by one percent (1.00%) annually in years 1 through 3 and the rent will remain flat in years 4 and 5. The lease will be guaranteed by New CFH, LLC, a wholly owned subsidiary of Carrols Restaurant Group, Inc. New CFH, LLC is currently a 230-unit entity.



# Concept Overview

## About Popeyes

Founded in 1972, Popeyes is the world's second largest quick service chicken concept as measured by total number of restaurants (only behind KFC). As of December 31, 2018, Popeyes owned or franchised a total of 3,102 restaurants. Popeyes restaurants are quick service restaurants that distinguish themselves with a unique "Louisiana" style menu featuring spicy chicken, chicken tenders, fried shrimp and other seafood, red beans and rice and other regional items. Popeyes was acquired on March 27, 2017 for a total consideration of \$1.7 billion by Restaurant Brands International (NYSE: QSR).

### Fun Facts:

- *Global Leadership in Chicken Segment - One of the largest players with rapidly-growing market share*
- *Unique, Highly-Differentiated Brand - Internationally-recognized Louisiana heritage since 1972*
- *Highly-Attractive Unit Economics - >\$1.4mm ARS and strong franchisee EBITDA margins*
- *Nearly Fully-Franchised Business Model - 98% franchised, leading to healthy margins and cash flow*
- *Significant Expansion Opportunity in the U.S. - Consistent track record of successful growth across the country*
- *International Growth Acceleration - Numerous development agreements signed in last few years*



Representative Photo

## New CFH, LLC

New CFH, LLC ("NCFH") is a 230-Unit entity, and wholly owned subsidiary of Carrols Restaurant Group, Inc. NCFH currently operates 165 Burger King restaurants under Nashville Quality, LLC as well as 58 Popeyes locations under Frayser Quality, LLC. NCFH acquired Carolina Quality, LLC ("CQL") in 2014 as a platform to execute a growth strategy in the Burger King system. At the time of the acquisition, CQL was a Burger King franchisee operating 22 restaurants across five states. Since the acquisition NCFH has grown the business significantly and currently operates in states such as Alabama, Arkansas, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, Tennessee, and Virginia.



# Parent Company Overview: Carrols, LLC



## GREAT FOOD COMES FIRST

Every day, more than 11 million guests visit BURGER KING® restaurants around the world. And they do so because our restaurants are known for serving high-quality, great-tasting, and affordable food. Founded in 1954, BURGER KING® is the second largest fast food hamburger chain in the world. The original HOME OF THE WHOPPER®, our commitment to premium ingredients, signature recipes, and family-friendly dining experiences is what has defined our brand for more than 50 successful years.

### #2 Fast Food Hamburger Chain, Globally

- More than \$16 billion in annual system-wide sales, and nearly 350,000 team members, worldwide. The concept has a market capitalization of roughly \$10 billion.

### Global Brand Presence | Fully – Franchised Business Model

- Nearly 14,000 restaurants in 100+ countries. QSR industry-leading EBITDA margins

### Rich Heritage | Stable, Reliable Long-Term Ownership

- Founded in 1954 with deep ties to the Miami Community. Burger King has been actively managed by 3G since 2010.

### 3G Capital

3G Capital is a global investment firm focused on long-term value, with a particular emphasis on maximizing the potential of brands and businesses. The firm and its partners have a strong history of operational excellence, board involvement, deep sector expertise, and an extensive global network. 3G Capital works in close partnership with management teams at its portfolio companies and places a strong emphasis on recruiting, developing and retaining top-tier talent. In October 2010, 3G Capital completed the acquisition of Burger King®, one of the most widely-recognized consumer brands in the world.

## General Information

Address	Oakville, ON
Website	<a href="http://www.rbi.com">http://www.rbi.com</a>
Stock Ticker	QSR (NYSE)
Current Price*	\$75.46
52 Week High/Low	\$78.26/ \$50.20

\*As of August 20, 2019

### Carrols, LLC

Carrols, LLC is Burger King's largest franchisee and has operated BURGER KING® restaurants since 1976. As of April 30, 2019, the Company completed the acquisition of 221 additional BURGER KING® and Popeyes restaurants in 10 Southern and Southeastern states. Carrols, which operates 1,010 Burger King and 55 Popeyes restaurants in 23 states following the acquisition, is the largest franchisee of Restaurant Brands International, Inc. Carrols LLC's direct parent company, Carrols Restaurant Group, INC. (Nasdaq: TAST), is one of the only publicly traded companies solely controlling Burger King Franchises and one of the largest restaurant companies and franchisee's in the United States.

### Burger King Worldwide, Inc.

Founded in 1954, Burger King® is the second largest fast food hamburger chain in the world. The original Home of the Whopper, the Burger King® system operates in approximately 14,000 locations serving more than 11 million guests daily in 100 countries and territories worldwide. Approximately 100 percent of Burger King® restaurants are owned and operated by independent franchisees, many of them family-owned operations that have been in business for decades.

### Restaurant Brands International

Restaurant Brands International is one of the world's largest quick service restaurant companies with approximately \$23 billion in system sales and over 18,000 restaurants in 100 countries. Restaurant Brands International owns two of the world's most prominent and iconic quick service restaurant brands – Tim Hortons® and Burger King®. These independently operated brands have been serving their respective guests, franchisees, and communities for over 50 years.



# In Recent News: Merger Details

## Carrols Restaurant Group (TAST) Acquires 221 Restaurants and Expand into Popeyes Brand Through Merger with Cambridge Franchise Holdings

*"This is a transformational transaction for our Company," said Dan Accordino, Chairman and CEO of Carrols. "It further strengthens our position in the Burger King system and provides us the opportunity to continue executing our Burger King acquisition and expansion strategy. Cambridge also brings a strong, growing second brand in Popeyes to Carrols' portfolio, and they have demonstrated strong returns on new restaurant development in their geographies. We look forward to partnering with them as we work to improve returns for our stockholders through additional, diversified alternatives for future growth and effective capital allocation."*



Carrols Restaurant Group, Inc. announced that on April 30, 2019 it completed the acquisition of 165 Burger King and 55 Popeyes restaurants from Cambridge Franchise Holdings, LLC in 10 Southern and Southeastern states. Carrols, which operates 1,010 Burger King and 55 Popeyes restaurants in 23 states following the acquisition, is the largest franchisee of Restaurant Brands International, Inc. (the franchisor of Burger King, Popeyes, and Tim Hortons).

As previously announced, Carrols has also entered into an Area Development and Remodeling Agreement with Burger King Corporation that pre-approves the Company for continued growth through both acquisitions and new restaurant development. Under the terms of the agreement, Carrols' right of first refusal assigned to it by BKC has been expanded to allow for the acquisition of 500 additional Burger King restaurants. Carrols has also assumed Cambridge's existing Popeyes Development Agreement and its ROFR for Popeyes restaurant acquisitions in Tennessee and Kentucky. As part of these agreements, Carrols has agreed to develop 200 new Burger King and 70 Popeyes restaurants over the next six years, and to remodel or upgrade a number of its Burger King restaurants (or restaurants to be acquired) to the Burger King of Tomorrow image over the same period. Carrols believes these development agreements provide it with a significant expansion runway for both brands.

Dan Accordino, chairman and CEO of Carrols, says, "This transaction is an exciting growth catalyst for Carrols. We believe it strengthens our position in the Burger King system by providing us the opportunity to continue executing our acquisition and expansion strategy, and adds Popeyes, a growing brand that further enhances our expansion alternatives. We also believe that we have the potential to improve the performance of the Cambridge restaurants and to leverage their footprint and development team as we launch the next phase of growth for the benefit of Carrols' shareholders."

Concurrent with the transaction, Carrols refinanced all of Carrols and Cambridge's indebtedness and entered into a \$550 million secured senior credit facility which includes a \$425 million Term Loan B facility due 2026 that bears interest at LIBOR + 3.25 percent and was issued at an OID of 99.5. Use of proceeds included (i) refinancing Carrols' existing 8 percent notes, (ii) paying off Cambridge's indebtedness, and (iii) paying certain fees and expenses related to the financing and the Cambridge transaction. The secured senior credit facility also included a \$125 million, undrawn five-year revolving credit facility that will be used to execute Carrols' growth initiatives as needed.

Total consideration to Cambridge included (i) approximately 7.36 million shares of Carrols common stock (a 16.6 percent equity interest) and (ii) shares of

9 percent PIK Series C Convertible Preferred Stock that will be convertible into approximately 7.45 million shares of Carrols common stock. The conversion of the preferred stock will be subject to a vote of Carrols' stockholders to occur at the Company's 2019 Annual Meeting of Stockholders and will automatically convert into common stock upon stockholder approval of such conversion. All shares issued to Cambridge are subject to a two-year restriction on sale or transfer subject to certain limited exceptions. On a fully-diluted, as-if converted basis after giving effect to both the conversion of the Cambridge and BKC convertible preferred stocks to common stock, Cambridge would hold an approximate 24 percent equity interest in the Company. There was no cash consideration as part of the transaction. In conjunction with the merger, Alex Sloane and Matt Perelman, the Co-Founders of Cambridge, have joined the Carrols Board of Directors.

"Matt and I are excited to join the Carrols Board and support the next phase of the Company's growth. We believe that Carrols' strong management team, efficient financing structure, partnership with RBI and compelling capital allocation plan provide for a long runway to enhance shareholder value," says Alex Sloane, co-founder of Cambridge Franchise Holdings.



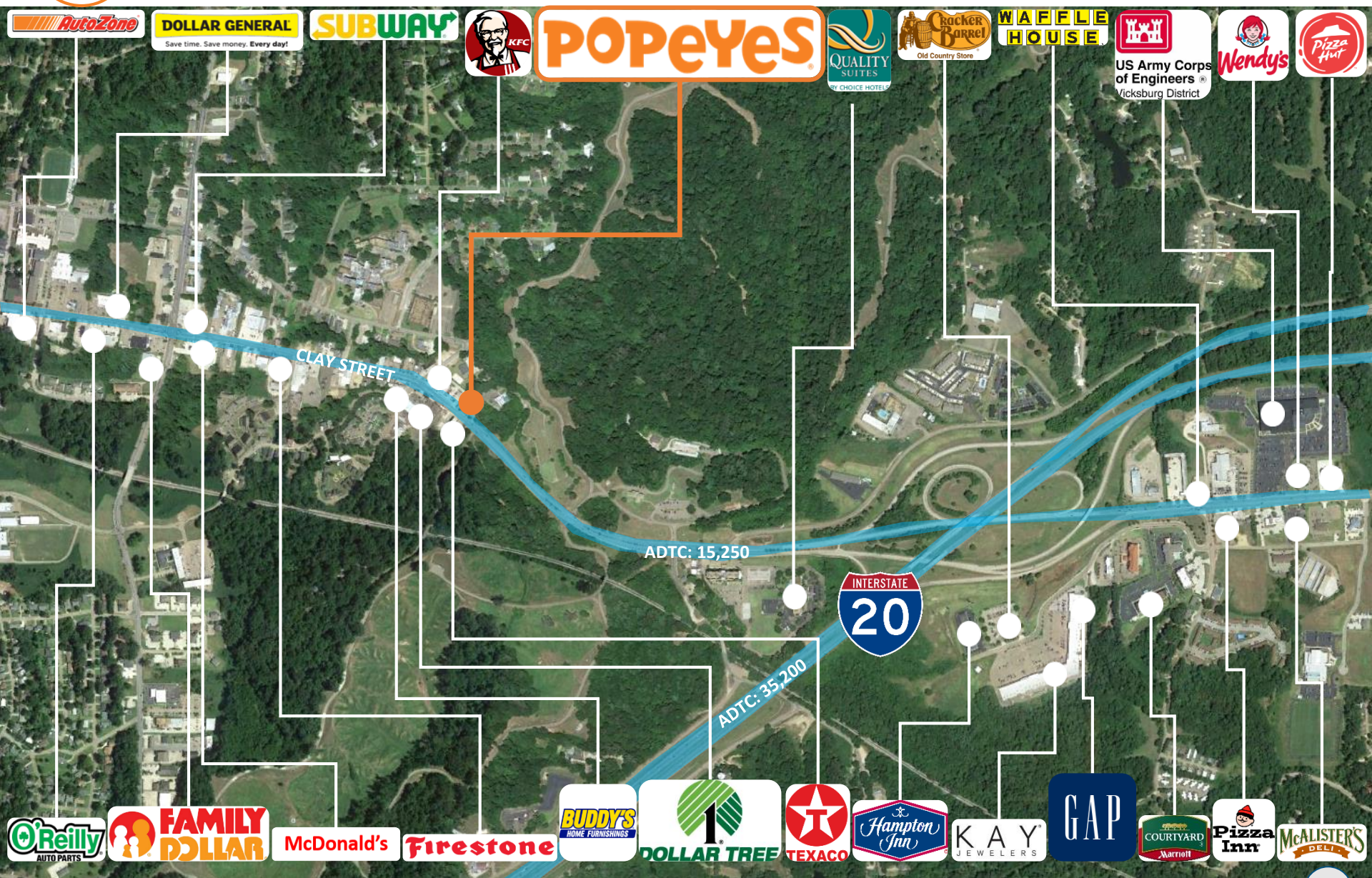




# Surrounding Area

Property Address: 2931 Clay Street, Vicksburg, MS 39183

**POPeYes**  
LOUISIANA KITCHEN







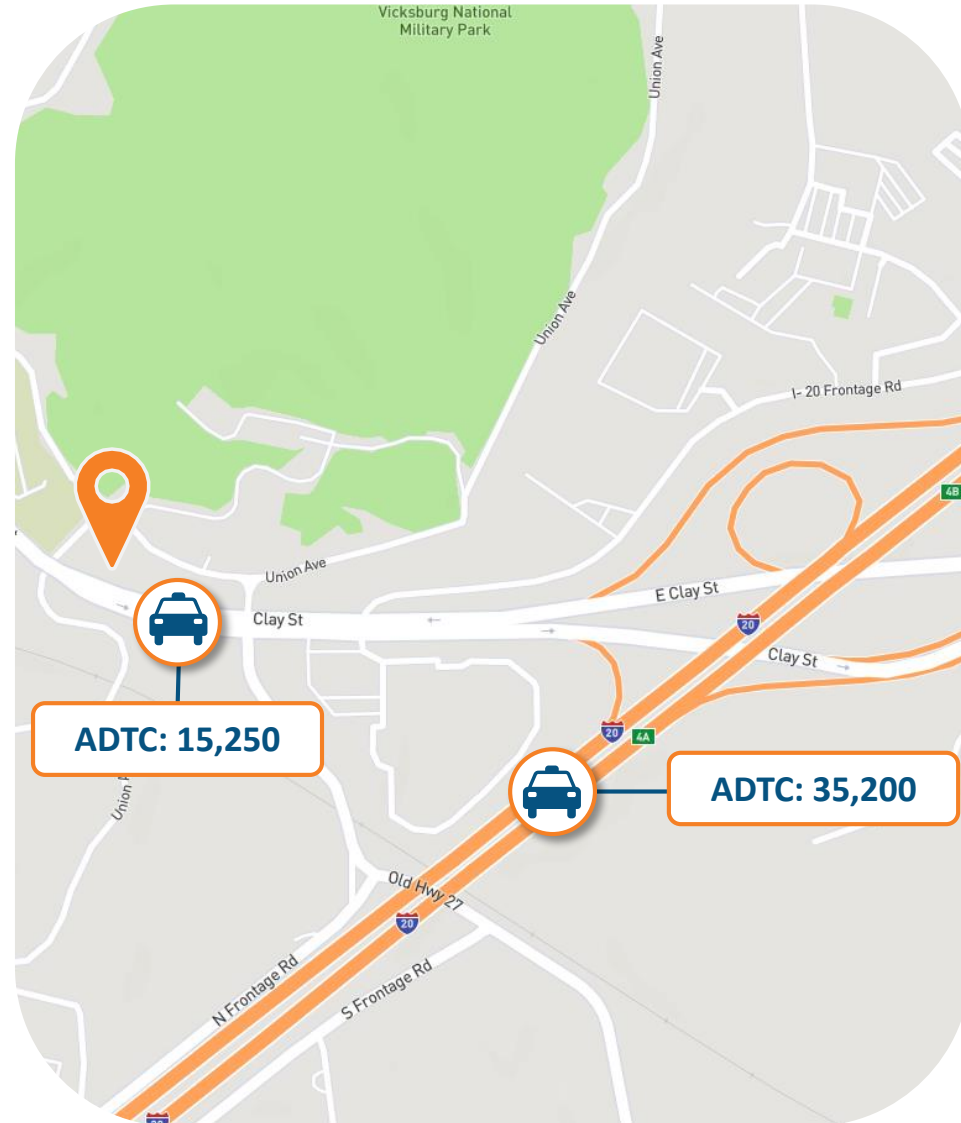
# Location Overview

Property Address: 2931 Clay Street, Vicksburg, MS 39183

The subject investment property is situated on Clay Street, which experiences average daily traffic counts exceeding 15,250 vehicles, respectively. Intersecting with Clay Street is Interstate-20, which brings an additional 35,200 vehicles into the immediate area on average daily. There are more than 30,050 individuals residing within a five-mile radius of the property and more than 43,830 individuals within a ten-mile radius.

This Popeyes property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, academic institutions and shopping centers. Major national tenants in the area include: Dollar Tree, Dollar General, O'Reilly Auto Parts, AutoZone Auto Parts, Hampton Inn, Quality Inn Express & Suites, McDonald's, McAlister's Deli, Pizza Hut, Wendy's, KFC, and many more. Located less than two miles from the subject property is Vicksburg District, US Army Corps of Engineers. The U.S. Army Corps of Engineers' Vicksburg District is one of 41 Corps districts worldwide and one of six districts in the Corp's Mississippi Valley Division. The Vicksburg District provides full range of water resource products and services covering 68,000 square miles in Arkansas, Louisiana, and Mississippi with a workforce of over 1,000 people. This Popeyes also benefits from being within a three-mile radius of several academic institutions. Most notable is Warren Central High School, located just under three miles from the subject property, with a total enrollment of 1,290 students.

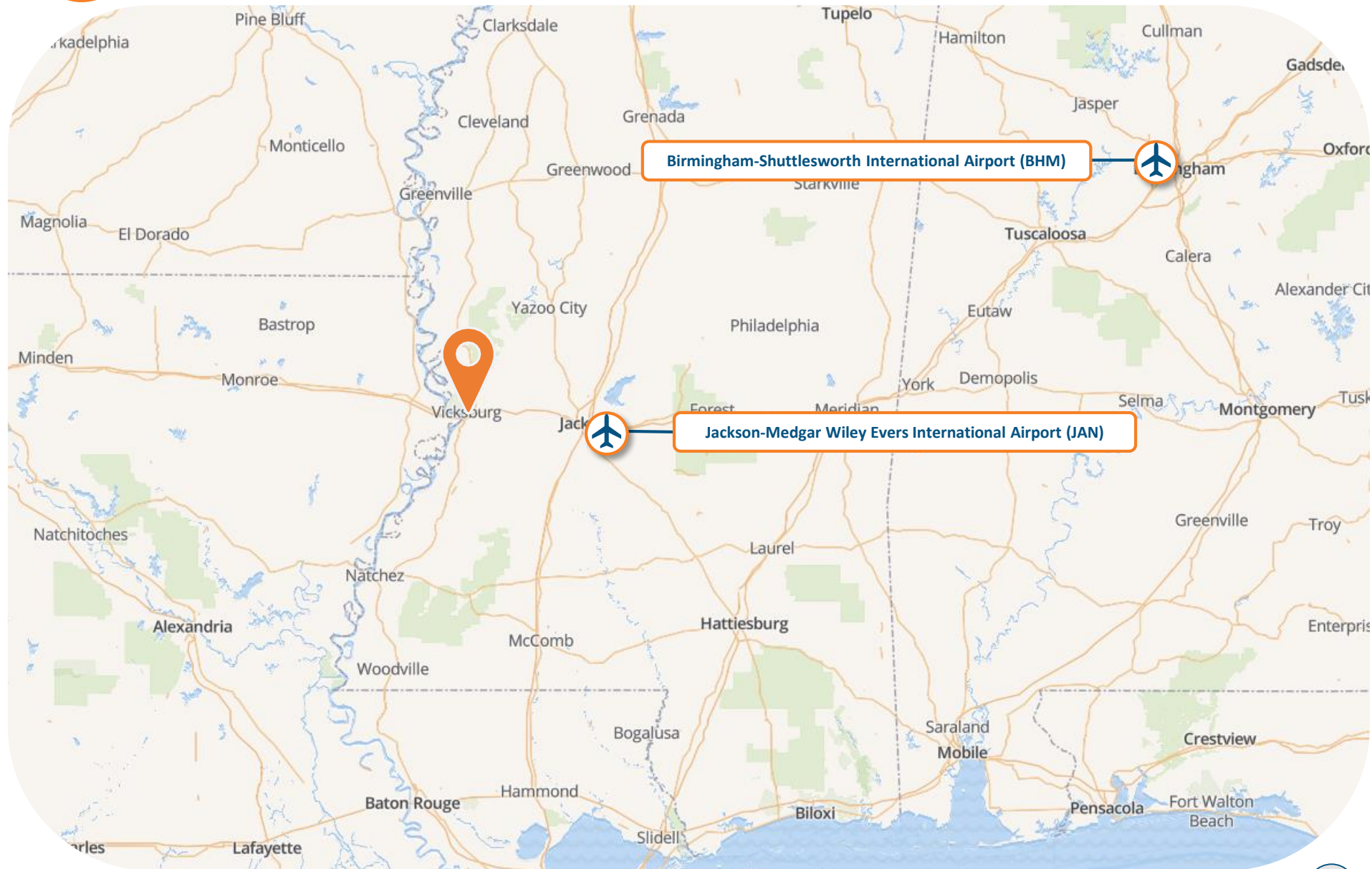
Vicksburg is the only city in, and the county seat of Warren County, Mississippi. It is located on the east bank of the Mississippi River across from Louisiana. A majority of Vicksburg's economy is mainly focused on manufacturing, construction, retail trade, arts & entertainment, and the service industry. The city was a hotbed of activity during the American Civil War, and has much to offer for both casual tourists and dedicated history buffs. From four world-class casinos and upscale shopping, dining and spas to some of the most fascinating history sites, architecture and antebellum mansions in the nation, Vicksburg offers an authentic Southern experience that no where else has to offer. Vicksburg also benefits from being situated within a close proximity to the capitol city of Jackson. Hospitality and history make the capital city a great place for tourists





# Local Map

Property Address: 2931 Clay Street, Vicksburg, MS 39183

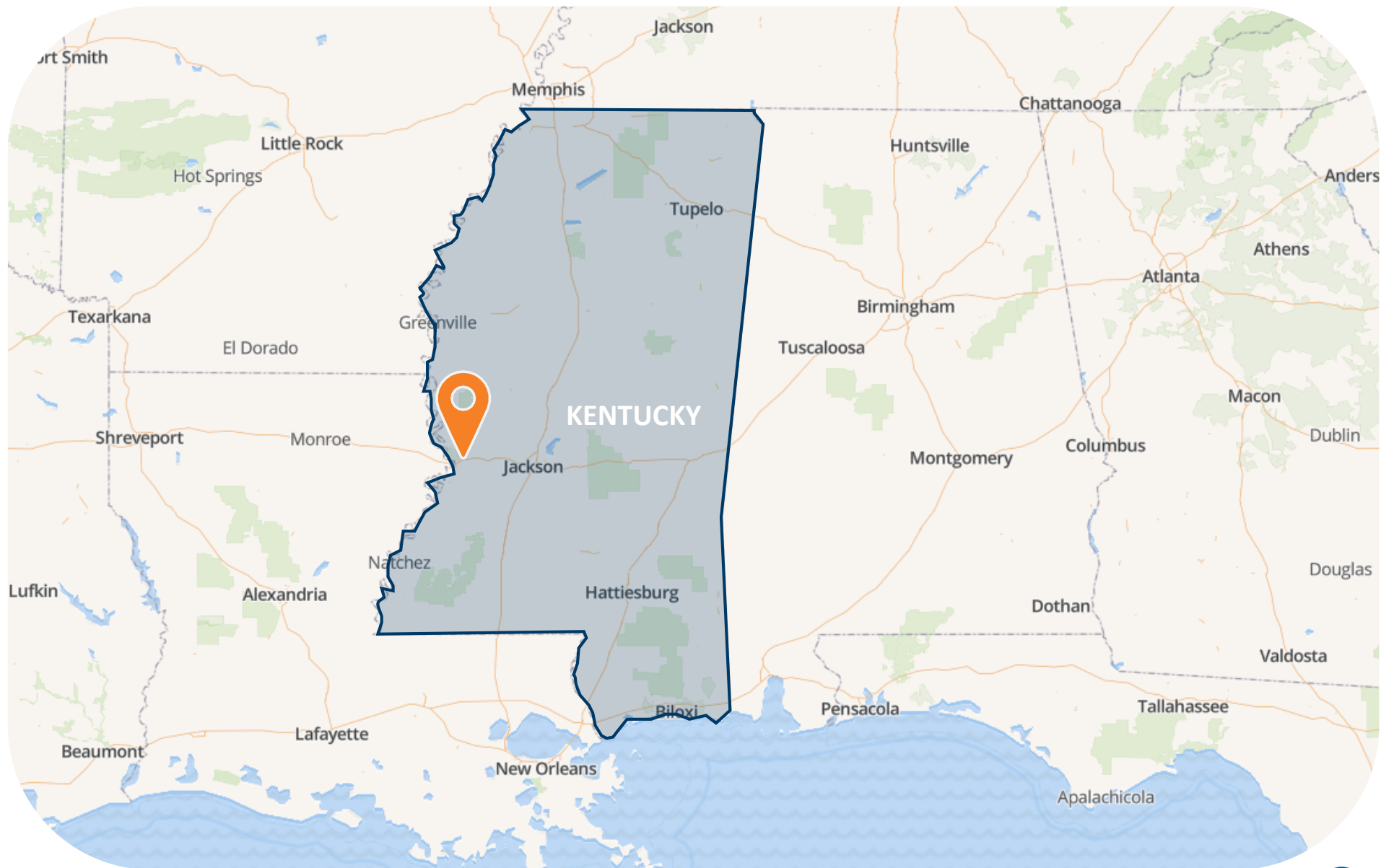






# Regional Map

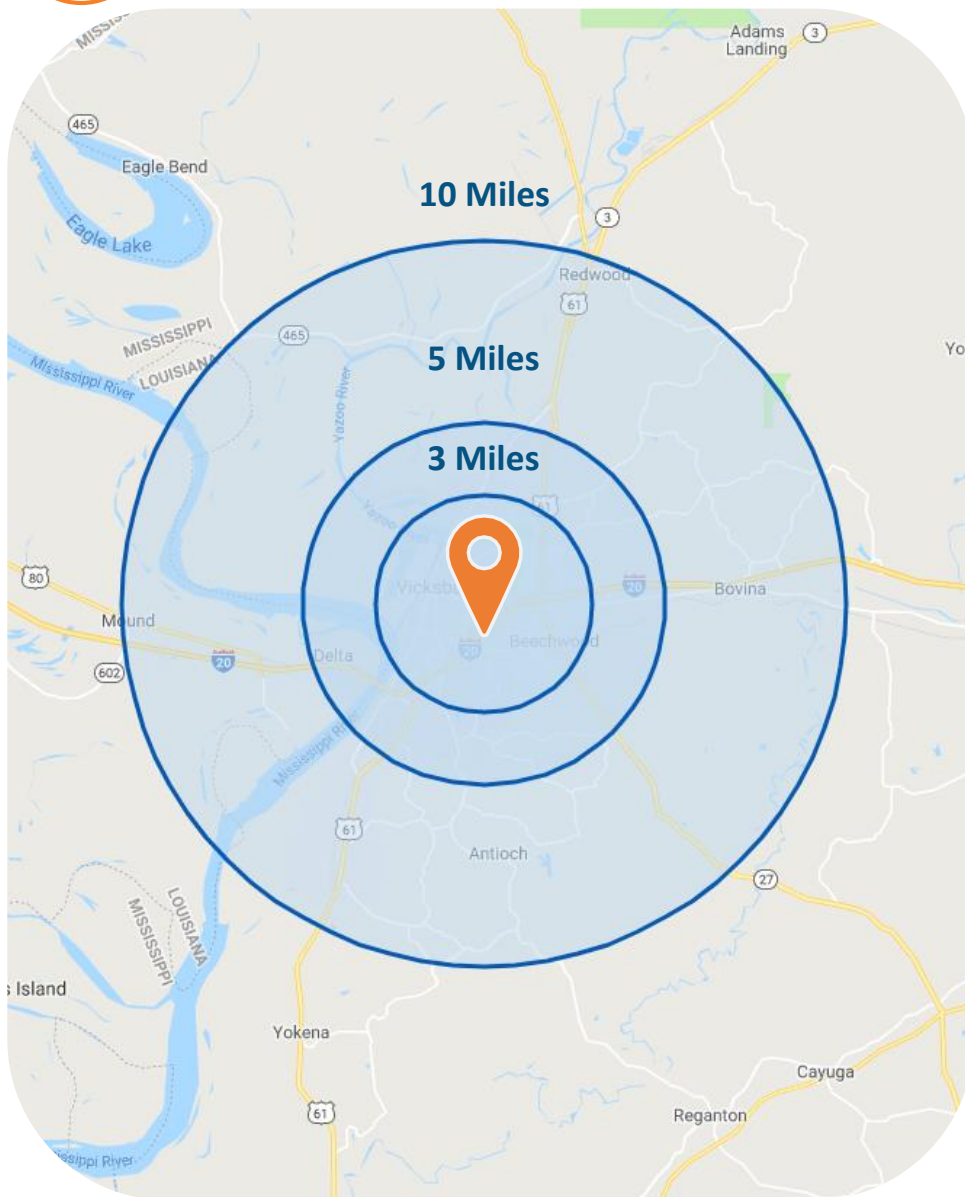
Property Address: 2931 Clay Street, Vicksburg, MS 39183





# Demographics

Property Address: 2931 Clay Street, Vicksburg, MS 39183



## 3 Miles 5 Miles 10 Miles

### Population Trends:

2024 Projection	18,091	27,977	40,729
2019 Estimate	18,790	28,675	41,852
2010 Census	21,124	30,384	44,869
2019 Population Hispanic Origin	306	521	920

### Population by Race (2019):

White	6,024	10,984	18,912
Black	12,370	17,081	22,016
Am. Indian & Alaskan	59	96	144
Asian	159	255	386
Hawaiian & Pacific Island	7	10	12
Other	171	248	382

### Household Trends:

2023 Projection	7,056	11,021	15,782
2018 Estimate	7,351	11,302	16,229
2010 Census	8,364	11,996	17,445
Owner Occupied	4,110	6,994	10,882
Renter Occupied	3,241	4,308	5,347

### Average Household Income (2019)

<b>\$48,881</b>	<b>\$50,947</b>	<b>\$57,480</b>
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### Households by Household Income (2019):

<\$25,000	3,327	4,556	5,502
\$25,000 - \$50,000	1,716	2,725	3,819
\$50,000 - \$75,000	826	1,616	2,557
\$75,000 - \$100,000	495	863	1,784
\$100,000 - \$125,000	372	632	1,002
\$125,000 - \$150,000	226	383	691
\$150,000 - \$200,000	229	316	513

### Median Household Income (2019):

<b>\$28,725</b>	<b>\$32,905</b>	<b>\$40,650</b>
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# Market Overview

City: Vicksburg | County: Warren | State: Mississippi



**Vicksburg,** is a city in and the county seat of Warren county, located just 40 miles from Jackson, Mississippi. Jackson, officially the City of Jackson, is the capital and most populous city in Mississippi. Jackson is the anchor of the Jackson, Mississippi Metropolitan Statistical Area. It is the states largest metropolitan area with a 2016 population of 579,332, about one-fifth of Mississippi's population.

Jackson is known as the "City with Soul" because of its perseverance and triumphant spirit. Steeped in southern culture, Jackson is home to a multitude of world-class painters, sculptors, dancers, actors, architects, photographers, filmmakers, musicians, and artisans of many disciplines. The city pulses with music from classical to inspirational, home-grown gospel, blues jazz, rock n' roll, R&B, and more that can be found all around town. Jackson is home to several major industries. These include electrical equipment and machinery, processed food, and primary and fabricated metal products. The surrounding area supports agricultural development of livestock, soybeans, cotton and poultry. Jackson is home to the headquarters of several major companies such as: Cal-Maine Foods, Inc., East Group Properties, Inc., and Trustmark Corporation. Jackson is served by Jackson-Evers International Airport. The airport has non-stop service to eight cities: Atlanta, Chicago, Washington D.C., Dallas, Houston, Orlando, Denver, and Charlotte and is served by five scheduled carriers.

## Major Employers

Employer	Estimated # of Employees
U S Army Corps of Engineers	3,136
Columbia Vicksburg Medical Ctr	1,800
Merit Health River Region	1,500
Vicksburg District	1,406
Engineer Research & Dev Ctr	1,400
Cooper Lighting	500
Rainbow Casino V P L	500
Computer Sciences Corporation	490
Riverwalk Casino Hotel	453
VICKSBURG	435
Ameristar Casino Vicksburg Inc	410





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