

# POPEYES SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



*Representative Photo*

## OFFERING MEMORANDUM



1000 Top Street, Flowood, MS 39232

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# Investment Highlights

PRICE: \$1,487,900 | CAP: 6.00% | RENT: \$89,274



## 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 Urban Infill | Applebee's, Wendy's, Taco Bell, Subway, Waffle House, Hertz, As Well As Many Others
- ✓ Strong Academic Presence | Less Than One Mile From Jackson Preparatory School | 380+ Students Enrolled
- ✓ Quality Demographics | Population Exceeds 93,000 Individuals Within a Five-Mile Radius and 302,000 Individuals Within a Ten-Mile Radius
- ✓ Affluent Community | Average Income Within a Three-Mile Radius Exceeds \$93,000
- ✓ Excellent Real Estate Fundamentals | Less Than Seven Miles From Jackson-Medgar Wiley Evers International Airport | Over 900,000 Passengers Annually
- ✓ Strong Traffic Counts | Over 62,000 Vehicles Per Day Along Lakeland Drive
- ✓ Immediate Access to Healthcare | 1.4 Miles From Merit Health River Oaks | 158-Bed State of the Art Facility

## 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



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# Financial Analysis

PRICE: \$1,487,900 | CAP: 6.00% | RENT: \$89,274

| PROPERTY DESCRIPTION   |                   |
|------------------------|-------------------|
| Property               | Popeyes           |
| Property Address       | 1000 Top Street   |
| City, State, ZIP       | Flowood, MS 39232 |
| Year Built / Renovated | 1998              |
| Building Size          | 5,523 SF          |
| Lot Size               | +/- 0.67 Acres    |
| Type of Ownership      | Fee Simple        |

| THE OFFERING   |             |
|----------------|-------------|
| Purchase Price | \$1,487,900 |
| CAP Rate       | 6.00%       |
| Annual Rent    | \$89,274    |

| 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      |

| RENT SCHEDULE |             |              |                     |
|---------------|-------------|--------------|---------------------|
| Lease Year(s) | Annual Rent | Monthly Rent | Rent Escalation (%) |
| Year 1-10     | \$89,274    | \$7,440      | -                   |
| Year 11       | \$90,167    | \$7,514      | 1.00%               |
| Year 12       | \$91,068    | \$7,589      | 1.00%               |
| Year 13       | \$91,979    | \$7,665      | 1.00%               |
| Year 14       | \$92,899    | \$7,742      | 1.00%               |
| Year 15       | \$93,828    | \$7,819      | 1.00%               |
| Year 16       | \$94,766    | \$7,897      | 1.00%               |
| Year 17       | \$95,714    | \$7,976      | 1.00%               |
| Year 18       | \$96,671    | \$8,056      | 1.00%               |
| Year 19       | \$97,638    | \$8,136      | 1.00%               |
| Year 20       | \$98,614    | \$8,218      | 1.00%               |

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present this exclusive listing for a Popeyes located at 1000 Top Street in Flowood, MS. The subject property consists of roughly 5,523 square feet of building space on approximately a 0.67 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 \$89,274 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 & Guarantor Overview

**POPEYES**  
LOUISIANA KITCHEN

## 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*



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## 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)  |

### 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

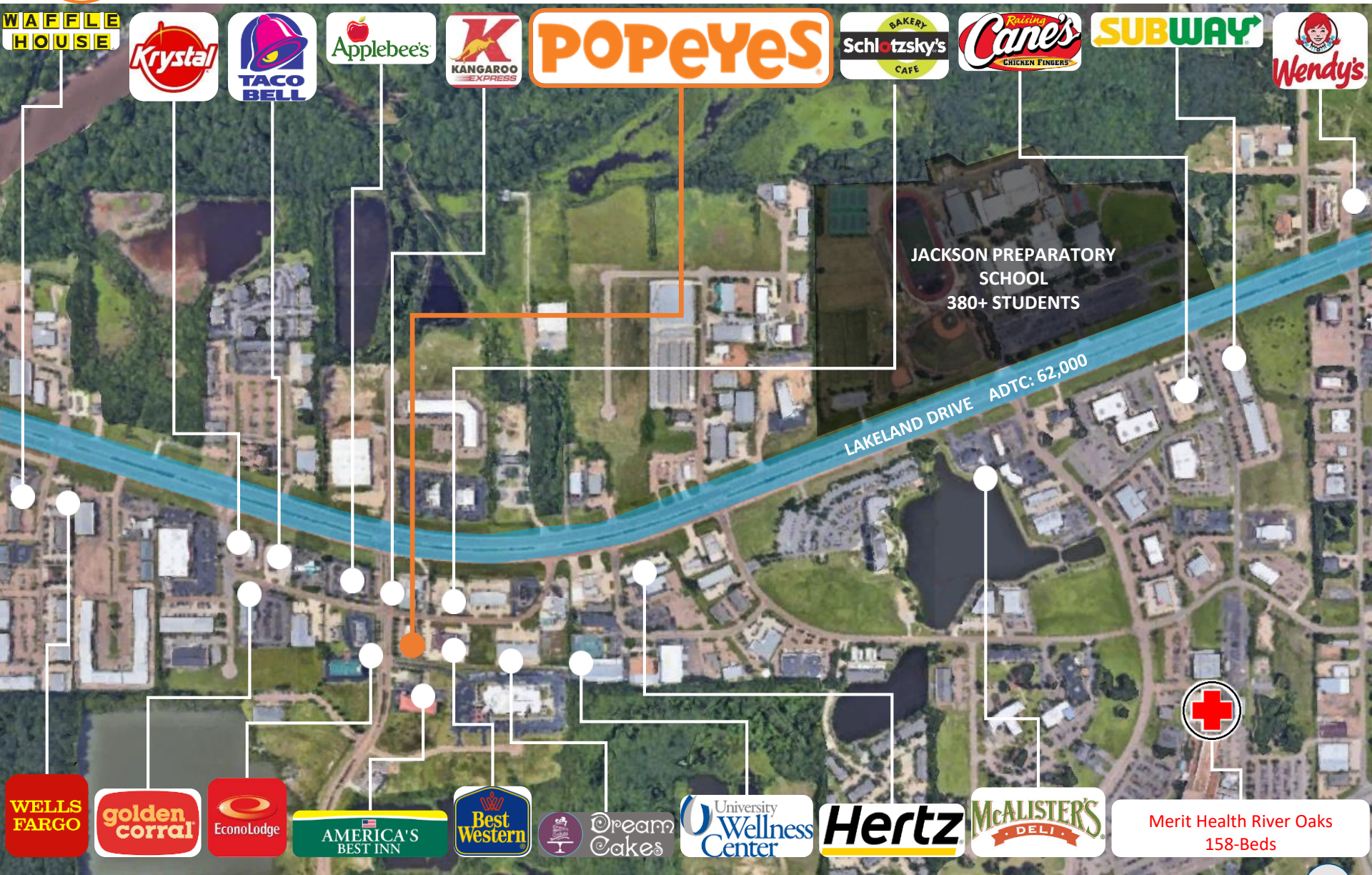
Restaurant Brands International is one of the world's largest quick service restaurant companies with approximately \$23 billion in system sales and over 18,000 restaurants in 100 countries. Restaurant Brands International owns two of the world's most prominent and iconic quick service restaurant brands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





# Surrounding Area

Property Address: 1000 Top Street, Flowood, MS 39232



JACKSON PREPARATORY  
SCHOOL  
380+ STUDENTS

LAKELAND DRIVE ADTC: 62,000

Merit Health River Oaks  
158-Beds





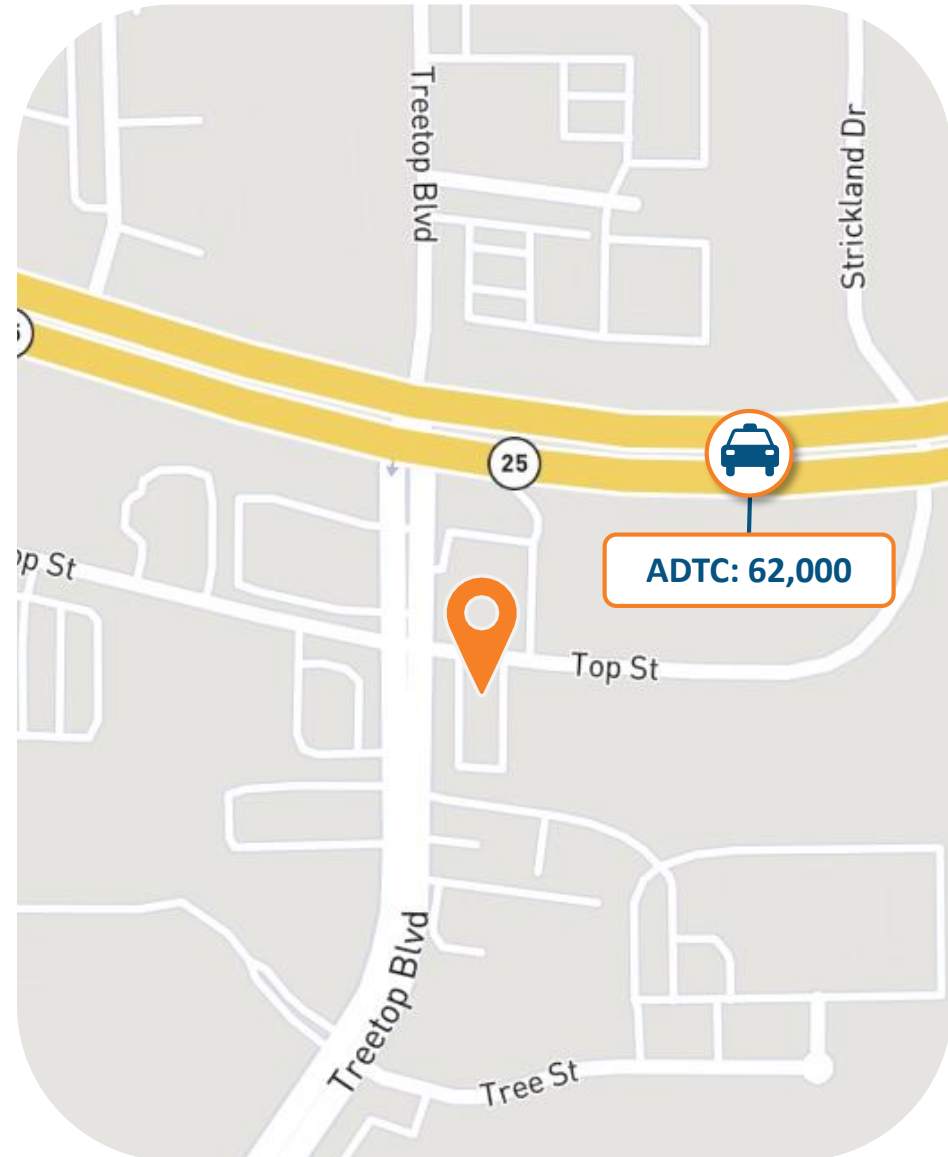
# Location Overview

Property Address: 1000 Top Street, Flowood, MS 39232

The subject investment property is situated on Top Street, which runs parallel to Lakeland Drive. Lakeland drive boasts an average daily traffic count of 62,000 vehicles. The subject property benefits from its robust demographics and growing population. There are more than 93,000 individuals residing within a five-mile radius of the property and more than 302,000 individuals within a ten-mile radius. Additionally, the property is situated in an affluent suburban community, with an average household income within a three-mile radius exceeding \$93,000.

This Popeyes property benefits from being well-positioned in a dense urban infill consisting of national and local tenants, shopping centers, and hospitality accommodations. Major national tenants within the area include Applebee's, Wendy's, Taco Bell, Subway, Waffle House, Golden Corral, Wells Fargo, as well as many others. Hospitality accommodations within the immediate area include Holiday Inn Express Inn & Suites, Hilton Garden Inn, Best Western Plus Inn & Suites, Econo Lodge Inn & Suites, and more. Additionally, the subject property benefits from its close proximity to several healthcare facilities. The most notable is Merit Health River Oaks, a 158-bed state of the art facility, which is located less than two miles from the Popeyes property. Furthermore, the subject property is located less than seven miles from Jackson-Medgar Wiley Evers International Airport. The airport serves more than 900,000 passengers annually.

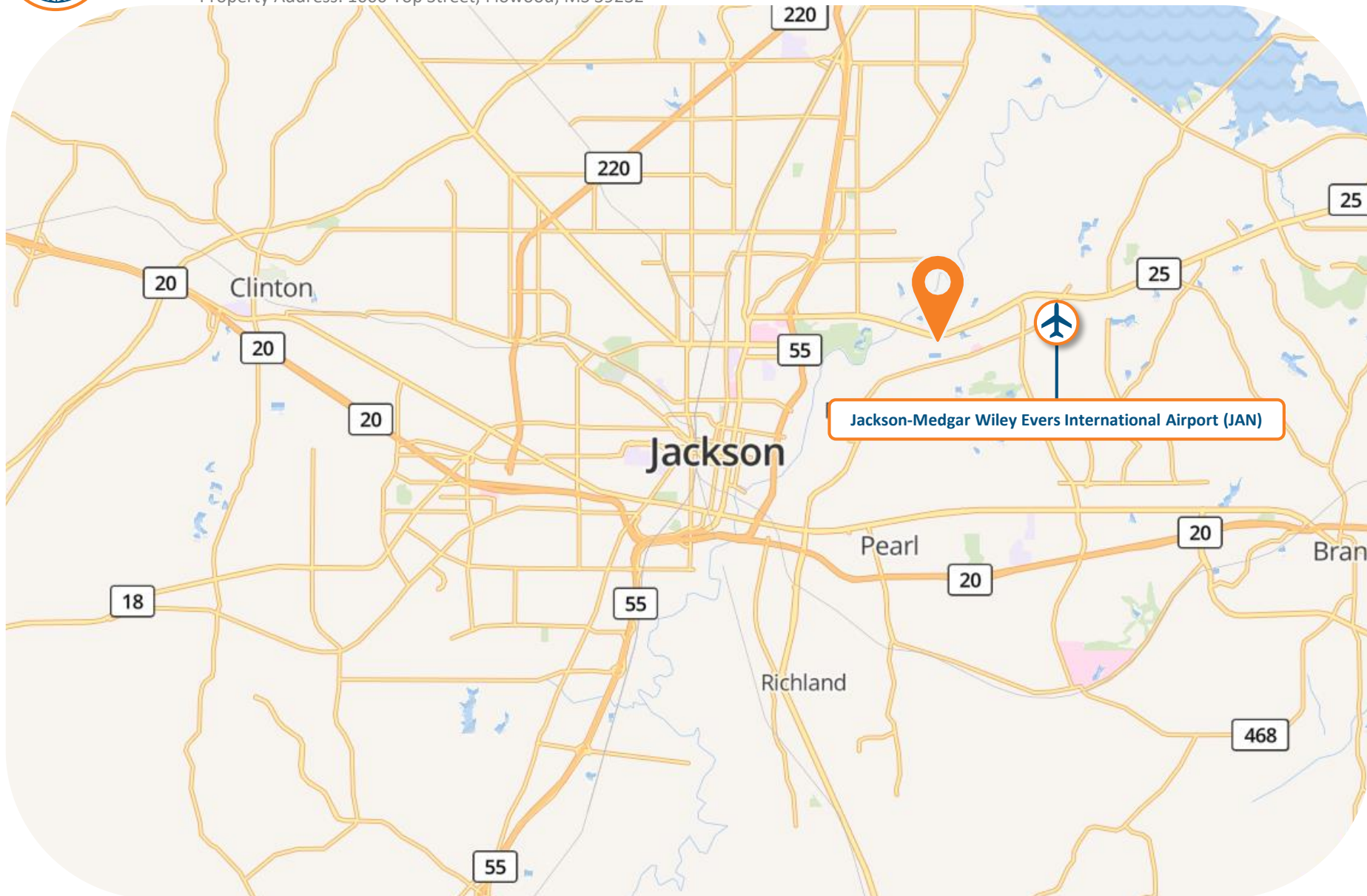
Flowood is located in Rankin County and is located immediately east of Jackson, the Capitol City of Mississippi. Because of its strategic location Flowood is easily accessible by Interstates 55 and 20 as well as the Jackson International Airport which is located in the heart of Flowood. Jackson is known 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. Named for Andrew Jackson, the city had been established in 1821 as the seat of state government, the site chosen because of the merging of several transportation routes, most notably the Pearl River and the Natchez Trace. The city is the home of Millsaps College, Belhaven College, Jackson State University, University of Mississippi Medical Center, and two campuses of Hinds Community College. Mississippi College is in nearby Clinton. Also located in Jackson are the Museum of Mississippi History and the Mississippi Civil Rights Museum. Annual events include the Dixie National Western Festival, Rodeo, and Livestock Show; the Crossroads Film Festival; and the Mississippi State Fair.





# Local Map

Property Address: 1000 Top Street, Flowood, MS 39232







# Regional Map

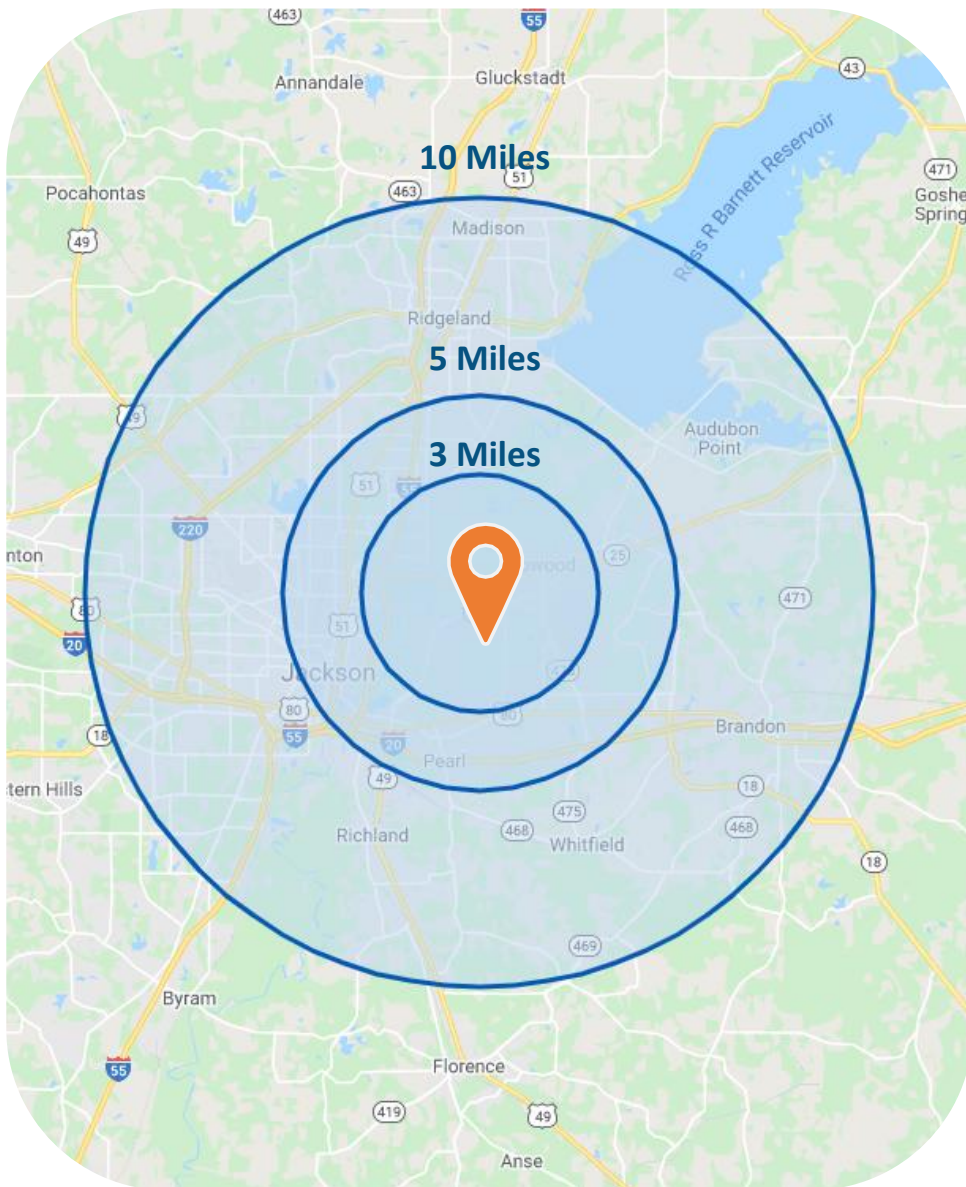
Property Address: 1000 Top Street, Flowood, MS 39232





# Demographics

Property Address: 1000 Top Street, Flowood, MS 39232



## 3 Miles 5 Miles 10 Miles

### Population Trends:

|                                 |        |        |         |
|---------------------------------|--------|--------|---------|
| 2024 Projection                 | 19,958 | 93,892 | 304,944 |
| 2019 Estimate                   | 19,747 | 93,800 | 302,434 |
| 2010 Census                     | 18,448 | 92,006 | 298,098 |
| Growth 2017 - 2024              | 1.07%  | 0.10%  | 0.83%   |
| Growth 2010 - 2019              | 7.04%  | 1.95%  | 1.45%   |
| 2019 Population Hispanic Origin | 386    | 3107   | 7611    |

### Population by Race (2019):

|                           |        |        |         |
|---------------------------|--------|--------|---------|
| White                     | 14,933 | 44,626 | 136,128 |
| Black                     | 4,213  | 46,699 | 157,956 |
| Am. Indian & Alaskan      | 25     | 192    | 522     |
| Asian                     | 368    | 1,049  | 4,305   |
| Hawaiian & Pacific Island | 2      | 91     | 155     |
| Other                     | 207    | 1,144  | 3,368   |

### Household Trends:

|                 |       |        |         |
|-----------------|-------|--------|---------|
| 2024 Projection | 8,628 | 39,008 | 116,276 |
| 2019 Estimate   | 8,538 | 38,967 | 115,233 |
| 2010 Census     | 8,018 | 38,221 | 113,583 |
| Owner Occupied  | 5,149 | 20,993 | 68,239  |
| Renter Occupied | 3,389 | 17,974 | 46,994  |

### Average Household Income (2019)

|                 |                 |                 |
|-----------------|-----------------|-----------------|
| <b>\$93,307</b> | <b>\$67,777</b> | <b>\$69,800</b> |
|-----------------|-----------------|-----------------|

### Households by Household Income (2019):

|                       |       |        |        |
|-----------------------|-------|--------|--------|
| <\$25,000             | 1,540 | 9,675  | 27,098 |
| \$25,000 - \$50,000   | 1,652 | 10,734 | 30,317 |
| \$50,000 - \$75,000   | 1,709 | 7,103  | 21,068 |
| \$75,000 - \$100,000  | 1,133 | 3,940  | 13,115 |
| \$100,000 - \$125,000 | 652   | 2,733  | 8,410  |
| \$125,000 - \$150,000 | 382   | 1,392  | 5,055  |
| \$150,000 - \$200,000 | 562   | 1,666  | 5,285  |

### Median Household Income (2019):

|                 |                 |                 |
|-----------------|-----------------|-----------------|
| <b>\$66,315</b> | <b>\$47,411</b> | <b>\$50,220</b> |
|-----------------|-----------------|-----------------|





# Market Overview

City: Flowood | County: Rankin | State: Mississippi



**Jackson** is the capital and most populous city of the U.S. state of Mississippi. It is one of two county seats of Hinds County, along with Raymond, Mississippi. The city of Jackson also includes around 3,000 acres comprising Jackson-Medgar Evers International Airport in Rankin County and a small portion of Madison County. The city's population was estimated to be 165,072 in 2017. The city sits on the Pearl River and is located in the greater Jackson Prairie region of Mississippi.

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.





Marcus & Millichap

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