



SUBJECT PROPERTY /



KFC

OFFERING MEMORANDUM

KFC

Memphis, TN

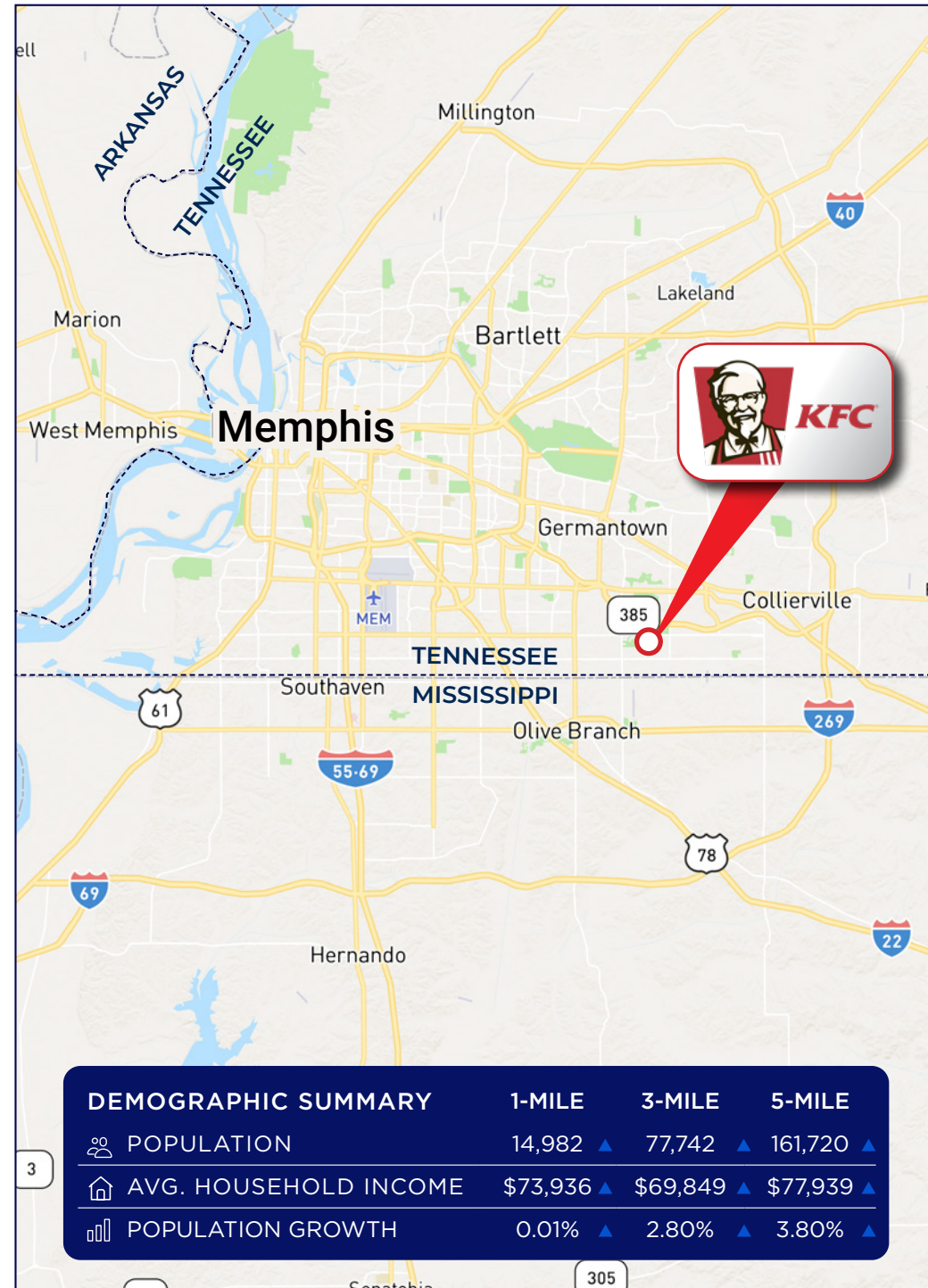
Marcus & Millichap

OFFERING SUMMARY



4790 Riverdale Road
Memphis, TN 38141

PRICE		\$1,172,000
CAP RATE		6.75%
NOI		\$79,105
RENTABLE SQUARE FEET		4,800
Price/SF		\$244
Rent/SF		\$16.48
YEAR BUILT		1989
LOT SIZE		0.67
LEASE GUARANTOR		Fowler Foods (Memphis Foods, LLC)
LEASE TYPE		Ground Lease
ROOF & STRUCTURE		Tenant
ORIGINAL LEASE COMMENCEMENT DATE		Aug-88
LEASE EXPIRATION DATE		May-24
TERM REMAINING ON LEASE		4+ Years
CURRENT RENT	6/1/2019 - 5/31/2024	\$79,105
TENANT RESPONSIBILITIES	Taxes, Insurance, CAM, Roof & Structure	
LANDLORD RESPONSIBILITIES	No Landlord Responsibilities	



INVESTMENT HIGHLIGHTS

KFC GROUND LEASE WITH 30 YEAR OPERATING HISTORY

- The subject property is an 0.67 Acre KFC ground lease in Memphis, TN.
- KFC has been operating at this location for over 30 years and the store was recently reimaged in 2018.
- The tenant recently exercised a 5 year option and there are over 4 years remaining on a NNN ground lease with an experienced multi-unit operator.
- Tenant is 100% responsible for all expenses, which include taxes, CAM, insurance, roof and structure.

EXPERIENCED MULTI-UNIT OPERATOR

- Fowler Foods (Memphis Foods, LLC) is an experienced food owner and operator based out of Jonesboro, AK that was founded in 1970.
- This franchisee currently owns and operates 88 restaurants in 8 states including 23 KFC restaurants.
- Fowler Foods has revenues of \$20 Million with 1500 employees across the company.

ATTRACTIVE LOW RENT/PRICE POINT DEAL

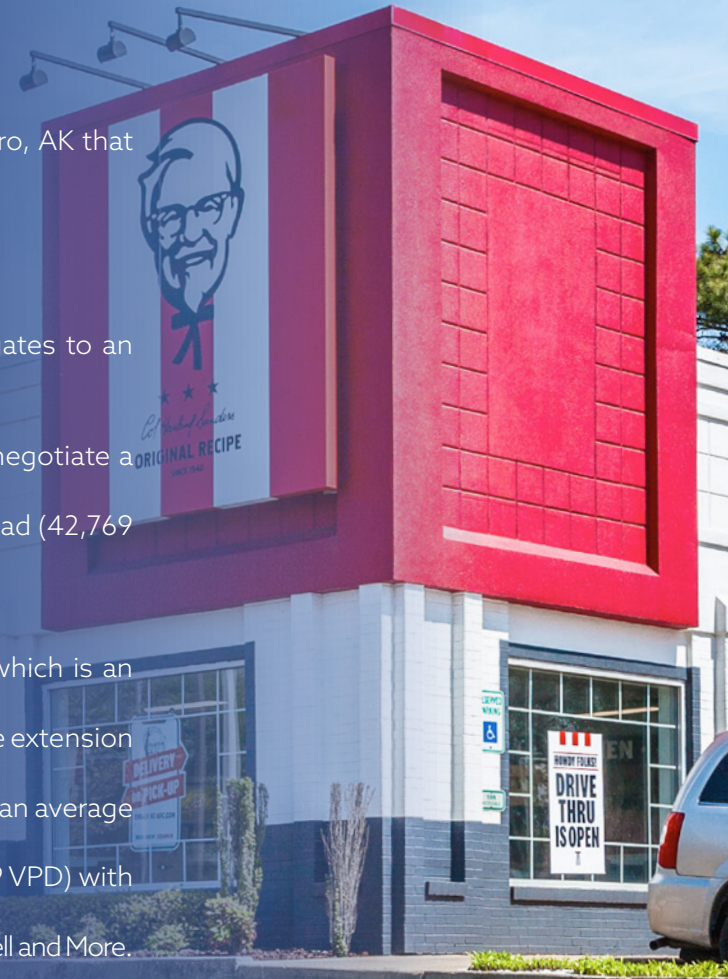
- KFC is paying a low \$79,105 (\$16.48/SF) in rent which makes it unlikely the tenant will leave and equates to an attractive low price point.
- KFC has been operating at this location for over 30 years and recently renewed a 5-Year Option.
- There are no remaining options in the lease which represents the opportunity for a savvy investor to negotiate a new lease and higher rent in 4 years.
- The property sits on 0.67 Acres and consists of a drive thru and has two access points onto Riverdale Road (42,769 VPD) and Gleneagles Drive.

KROGER OUTPARCEL LOCATION

- This store is well located as an outparcel to a Kroger anchored shopping center (Gleneagles Court), which is an epicenter of shopping for southeast Memphis residents.
- With sales exceeding \$22M, Kroger has displayed strong commitment to the center through a recent lease extension and the development of a gas center.
- This strong retail corridor is located within a dense neighborhood with a 5-Mile population of 161,720 and an average household income of approximately \$78,000.
- Gleneagles Court is located at the intersection of E Shelby Drive (40,567 VPD) and Riverdale Road (42,769 VPD) with access points to both corridors.
- Additional surrounding national retailers include Walmart Neighborhood Market, Walgreens, Roses, Wendy's, Taco Bell and More.

MEMPHIS

- Memphis is the second most populous city in the State of TN with a population of 650,618 and an MSA population of 1,348,260.
- The largest employer in Memphis is the multinational courier corporation FedEx, which maintains its global air hub at Memphis International Airport, making it the second-busiest cargo airport in the world.
- Located on the Mississippi River and intersected by five major freight railroads and two Interstate Highways, I-40 and I-55, Memphis is ideally located for commerce in the transportation and shipping industry.
- Founded in 1979 and based in Memphis, AutoZone is the largest aftermarket automotive parts store in America with 6,300 stores across the U.S, Mexico, and Brazil.





2ND LARGEST
RESTAURANT CHAIN
IN THE WORLD



\$5.23 BILLION
YUM! BRANDS
TOTAL ASSETS 2019



50,000+
YUM! LOCATIONS IN
45 STATES



150+
COUNTRIES
IN THE WORLD



HQ
LOUISVILLE,
KY

REPRESENTATIVE PHOTO



Yum! Brands, Inc., based in Louisville, Kentucky, has over 45,000 restaurants in more than 140 countries and territories and is one of the Aon Hewitt Top Companies for Leaders in North America. The company's restaurant brands – Pizza Hut, KFC, and Taco Bell – are the global leaders of the chicken, pizza and Mexican-style food categories. Worldwide, the Yum! Brands system opens over seven new restaurants per day on average, making it a leader in global retail development.

Since their spin-off from PepsiCo in 1997, Yum! Brands has become a truly global company going from approximately 20 percent of profits coming from outside the U.S. to approximately 50 percent in 2016. They are the worldwide leader in emerging markets with over 17,000 restaurants, nearly twice as many as the nearest competition. With less than 3 restaurants per million people in the top 10 emerging markets, compared to approximately 57 restaurants per million in the U.S.. Yum! Brands hires 1.5 million employees and are on the ground floor of global growth. The corporate mission is to build the world's most loved, trusted, and fastest growing restaurant brand.

The tenant **Fowler Foods (Memphis Foods, LLC)** was founded in 1970 in Jonesboro, AR and operates 88 restaurants, including 23 KFC locations. Last year they posted a revenue of \$20 Million.

SITE PLAN





SUBJECT PROPERTY



SUBJECT PROPERTY



City of MEMPHIS

MISSISSIPPI RIVER



Marshall's
JCPenney



Burlington

at home
The Home Depot Supercenters

Ashley
HOMESTORE

PET SMART

COSTCO
WHOLESALE



Memphis International Airport

Audubon Park Golf Course

Saint Francis Hospital - Memphis



Technicolor Lamar 2



Ford Motor Co

Kirby HS
1,113 students

Essendant - Memphis Distribution Center

40,567

Ross ES
769 students

Memphis Orthopaedic Group



Southwind HS
1,598 students

Southwind ES
822 students



25,281



Irene Golf Course

302



42,318

Timber Truss Golf Course

78



305

Olive Branch Country Club

Highland Oaks MS
697 students

Five Below ShipCenter

J Strickland & Co

302

Dollar Tree Warehouse

Olive Branch Airport

Belnick, Inc.

Milwaukee Tool (Olive Branch)

DEMOGRAPHIC SUMMARY 5-MILE

POPULATION	161,720
AVG. HOUSEHOLD INCOME	\$77,939
POPULATION GROWTH	3.80%

PINNACLE
POINT
1745 RESIDENTS



HEDGEROW
SUBDIVISION



DESTINATION EDUCATION



42,769 VPD
Riverdale Rd

WALGREENS



40,567 VPD
Shelby Dr.

Walmart
Neighborhood Market

ROSES **Rainbow**
cricket **HIBBETT**
wireless **SPORTS**

RICHWOOD

4916 RESIDENTS

DG

DOLLAR TREE

MCDONALDS

American Deli

Kroger

40,567 VPD
Shelby Dr.

WALGREENS



DESTINATION EDUCATION

Little Caesars
pizzapizza!
SUBWAY

boostmobile
CHINA HOUSE
FISH FIL A



42,769 VPD
Riverdale Rd

MEMPHIS
ORTHOPAEDIC GROUP

MALLARD RIDGE
NEIGHBORHOOD

Memphis
International Airport

Ross ES
769 students



boostmobile
CHINA HOUSE
FISH FIL A



42,769 VPD
Riverdale Rd



WALGREENS



TITLEMAX



MCDONALDS



American Deli

40,567 VPD
Shelby Dr.

MEMPHIS

SHIPPING HUB OF THE SOUTH

Located on the Mississippi River, Memphis is one of the largest metropolitan areas in the Southeast, an International Transportation hub, and a bustling cultural center of the American South. The city has historically been one of the largest shipping hubs in the Mid-South. Three Fortune 500 companies, FedEx, AutoZone and International Paper Co. call Memphis home. These significant businesses have influenced a growing manufacturing and transportation industry, and 34.5% of jobs in Memphis are in these sectors. The city is home to the second largest cargo airport in the world, Memphis International Airport, and the world's busiest domestic airport with 3.9 million metric tonnes. The city has the 3rd largest rail center in the U.S. behind Chicago and St. Louis. It is also one of only four U.S. cities with five Class 1 railroads. Culturally, Memphis is home of The World Championship Barbecue Cooking Contest, The Beale Street Music Festival, and Graceland, the home of Elvis Presley.

FORTUNE 500 COMPANIES HEADQUARTERED IN MEMPHIS



1.3 MILLION

**MEMPHIS-FOREST
COMBINED MSA
POPULATION**

11.8 MILLION

**TOURISTS &
FODOR'S TOP 10
FOR 2019**

3.9 MILLION

**METRIC TONNES
2ND LARGEST CARGO
AIRPORT IN WORLD**

BEALE STREET HISTORIC DISTRICT

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MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC.
JODY MCKIBBEN | BROKER OF RECORD

Marcus & Millichap
TAYLOR MCMINN
RETAIL GROUP

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Fax: (815) 550-1286
don.mcminn@marcusmillichap.com

Re: 4790 Riverdale Road, Memphis, TN 38141 (KFC)

Dear:

Please accept this offer to purchase the above referenced Property. This letter expresses Purchaser's interest in purchasing the Property under the following terms and conditions:

Purchaser _____

**Purchaser's
Address** _____

**Purchaser's
Phone/Fax** _____

**Purchaser's
Email Address** _____

Offer Price _____

Earnest Money \$25,000 earnest money deposit due within forty-eight (48) hours of the Effective Date of the Contract with an additional \$25,000 deposited at the expiration of the Inspection Period. The Earnest Money shall become non-refundable barring any other listed contingencies at the expiration of the Inspection Period.

Inspection Period 21 Calendar Days from the Effective Date, which shall mean the date on which the latter of the parties executes a Contract. All available Due Diligence Documents ("Documents") will be forwarded immediately upon the Effective Date of the Contract.

Purchaser's Initials _____ Seller's Initials _____

Financing Period
(Please Check One)

☐ **All Cash** (No Financing Period)

☐ **Financing:** Purchaser shall have ten (10) days from the Effective Date of the Contract to apply for and obtain a financing commitment. In addition, Purchaser shall have 30 days from the effective date of the contract to complete loan processing. Purchaser shall use its best efforts to secure and obtain a new first mortgage loan in the amount of \$_____ on terms which are acceptable to Purchaser.

Closing Date
(Please Check One)

☐ **New Property:** Within 10 Calendar Days after rent commencement and receipt of tenant estoppel.

☐ **Existing Property** Within 10 Calendar Days after the expiration of the Inspection Period (or Financing Period if applicable).

Closing Costs

Seller shall pay for the transfer tax. Buyer shall pay for Title. Purchaser and Seller shall each bear its own attorneys expenses. All other Closing Costs shall be split 50-50 between Buyer and Seller.

Property Condition

Property is being sold "AS IS" with Seller making representations or warranties concerning the property.

**Contract within
10 days:**

Within Ten (10) Calendar Days of the Effective Date of this Letter of Intent, Purchaser and Seller shall enter into a binding Contract (the "Contract"). Seller will Draft the Contract and Failure to reach an agreement will allow the Seller to consider this agreement void and accept offers from other parties.

Broker Commission

Purchaser acknowledges that Purchaser has employed _____, ("Purchaser's Brokers") to represent them in this transaction. Any commissions due the Purchaser's broker (if applicable) shall be paid by the Seller directly.

1031 Exchange

Purchaser ☐ is / ☐ is not (check one) completing an IRS 1031 Tax Deferred Exchange, to which the Seller agrees to cooperate providing there is no cost or expense to Seller. Purchaser has \$_____ in an exchange account from a transaction which closed escrow on _____. Purchaser will provide Seller, upon request, proof of such funds.

Confidentiality

Purchaser and Purchaser's agents and representatives hereby covenant with Seller that Purchaser and Purchaser's agents and representatives shall not, without the prior written consent of Seller (which consent may be withheld in Seller's sole and absolute discretion), disclose to any other person (other than Purchaser's

Purchaser's Initials _____ Seller's Initials _____

accountants and attorneys) or entity by any means whatsoever: (i) any information pertaining to the Documents; (ii) any information pertaining to the Contract; or (iii) any information or documentation (written or oral) provided by Seller or Seller's agents and representatives concerning Seller, Seller's business, Tenant, Tenant's business or the Property.

This Letter of Intent is contingent upon the prospective Purchaser's willingness to execute Seller's standard Purchase Agreement as well as review and approval of the details of the transaction proposed above by the appropriate principal parties of the Seller.

It is understood and agreed that the foregoing constitutes a *Letter of Intent* setting forth the major business points from our discussions. It is further understood that neither party intends to create any contractual rights or obligations as a result of entering into this *Letter of Intent*. No binding agreement or rights or obligations shall arise as the result of executing this letter or with respect to the proposed transactions, unless and until we execute definitive documentation incorporating the above provisions and other appropriate terms.

If the foregoing accurately reflects our discussions, please acknowledge same by returning a signed copy of this letter. Execution of this Letter of Intent by the undersigned agent in no way binds or obligates the Seller or any of its principals.

Agreed and Accepted | Purchaser

By: _____

Printed: _____

Dated: _____

Agreed and Accepted | Seller

By: _____

Printed: _____

Dated: _____

Purchaser's Initials _____ Seller's Initials _____