

# SINGLE TENANT

## ABSOLUTE NNN INVESTMENT OPPORTUNITY



W/ DRIVE-THRU

# TUPELO MISSISSIPPI







## EXCLUSIVELY MARKETING BY

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NATIONAL NET LEASE GROUP







# TABLE OF CONTENTS

4

## INVESTMENT SUMMARY

OFFERING SUMMARY | INVESTMENT HIGHLIGHTS

7

## PROPERTY OVERVIEW

AERIALS | SITE PLAN | LOCATION MAP

12

## AREA OVERVIEW

DEMOGRAPHICS

14

## FINANCIALS

RENT ROLL | BRAND PROFILE



# INVESTMENT SUMMARY

SRS National Net Lease Group is pleased to offer the opportunity to acquire the fee simple interest (land & building ownership) in an absolute NNN leased, personal and franchisee guaranteed, drive-thru equipped, Kentucky Fried Chicken, investment property located in Tupelo, MS. The tenant, North Mississippi Foods, LLC (6-unit entity), will execute a brand new 20-year sale leaseback at the close of escrow with 4 (5-year) option periods to extend. The lease will feature 8% rental increases every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation. The lease is personally guaranteed by the operator for 5 years and is absolute NNN with zero landlord responsibilities.

KFC is strategically situated along South Gloster Street (17,000 VPD), the main north/south thoroughfare traveling through the city of Tupelo. The asset has easy access and excellent visibility due to its large pylon sign. KFC is equipped with drive-thru, providing ease and convenience for consumers, and the restaurant is also across from the North Mississippi Medical Center (650-beds), providing a direct consumer base to draw from. Nearby national/credit tenants include Walmart Neighborhood Market, Walgreens, Dollar General, and more, increasing consumer traffic to the trade area. The 5-mile trade area is supported by a population of nearly 42,000 residents with an average household income of more than \$59,000.





# OFFERING SUMMARY

## OFFERING

|                            |  |
|----------------------------|--|
| PRICING:                   | \$1,815,000                                    |
| NET OPERATING INCOME:      | \$102,526                                      |
| CAP RATE:                  | 5.65%  |
| GUARANTY:                  | Personal (5-Year) & Franchisee (6-Unit Entity) |
| TENANT:                    | North Mississippi Foods, LLC                   |
| LEASE TYPE:                | Absolute NNN                                   |
| LANDLORD RESPONSIBILITIES: | None   |

## PROPERTY SPECIFICATIONS

|                   |   |
|-------------------|---|
| RENTABLE AREA:    | 2,062 SF                                |
| LAND AREA:        | 0.51 Acres                              |
| PROPERTY ADDRESS: | 903 S. Gloster Street, Tupelo, MS 38801 |
| YEAR BUILT:       | 1970                                    |
| PARCEL NUMBER:    | 113E-06-135-01                          |
| OWNERSHIP:        | Fee Simple (Land and Building)          |





# INVESTMENT HIGHLIGHTS

## BRAND NEW 20-YEAR SALE LEASEBACK | PERSONAL & FRANCHISEE GUARANTY | RENTAL INCREASES

- The tenant (6-unit entity) will execute a brand new 20-year sale leaseback at the close of escrow with 4 (5-year) options to extend
- 8% rental increases every 5 years throughout the initial term and at the beginning of each option period
- The lease is personally guaranteed by the operator for 5 years

## ABSOLUTE NNN | FEE SIMPLE OWNERSHIP | ZERO LANDLORD RESPONSIBILITIES

- Tenant pays for CAM, taxes, insurance and maintains all aspects of the premises
- No landlord responsibilities
- Ideal, management-free investment for an out-of-state, passive investor

## MAJOR THOROUGHFARE | DRIVE-THRU EQUIPPED | LARGE PYLON SIGN

- Situated along South Gloster Street (17,000 VPD), the main north/south thoroughfare traveling through the city of Tupelo
- The site is equipped with drive-thru, providing ease and convenience for customers
- On average, stores with drive-thrus have higher sales than those without
- Excellent visibility due to its large pylon sign

## ACROSS FROM NORTH MISSISSIPPI MEDICAL CENTER | RETAIL CORRIDOR

- Across from the North Mississippi Medical Center (650-beds), providing a direct consumer base to draw from
- Nearby national/credit tenants include Walmart Neighborhood Market, Walgreens, Dollar General, and more
- Increases consumer draw to the trade area and promotes crossover shopping

## DENSE POPULATION IN 5-MILE TRADE AREA

- Nearly 42,000 residents and 50,000 employees support the trade area
- More than \$59,000 average household income





# PROPERTY OVERVIEW



PARCEL MAP



## ACCESS

S. Gloster Street/ State Highway 145 & 6: ..... 2 Access Points



## TRAFFIC COUNTS

S. Gloster Street/ State Highway 145 & 6: ..... 17,000 Cars Per Day  
Martin Luther King Drive/ U.S. Highway 45: ..... 32,000 Cars Per Day



## IMPROVEMENTS

There is approximately 2,062 SF of existing building area.



## PARKING

There are approximately 27 parking spaces on the owned parcel.  
The parking ratio is approximately 13.09 stalls per 1,000 SF of leasable area.



## YEAR BUILT

1970



## PARCEL

Parcel Number: 113E-06-135-01 Acres: 0.51 Square Feet: 22,149 SF



## ZONING

Mixed Use Commercial Corridor





Garfield St.



17,000  
CARS PER DAY



S. Gloster St. / State Highway 6 & 145

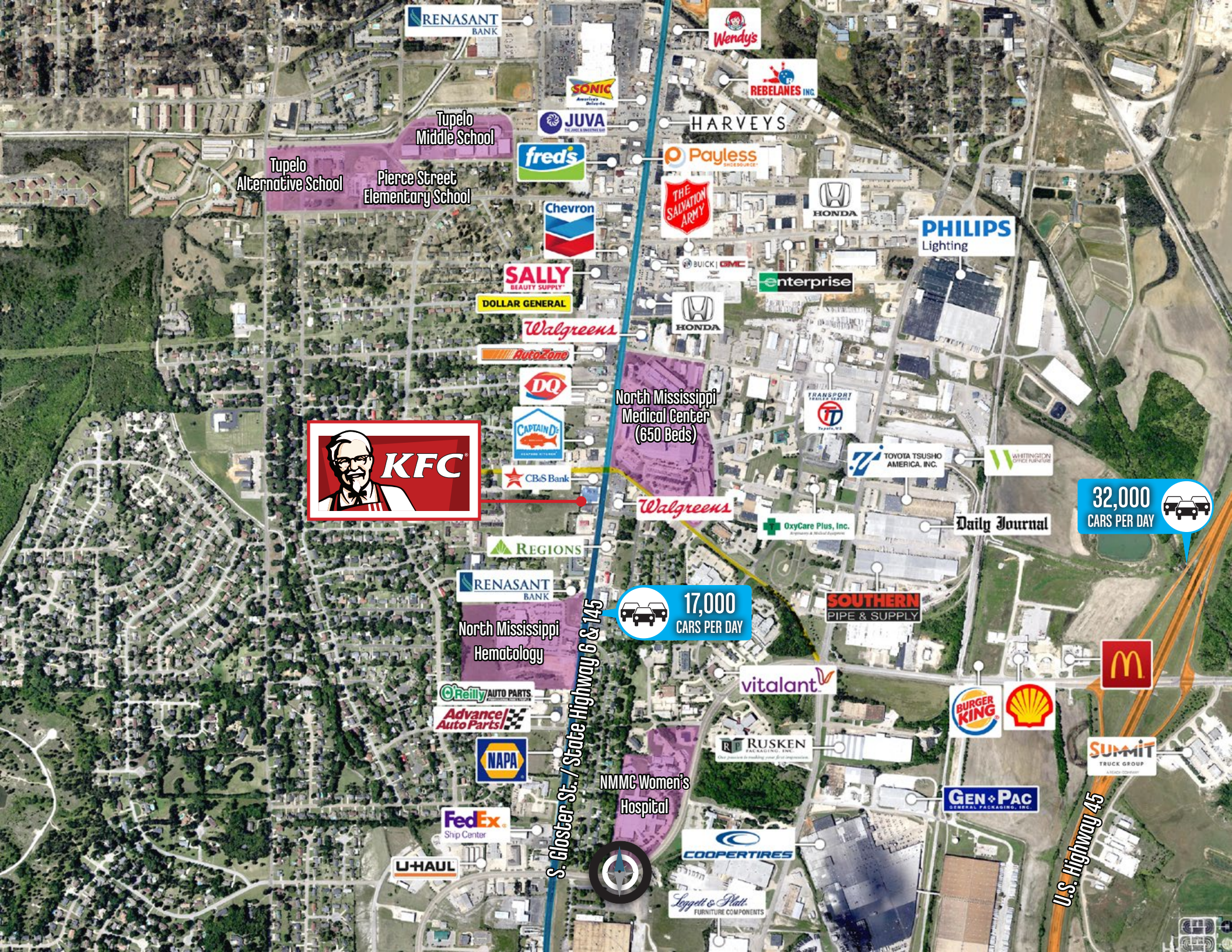


Walgreens



Scarlet's  
DONUTS





Tupelo Middle School  
Tupelo Alternative School  
Pierce Street Elementary School



North Mississippi Medical Center  
(650 Beds)

17,000  
CARS PER DAY

32,000  
CARS PER DAY

S. Gloster St. / State Highway 6 & 145

U.S. Highway 45

RENASANT BANK

SONIC

JUVA

fred's

Chevron

SALLY BEAUTY SUPPLY

DOLLAR GENERAL

Walgreens

AutoZone

DQ

CAPTAIN D'S

CBS Bank

REGIONS

RENASANT BANK

North Mississippi Hematology

O'Reilly AUTO PARTS

Advance Auto Parts

NAPA

FedEx Ship Center

U-HAUL

HARVEYS

Payless

THE SALVATION ARMY

HONDA

PHILIPS Lighting

BUICK GMC

enterprise

HONDA

TRANSPORT

TOYOTA TSUSHO AMERICA, INC.

WHITTINGTON

Daily Journal

OxyCare Plus, Inc.

SOUTHERN PIPE & SUPPLY

vitalant

RUSKEN

NMMC Women's Hospital

COOPERTIRES

Loyall & Platt FURNITURE COMPONENTS

BURGER KING

SHELL

McDonald's

SUMMIT TRUCK GROUP

GEN-PAC





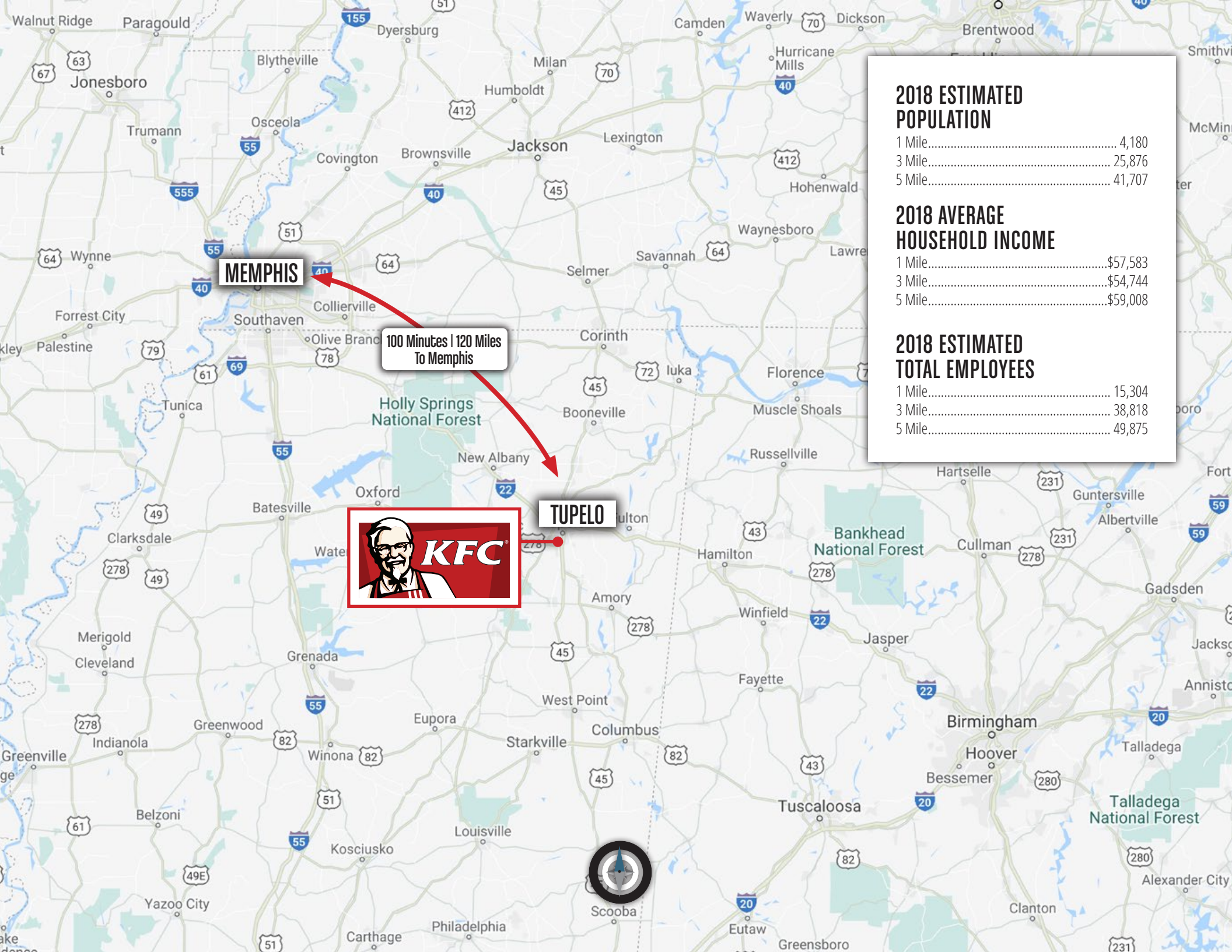
PYLON SIGN



S. GLOBAL ST. - 17,000 VPD







## 2018 ESTIMATED POPULATION

|             |        |
|-------------|--------|
| 1 Mile..... | 4,180  |
| 3 Mile..... | 25,876 |
| 5 Mile..... | 41,707 |

## 2018 AVERAGE HOUSEHOLD INCOME

|             |          |
|-------------|----------|
| 1 Mile..... | \$57,583 |
| 3 Mile..... | \$54,744 |
| 5 Mile..... | \$59,008 |

## 2018 ESTIMATED TOTAL EMPLOYEES

|             |        |
|-------------|--------|
| 1 Mile..... | 15,304 |
| 3 Mile..... | 38,818 |
| 5 Mile..... | 49,875 |



# AREA OVERVIEW



## Tupelo, Mississippi

Tupelo is a city in, and county seat of, Lee County, Mississippi, United States. The City of Tupelo is the 8th largest city in Mississippi with a population of 35,711 as of July 1, 2018.

Tupelo was incorporated in 1867, although the area had earlier been settled as “Gum Pond” along the Mobile and Ohio Railroad. On February 7, 1934, Tupelo became the first city to receive power from the Tennessee Valley Authority thus giving it the nickname “The First TVA City.” Much of the city was devastated by a major tornado in 1936 that still ranks as one of the deadliest tornadoes in American history. Following electrification, Tupelo boomed as a regional manufacturing and distribution center and was once considered a hub of the American furniture manufacturing industry. Although many of Tupelo's manufacturing industries have declined since the 1990s, the city has continued to grow due to strong healthcare, retail, and financial service industries.

Tupelo has a deep connection to Mississippi's music history, being associated with artists as diverse as Elvis Presley, Rae Sremmurd, and Diplo. The city is home to multiple art and cultural institutions, including the Elvis Presley Birthplace and the 10,000-seat BancorpSouth Arena, the largest multipurpose indoor arena in Mississippi. Tupelo is the only city in the Southern United States to be named an All-America City five times, most recently in 2015.

The Tupelo micropolitan area contains Lee, Itawamba, and Pontotoc counties and had a population of 140,081 in 2017.

While in Tupelo, one can visit the Gum Tree Museum of Art, Tupelo National Battlefield, Chickasaw Village Site, Oren Dunn City Museum, Tupelo Automobile Museum, and Elvis Presley Center and Museum. The Tombigbee State Park and Buffalo Park draw hordes of tourists every year. One can also enjoy the recreational facilities offered by the Tupelo Mall Shopping Center, Downtown Mall Shopping Center, Denton Plaza Shopping Center, and Magnolia Plaza Shopping Center.

Higher educational facilities can be availed through Itawamba Community College, Mississippi University for Women, and Northeast Mississippi Community College. Tupelo Regional Airport is close by.

Lee is a county in Mississippi. As of July 1, 2018,, the population was 1,089,422. The county seat is Tupelo. Lee County is included in the Tupelo Micropolitan Statistical Area.





# AREA DEMOGRAPHICS



## DEMOGRAPHICS

|  | 1 MILE   | 3 MILES  | 5 MILES  |
|--|----------|----------|----------|
| 2018 Estimated Population                        | 4,180    | 25,876   | 41,707   |
| 2023 Projected Population                        | 4,154    | 25,837   | 42,060   |
| 2010 Census Population                           | 4,253    | 26,098   | 40,981   |
| 2018 Estimated Households                        | 1,659    | 10,148   | 16,160   |
| 2023 Projected Households                        | 1,644    | 10,098   | 16,242   |
| 2010 Census Households                           | 1,710    | 10,339   | 16,016   |
| 2018 Estimated White                             | 51.41%   | 47.54%   | 52.45%   |
| 2018 Estimated Black or African American         | 43.01%   | 47.35%   | 43.22%   |
| 2018 Estimated Asian or Pacific Islander         | 1.82%    | 1.28%    | 1.23%    |
| 2018 Estimated American Indian or Native Alaskan | 0.24%    | 0.17%    | 0.17%    |
| 2018 Estimated Other Races                       | 2.11%    | 2.72%    | 2.06%    |
| 2018 Estimated Hispanic                          | 4.14%    | 4.54%    | 3.56%    |
| 2018 Estimated Average Household Income          | \$57,583 | \$54,744 | \$59,008 |
| 2018 Estimated Median Household Income           | \$41,142 | \$38,939 | \$41,267 |
| 2018 Estimated Per Capita Income                 | \$23,525 | \$22,000 | \$23,304 |
| 2018 Estimated Total Businesses                  | 503      | 2,211    | 3,017    |
| 2018 Estimated Total Employees                   | 15,304   | 38,818   | 49,875   |





# RENT ROLL

| TENANT NAME   | SQUARE FEET | LEASE TERM  |           |         |          | RENTAL RATES |        |           | RECOVERY TYPE | OPTIONS          |
|---|-------------|-------------|-----------|---------|----------|--------------|--------|-----------|---------------|------------------|
|   |             | LEASE START | LEASE END | BEGIN   | INCREASE | MONTHLY      | PSF    | ANNUALLY  |               |                  |
| North Mississippi Foods, LLC<br>(dba KFC)<br>(Personal Guaranty)<br>(Franchisee Guaranty) | 2,062       | COE         | Year 20   | Year 1  | -        | \$8,544      | \$4.14 | \$102,526 | Absolute NNN  | 4 (5-Year)       |
|   |             |             |           | Year 6  | 8%       | \$9,227      | \$4.47 | \$110,728 |               | 8% Incr. at beg. |
|   |             |             |           | Year 11 | 8%       | \$9,966      | \$4.83 | \$119,587 |               | of each option   |
|   |             |             |           | Year 16 | 8%       | \$10,763     | \$5.22 | \$129,153 |               |                  |

## FINANCIAL INFORMATION

Price: .....\$1,815,000  
 Net Operating Income: .....\$102,526  
 Cap Rate: .....5.65%  
 Lease Type: .....Absolute NNN

## PROPERTY SPECIFICATIONS

Year Built: .....1970  
 Rentable Area: .....2,062 SF  
 Land Area: .....0.51 Acres  
 Address: .....903 S. Gloster Street, Tupelo, MS 38801

For financing options and loan quotes, please contact our SRS Debt & Equity team at [debtequity-npb@srsre.com](mailto:debtequity-npb@srsre.com).





# BRAND PROFILE

## KFC CORPORATION

KFC Corporation, also known as Kentucky Fried Chicken, operates a chain of chicken restaurants in the United States and internationally. The company provides sandwiches, sides, desserts, drinks, sauces, fill ups, buttermilk biscuits, and other products; big box meals, popcorn nuggets, and kid's meals; and chicken products, including chicken hot wings, chicken sandwiches, and fried chicken products. There are over 21,000 KFC outlets in more than 130 countries and territories around the world. The company also franchises its restaurants. KFC Corporation was founded in 1952 and is based in Louisville, Kentucky. KFC Corporation operates as a subsidiary of Yum! Brands.

|                  |                |
|------------------|----------------|
| Company Type:    | Subsidiary     |
| Parent:          | Yum! Brands    |
| 2017 Employees:  | 60,000         |
| 2017 Revenue:    | \$5.88 Billion |
| 2017 Net income: | \$1.34 Billion |
| 2017 Assets:     | \$5.31 Billion |
| Credit Rating:   | S&P: BB        |







## OPERATOR PROFILE



**FOWLER FOODS**  
INCORPORATED

### FOWLER FOODS, INC.

Fowler Foods, Inc. started out as a single KFC store in 1965. Today it operates 73 KFC's, 1 Taco Bell, and 15 dual concept KFC/Taco Bell locations across 7 seven states. The company plans to build another 9 locations to their portfolio by the end of 2021.

Of their current portfolio, 86 locations are in the newest American Showman design, which modernizes KFC stores with a cleaner and bolder look that emphasizes its signature red and white stripes. The majority of these locations were remodeled by the operator in 2017. Since KFC U.S. rolled out the remodeling program or 're-colonization' in 2015, the brand has experienced same-store sales growth.

**7**  
STATES

**89**  
LOCATIONS

**1,800**  
EMPLOYEES

**73**  
LOCATIONS



**15**  
DUAL CONCEPT  
LOCATIONS



**1**  
LOCATION







## NATIONAL NET LEASE GROUP

### SRS GLOBAL STATS



**1000+**  
PROPERTIES CURRENTLY  
REPRESENTED



**600+**  
CLIENTS REPRESENTED  
IN 2016



**\$2.6B\***  
TRANSACTION VALUE



**20+**  
OFFICES



**250+**  
BROKERS,  
PROFESSIONALS,  
AND STAFF



**#1**  
LARGEST REAL ESTATE FIRM  
EXCLUSIVELY DEDICATED TO  
RETAIL SERVICES IN NORTH AMERICA

\*STATISTICS ARE FOR 2017.

This Offering Memorandum has been prepared by SRS National Net Lease Group (SRS) and has been approved for distribution by the owner. Although effort has been made to provide accurate information, neither the owner nor SRS can warrant or represent accuracy or completeness of the materials presented herein or in any other written or oral communications transmitted or made available to the purchaser. Many documents have been referred to in summary form and these summaries do not purport to represent or constitute a legal analysis of the contents of the applicable documents. Neither owner nor SRS represents that this offering summary is all inclusive or contains all of the information a purchaser may require. All of the financial projections and/or conclusions presented herein are provided strictly for reference purposes and have been developed based upon assumptions and conditions in effect at the time the evaluations were undertaken. They do not purport to reflect changes in the economic performance of the property or the business activities of the owner since the date of preparation of this Offering Memorandum. The projected economic performance of the property, competitive submarket conditions, and selected economic and demographic statistics may have changed subsequent to the preparation of the package. Qualified purchasers are urged to inspect the property and undertake their own independent evaluation of the property, the market and the surrounding competitive environment.