



ACTUAL PHOTO



## INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for sale this fee simple net leased KFC Restaurant with Drive Thru in Defuniak Springs, Florida. Defuniak Springs is just a short drive west of Panama City and the same distance East of Pensacola in the Florida pan-handle and is considered a principal city of the Fort Walton Beach-Crestview-Destin Metropolitan Statistical Area.

This KFC is subject to an absolute NNN lease with more than 18 years remaining on the base term of the lease. The offering provides seven percent increases, every three years, in the base term and during the four five-years option periods.

Fronting US Highway 331 just off Interstate-10, this offering consists of a large 3,045 square foot building with full service drive up window with ample parking and is situated on an oversized 45,080 square foot parcel featuring easy access and excellent visibility to daily traffic counts in excess of 17,574 vehicles daily.

This site is surrounded by numerous national and regional retail tenants including; Beall's Outlet, Winn Dixie, Walmart Super Center, Dollar tree, SunTrust, Whataburger, Tractor Supply, Sunoco and McDonald's to name a few.

KFC, also known as Kentucky Fried Chicken, is an American fast food restaurant chain headquartered in Louisville, Kentucky, that specializes in fried chicken. It is the world's second-largest restaurant chain (as measured by sales) after McDonald's, with 24,000 locations globally in 145 countries and territories. The chain is a subsidiary of Yum! Brands, a restaurant company that also owns the Pizza Hut, Taco Bell, and WingStreet chains.

Value Foodservices LLC operates and owns stores in the quick-service restaurant industry. VFS currently owns and operates 50 Kentucky Fried Chicken restaurants, some of which are co-branded restaurants with Taco Bell and Pizza Hut. VFS plans to own and operate several hundred restaurants over time. VFS is owned by Blackburn Partners, LLC, a private equity firm.

## INVESTMENT HIGHLIGHTS

- Absolute Net Lease “No Landlord Responsibilities”
- Long Term Lease with Rare 7 Percent Increases Every Three Years
- Billboard Included in Sale – See Rent Roll For Details
- Front US Highway 331 and is Adjacent to a Whataburger and McDonalds
- Traffic Counts Exceed 20,363 Vehicles Per Day
- Average HHI of \$60,047 Annually
- Kentucky Fried Chicken is World's Second Largest Restaurant Chain (Measured by Sales) after McDonald's with 24,000 Locations Globally in 145 Countries and Territories
- Florida is a No Income Tax State

## THE OFFERING

**KFC**

2482 US Hwy 331 South  
Defuniak Springs, Florida 32435



## PROPERTY DETAILS

Lot Size	44,867 SF (1.03 Acres)
Rentable Square Feet	3,045 SF
Price/SF	\$529.29
Year Built	1999

## FINANCIAL OVERVIEW

List Price	<b>\$1,611,689</b>
Down Payment	100% / \$1,611,689
Cap Rate	4.50%
Type of Ownership	Fee Simple

## PROPERTY RENT DATA

RENT INCREASES	MONTHLY RENT	ANNUAL RENT
07/01/2021 - 06/30/2024	\$6,044	\$72,526
07/01/2024 - 06/30/2027	\$6,253	\$75,034
07/01/2027 - 06/30/2030	\$6,691	\$80,287
07/01/2030 - 06/30/2033	\$7,159	\$85,907
07/01/2033 - 06/30/2036	\$7,660	\$91,920
07/01/2036 - 06/30/2039	\$8,196	\$98,355
07/01/2039 - 06/30/2042 (Option 1)	\$8,770	\$105,240
07/01/2042 - 06/30/2044 (Option 1)	\$9,384	\$112,606
07/01/2044 - 06/30/2045 (Option 2)	\$9,384	\$112,606
07/01/2045 - 06/30/2048 (Option 2)	\$10,041	\$120,489
07/01/2048 - 06/30/2049 (Option 2)	\$10,744	\$128,923
07/01/2049 - 06/30/2051 (Option 3)	\$10,744	\$128,923
07/01/2051 - 06/30/2054 (Option 3)	\$11,496	\$137,948
07/01/2054 - 06/30/2057 (Option 4)	\$12,300	\$147,604
07/01/2057 - 06/30/2059 (Option 4)	\$13,161	\$157,936
Base Rent (\$23.82 / SF)		\$72,526
Net Operating Income (Current KFC Rent \$70,126 / Bill Board Rent: \$2,400)		\$72,526.00

## LEASE ABSTRACT

Tenant Trade Name	KFC
Tenant	Franchisee
Ownership	Private
Guarantor	Franchisee Guarantee (50 Units)
Lease Type	NNN
Lease Term	20 Years
Lease Commencement Date	03/01/2019
Rent Commencement Date	03/01/2019
Expiration Date of Base Term	06/30/2039
Options	Four Five-Year Options
Increases	7% Increases every 3 Years during Base Term and Option Periods
Term Remaining on Lease	18+ Years
Property Type	Net Leased Restaurant
Landlord Responsibility	None
Tenant Responsibility	All
Right of First Refusal	No
Billboard Income 2018 - 2023	\$2,400
Billboard Income 2023 - 2028	\$3,000

**TOTAL ANNUAL RETURN      CAP 4.50%      \$72,526**

















## ABOUT

KFC Corporation, based in Louisville, Kentucky, is one of the few brands in America that can boast a rich, decades-long history of success and innovation. It all started with one cook who created a soon-to-be world-famous recipe more than 70 years ago, a list of secret herbs and spices scratched out on the back of the door to his kitchen. That cook was Colonel Harland Sanders, of course, and now KFC is the world's most popular chicken restaurant chain, specializing in that same Original Recipe® along with Extra Crispy™ chicken, home-style sides and buttermilk biscuits. There are over 24,000 KFC outlets in more than 145 countries and territories around the world. And you know what? There's still a cook in a kitchen in every last one of them, freshly preparing delicious, complete family meals at affordable prices owned stores.



NAME	Kenstucky Fried Chicken
HQ	Louisville, Kentucky
NUMBER OF LOCATIONS	22,000+
WEBSITE	<a href="http://www.kfc.com">www.kfc.com</a>



## Value Foodservice LLC (“VFS”)

Jon Blob, CEO of VFS, has secured significant funding from BlackBern Partners and MidCap Financial to launch this business

- VFS is launching with the initial acquisition of 50 KFC units and plans to grow to several hundred units in the coming years
- BlackBern, a NYC private equity firm, has committed \$30 million of equity to VFS to fund growth and acquisitions
- MidCap Financial, a division of Apollo Global Management, has committed a low amortization, \$17 million Senior Debt Facility, which they plan to increase as we grow
- VFS will be heavily equity capitalized with modest leverage (~2.5x Debt / Adj. EBITDA)
- BlackBern/Midcap have committed \$20 million+ of incremental capital post the acquisition of the first 50 KFC units
- VFS has been through a year+ vetting process with KFC Corporate, in order to become an approved franchisee, having come to an agreement with them on our capital structure, development plan and management team

### BlackBern Partners Announces KFC Franchisee Acquisition

#### BlackBern Partners Acquires 50 Kentucky Fried Chicken Restaurants To Launch New QSR Platform With Jon Blob

NEW YORK (PRWEB) FEBRUARY 25, 2021

*BlackBern Partners LLC has partnered with existing management and CEO Jon Blob to form Value Foodservice LLC (“VFS”). Earlier this week, VFS completed its acquisition of 50 Kentucky Fried Chicken restaurants. VFS plans to build a quick-service restaurant (“QSR”) business with several hundred units.*

*Mr. Blob has nearly twenty-years of experience in the restaurant industry. As a QSR owner/operator, he has consistently been ranked as a top-tier franchisee. VFS benefits from his broad experience in restaurant investing, development and operations.*

*Jon Blob commented, “We take a people-first approach to how we think about the restaurant business. This starts with our team members. Our first priority is to make sure our team members are well supported, feel respected and see opportunities for professional growth. We believe that if we take care of our team members and give them the tools to succeed, they will take care of our customers. I am thrilled to be working with KFC, Yum! Brands, and the VFS management team, to deliver an outstanding customer experience.”*

*Jason Young, Partner at BlackBern added, “We are excited to be working with Jon, KFC and Yum! Brands to build our QSR franchisee business. We think there is considerable value in building substantial scale QSR systems. That value should be reflected in more opportunities for our team members, a better customer experience, and a faster growing base of well-maintained restaurants. VFS is capitalized to support this growth both with newly built restaurants and through additional unit acquisitions. We are particularly excited about the future of working with Yum! Brands.”*

*“We are thrilled to welcome Jon, Jason and the BlackBern and VFS teams to the KFC and Yum! Brands family,” said Brian Cahoe, Chief Development Officer for KFC U.S. “BlackBern’s commitment to growth through this acquisition and its KFC development agreement reinforces the strength of our franchising opportunity. We are confident their people-first approach, strong investment capabilities and personal connection to the brand will yield tremendous success and continued growth going forward.”*

*About BlackBern Partners:*

*BlackBern Partners LLC invests in mature operating companies in the lower middle market, partnering with management teams that have a proven track record of success and providing capital to realize organic growth and acquisition opportunities.*

*About VFS:*

*Value Foodservices LLC is a newly formed entity created to own, operate and acquire stores in the quick-service restaurant industry. VFS currently owns and operates 50 Kentucky Fried Chicken restaurants, some of which are co-branded restaurants with Taco Bell and Pizza Hut. VFS plans to own and operate several hundred restaurants over time.*



	1 Miles	3 Miles	5 Miles
<b>POPULATION</b>			
2025 Projection	340	6,277	13,801
2020 Estimate	307	5,773	12,586
2010 Census	237	4,658	9,977
2000 Census	223	4,554	8,877

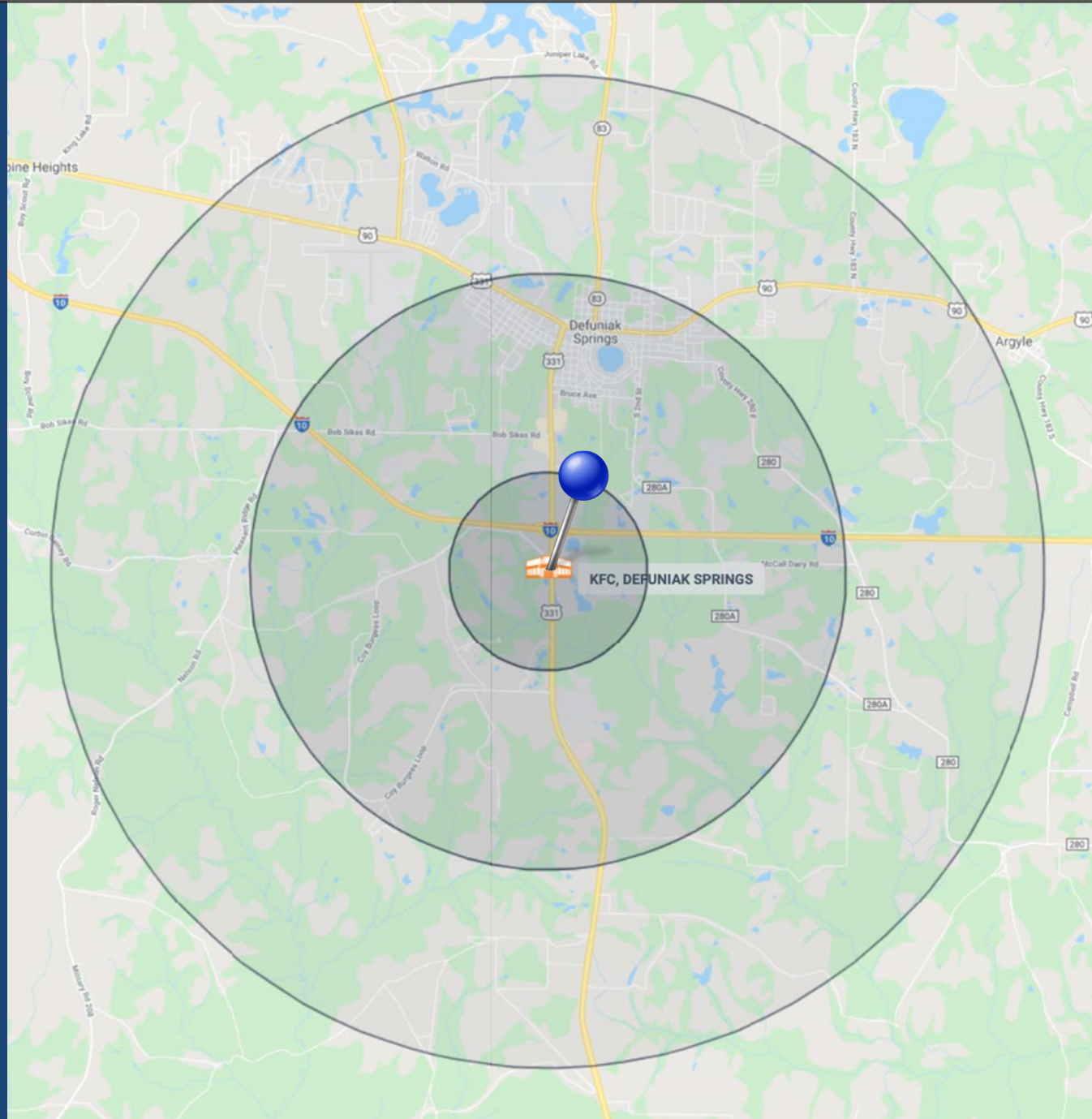
<b>INCOME</b>			
Average	\$60,047	\$53,918	\$52,283
Median	\$42,638	\$35,035	\$36,099
Per Capita	\$26,507	\$23,464	\$22,949

<b>HOUSEHOLDS</b>			
2025 Projection	148	2,690	5,686
2020 Estimate	132	2,462	5,140
2010 Census	100	1,958	3,986
2000 Census	94	1,896	3,588

<b>HOUSING</b>			
2020	\$183,493	\$158,828	\$150,653

<b>EMPLOYMENT</b>			
2020 Daytime Population	362	7,663	13,703
2020 Unemployment	3.90%	4.97%	4.61%
2020 Median Time Traveled	29	28	31

<b>RACE &amp; ETHNICITY</b>			
White	76.83%	73.79%	76.81%
Native American	0.00%	0.14%	0.14%
African American	14.69%	17.19%	14.20%
Asian/Pacific Islander	1.47%	1.15%	1.13%





# GEOGRAPHY: 5 MILE



## POPULATION

In 2020, the population in your selected geography is 12,586. The population has changed by 41.78% since 2000. It is estimated that the population in your area will be 13,801.00 five years from now, which represents a change of 9.65% from the current year. The current population is 51.18% male and 48.82% female. The median age of the population in your area is 41.14, compare this to the US average which is 38.21. The population density in your area is 160.34 people per square mile.



## HOUSEHOLDS

There are currently 5,140 households in your selected geography. The number of households has changed by 43.26% since 2000. It is estimated that the number of households in your area will be 5,686 five years from now, which represents a change of 10.62% from the current year. The average household size in your area is 2.39 persons.



## INCOME

In 2020, the median household income for your selected geography is \$36,099, compare this to the US average which is currently \$62,990. The median household income for your area has changed by 31.97% since 2000. It is estimated that the median household income in your area will be \$39,658 five years from now, which represents a change of 9.86% from the current year.

The current year per capita income in your area is \$22,949, compare this to the US average, which is \$34,935. The current year average household income in your area is \$52,283, compare this to the US average which is \$90,941.



## RACE AND ETHNICITY

The current year racial makeup of your selected area is as follows: 76.81% White, 14.20% Black, 0.14% Native American and 1.13% Asian/Pacific Islander. Compare these to US averages which are: 69.84% White, 12.88% Black, 0.20% Native American and 5.75% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 7.61% of the current year population in your selected area. Compare this to the US average of 18.38%.



## HOUSING

The median housing value in your area was \$150,653 in 2020, compare this to the US average of \$221,068. In 2000, there were 2,588 owner occupied housing units in your area and there were 1,001 renter occupied housing units in your area. The median rent at the time was \$307.



## EMPLOYMENT

In 2020, there are 5,869 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 48.57% of employees are employed in white-collar occupations in this geography, and 49.86% are employed in blue-collar occupations. In 2020, unemployment in this area is 4.61%. In 2000, the average time traveled to work was 31.00 minutes.



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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property. By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

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