

POPEYES

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM

POPEYES

3795 East Shelby Drive
Memphis, TN 38118

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POPEYES



Investment Highlights

PRICE: \$2,737,515 | CAP: 5.15% | RENT: \$140,982

POPEYES

About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Lease
- ✓ Approximately 17.5 Years Remaining
- ✓ One Percent (1%) Annual Rental Increases
- ✓ Six (6), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 50 Years

About the Location

- ✓ Dense Retail Corridor | Family Dollar, Dollar General, McDonald's, Sonic, Subway, KFC, Pizza Hut, BP, Speedway, Valero, Marathon, Exxon and Many More
- ✓ Strong Demographics | Population Exceeds 139,600 Individuals Within a Five-Mile Radius
- ✓ Strong Real Estate Fundamentals | Located Less Than 15 Miles from Downtown Memphis, TN
- ✓ Strong Traffic Counts | Over 37,900 and 27,600 Vehicles Per Day Along E Shelby Dr and Getwell Rd, Respectively
- ✓ Memphis International Airport | Located Approximately Five Miles Away | Serves over 3 Million Passengers Per Year

About the Tenant / Brand

- ✓ Founded in New Orleans, Louisiana in 1972, Popeyes® Louisiana Kitchen is the world's second largest quick-service chicken restaurant, based on the number of units with approximately 3,100 locations around the world.
- ✓ Popeyes was acquired on March 27, 2017 for a total consideration of \$1.7 billion by Restaurant Brands International (NYSE: QSR).
- ✓ 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.
- ✓ Strong Track Record With Proven Operational Expertise





Financial Analysis

PRICE: \$2,737,515 | CAP: 5.15% | RENT: \$140,982

POPEYES

PROPERTY DESCRIPTION

Concept	Popeyes
Street Address	3795 East Shelby Drive
City, State ZIP	Memphis, TN 38118
Year Built / Renovated	1994
Building Size Estimated (SF)	2,909
Lot Size Estimated (Acres)	0.84
Type of Ownership	Fee Simple

THE OFFERING

Price	\$2,737,515
CAP Rate	5.15%
Net Operating Income	\$140,982

LEASE SUMMARY

Property Type	Retail
Property Subtype	Restaurant - Quick Service
Credit Type	Franchisee
Tenant	Frayser Quality, LLC
Guarantor	New CFH, LLC
Original Lease Term	20 Years
Lease Commencement	January 30, 2020
Lease Expiration	January 31, 2040
Lease Term Remaining	17.5 + Years
Lease Type	Triple Net (NNN)
Landlord Responsibilities	None
Rental Increases	1% Annually
Renewal Options Remaining	6, 5-Year Option

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Current - 1/31/2022	\$140,982	\$11,749	-
2/1/2022 - 1/31/2023	\$142,392	\$11,866	1.00%
2/1/2023 - 1/31/2024	\$143,816	\$11,985	1.00%
2/1/2024 - 1/31/2025	\$145,254	\$12,104	1.00%
2/1/2025 - 1/31/2026	\$146,706	\$12,226	1.00%
2/1/2026 - 1/31/2027	\$148,173	\$12,348	1.00%
2/1/2027 - 1/31/2028	\$149,655	\$12,471	1.00%
2/1/2028 - 1/31/2029	\$151,152	\$12,596	1.00%
2/1/2029 - 1/31/2030	\$152,663	\$12,722	1.00%
2/1/2030 - 1/31/2031	\$154,190	\$12,849	1.00%
2/1/2031 - 1/31/2032	\$155,732	\$12,978	1.00%
2/1/2032 - 1/31/2033	\$157,289	\$13,107	1.00%
2/1/2033 - 1/31/2034	\$158,862	\$13,239	1.00%
2/1/2034 - 1/31/2035	\$160,451	\$13,371	1.00%
2/1/2035 - 1/31/2036	\$162,055	\$13,505	1.00%
2/1/2036 - 1/31/2037	\$163,676	\$13,640	1.00%
2/1/2037 - 1/31/2038	\$165,312	\$13,776	1.00%
2/1/2038 - 1/31/2039	\$166,966	\$13,914	1.00%
2/1/2039 - 1/31/2040	\$168,635	\$14,053	1.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Popeyes located at 3795 East Shelby Drive in Memphis, TN. The site consists of roughly 2,909 rentable square feet of building space on estimated 0.84-acre parcel of land. This Art Van Furniture is subject to a 20-year absolute triple-net (NNN) lease, which commenced January 1st, 2020. The current annual rent is \$140,982 and is scheduled to increase by 1.00% annually throughout the base term and in each of the 6, 5-year renewal options.



Concept Overview

POPEYES

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*



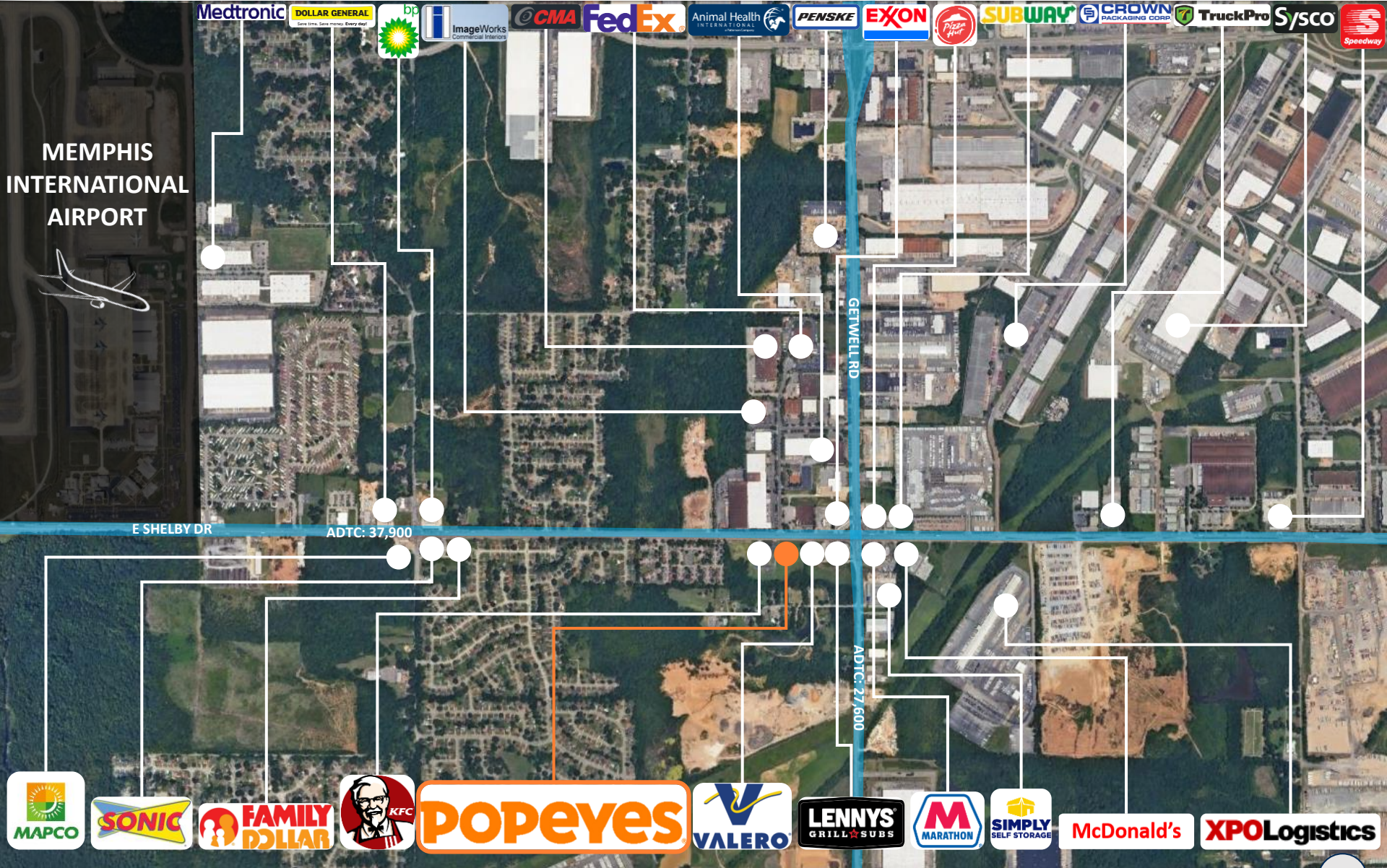
Guarantor - New CFH, LLC

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.



Surrounding Area

POPEYES





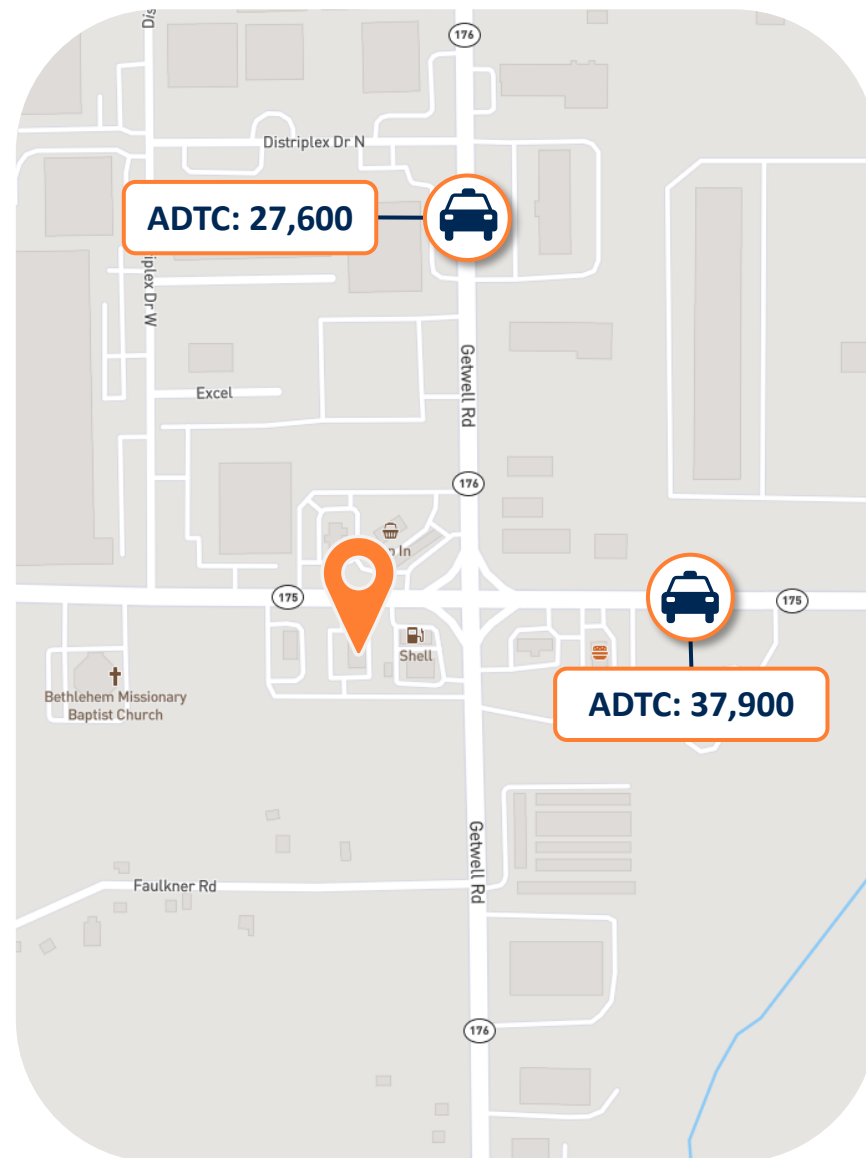
Location Overview

POPEYES

The subject investment property is situated on East Shelby Drive, which boasts an average daily traffic count of approximately 37,900 vehicles. East Shelby Drive intersects with Getwell Road, which brings an additional 27,600 vehicles into the immediate area on average daily. There are more than 24,200 individuals residing within a three-mile radius of the property and more than 139,600 individuals within a five-mile radius.

This Popeyes property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, industrial tenants and shopping centers, all which help drive traffic to the site. Major national tenants in the immediate area include Family Dollar, Dollar General, McDonald's, Sonic, Subway, KFC, Pizza Hut, BP, Speedway, Valero, Marathon, Exxon, as well as many others. The subject property benefits from its proximity to several academic institutions. Most notably the University of Memphis, which has a total enrollment exceeding 20,500 students and is located within a ten-mile radius of the subject property. Saint Francis Hospital, a 519-bed general medical and surgical facility, is located less than ten miles from the subject Popeyes. The Memphis International Airport is located just five miles from the property and serves over 3,000,000 passengers annually.

Memphis is the birthplace of Rock n' Roll and the home of the Blues. It's also home to the National Civil Rights Museum, Beale Street, The Memphis Rock and Soul Museum, the National Ornamental Metal Museum and Graceland, the second most visited residence in the United States. Memphis still has a vibrant music scene to this day, with live music each night on Beale Street and in most areas of the city. But music is not Memphis' only export; these days, most goods come through Memphis and its transportation and logistics infrastructure. Not only is the airport the second largest cargo airport in the world – a fact attributable to FedEx's "Super Hub" – but Memphis sits at a crossroads of what is called the four R's: Railroads, Runways, Roads, and the Mississippi River. The city is also home to several Fortune 500 companies, including AutoZone, International Paper, and FedEx, as well as St. Jude Children's Research Hospital and the Memphis Grizzlies.





Property Photos

POPEYES

Subject Property





Surrounding Area Photos

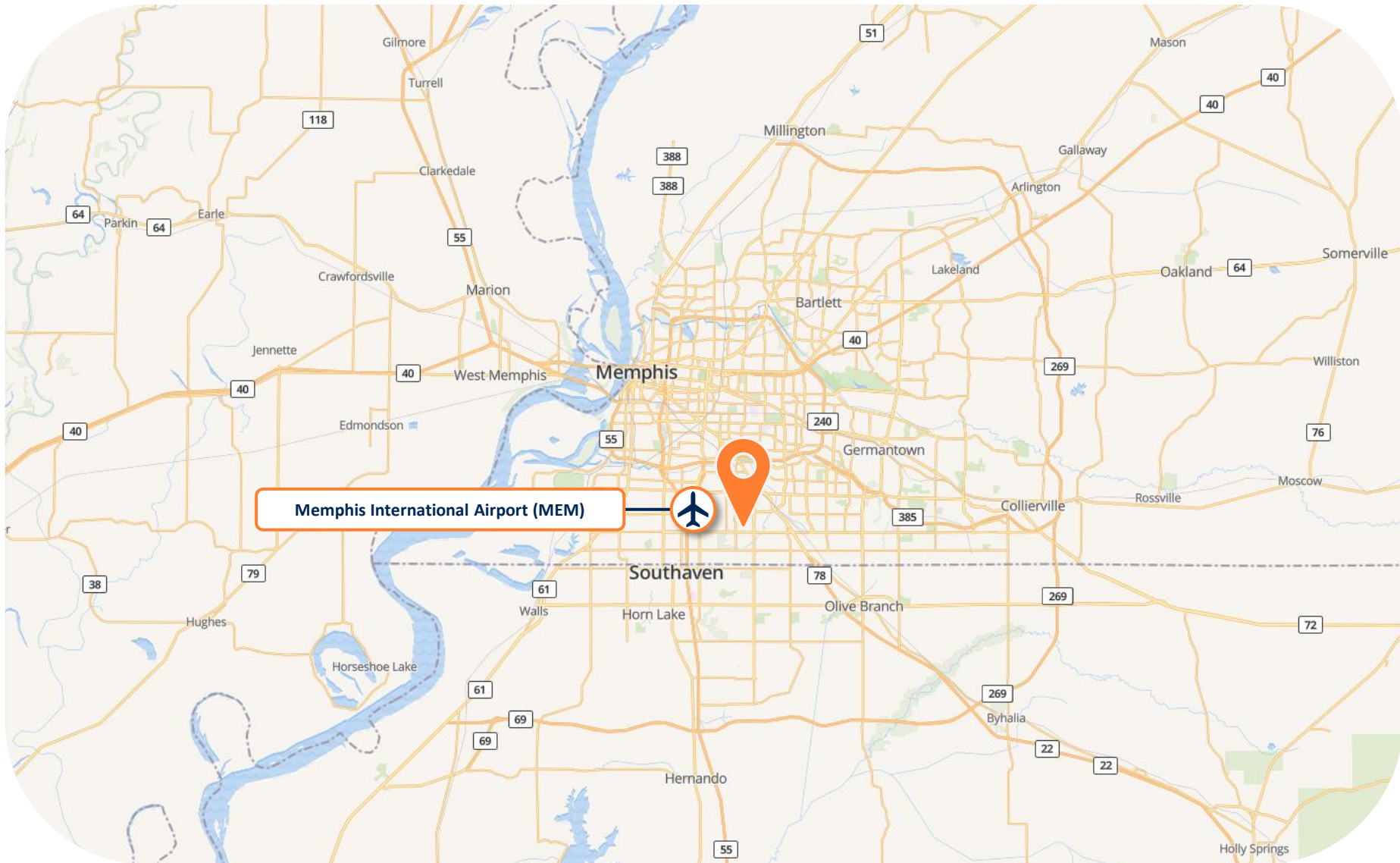
POPEYES





Local Map

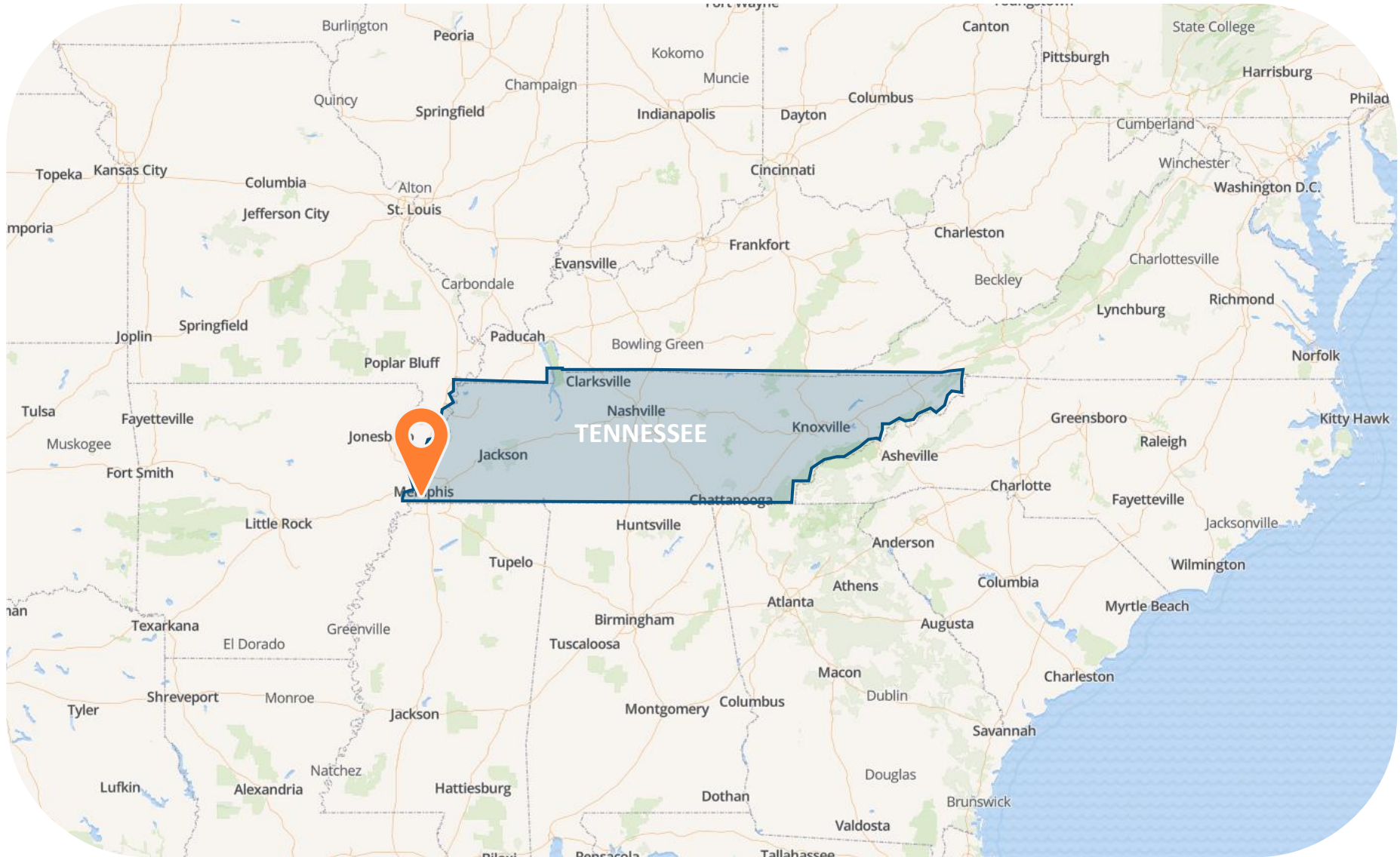
POPEYES





Regional Map

POPEYES





	1 Mile	3 Miles	5 Miles
POPULATION TRENDS			
2010 Population	3,530	23,627	135,405
2022 Population	3,230	24,230	139,616
2027 Population Projection	3,166	24,532	142,309
HOUSEHOLD TRENDS			
2010 Households	1,212	8,181	47,239
2022 Households	1,102	8,382	48,167
2026 Household Projection	1,078	8,487	48,990
Growth 2010 - 2022	0.00%	0.10%	0.10%
AVERAGE HOUSEHOLD INCOME (2022)	\$53,111	\$51,912	\$53,952
MEDIAN HOUSEHOLD INCOME (2022)	\$42,792	\$40,717	\$41,397
HOUSEHOLDS BY HOUSEHOLD INCOME (2022)			
<\$25,000	327	2,564	14,181
\$25,000 - \$50,000	358	2,646	14,263
\$50,000 - \$75,000	172	1,420	8,778
\$75,000 - \$100,000	122	773	5,033
\$100,000 - \$125,000	64	460	2,585
\$125,000 - \$150,000	17	284	1,584
\$150,000 - \$200,000	28	126	1,111
\$200,000+	13	110	632



Market Overview

POPEYES



Memphis is a city on the Mississippi River in southwest Tennessee, famous for the influential strains of blues, soul and rock 'n' roll that originated there. Elvis, Presley, B.B. King and Johnny Cash recorded albums at the legendary Sun Studio, and Presley's Graceland mansion is a popular attraction. Other music landmarks include the Rock 'n' Soul Museum, Blues Hall of Fame and Stax Museum of American Soul Music.

Memphis is the second-most populous city in Tennessee, after Nashville. It is the fifth-most populous city in the Southeast, the nation's 28th-largest overall, and the largest city bordering the Mississippi River. The Memphis metropolitan area includes West Tennessee and the greater Mid-South region, which includes portions of neighboring Arkansas, Mississippi, and the Missouri Bootheel.

The city's central geographic location has aided its business development. On the Mississippi River and intersected by five major freight railroads and two Interstate Highways, I-40 and I-55, Memphis is well positioned for commerce in the transportation and shipping industry. Its access by water was key to its initial development, with steamboats plying the Mississippi river. Memphis is home of three Fortune 500 companies: FedEx, International Paper, and AutoZone. Other major corporations based in Memphis include Allenberg Cotton, American Residential Services, Baker, Donelson, Bearman, Caldwell & Berkowitz, Cargill Cotton, City Gear, First Horizon National Corporation, Fred's, GTx, Lenny's Sub Shop, Med-America Apartments, Perkins Restaurant and Bakery, ServiceMaster, Varsity Brands, and Verso Paper. Corporations with major operations based in Memphis include Gibson guitars, and Smith & Nephew.

Glen Kunofsky
NY: 10301203289

James Westerberg
[Jwesterberg@nnnpro.com](mailto:jwesterberg@nnnpro.com)
516.477.7026 | NY: 10301203289

Frank Purritano
Fpurritano@nnnpro.com
201.661.1238 | NY: 10401333263

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TN Broker of Record
Jody McKibben
Marcus & Millichap
6 Cadillac Dr., Ste. 100
Brentwood, TN 37027
Tel: (615) 997-2900
License: 307629