

POPEYES

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM

POPEYES

2629 N Hollywood St
Memphis, TN 38127

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POPEYES



Investment Highlights

PRICE: \$2,168,283 | CAP: 6.00% | RENT: \$130,097

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, Shell, Burger King, Valero, MetroPCS by T-Mobile, Marathon and Many More
- ✓ Strong Demographics | Population Exceeds 67,500 Individuals Within a Three-Mile Radius and 193,334 Individuals Within a Five-Mile Radius
- ✓ Strong Traffic Counts | Over 25,400 and 99,400 Vehicles Per Day Along North Hollywood Street and Interstate-40
- ✓ Memphis International Airport | Located Within 15 of Property | Serves over 3 Million Passengers Per Year
- ✓ Strong Academic Presence | University of Memphis | Located Approximately Two-Miles Away | Over 20,500 Students Enrolled
- ✓ Memphis | Second Most Populous City in Tennessee | Income Tax Free State

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



Representative Photo



Representative Photo



Financial Analysis

PRICE: \$2,168,283 | CAP: 6.00% | RENT: \$130,097

POPEYES

PROPERTY DESCRIPTION

Concept	Popeyes
Street Address	2629 N Hollywood St
City, State ZIP	Memphis, TN 38127
Year Built / Renovated	2011
Building Size Estimated (SF)	2,256
Lot Size Estimated (Acres)	0.46
Type of Ownership	Fee Simple

THE OFFERING

Price	\$2,168,283
CAP Rate	6.00%
Net Operating Income	\$130,097

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

*Price based off upcoming rental increase.

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Current - 1/31/2023	\$128,809	\$10,734	-
2/1/2023 - 1/31/2024	\$130,097	\$10,841	1.00%
2/1/2024 - 1/31/2025	\$131,398	\$10,950	1.00%
2/1/2025 - 1/31/2026	\$132,712	\$11,059	1.00%
2/1/2026 - 1/31/2027	\$134,039	\$11,170	1.00%
2/1/2027 - 1/31/2028	\$135,380	\$11,282	1.00%
2/1/2028 - 1/31/2029	\$136,733	\$11,394	1.00%
2/1/2029 - 1/31/2030	\$138,101	\$11,508	1.00%
2/1/2030 - 1/31/2031	\$139,482	\$11,623	1.00%
2/1/2031 - 1/31/2032	\$140,877	\$11,740	1.00%
2/1/2032 - 1/31/2033	\$142,285	\$11,857	1.00%
2/1/2033 - 1/31/2034	\$143,708	\$11,976	1.00%
2/1/2034 - 1/31/2035	\$145,145	\$12,095	1.00%
2/1/2035 - 1/31/2036	\$146,597	\$12,216	1.00%
2/1/2036 - 1/31/2037	\$148,063	\$12,339	1.00%
2/1/2037 - 1/31/2038	\$149,543	\$12,462	1.00%
2/1/2038 - 1/31/2039	\$151,039	\$12,587	1.00%
2/1/2039 - 1/31/2040	\$152,549	\$12,712	1.00%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Popeyes located at 2629 N Hollywood St in Memphis, TN. The site consists of roughly 2,256 rentable square feet of building space on estimated 0.46-acre parcel of land. This Popeyes is subject to a 20-year absolute triple-net (NNN) lease, which commenced January 30th, 2020. The current annual rent is \$128,809 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





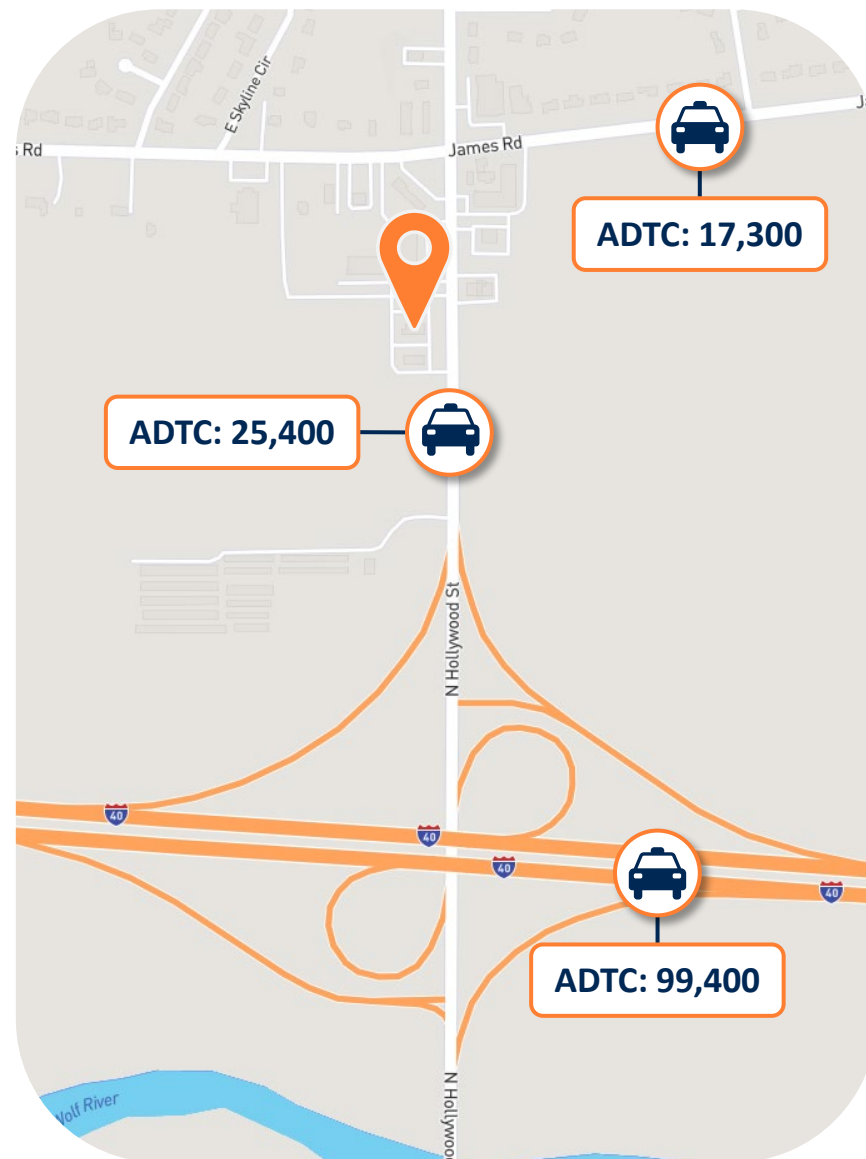
Location Overview

POPEYES

The subject investment property is situated on North Hollywood Road, which experiences an average daily traffic count exceeding 25,400 vehicles. Intersecting North Hollywood Road is James Road and Interstate-40, which bring an additional 17,300 and 99,400 vehicles into the immediate area on average daily, respectively. There are more than 67,500 individuals residing within a three-mile radius of the property and more than 193,300 individuals within a five-mile radius.

This Popeyes property benefits from being well positioned in a retail corridor consisting of national and local tenants and shopping centers, all of which help drive traffic to the site. Major national tenants within the immediate area include Family Dollar, Shell, Burger King, Valero, MetroPCS by T-Mobil, Marathon, as well as many others. The subject property is located under three miles from the Nike North America Distribution Center, a 2.8 million square foot facility that employs over 1,000 people. Additionally, the subject property benefits from its proximity to several academic institutions. Most notable is the University of Memphis, which has a total enrollment exceeding 20,500 students and is located within a seven-mile radius of the property. Saint Francis Hospital-Bartlett, a 519-bed, general medical and surgical facility, is located less than ten miles from the property. Memphis International Airport, home to the FedEx Express global hub, serves over 3,000,000 passengers annually and is located approximately 15 miles from the subject property.

Memphis is the birthplace of Rock n' Roll and the home of the Blues. It is 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.





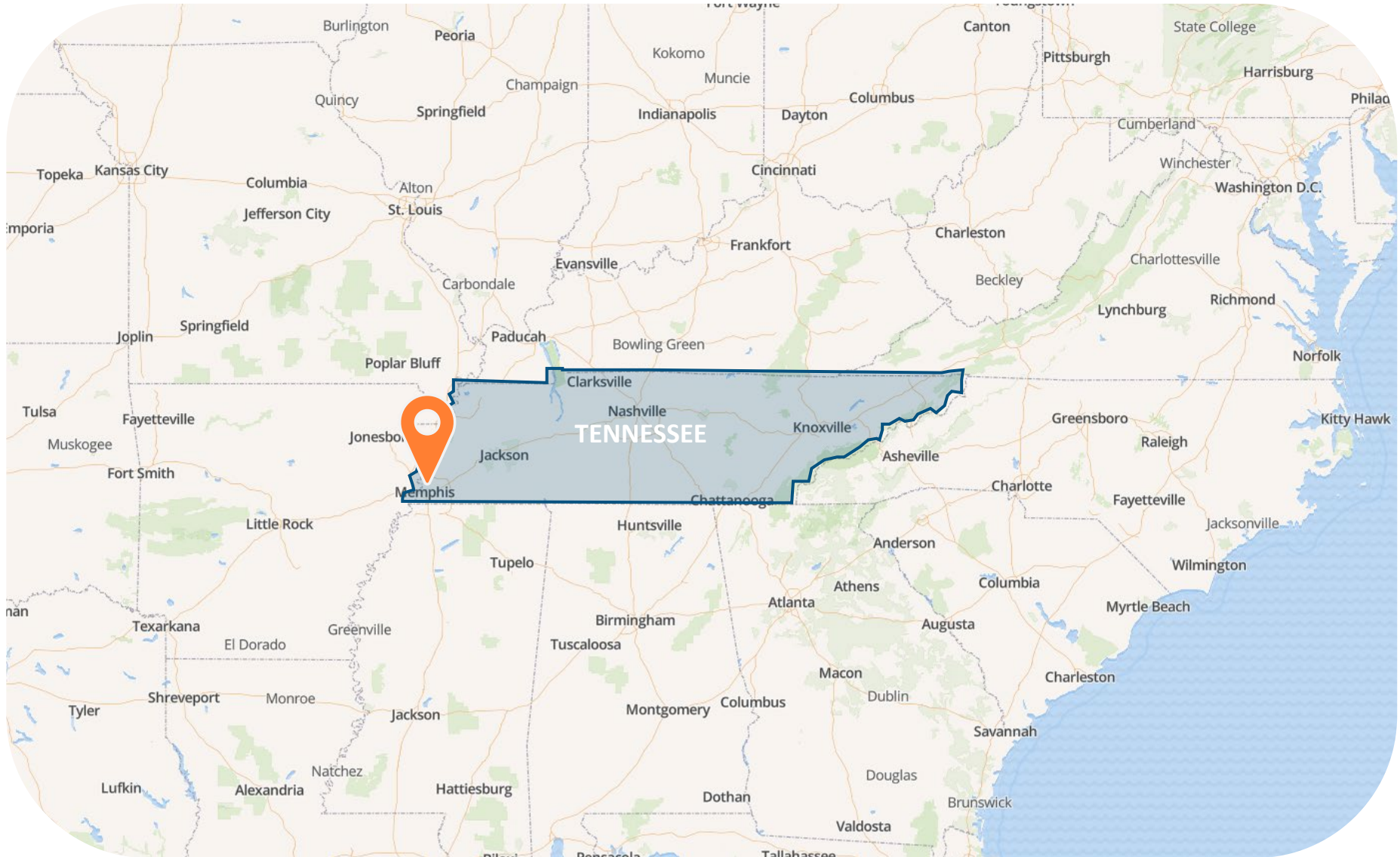
POPEYES®





Regional Map

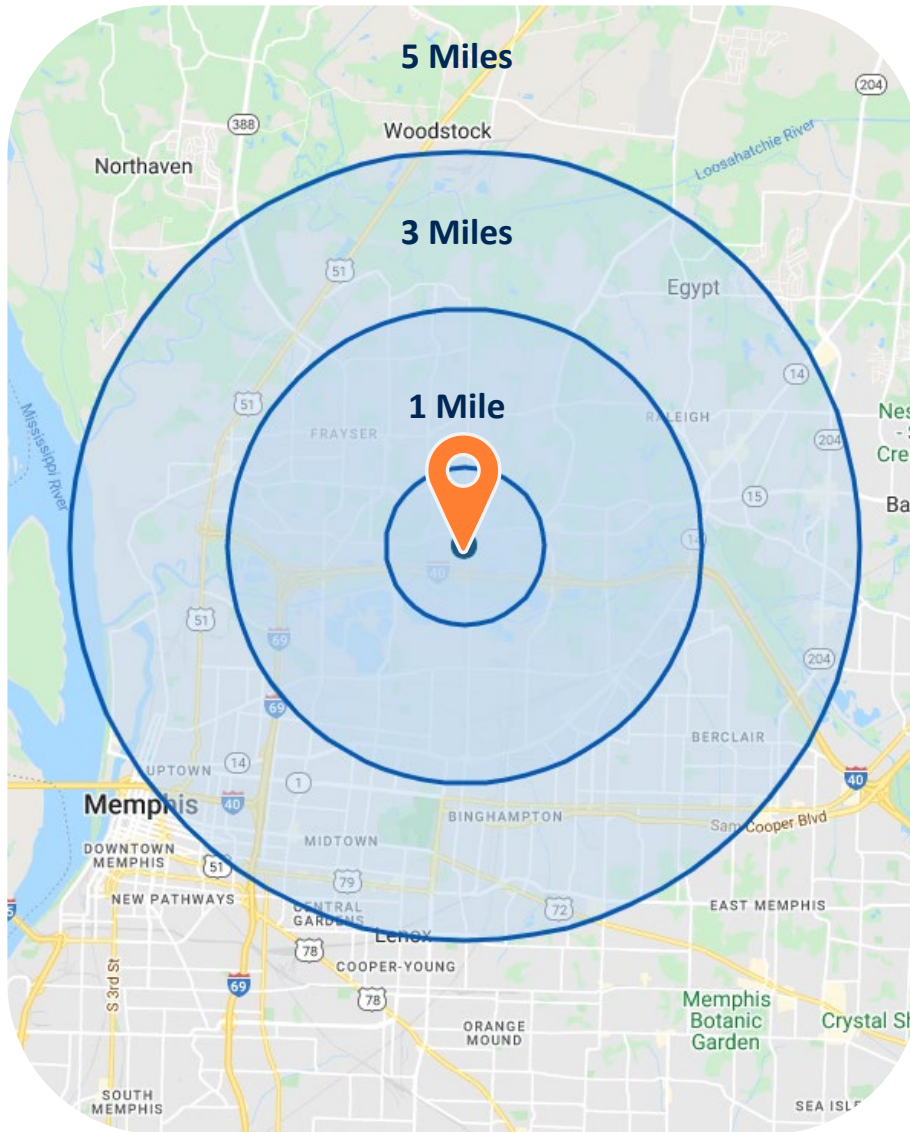
POPEYES.





Demographics

POPEYES



POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	3,343	67,118	191,632
2022 Population	3,463	67,578	193,334
2027 Population Projection	3,479	67,539	193,298
Annual Growth 2010-2022	0.30%	0.10%	0.10%
Annual Growth 2022-2027	0.10%	0.00%	0.00%

HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	1,138	24,269	74,533
2022 Households	1,177	24,388	75,004
2026 Household Projection	1,183	24,357	74,938
Growth 2010 - 2022	0.00%	0.00%	0.10%
Growth 2022 - 2027	0.10%	0.00%	0.00%

AVERAGE HOUSEHOLD INCOME (2022)

	\$52,316	\$42,932	\$56,759
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MEDIAN HOUSEHOLD INCOME (2022)

	\$38,633	\$29,488	\$37,384
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HOUSEHOLDS BY HOUSEHOLD INCOME (2022)

	1 Mile	3 Miles	5 Miles
<\$25,000	487	10,704	26,495
\$25,000 - \$50,000	187	6,337	19,811
\$50,000 - \$75,000	198	3,588	11,812
\$75,000 - \$100,000	102	1,762	6,279
\$100,000 - \$125,000	75	962	3,876
\$125,000 - \$150,000	111	528	2,108
\$150,000 - \$200,000	8	197	1,777
\$200,000+	9	309	2,846



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.

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