

Marcus & Millichap

Offering Memorandum



POPEYES LOUISIANA CHICKEN

Birmingham, AL

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POPEYES LOUISIANA KITCHEN

INVESTMENT OVERVIEW

1717 Finley Boulevard, Birmingham, AL 35204

Marcus & Millichap is pleased to present an outstanding investment opportunity of a single tenant, absolute triple net leased Popeyes Louisiana Kitchen in Birmingham, the largest city in Alabama.

Investment Highlights

- Popeyes Louisiana Kitchen Holds Record 26.6% Market Share of Entire Chicken QSR Category
- Popeyes Corporation Boasts Six Consecutive Years of Same Store Sales Outpacing Entire Chicken QSR
- Subject Location Has Seen Impressive Annual Sales Increases Averaging 8% Year-Over-Year
- Recent 2014 Renovation to Current Brand Image
- Sailormen, Inc. Popeyes' System-Wide Largest Domestic Franchise Operator
- Recently Executed New 20-Year NNN Lease
- Annual 1.25% Rent Increases

Restaurant Brands International, Parent of Burger King and Tim Hortons, Purchased Popeyes Louisiana Kitchen for \$1.8B in April 2017.

Subject Location: Steady Increase in Sales Year Over Year, Averaging an 8% Growth Rate Combined With a Low Rent-to-Sales Ratio.

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POPEYES

PRICING SUMMARY

1717 Finley Boulevard, Birmingham, Alabama 35204

Price	\$1,235,000
Down Payment	37% / \$456,950
Cap Rate	5.50%
Year Built	1999 / 2014
Lot Size	0.40 Acres

Operating Information

Year 1 NOI	\$67,931
Rent/SF	\$27.30
Gross Leasable Area	2,488

Financing

New Acquisition Financing	\$778,050
Loan To Value	63.00%
Interest Rate	4.25%
Amortization Period	25
Loan Constant	6.50%
Annual Debt Service Payment	\$50,580
Year 1 Debt Service Coverage	1.34
Year 1 Debt Yield	8.76%
Year 1 Cash Flow	
After Debt Service	\$17,351

Lease Summary

Tenant:	Sailormen, Inc.
Guarantor:	Sailormen, Inc.
Credit Rating:	Not Rated
Rent Commencement:	April 2015
Initial Lease Term:	20 Years
Options:	Four, 5-Year Options 1.25% Annual Increases
Lease Type:	Absolute Net
Base Rent:	\$27.30/SF \$2.28/SF/Month \$67,931 Annual Rent
Rent Increases:	1.25% Annually

**For further information on Financing Options:
Nick Gray at (702) 215-7144 or
Nick.Gray@MarcusMillichap.com

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The Offering

Property	Popeyes Louisiana Kitchen
Property Address	1717 Finley Boulevard Birmingham, AL 35204
Price	\$1,235,000
Capitalization Rate	5.50%
Price/SF	496.38

Property Description

Year Built / Renovated	1999/2014
Gross Leasable Area	2,488
Zoning	Commercial
Type of Ownership	Fee Simple

Lease Summary

Property Subtype	Net Leased Restaurant
Tenant	Sailormen, Inc.
Rent Increases	1.25% Annually
Guarantor	Sailormen, Inc.
Lease Type	Absolute Net
Lease Commencement	4/2/2015
Lease Expiration	4/1/2035
Lease Term	20
Term Remaining on Lease (Years)	18
Renewal Options	Four, 5-Year Options
Landlord Responsibility	None
Tenant Responsibility	All Including Roof & Structure
Right of First Refusal/Offer	Yes

Annualized Operating Information

INCOME	
Net Operating Income	\$67,931

RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
Current	\$67,931	\$5,661	\$27.30
April 2, 2018	\$68,781	\$5,732	\$27.65
April 2, 2019	\$69,640	\$5,803	\$27.99
April 2, 2020	\$70,511	\$5,876	\$28.34
April 2, 2021	\$71,392	\$5,949	\$28.69
April 2, 2022	\$72,285	\$6,024	\$29.05
April 2, 2023	\$73,188	\$6,099	\$29.42
April 2, 2024	\$74,103	\$6,175	\$29.78
April 2, 2025	\$75,029	\$6,252	\$30.16
April 2, 2026	\$75,967	\$6,331	\$30.53
April 2, 2027	\$76,917	\$6,410	\$30.92
April 2, 2028	\$77,878	\$6,490	\$31.30
April 2, 2029	\$78,852	\$6,571	\$31.69
April 2, 2030	\$79,838	\$6,653	\$32.09
April 2, 2031	\$80,835	\$6,736	\$32.49
April 2, 2032	\$81,846	\$6,821	\$32.90
April 2, 2033	\$82,869	\$6,906	\$33.31
April 2, 2034	\$83,905	\$6,992	\$33.72

Blended Cap Rate: 6.13%

POPEYES

LOCATION PHOTO



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"The relationship between MDA and Sailormen is a testament to their longstanding commitment to help bring strength, independence and life to hundreds of local kids and adults living with life-threatening muscle diseases."

Sailormen, Inc. - Popeyes Raises Record \$838,353 to Support Muscular Dystrophy Association

Popeyes Louisiana Kitchen Corporation

Store Count	2,594
System-Wide Sales	Total Revenues Increased 3.9% to \$61.7 million in the second quarter 2016, compared to \$59.4 million in the second quarter of 2015.

Financial Markets

Stock Ticker	PLKI
Current Price	\$51.64
52 Week High/Low	\$63.00 / \$49.11

POPEYES LOUISIANA KITCHEN, INC.

Founded in Atlanta in 1992 as AFC Enterprises, Inc., the Company is a developer, operator and franchisor of quick-service restaurants ("QSRs" or "restaurants") under the trade name, Popeyes® Louisiana Kitchen and Popeyes® Chicken & Biscuits. In January 2014, AFC Enterprises, Inc. changed its corporate name to Popeyes Louisiana Kitchen, Inc. and is traded on Nasdaq under the ticker symbol "PLKI".

POPEYES PROFILE

The Popeyes® brand was founded in New Orleans, Louisiana in 1972 and is the world's second largest quick-service chicken concept (based on the number of units). Within the QSR industry, Popeyes distinguishes itself with a unique "New Orleans" style menu that features spicy chicken, chicken tenders, fried shrimp and other seafood, as well as jambalaya, Red Beans and Rice and other regional items. Popeyes is a highly differentiated QSR brand with a passion for its Louisiana heritage and flavorful authentic food. Popeyes serves food the world craves and is continuing to expand its global reach. The Company operates and franchises over 2,000 Popeyes restaurants worldwide. Of the 1,600 domestic franchised restaurants, approximately 70% are concentrated in Texas, California, Louisiana, Florida, Illinois, Maryland, New York, Georgia, Virginia and Mississippi. Of the nearly 400 international franchised restaurants, approximately 55% are located in Korea, Canada and Turkey. More than 90% of the company-operated restaurants are concentrated in Louisiana and Tennessee.

General Information About the Tenant

Franchisee	Sailormen, Inc.
Address	9500 S. Dadeland Blvd, Ste #800 Miami, FL 33156
Phone	(305) 670-0746

Key Personnel

Mr. Robert S. Berg	Chairman of the Board and Chief Executive Officer
Mr. Steven M Wemple	President and Chief Operating Officer
Mr. Frank Maloney	Chief Financial Officer and Vice President
Store Count	132 Locations

Founded in 1984, Sailormen, Inc. operates as a "chicken and biscuits" restaurant franchisee and operator. It operates restaurants in Florida, Alabama, Illinois, Georgia, Mississippi, Louisiana, and Missouri. The company operates as a subsidiary of Interfoods of America, Inc. and is one of the largest domestic franchisees of Popeyes Louisiana Kitchen restaurants.

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POPEYES

DRIVE THROUGH



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POPEYES

TENANT SUMMARY

1970s

1980s

1990s

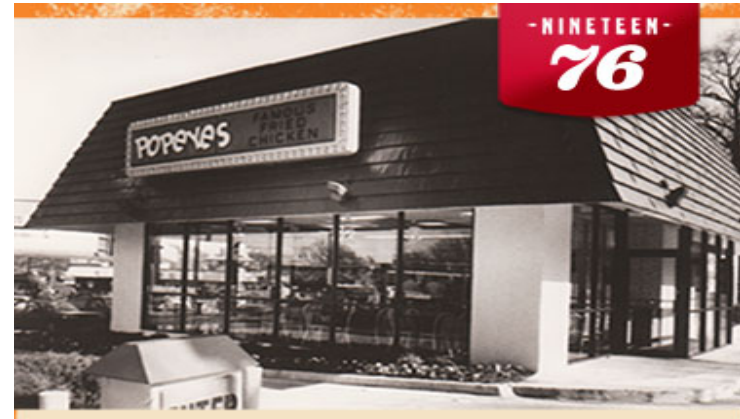
2000s

2010→

1972

Alvin C. Copeland Sr., opens "Chicken on the Run" in the New Orleans suburb of Arabi, serving traditional, Southern-fried chicken.

After several months of lackluster performance, he reopens the restaurant "Popeyes®" (after Popeye Doyle of *The French Connection*). This time he sells spicy, New Orleans-style chicken.



2010 and Beyond

CELEBRATING 40 YEARS OF
POPEYES



Popeyes celebrates 40th anniversary and announces plans for system-wide remodeling of its restaurants.

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Restaurant Brands International, the parent of Burger King and the Tim Hortons doughnut and coffee chain, announced Tuesday that it is buying Popeyes Louisiana Kitchen, the company famous for its Cajun cuisine, for \$1.8 billion.

The deal values Popeyes at \$79 a share, nearly 20% higher than where the stock closed Friday. Shares of Popeyes (PLKI), living up to the company's "Louisiana Fast" motto, quickly rose 19% Tuesday morning to just under \$79.

Reports of a Popeyes takeover surfaced last week, although there was also speculation that Restaurant Brands was considering buying another fast food chicken chain, El Pollo Loco (LOCO). El Pollo Loco shares fell more than 1% Tuesday.

Restaurant Brands CEO Daniel Schwartz said in a statement that the company looks forward to "taking an already very strong brand and accelerating its pace of growth and opening new restaurants in the U.S. and around the world."

Popeyes has more than 2,600 restaurants around the globe. The company was founded in New Orleans in 1972, but its corporate headquarters is now in Atlanta.

Popeyes CEO Cheryl Bachelder also noted that the "high trust partnership that we enjoy with our franchise owners" was a plus for Restaurant Brands.

I spoke with Bachelder in November 2015 about that partnership. At the time, many big fast food chains were starting to worry about how rising minimum wages across the country could be a problem for franchisees. Bachelder dismissed those concerns.

"We will adjust to increased costs just like we have before," she said. "Life will go on. There's been too much hubbub about it." She added: "Profits make you happy. Our franchisees have been making a lot more money."

If that trend continues, Popeyes could help make Restaurant Brands an even more formidable threat to top rivals McDonald's (MCD), Wendy's (WEN) and KFC owner Yum! Brands (YUM).

Restaurant Brands has been a much hotter stock than those three lately, thanks in large part to stronger sales at Burger King.

Adding Popeyes to the mix gives Restaurant Brands an even bigger presence in the red hot, but increasingly crowded, market for chicken franchises.

Wall Street seemed to think the deal

will be good for Restaurant Brands as well. Shares rose more than 7% Tuesday. The stock is up more than 20% in 2017.

So it's a win for two influential investors that back Restaurant Brands, too. Bill Ackman's Pershing Square owns an 18% stake in the company. And Warren Buffett's Berkshire Hathaway has a nearly 4% stake.



POPEYES

LOCATION OVERVIEW

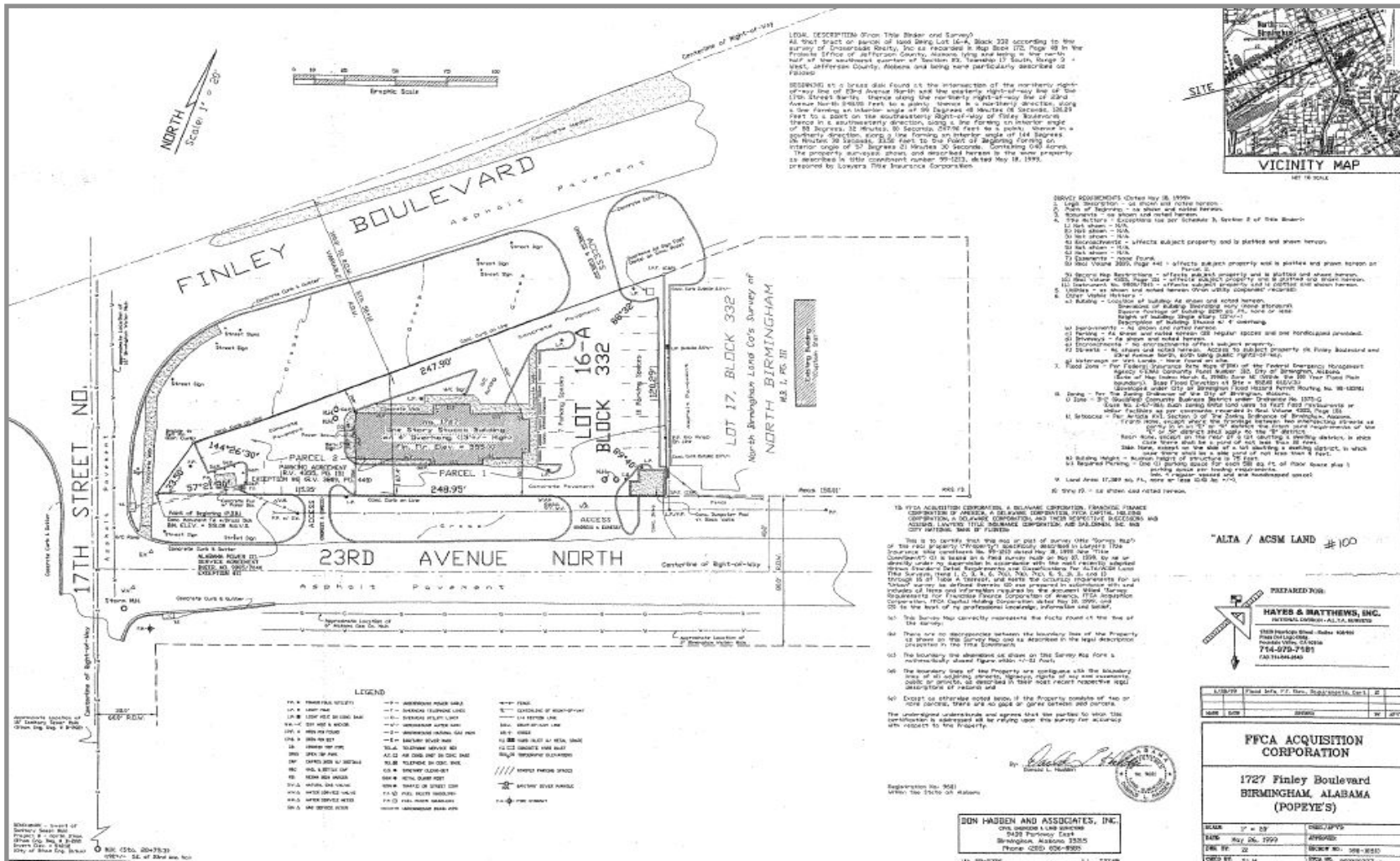
1717 Finley Boulevard, Birmingham, AL 35204



Popeyes Louisiana Kitchen located in Birmingham, the largest city in Alabama. This popular restaurant serves the surrounding community and is immediately accessible to Interstate 65 with 90,000 travelers per day. Additionally, a roughly 21,000 vehicles pass the location daily along Finley Boulevard.

The property is located 2.5 miles northeast of the University of Alabama Birmingham and the University of Alabama School of Medicine.

The Birmingham-Shuttlesworth International Airport is just seven miles east of the property.



POPEYES

DEMOGRAPHICS

	1 Miles	3 Miles	5 Miles
POPULATION			
2020 Projection	5,707	37,883	141,812
2015 Estimate	6,128	40,014	146,573
2010 Census	6,132	39,537	145,429
2000 Census	8,111	47,622	168,401
INCOME			
Average	\$30,487	\$35,350	\$50,749
Median	\$21,489	\$22,576	\$30,812
Per Capita	\$13,417	\$15,123	\$22,211
HOUSEHOLDS			
2020 Projection	2,488	14,958	61,021
2015 Estimate	2,638	15,680	62,619
2010 Census	2,635	15,480	62,010
2000 Census	3,259	18,099	70,893
HOUSING			
2015	\$53,841	\$68,678	\$94,850
EMPLOYMENT			
2015 Daytime Population	16,419	97,698	238,846
2015 Unemployment	13.31%	16.35%	9.2%
2015 Median Time Traveled	24	23	22
RACE & ETHNICITY			
White	3.57%	11.65%	27.99%
Native American	0.14%	0.05%	0.06%
African American	91.74%	84.95%	66.5%
Asian/Pacific Islander	0.14%	0.52%	1.15%
CLOSE PROXIMITY TO:			



Airport



Major Highway



Downtown



Schools



Shopping Center



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LOCATION PHOTO





POPEYES

AERIAL PHOTO



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