



Tenant Description

Ever since its inception in 1946 in Hapeville, a suburb of Atlanta, GA, Chick-fil-A has steadily progressed into the fast food behemoth we know today. Known for its chicken sandwich, Chick-fil-A currently operates over 2,300 location in 47 states and Washington, DC. Owned by the Truitt family, Chick-fil-A remains a privately held company.

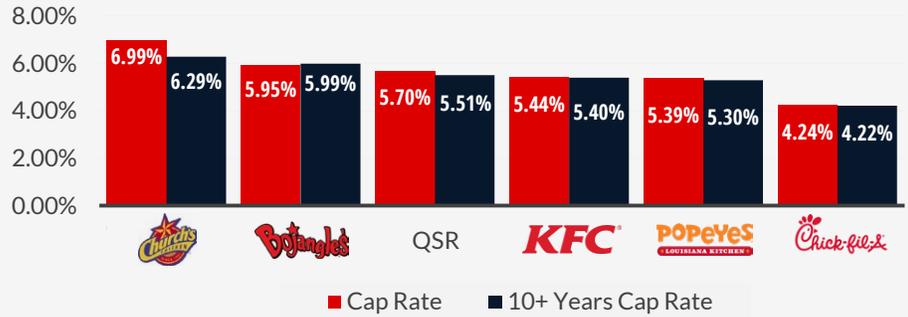
Net Lease Overview

Chick-fil-A stands out as a unique investment for a couple of reasons, such as it becoming the third largest fast food chain in the United States by sales despite being open for only six days out of the week. Chick-fil-A also is very up-to-date on current marketing trends developing its own app to provide rewards to loyal customers and provide an alternative option to ordering at the restaurant. With a very strenuous site selection process requiring extensive research, Chick-fil-A locations will have high visibility, making them easy to find.

Chick-fil-A locations tend to be subject to ground leases, meaning the investor owns the ground while Chick-fil-A is responsible for building and the improvements (buildings). The leases tend to have strong rental increases during the primary term, offering investors a hedge against inflation. Chick-fil-A does not have a credit rating but the corporate guarantee behind the leases is very strong.

Expect Chick-fil-A to continue growing after bringing in \$10B in revenue for 2018 and having the highest sales per location of any QSR. Patrons also note them for exquisite manners which can help explain how the company is ranked #4 in the Harris Poll for corporate reputation.

Average Cap Rates From the Past 12 Months



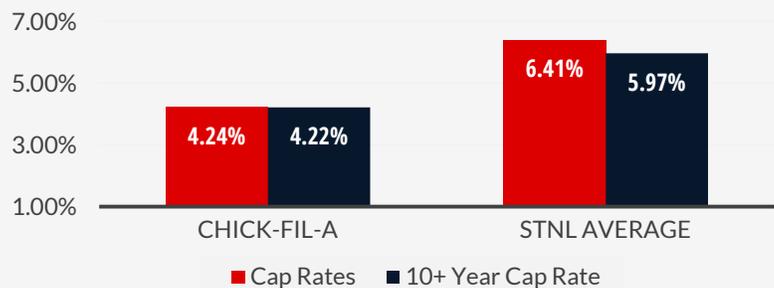
After comparing cap rates amongst the larger QSR retailers Chick-fil-A is significantly lower not just for average cap rates, but for deals that have 10+ years on their term.

Average Sales Per Location



Average sales can be a critical factor when deciding on whether a retail location is worth the investment. Looking at this chart we can see that Chick-Fil-A per location significantly out-performs the other chicken serving QSRs.

Chick-fil-A vs STNL Average From the Past 12 Months



Chick-fil-A's average cap rate, for all sales and deals that have at least 10 years left on their leases, is substantially lower than the STNL average. This shows how strong of a tenant Chick-fil-A is, and that they are a very significant force in the QSR sector.

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DISCLOSURES: As part of our market research, we collect sales price, cap rate, and lease years remaining for all publicly advertised and sold STNL properties. a) We are not able to capture 100% of the off-market transactions that occur; however the nature of off-market typically limits their value as true market comps. b) Sources include public records, sales announcements, Calkain sales, and appraiser obtained sales amongst others. c) Our collection process, while thorough, is not all encompassing and there may be biases in the data as it relates to geography, tenancy, or brokers involved in the transaction. d) Public records often lag behind when transactions actually close, months in some cases. e) In sectors with a skew of greater than |2|, we have replaced the mean with the median to better describe these sectors. Consequently the data supplied here for any given quarter is likely to miss a material amount of transactions that actually closed in it.