



FLOWERS FOODS | NASHVILLE

1962 ALAMAVILLE ROAD, SMYRNA, TN 37167

ACTUAL PROPERTY | RENDERING OF SIGN

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EXCLUSIVELY LISTED BY:

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STATE BROKER OF RECORD:

HENRY N. CANNON

CANNON AUSTIN & CANNON, INC.

TN #243009

INVESTMENT SUMMARY

| | |
|-------------------|-----------------|
| List Price: | \$2,482,136 |
| Current NOI: | \$163,821.00 |
| Initial Cap Rate: | 6.6% |
| Land Acreage: | 1.54 |
| Year Built | 2017 |
| Building Size: | 7,500 SF |
| Price PSF: | \$330.95 |
| Lease Type: | NN (Double Net) |
| Lease Term: | 15 Yrs. |
| Average CAP Rate: | 7.00% |

INVESTMENT OFFERING

Fortis Net Lease is pleased to present this 7,500 SF. Flowers Foods warehouse/ distribution/bakery outlet located in Smyrna, Tennessee. The property is encumbered with a Fifteen (15) Year (Double Net) NN Lease, leaving limited landlord responsibilities. The lease contains a 5% rental increase every 5 years. The lease is corporately guaranteed by Flowers Foods which holds a credit rating of “BBB”, which is classified as Investment Grade. The store is currently open with rent having commenced 10/7/2017.

This Flowers Foods is highly visible as it is strategically positioned on Alamaville Road which has an average daily traffic count of 18,115 cars per day. The five mile population from the site is 73,480, while the one mile average household income is \$96,324 per year, making this location ideal for a Flowers Foods. The Subject offering represents an ideal opportunity for a 1031 exchange buyer or a “passive” investor to attain the fee simple ownership of an institutional grade tenant in Flowers Foods. This investment will offer a new owner continued success due to the financial strength and the proven profitability of the tenant. List price reflects a 6.75% cap rate based on NOI of \$163,821.



PRICE \$2,482,136



AVG. CAP RATE 7.00%



LEASE TYPE NN (Double Net)



TERM 15 Yrs.



INCREASES 5% / 5 Yrs

INVESTMENT HIGHLIGHTS

- NN Lease | 15 Year Term | 2017 Construction
- One Mile Household Income \$96,324
- Five Mile Population 73,480 | New O'Reilly adjacent
- **18,115 Cars Per Day on Alamaville Road**
- 13.08% Population Growth Expected within 1 Mile
- Only 12 Miles from Murfreesboro, TN
- **Only 25 Miles from Nashville, TN**
- **5% Rent Bumps ever 5 Years**

FINANCIAL SUMMARY

| INCOME | | PER SF |
|--|------------------|----------------|
| Flower Foods Rent | \$165,696 | \$22.09 |
| Taxes Reimb. "Additional Rent" (Estimate \$1.50 psf) | \$11,250 | \$1.50 |
| Insurance Reimb. "Additional Rent" (Estimate \$1.00 psf) | \$7,500 | \$1.00 |
| Gross Income | \$184,446 | \$24.59 |

| EXPENSE | | PER SF |
|---|-----------------|---------------|
| Flower Foods Reserve (\$0.15 PSF) | \$1,125 | \$0.15 |
| Taxes Expense "Additional Rent" (Estimate \$1.50 psf) | \$11,250 | \$1.50 |
| Insurance Expense "Additional Rent" (Estimate \$1.00 psf) | \$7,500 | \$1.00 |
| Parking Lot / Paved Area Expense (Estimate \$0.10 pdf) | \$750 | \$0.10 |
| Gross Expenses | \$20,625 | \$2.75 |

| | | |
|-----------------------------|------------------|----------------|
| NET OPERATING INCOME | \$163,821 | \$21.84 |
|-----------------------------|------------------|----------------|

PROPERTY SUMMARY

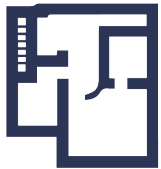
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|---------------------|-----------------|
| Year Built: | 2017 |
| Lot Size: | 1.54 Acres |
| Building Size: | 7,500 SF |
| Traffic Count: | 18,115 |
| Roof Type: | Rubber Membrane |
| Zoning: | Commercial |
| Construction Style: | Prototype |
| Parking Lot: | Asphalt / Ample |
| Warranties | Materials |
| HVAC | Roof Mounted |

LEASE SUMMARY

| | |
|--|---|
| Tenant: | Flowers Baking Co. of Knoxville, LLC |
| Lease Type: | NN (Double Net) |
| Primary Lease Term: | 15 Years |
| Annual Rent: | \$165,696 |
| Rent PSF: | \$22.09 |
| Landlord Responsibilities: | Limited |
| Taxes, Insurance & CAM: | Tenant Responsibility |
| Foundation, Roof, Structure & Parking: | Landlord Responsibility |
| Lease Start Date: | 10/7/2017 |
| Lease Expiration Date: | 10/07/2032 |
| Lease Term Remaining: | 13.5 |
| Rent Bumps: | 5% Every 5 Years |
| Renewal Options: | None |
| Lease Tenant Strength: | Wholly Owned by Flowers Foods, Inc. (FLO) |
| Tenant Website: | www.flowersfoods.com |



| LEASE YEAR | UNIT SIZE (SF) | LEASE START | LEASE END | ANNUAL RENT | ESC DATE | RENT PER SF/YR |
|------------------------|----------------|-------------|-----------|---------------------|-----------|----------------|
| Years 1-5 | 7,500 | 10/7/2017 | 10/7/2033 | \$165,696.00 | | \$22.09 |
| Years 6-10 | | | | \$173,980.80 | 10/7/2022 | \$23.20 |
| Years 11-15 | | | | \$182,679.84 | 10/7/2027 | \$24.36 |
| Totals/Averages | 7,500 | | | \$165,696.00 | | \$22.09 |



TOTAL SF
7,500



TOTAL ANNUAL RENT
\$165,696



OCCUPANCY RATE
100%



AVERAGE RENT/SF
\$22.09



NUMBER OF TENANTS
1





OVERVIEW

| | |
|----------------|----------------------|
| Company: | Flowers Foods, Inc. |
| Founded: | 1919 |
| Total Revenue: | \$3.95 Billion |
| Net Income: | \$157.16 Million |
| Net Worth: | \$4.44 Billion |
| Headquarters: | Thomasville, Georgia |
| Website: | www.FlowersFoods.com |

TENANT HIGHLIGHTS

- Operates 49 highly efficient bakeries in 18 states that produce breads, buns, rolls, snack cakes, pastries, and tortillas.
- Across the grocery store segment, fresh bread and rolls is the third-largest category, behind only carbonated beverages and milk in dollars.
- 98.6% of households buy fresh packaged bread
- Acquisitions account for \$2.0 Billion in revenue over the past 10 years
- 950+ Flowers Foods locations



RENT SCHEDULE

| LEASE YEARS | ANNUAL RENT | MONTHLY RENT | BUMP | YIELD |
|-------------|--------------|--------------|------|-------|
| 1-5 | \$165,696.00 | \$13,808.00 | - | 6.75% |
| 6-10 | \$173,980.80 | \$14,498.40 | 5% | 7.09% |
| 11-15 | \$182,679.84 | \$15,223.32 | 5% | 7.44% |

COMPANY HISTORY

Flowers Foods is a producer and marketer of packaged bakery foods in the United States. The company's products are sold regionally through a direct store delivery network that encompasses the East, South, and Southwest, West and the Northwest, and are sold nationwide via delivery to retailers' warehouses. They serve approx. 85% of the U.S.

In 1919, brothers William Howard and Joseph Hampton Flowers opened Flowers Baking Company in Thomasville, Georgia. In 1944, Flowers became the 6th bakery in the U.S. to franchise Quality Bakers of America's Sunbeam brand and Little Miss Sunbeam for its white bread.

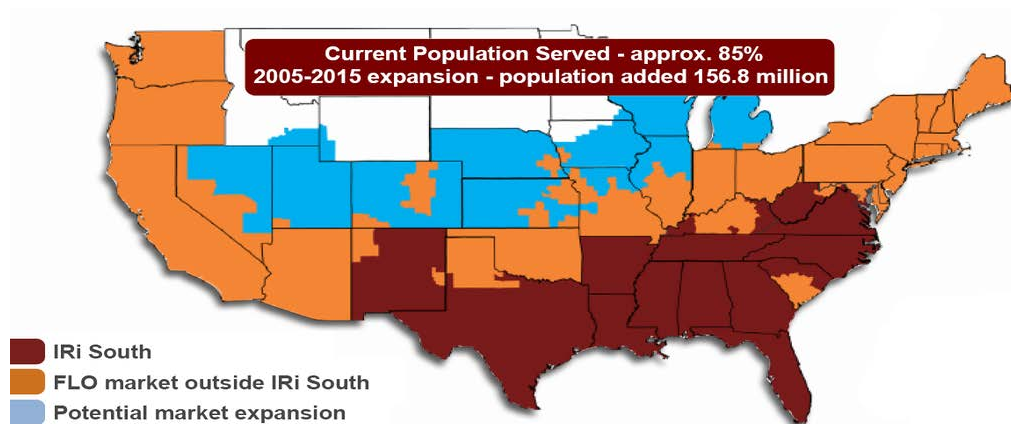
In 1968, the company became Flowers Industries, and began trading over-the-counter. Less than a year later, Flowers was listed on the American Stock Exchange. In 1982, the company listed on the New York Stock Exchange under the ticker symbol FLO.

In the mid-1990s, Flowers acquired the Keebler Company and Mrs. Smith's Pies. In 2001, Flowers sold its investment in Keebler to the Kellogg Company and delivered \$1.24 billion to its shareholders. Flowers' remaining business units, Flowers Bakeries and Mrs. Smith's Bakeries, were then spun off into a new company called Flowers Foods. In 2003, Flowers Foods sold its Mrs. Smith's frozen dessert business to the Schwan Food Company.



BRAND STRENGTH

- Top company brands: Wonder Bread, Nature's Own, Whitewheat, Mrs. Freshley's, Cobblestone Mill, Tastykake, Dave's Killer Bread
- Top regional franchised brands: Sunbeam, Merita, Home Pride, Butternut, Bunny, Captain John Derst's, Evangeline Maid, ButterKrust, Mary Jane, Betsy Ross, Roman Meal, Country Kitchen, Barowsky's Organics
- Nature's Own is the #1 loaf bread brand in the U.S. & reached \$1.1B in retail sales in 2015
- In the total U.S., Nature's Own Honey Wheat is the #1 fresh packaged bread item and Nature's Own Butterbread is the #1 White Bread loaf
- Company's Vision: "As America's premier baker, we craft foods that make people smile. We are driven by a passion to boldly grow our business through inspiring leadership, teamwork, and creativity."
- in 2017, was a bronze winner in Sysco's Supplier Awards in the bakery & convenience category. The recognition was based on 7 measures of the company's relationship with Sysco – customer service, logistics, inventory planning, manufacturing, QA, R&D, and sales.



21ST CENTURY ACQUISITIONS

- October 25, 2002, bought out Ideal Baking Company
- December 2002, bought Bishop Baking Company from Kelloggs Company.
- 2006, Derst Baking Co. was acquired.
- 2008, acquired ButterKrust Bakery and Holsum Bakery.
- 2011, Tastykake was acquired.
- 2012, Sara Lee and Earthgrains and Earthgrains were bought from Bimbo Bakeries.
- 2013, purchased most of the bread brands of Hostess Brands, including Wonder Bread.
- 2014, launched the bread brand Cobblestone Bread Co.
- 2015, purchased Dave's Killer Bread & purchased Alpine Valley Bread Co., an organic bakery.

LEASE LANGUAGE - FLOWERS FOODS

| | |
|---|--|
| 3.2 Additional Rent: | Lessee shall pay on a monthly basis as additional rent together with each payment of the Base Rent during the Lease Term, the expenses set forth in Sections 5.2, 7.1., 9.2, and 9.4 of this Lease (the "Additional Rent," and, together with the Base Rent, the "Rent"). For informational purposes only, the initial estimate of the Additional Rent is \$ /square foot leased on an annual basis. |
| 7.1 Repair and Maintenance of Property: | Lessor will keep and maintain, at its sole cost and expense throughout the term of the Lease and any renewals, the roof, structural walls, concrete floors, foundations, floor slab, structural frame, and paved areas, including the parking lot of the building and the Property. Lessor will also keep and maintain at its sole cost and expense throughout the term of the Lease and any renewals, the roof membrane. Without limiting the foregoing sentences, Lessor shall maintain, repair, and replace and keep in good order, safe, and clean condition the following: (i) the plumbing system, electrical and mechanical lines, all of which are located below and/or above the floor level of the building and Property including sewage lift station and any sump pumps for drainage; and (ii) the interior and exterior walls, bearing walls, support beams, foundation, floor slab columns, exterior doors and windows, lateral support to the building and Property, and parking facilities (re-stripping and resurfacing as needed, but not routine sweeping or cleaning of the parking areas). Lessee, at its sole expense, shall keep and maintain the interior of the Property in good order and repair, including, but not limited to, the interior, including all routine repair, maintenance and replacement of all electrical, HVAC (except for Major Repairs as defined below), mechanical, and plumbing equipment (such equipment hereinafter referred to as the "Systems"), now existing or hereafter constructed on the Property during the Lease Term; and the trash enclosures, landscaping with sprinkler system (if installed), and light standards which are a part of the Property. In the event the repair of the HVAC system serving the Premises is required, Lessee shall be responsible for paying the first \$1,000.00 per year for such repair. Lessor shall be responsible for any and all costs of repair of the HVAC system in excess of that first \$1,000.00 per year ("Major Repairs"). Lessee shall maintain the perimeter fencing encompassing the Property and maintain the outside areas of the Property, other than the paved areas which Lessor shall maintain, in good and neat condition. Lessee shall make such repairs and replacements as may be necessary, regardless of whether the benefit of such repair or replacement extends beyond the Lease Term. Lessee does hereby covenant to keep the Property and all such improvements in good repair and in clean and sanitary condition during the Lease Term and will comply with all governmental ordinances and directions of proper public officers in connection with such repair, maintenance and replacement during the Lease Term. |
| 9.1 Liability Insurance: | Lessee agrees that at its own cost and expense, during the term of this Lease, it shall procure and continue in force general liability insurance in the amounts of not less than One Million and No/100 Dollars (\$1,000,000.00) for bodily injury to any one person, Two Million and No/100 Dollars (\$ 2,000,000.00) for bodily injury to more than one person in an occurrence, and One Million and No/1 00 Dollars (\$1,000,000.00) for damage to property arising out of the use or occupancy of the Property by Lessee. Lessee's general liability insurance policy shall name Lessor and Lessor's lender as additional insured parties. |
| 9.2 Fire and Extended Coverage Insurance: | Lessor agrees that during the term of this Lease, it shall insure the Property against damage by fire or extended coverage risks, including flood insurance, in amounts not less than the then replacement value of the Property as determined from time to time by the insurer. Before placing or renewing coverage, Lessor will provide Lessee with two insurance quotes that comply with the coverage requirements of this Lease and Lessee shall be entitled to obtain additional quotes. Lessee shall then be entitled to select the insurer. Lessee shall pay to Lessor, as Additional Rent hereunder, on a monthly basis, one twelfth of the yearly premium for such fire and extended coverage and flood insurance for the Property. Lessor shall provide Lessee with documentation evidencing the amount of the monthly premium payments to be paid to Lessor as Additional Rent by Lessee. Lessee shall make monthly payments for said insurance based on the last-known premium. Payments will be adjusted annually as the premium is determined. Notice of any change in premium amount shall be provided to Lessee in writing, along with documentation evidencing the change. Lessee shall insure its personal property on the Property against damage by fire or extended coverage risks. |

LEASE LANGUAGE – FLOWERS FOODS

| | |
|-----------------------|---|
| 9.4 Taxes: | Lessor shall be responsible for and directly pay all real estate taxes and Impositions assessed or levied against the Property. Lessee shall pay to Lessor, as additional rent hereunder, the real estate taxes and Impositions assessed or levied against the Property upon receipt of Lessor's payment of the most recent tax bill, a copy of which shall be provided to Lessee by Lessor. Lessor shall provide to Lessee a copy of the new yearly tax bill upon receipt. Lessee shall directly pay such taxes as may be assessed or levied against its trucks, materials, supplies and bakery products, and any permits necessary according to existing laws pertaining to the operation of its business. In the event that the taxes assessed or levied against the Property in any given year increase by more than five percent (5%) from the previous year, Lessee may elect to contest such taxes as assessed. Lessor agrees to cooperate with Lessee in any such tax appeal |
| 9.5 Utilities: | Lessee shall have independently metered electric, water, and sewer utilities as well as waste management arrangements pertinent to its operations on the Property. Lessee agrees to pay or cause to be paid all charges for gas, electricity, water, light, heat, power, sewer, storm water discharge, telephone or other communication service used, rendered, or supplied upon or in connection with the Property throughout the term of this Lease. |
| 11.1 Use of Property: | Use of Property. Lessee shall have the right to use the Property solely for the sale, warehousing and distribution of bakery products and other food products consistent therewith, including, but not limited to, storage of vehicles, bakery products, other food products, materials and supplies, and for the sale of bakery products and other food products at retail, and ancillary office uses (the "Permitted Use"); provided, however, with the written consent of Lessor, whose consent may not be unreasonably withheld, Lessee (or any sublessee under Article 12 hereof) may use the Property for any legally permissible use. All operations incident to the use of the Property shall be carried on according to reasonable business practices of the community. Lessee agrees that Lessee shall not sell or permit to be kept, used or sold on or about the Property any articles which may be prohibited by standard form fire insurance policies. Lessee further agrees that Lessee will not use the Property, or permit the same to be used, for any unlawful, immoral, obnoxious or offensive business or practice or cause, maintain or permit any nuisance in, on or about the Property. |
| 11.2 Parking: | Lessor shall provide to Lessee parking spaces at the Property for the exclusive use by Lessee in the size and quantity as set forth in the plans and specifications attached hereto in Exhibit "B". Lessee may park distribution/delivery trucks at the Property at any time and overnight. |



FLOWERS FOODS

1962 ALAMAVILLE ROAD, SMYRNA, TN 37167



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Actual Property | Rendering of Sign

FLOWERS FOODS


1962 ALAMAVILLE ROAD, SMYRNA, TN 37167



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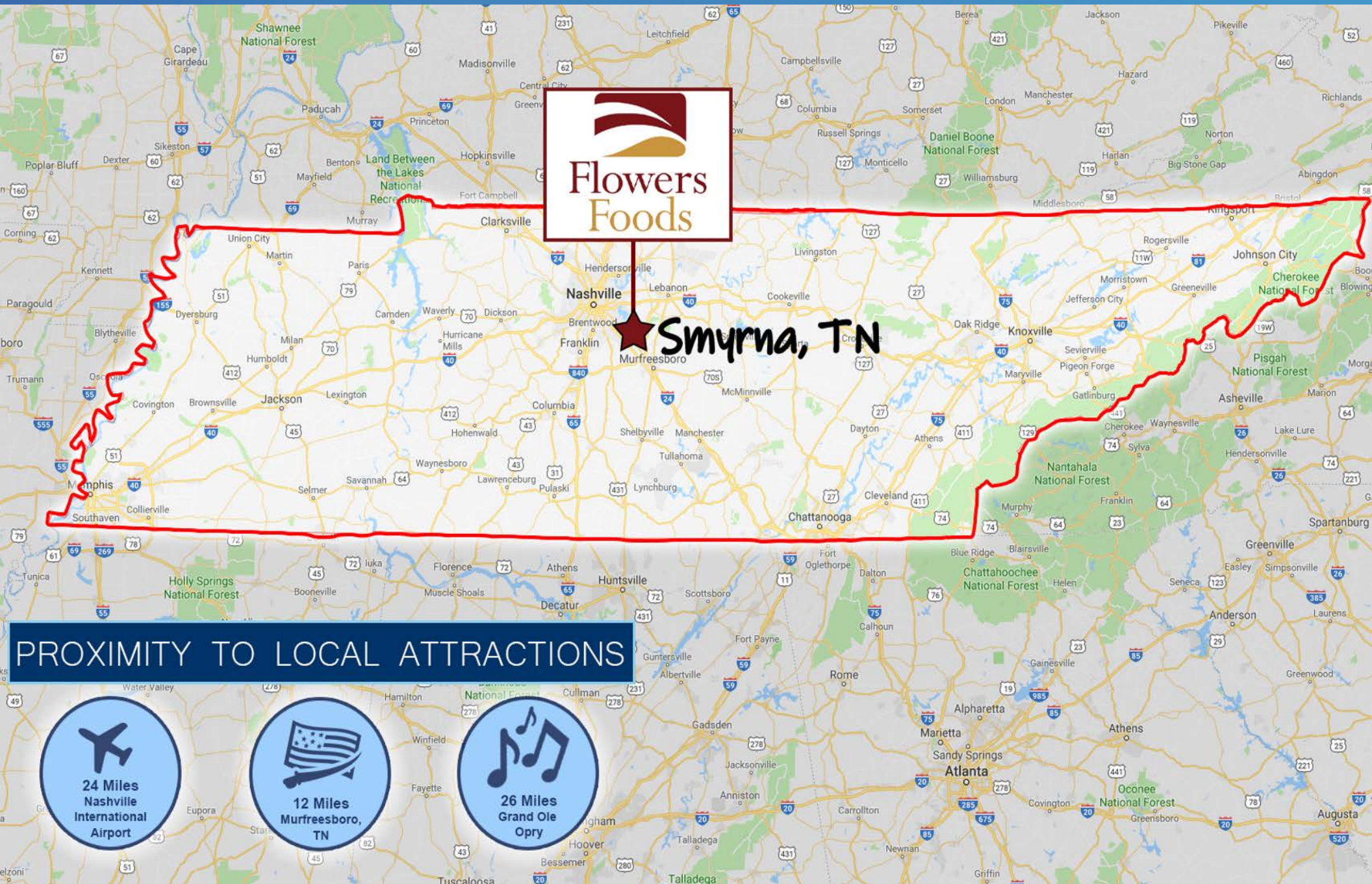




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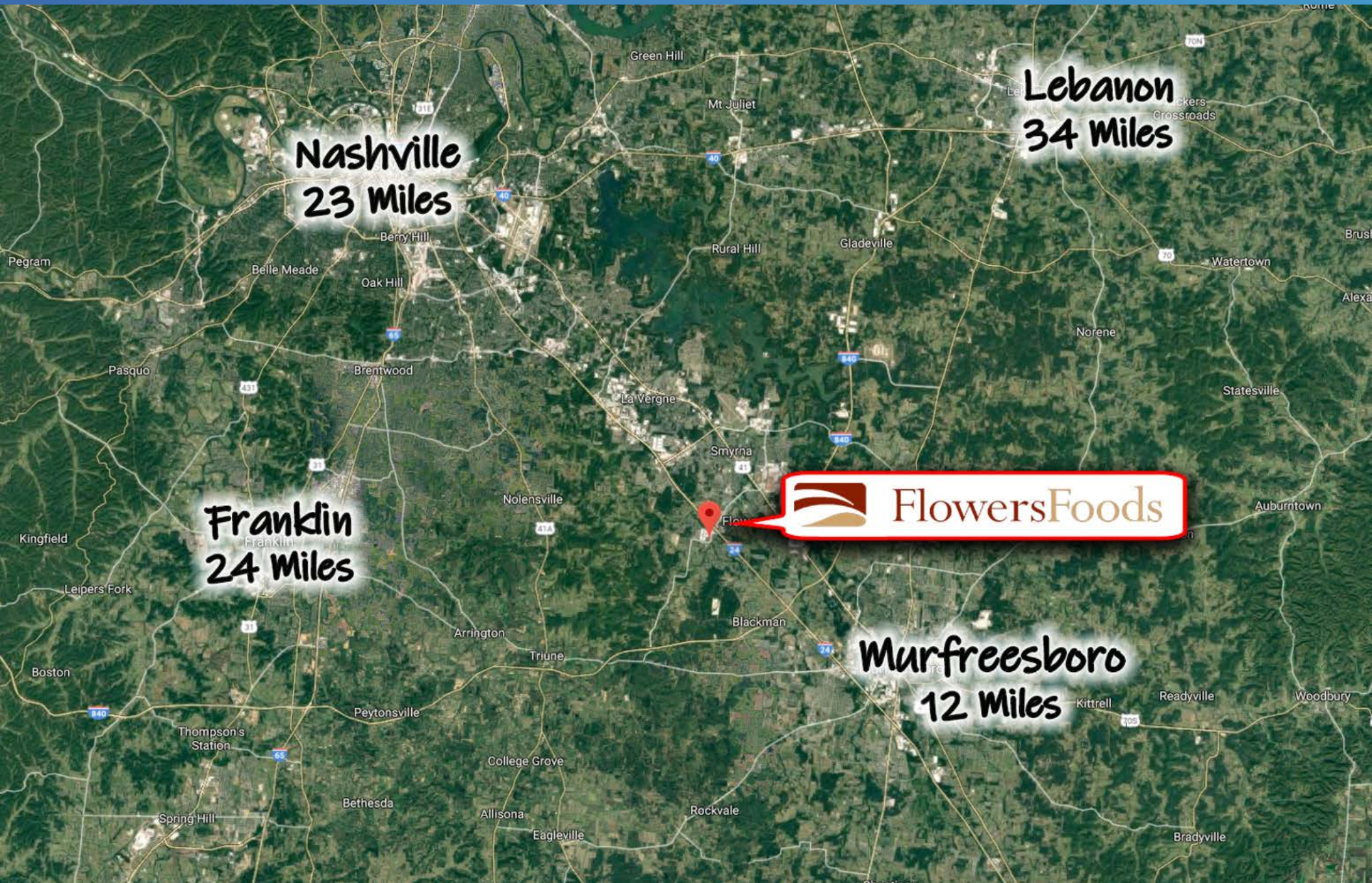
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*Historic Sam Davis Home pictured above

Smyrna is a town in Rutherford County, Tennessee. It finds its roots in the mid 1800's as an agrarian community with many large farms and plantations flourishing in the area. One of the more significant plantations, the Sam Davis Home, is Smyrna's most historic landmark and is designated as a state historical site. The plantation was home of the heroic Sam Davis who offered his life rather than reveal to the Union soldiers information that would compromise the Confederate war effort.

The railway has also played an important role in the history of Smyrna. Serving as a refueling station for the railroad, tracts of land surrounding the depot were offered for public purchase. The town of Smyrna first incorporated in 1869, however its original charter was rescinded by the state a few years later. In 1915, the town incorporated, adopting a mayor and a commission form of government and continues to operate under a private act charter. On March 14, 2000, the mayor and board of commissioners adopted a new charter and now operate under the city manager form of government. The legislative body consists of 6 council persons and one mayor.

In 2007, U.S. News & World Report listed Smyrna as one of the best places in the United States to retire. Smyrna has 10 parks, a public golf course, 7 miles of greenway trails and an outdoor water park. A public fitness center located in Town Center includes an Olympic-sized swimming pool.

| POPULATION | 1 MILE | 3 MILES | 5 MILES |
|-------------------------------|-----------|-----------|-----------|
| Total Population 2018 | 3,676 | 29,515 | 73,480 |
| Total Population 2023 | 4,157 | 33,672 | 83,718 |
| Population Growth Rate | 13.08% | 14.08% | 13.93% |
| Average Age | 38.1 | 36.2 | 35.7 |
| # Of Persons Per HH | 2.9 | 2.8 | 2.8 |
| HOUSEHOLDS & INCOME | 1 MILE | 3 MILES | 5 MILES |
| Total Households | 1,254 | 10,404 | 26,255 |
| Average HH Income | \$96,324 | \$87,045 | \$78,920 |
| Median House Value | \$181,420 | \$168,637 | \$171,494 |
| Consumer Spending (Thousands) | \$40,461 | \$303,514 | \$713,418 |

Smyrna

TN



TOTAL SALES VOLUME

\$5.5B

PROPERTIES SOLD

2,500+

BROKER & BUYER REACH

345K

STATES SOLD IN

40

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