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Multi-unit Franchisees Unlock Value With OpCo/PropCo Structure

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Large Culver's franchisee S&L owns 100 percent of its real estate and utilizes the OpCo/PropCo model.

Being a multi-unit franchisee is extremely real estate intensive, and savvy operators are always looking for ways to capitalize on the value of their real estate.

One strategy gaining popularity, particularly among restaurant franchisees, is the OpCo, or operating company, and Propco, or property company, model. This structure separates the operational business entity, the OpCo, from the ownership of real estate assets, including land

and buildings, and related debt, the PropCo.

The OpCo then leases the property from the PropCo, generates revenue, manages daily operations and is responsible for potential liabilities associated with the business operations. Meanwhile, the PropCo owns a portfolio of properties that can be used as collateral to raise capital with lower-interest loans for expansion or reinvestment.

“If you can leverage the real estate, theoretically, that allows you to have more capital at your disposal because you have more collateral if you want to acquire more locations, or enter a new market,” said Vance Waldron, Cadence Bank’s managing director of franchise finance.

Waldron said he’s seeing increasing interest and inquiries from multi-unit franchisees about this structure, and it’s an emerging trend with potential for wider adoption across franchise platforms.

Vance Waldron of Cadence Bank says interest in the OpCo/PropCo structure is increasing.

“It’s become a growing part of our Cadence portfolio,” he said.

In addition to attractive financing options, Waldron said franchisees can use the OpCo/PropCo model to protect assets, have greater control over real estate decisions and optimize tax and financial situations. The structure also creates a long-term revenue stream, generates “mailbox money” through self-paid rent, simplifies succession planning, and develops a potential retirement strategy.

Additionally, having a separate PropCo makes selling assets and/or the business simpler.

“It makes it much easier at some point if the franchisee wants to sell a particular piece of real estate if it’s separated from the OpCo,” explained Brad Cashman, an attorney specializing in franchising at Monroe Moxness Berg.

“It’s also generally helpful that the real estate is in a separate entity when they sell the business,” he continued. “A lot of franchisees have an exit strategy, which includes accumulating a pretty sizable real estate portfolio and at some point selling the business and essentially becoming a significant landlord where they’re collecting rents from the buyer as basically an annuity.”

Cashman said the OpCo/PropCo also provides liability protection. “If there’s a problem with the operating company, it doesn’t necessarily bleed into the real estate and vice versa.”

Barry Dubin is the founder of B Wild Investments.

A pioneer in OpCo/PropCo

Multi-unit franchise veteran Barry Dubin, founder and CEO of B Wild Investments, has been successfully using the OpCo/PropCo structure for 15 years. He's a former executive at KBP Brands, one of the five largest restaurant franchisees in the United States with a portfolio of KFC, Taco Bell, Arby's and Sonic locations.

During Dubin's 13-year stretch at KBP Brands, the company started with 64 units in 2011, completed 90 acquisitions, and has grown to 1,100 restaurants in more than 30 states. Dubin believes KBP Brands is a pioneer in using the OpCo/PropCo approach and is now seeing more businesses exploring this model.

"Many years ago, we created this OpCo/PropCo structure that allowed us to efficiently acquire restaurants that had real estate attached to them," he explained.

"Whether you're building a business from new units, acquiring assets to build your business or operating a business without any growth—say you have 10 units, and you're just going to continue to operate those—this industry is very real estate-intensive," said Dubin. "All strategies lead to you needing real estate, and in many cases, you own some or all of that real estate. Regardless of your strategy, an OpCo/PropCo structure could be advantageous."

For KBP, the strategy focused on acquisitions and favorable financing options. The biggest benefit, explained Dubin, is the clean bifurcation of the operating assets from the property assets, which generally leads to more advantageous financing.

The OpCo/PropCo structure also simplifies real estate transactions and allows for more strategic growth and expansion.

Throughout his use of the structure, Dubin said it “provided a high degree of likelihood of closing a transaction.”

Tide Laundromat expansion uses model

Dubin’s newest venture is with Tide Laundromat, where he again is successfully utilizing the OpCo/PropCo model. Last year he signed a 51-unit deal with the franchisor to open laundromats in seven states. He started 2025 with three units and will open four more this year.

“We will more than double the size of the business this year and plan to again double the size of the business in 2026,” he noted.

In the case of Tide, Dubin is using the OpCo/PropCo model to help with development. Since Tide Laundromat has a “smart auto-dosing” system, Dubin said there are challenges in converting existing laundromats to the Tide system.

Rather than focusing on acquisitions, due to the need for these significant infrastructure changes, Dubin’s strategy focuses on development. “As quickly as we can find sites that we like, we will continue to develop,” he said.

Having the OpCo/PropCo structure within the laundromats, Dubin said, will provide preferred financing options in the years to come.


Jeff Liegel's S&L Companies is a large Culver's franchisee.

S&L utilizes strategy for Culver’s

S&L Companies, co-founded by brothers Jeff Liegel and Chad Stevenson, is one of the largest Culver’s franchisees with 111 restaurants in five states and 50 owner-operators.

S&L began in 1994 with its first Culver’s in Portage, Wisconsin, and grew its portfolio through both acquisition and development. The group owns 100 percent of the real estate.

Culver’s requires an owner-operator in every restaurant, noted Liegel, S&L’s CEO. He said the OpCo/PropCo structure makes this easier by providing a lower entry point for general managers to become partial owners.

By separating the real estate from the operating business, managers can invest around $100,000 to acquire 19 percent to 25 percent of the business without being saddled with real estate debt, he said. Nearly all the debt is on the PropCo side and built into the leases.

Another advantage is S&L uses the equity in the real estate to secure future funds and upsides with their banking group.

“As long as you have a good lease, there’s quite a bit of equity that you can get out of the real estate,” said Liegel. “It’s no different than a sale-leaseback, but we just look at sale-leasebacks as temporary financing. At the end of the day, you don’t own it, and you’re always going to be paying. We’ve had this vision for the past 15 years, and that’s why we have been adamant about owning the real estate. It’s probably our Midwest upbringing.”

Tips to get started

Before implementing an OpCo/PropCo, franchisees should conduct a complete financial analysis, ensure regulatory and legal compliance, and obtain advice from both legal and financial experts.

“Talk to your legal and tax advisers to come up with the optimal structure as well as what needs to occur to potentially move assets into those entities,” said Cashman.

While implementing and managing an OpCo/PropCo structure can be complex, the additional administrative work is worthwhile for most multi-unit franchisees, said Cashman.

“In my view, the benefit almost always outweighs any sort of complexity or additional administrative burden of creating the two separate structures for real estate assets and operating assets,” Cashman added.