

KFC

EXCLUSIVE NET-LEASE OFFERING

OFFERING MEMORANDUM



2515 Park Avenue
Muscatine, IA 52761

Confidentiality and Disclaimer



2515 Park Avenue
Muscatine, IA 52761

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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rates for the area. Returns are not guaranteed; the tenant and any

guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.



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Investment Highlights

PRICE: \$1,406,720 | CAP: 6.00% | RENT: \$84,403



About the Investment

- ✓ Long Term, 20-Year Absolute Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Two (2) Option Periods of Ten (10) Years Each | Potential for Total Lease Term of 40 Years
- ✓ Strong Hedge Against Inflation | One and One-Half Percent (1.50%) Rental Increases Annually

About the Location

- ✓ Dense Retail Corridor | Walmart, Aldi, Menards, Hy-Vee, Harbor Freight Tools, Anytime Fitness, Walgreens, McDonald's, Wendy's, Burger King, and Many More
- ✓ Surrounded by Numerous Hospitality Accommodations | Hampton Inn, AmericInn by Wyndham, Best Western, Comfort Inn, Travelodge Inn & Suites, Super 8, and More
- ✓ High Academic Presence | Less Than Two Miles From Muscatine Community College | More Than 1,400 Students Enrolled
- ✓ Strong Real Estate Fundamentals | Less Than One Mile From Muscatine Mall | 30 Tenants

About the Tenant / Brand

- ✓ KFC is the World's Most Popular Chicken Restaurant Chain Serving More Than 12 Million Customers Per Day in 125 Countries
- ✓ KFC operates more than 17,000 restaurants in the United States and internationally
- ✓ Franchise Management, Inc. | Owns and Operates More Than 360 Locations Including Pizza Hut, KFC, Taco Bell, Panera Bread, and Robin's Donuts concepts
- ✓ KFC's parent company is Yum! Brands, Inc., the world's largest restaurant company in terms of system restaurants, with more than 40,000 locations in more than 130 countries and territories and employing more than one million associates





Financial Analysis

PRICE: \$1,406,720 | CAP: 6.00% | RENT: \$84,403



PROPERTY DESCRIPTION

Property	KFC
Property Address	2515 Park Avenue
City, State ZIP	Muscatine, IA 52761
Building Size (SF)	2,870
Lot Size (Acres)	+/- 0.73
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$1,406,720
CAP Rate	6.00%
Annual Rent	\$84,403

LEASE SUMMARY

Property Type	Net Leased Restaurant
Tenant / Guarantor	Franchise Management Investors US, LLC (41-Units)
Original Lease Term	20 Years
Lease Commencement	November 15, 2016
Lease Expiration	November 30, 2036
Lease Term Remaining	16 + Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.50% Annually
Options to Renew	Two (2), Ten (10)-Year Options

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Current	\$84,403	\$7,034	-
Year 5	\$85,669	\$7,139	1.50%
Year 6	\$86,954	\$7,246	1.50%
Year 7	\$88,258	\$7,355	1.50%
Year 8	\$89,582	\$7,465	1.50%
Year 9	\$90,926	\$7,577	1.50%
Year 10	\$92,290	\$7,691	1.50%
Year 11	\$93,674	\$7,806	1.50%
Year 12	\$95,079	\$7,923	1.50%
Year 13	\$96,506	\$8,042	1.50%
Year 14	\$97,953	\$8,163	1.50%
Year 15	\$99,422	\$8,285	1.50%
Year 16	\$100,914	\$8,409	1.50%
Year 17	\$102,427	\$8,536	1.50%
Year 18	\$103,964	\$8,664	1.50%
Year 19	\$105,523	\$8,794	1.50%
Year 20	\$107,106	\$8,926	1.50%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a KFC located at 2515 Park Avenue in Muscatine, Iowa. The site consists of roughly 2,870 rentable square feet of building space on estimated 0.73-acre parcel of land. This Arby's is subject to a 20-year absolute triple-net (NNN) lease, which commenced November 15th, 2016. The current annual rent is \$84,403 and is scheduled to increase 1.50% annually. The Tenant has two (2), ten (10)-year renewal options.



Concept Overview



About KFC

KFC Corporation, based in Louisville, Kentucky, is one of the few brands in America that can boast a rich, decades-long history of success and innovation. KFC is the world's most popular chicken restaurant chain, specializing in that same Original Recipe® along with Extra Crispy™ chicken, home-style sides and buttermilk biscuits. There are over 20,500 KFC outlets in more than 125 countries and territories around the world. It is estimated that, on average, more than 185 million people see a KFC commercial at least once a week—that's more than half the U.S. population. The KFC system serves more than 12 million customers each day in more than 115 countries and territories around the world. KFC operates more than 17,000 restaurants in the United States and internationally. KFC's parent company is Yum! Brands, Inc., the world's largest restaurant company in terms of system restaurants, with more than 40,000 locations in more than 130 countries and territories and employing more than one million associates. Yum! is ranked number 201 on the Fortune 500 list, with revenues exceeding \$13 billion in 2012.

About FMI

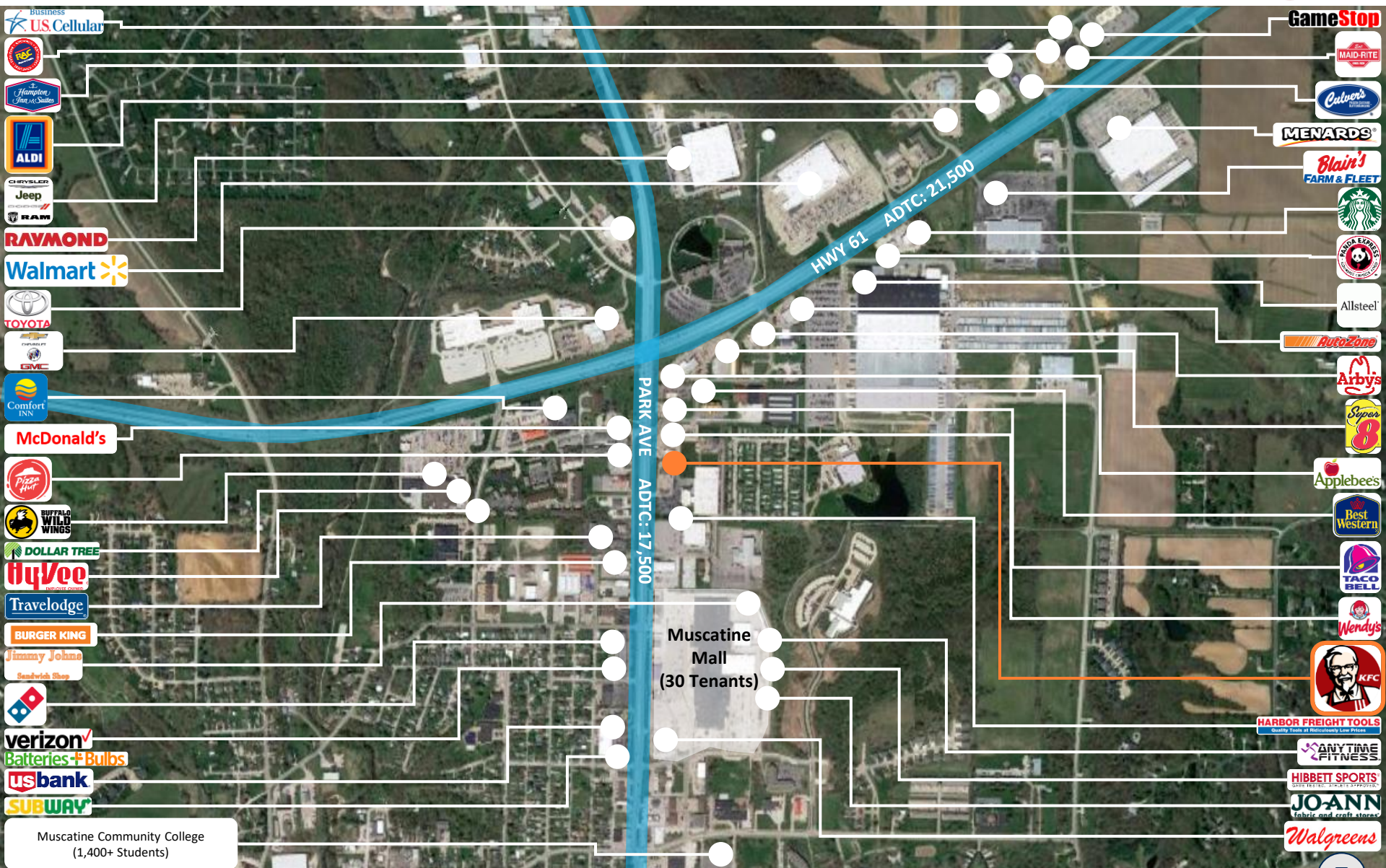
Franchise Management, Inc. ("FMI") is the largest Pizza Hut operator in Canada and currently owns and operates more than 360 locations including Pizza Hut, KFC, Taco Bell, Panera Bread, and Robin's Donuts concepts. FMI was founded in the early 1990's and is based out of New Brunswick, Canada. Franchise Management Investors US, LLC houses FMI's operations in the United States and operates 41 stores.





Surrounding Area

2515 Park Avenue, Muscatine, IA 52761





Location Overview

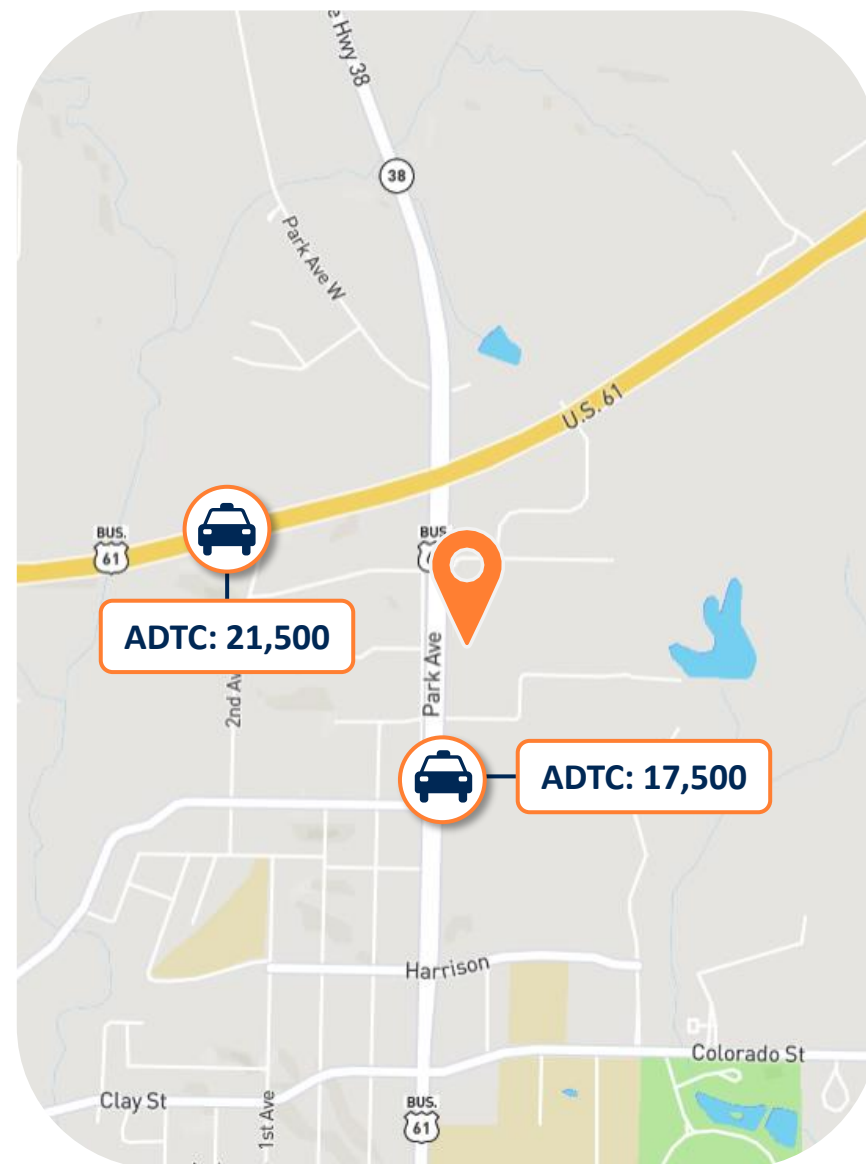
2515 Park Avenue, Muscatine, IA 52761



This Arby's property is situated on Park Avenue, which boasts an average daily traffic count of 17,500 vehicles. Park Avenue serves as an access road to Highway 61, which brings an additional 21,500 vehicles into the immediate area on average daily. There are more than 27,000 individuals residing within a five-mile radius of the property and more than 35,000 individuals within ten-mile radius. These figures have been growing steadily over the past two decades and are project to continue growing.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, shopping centers, hospitality accommodations, academic institutions and other notable points of interest all within close proximity of this property. Major national tenants in the area include Walmart, Aldi, Menards, Hy-Vee, Harbor Freight Tools, Anytime Fitness, Walgreens, McDonald's, Wendy's, Burger King, as well as many others. This Arby's also benefits from its close proximity to several hospitality accommodations, including Hampton Inn, AmericInn by Wyndham, Best Western, Comfort Inn, Travelodge Inn & suites, Super 8, and more. The subject property is located less than two miles from Muscatine Community College. Muscatine Community College was founded in 1929 and enrolls more than 1,400 students each fall. The campus continues to grow and expand.

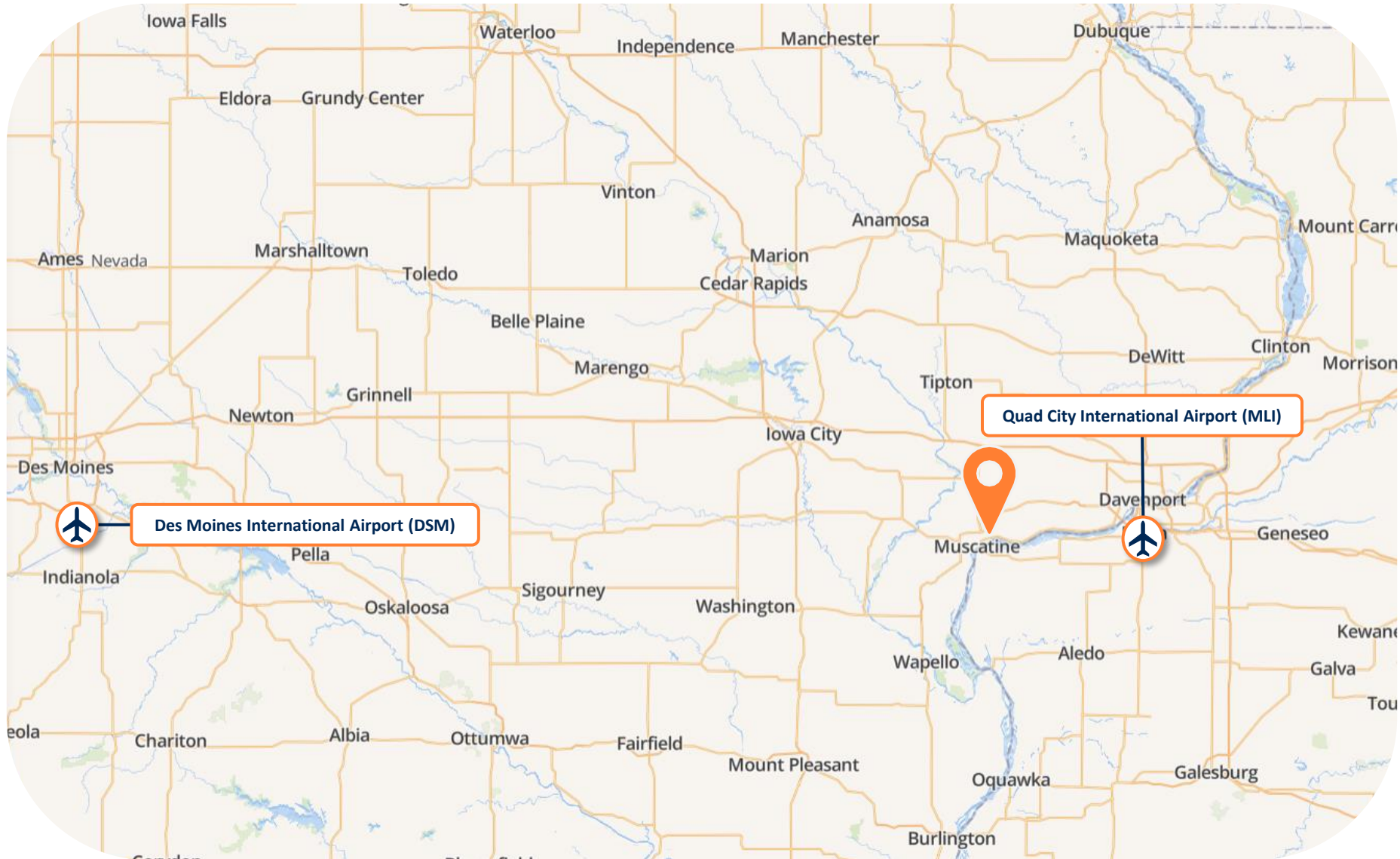
Muscatine is a city in and the county seat of Muscatine County. The city has a population greater than 23,500. Muscatine is strategically located at a crossroads of various modes of transportation for both commuters and freight. Interstate 80, Highways 61 & 6, and State Highways 22 & 38 all provide regional commuting options for the regions growing workforce. The area also benefits from easy access to the Muscatine Municipal Airport, the Canadian Pacific Railroad Service, and freight service along the Mississippi River waterways. The Muscatine School District operates eight elementary schools, two middle schools, and one high school. The district has a total enrollment greater than 5,300 students and employs over 800 faculty members. Muscatine is rich in history, activities, amenities, innovation and entrepreneurial spirit, as well as natural beauty. From the city's perfect position on the Mississippi, to their bluffs and park and recreational facilities, one has plenty of options to choose.





Local Map

2515 Park Avenue, Muscatine, IA 52761





Regional Map

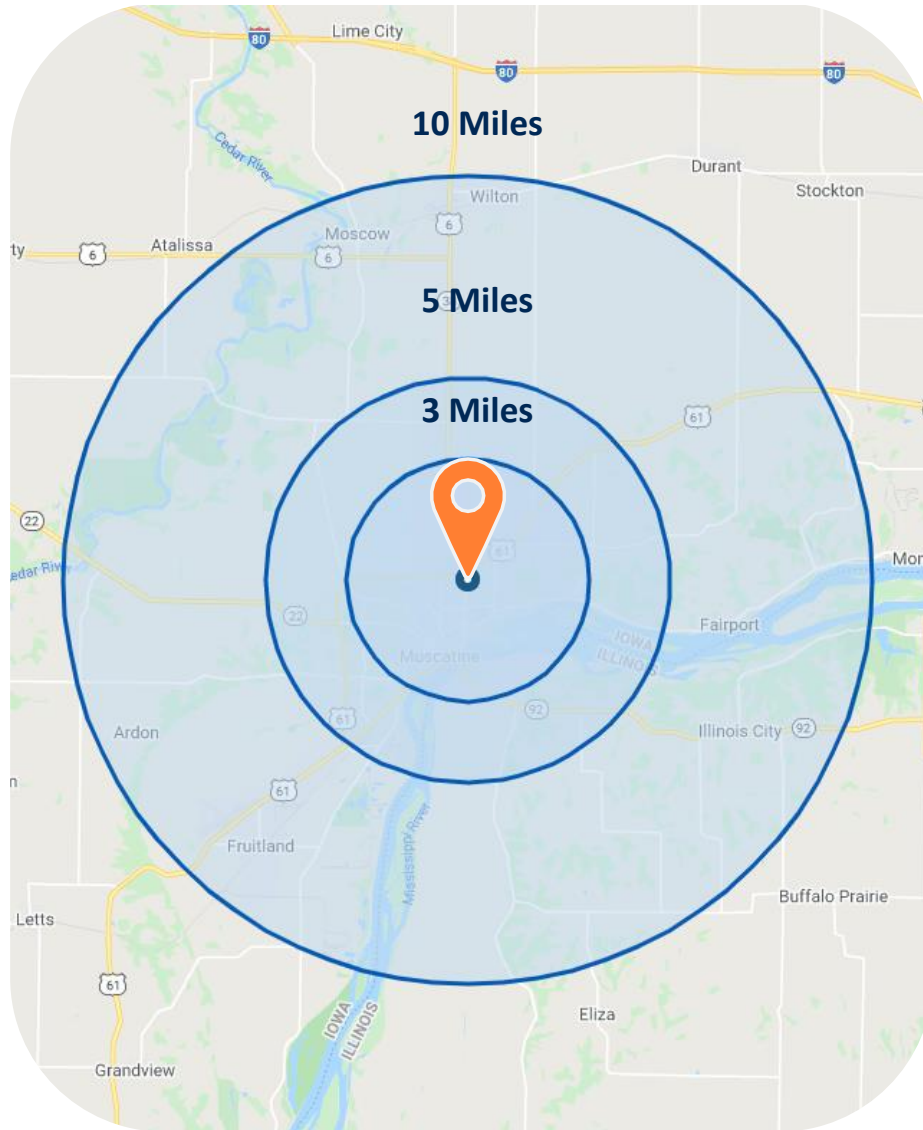
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Demographics

2515 Park Avenue, Muscatine, IA 52761



	3 Miles	5 Miles	10 Miles
POPULATION			
2024 Projection	22,720	27,481	35,688
2019 Estimate	22,626	27,392	35,608
2010 Census	22,328	27,060	35,235
2000 Census	21,736	26,538	34,703
INCOME			
Average	\$77,711	\$74,850	\$75,336
Median	\$58,032	\$55,774	\$59,123
Per Capita	\$30,982	\$29,552	\$29,778
HOUSEHOLDS			
2024 Projection	9,063	10,857	14,126
2019 Estimate	8,974	10,760	14,009
2010 Census	8,762	10,517	13,715
2000 Census	8,473	10,235	13,302
HOUSING			
2019	\$142,549	\$138,084	\$144,776
EMPLOYMENT			
2019 Daytime Population	26,426	30,958	39,137
2019 Unemployment	3.43%	3.70%	3.41%
2019 Median Time Traveled	17 Mins	17 Mins	18 Mins
RACE & ETHNICITY			
White	85.57%	85.42%	87.69%
Native American	0.06%	0.07%	0.10%
African American	3.71%	3.59%	2.81%
Asian/Pacific Islander	1.25%	1.11%	0.96%



Market Overview

2515 Park Avenue, Muscatine, IA 52761



Cedar Rapids is the second-largest city in Iowa and is the county seat of Linn County. The city lies on both banks of the Cedar River, 20 miles north of Iowa City and 100 miles northeast of Des Moines, the states capital and largest city. Cedar Rapids is nicknamed the "City of Five Seasons", for the so-called "fifth season," which is time to enjoy the other four. The symbol of the five seasons is the Tree of Five Seasons sculpture in downtown along the north river bank. The name "Five Seasons" and representations of the sculpture appear throughout the city in many form. Cedar Rapids is an economic hub of the state, located at the core of the interstates 380 corridor. Cedar Rapids is one of the largest cities in the world for corn processing. The grain processing industry is Cedar Rapids' most important sector, directly providing 4,000 jobs that pay on average \$85,000, and also providing 8,000 indirectly. Fortune 500 company Collins Aerospace and trucking company CRST are based in Cedar Rapids, and Aegon has its United States headquarters there. A large Quaker Oats mill, one of the four that merged in 1901 to form Quaker Oats, dominates the north side of downtown. Other large companies that have facilities in Cedar Rapids include Archer Daniels Midland, Cargill, General Mills, Toyota Financial Services and Nordstrom.

Cedar Rapids is a flourishing center for arts and culture in Eastern Iowa. The city is home to the Cedar Rapids Museum of Art, the National Czech & Slovak Museum & Library, the Paramount Theatre, Orchestra Iowa, Theatre Cedar Rapids, the African American Museum of Iowa, and the Iowa Cultural Corridor Alliance. Cedar Rapids is the home to two-four year colleges, Coe College and Mount Mercy University. The University of Iowa also has an evening MBA facility there. Kirkwood Community College is the area's only two-year college, while Kaplan University (formerly Hamilton College) and Upper Iowa University also have campuses there.

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