

KFC

EXCLUSIVE NET-LEASE OFFERING

OFFERING MEMORANDUM



3115 Kimball Ave
Waterloo, IA, 50702

Confidentiality and Disclaimer



3115 Kimball Ave
Waterloo, IA, 50702

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

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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 rents 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.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased 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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SPECIAL COVID-19 NOTICE

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: \$1,491,956 | CAP: 6.00% | RENT: \$89,517



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 | Sam's Club, Lowe's, Walgreen's, Dollar Tree, Family Dollar, Wells Fargo, McDonald's, Popeyes, Arby's, Dairy Queen
- ✓ Strong Traffic Counts | Kimball Ave, Ridgeway Ave, US 20 | 13,000, 12,000, and 28,000 Vehicles Per Day, Respectively
- ✓ Multiple Academic Institutions Within Immediate Proximity to Subject Property | West High School and Hoover Middle School | Combined Enrollment of Approximately 2,700 Students
- ✓ MercyOne Waterloo Medical Center | Less than One-Mile from Subject Property | 187 Total Staffed Beds

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: \$1,491,956 | CAP: 6.00% | RENT: \$89,517



PROPERTY DESCRIPTION

Property	KFC
Property Address	3115 Kimball Avenue
City, State ZIP	Waterloo, IA 50702
Building Size (SF)	2,905
Lot Size (Acres)	+/- 0.64
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$1,491,956
CAP Rate	6.00%
Annual Rent	\$89,517

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, 2026
Lease Term Remaining	16 + Years
Lease Type	Absolute 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	\$89,517	\$7,460	-
Year 5	\$90,860	\$7,572	1.50%
Year 6	\$92,223	\$7,685	1.50%
Year 7	\$93,606	\$7,801	1.50%
Year 8	\$95,010	\$7,918	1.50%
Year 9	\$96,436	\$8,036	1.50%
Year 10	\$97,882	\$8,157	1.50%
Year 11	\$99,350	\$8,279	1.50%
Year 12	\$100,841	\$8,403	1.50%
Year 13	\$102,353	\$8,529	1.50%
Year 14	\$103,889	\$8,657	1.50%
Year 15	\$105,447	\$8,787	1.50%
Year 16	\$107,029	\$8,919	1.50%
Year 17	\$108,634	\$9,053	1.50%
Year 18	\$110,264	\$9,189	1.50%
Year 19	\$111,917	\$9,326	1.50%
Year 20	\$113,596	\$9,466	1.50%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a KFC located at 3115 Kimball Ave in Waterloo, Iowa. The site consists of roughly 2,905 rentable square feet of building space on estimated .64-acre parcel of land. This KFC is subject to a 20-year absolute triple-net (NNN) lease, which commenced November 15th, 2016. The current annual rent is \$89,517 and is scheduled to increase by one and one-half percent (1.50%) annually and through each of the 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.





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Location Overview

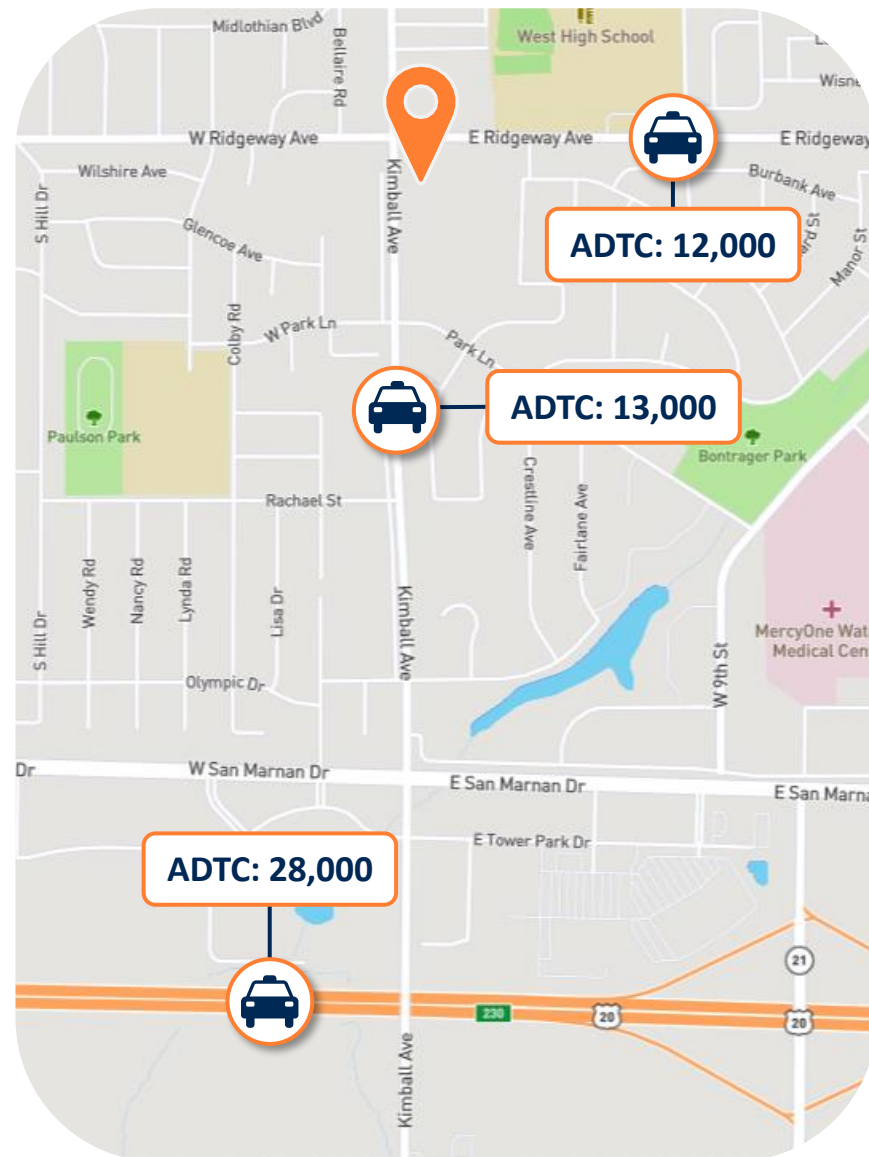
3115 Kimball Ave, Waterloo, IA, 50702



This KFC property is situated on Kimball Avenue, which boasts an average daily traffic count of 13,000 vehicles. Kimball Ave is intersected by Ridgeway Ave and US 20, which bring an additional 12,000 and 28,000 vehicles into the immediate area on average daily, respectively. This site is centrally located in a densely populated residential area. There are more than 44,000 individuals residing within a three-mile radius of the property and nearly 75,000 individuals within a five-mile radius.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, shopping centers, academic institutions and other notable points of interest all within close proximity of this property. Major national tenants in the area include: Sam's Club, Lowe's, Walgreen's, Dollar Tree, Family Dollar, Wells Fargo, McDonald's, Popeyes, Arby's, Dairy Queen, as well as many others. This KFC also benefits from its close proximity to several academic institutions. West High School and Hoover Middle School are both less than 1-mile from the subject KFC and have a total combined enrollment of approximately 2,700 students. MercyOne Waterloo Medical Center, a short-term acute care medical facility, is located less than 1-mile from the subject property and has 187 total staffed beds.

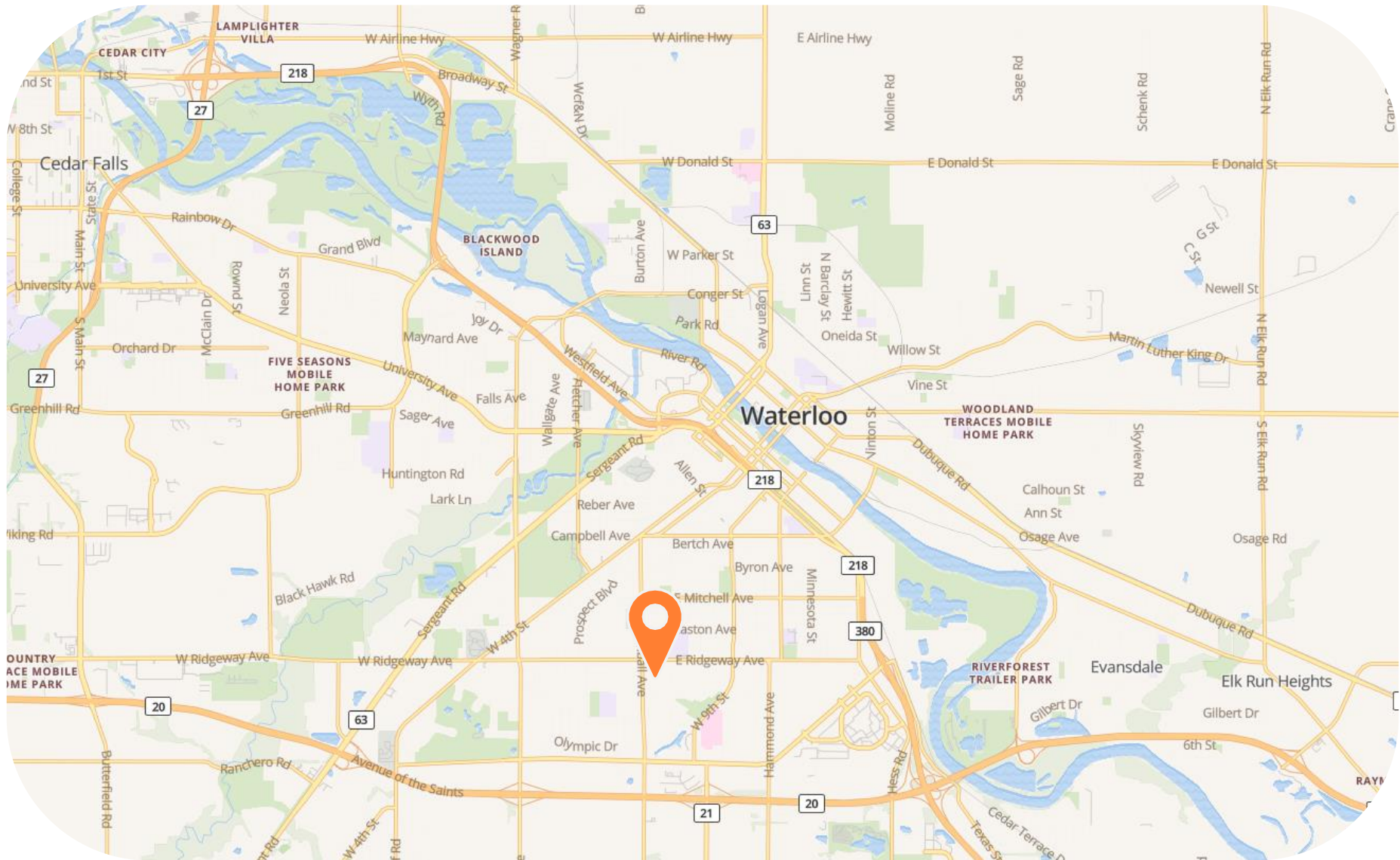
Waterloo is a city in and the county seat of Black Hawk County as part of the Waterloo-Cedar Falls Metropolitan Statistical Area. Located in the Upper Midwest, Waterloo is the major metro of the Cedar Valley Region of the Northeast Iowa. As the Black Hawk County Seat, Waterloo is the hub for government, advanced manufacturing, healthcare, education, employment, and retail for the region with a labor force draw of over 300,000. Waterloo is home to TechWorks Campus, a 30-acre advanced manufacturing, research & development, innovation, education, commercial and manufacturing center including the University of Northern Iowa Metal Casting Additive Manufacturing Center and Design Lab, Hawkeye Community College Design Lab and North America's largest 3D printer. Waterloo has a rich history of entrepreneurialism and strong start-up ecosystem. Major brands located in Waterloo include John Deere, Tyson Foods, ConAgra Grocer Products, Ryder Integrated Logistics, Bertch Cabinets, and Omega – MasterBrand Cabinets. There are three major health systems: Wheaton Franciscan Healthcare Iowa, Unity Point Allen Heath System, and Cedar Valley Medical Specialists. Waterloo is improving the health and well-being of its citizens as a Blue Zones community and through the Healthy H2Loo initiative.





Local Map

3115 Kimball Ave, Waterloo, IA, 50702





Regional Map

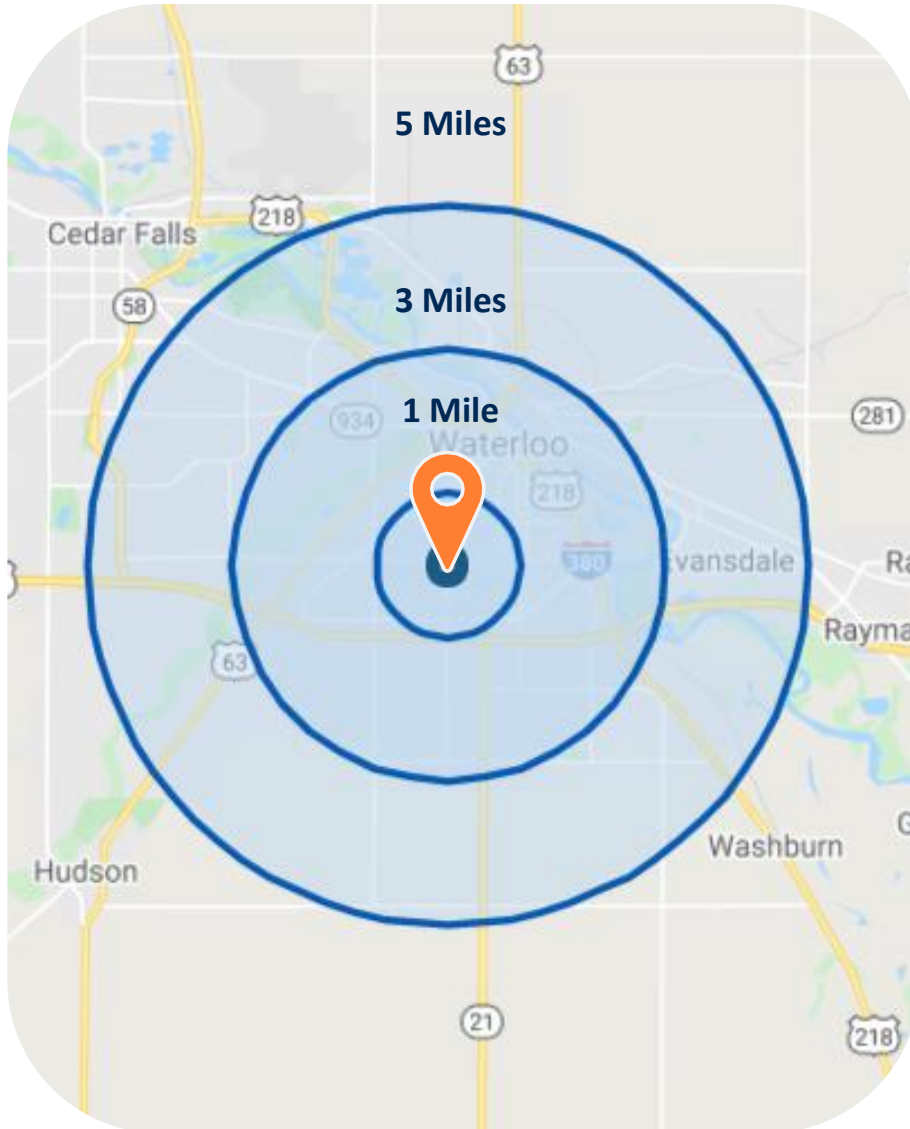
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Demographics

3115 Kimball Ave, Waterloo, IA, 50702



	1 Mile	3 Miles	5 Miles
POPULATION			
2024 Projection	12,648	47,811	85,384
2019 Estimate	12,669	47,381	84,678
2010 Census	12,624	46,496	83,069
2000 Census	12,925	46,595	82,226
INCOME			
Average	\$78,850	\$61,737	\$64,233
Median	\$57,532	\$45,941	\$48,295
Per Capita	\$35,197	\$26,486	\$27,181
HOUSEHOLDS			
2024 Projection	5,631	20,485	36,217
2019 Estimate	5,607	20,145	35,616
2010 Census	5,595	19,751	34,904
2000 Census	5,447	19,462	33,719
HOUSING			
2019	\$157,170	\$128,167	\$133,240
EMPLOYMENT			
2019 Daytime Population	15,145	58,303	96,234
2019 Unemployment	2.61%	3.66%	3.71%
2019 Median Time Traveled	17 Mins	17 Mins	17 Mins
RACE & ETHNICITY			
White	85.98%	78.66%	77.80%
Native American	0.42%	0.65%	0.44%
African American	6.79%	11.73%	13.58%
Asian/Pacific Islander	3.69%	2.01%	2.02%



Market Overview

3115 Kimball Ave, Waterloo, IA, 50702



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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