

KFC

SIOUX CITY, IA



OFFERING MEMORANDUM



Marcus & Millichap
Real Estate Investment Services

KFC

SIOUX CITY, IA

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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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FINANCIAL OVERVIEW

Location

1500 Hamilton Boulevard
Sioux City, IA 51103

Price	\$1,364,286
Down Payment	100% / \$1,364,286
Rentable Square Feet	3,078
Price/SF	\$443.24
CAP Rate	7.00%
Year Built /Renovated	1985/2006
Lot Size	0.67 Acres
Type of Ownership	Fee Simple

Tenant Summary

Tenant Trade Name	Duenow Corp of Nebraska, Inc.
Ownership	Private
Tenant	Franchisee
Lease Guarantor	Franchisee Guarantee
Lease Type	Absolute Net
Roof and Structure	Tenant Responsible
Lease Term	20 Years
Lease Commencement	January 1, 2012
Rent Commencement	January 1, 2012
Lease Expiration Date	December 31, 2031
Term Remaining on Lease	18 Years
Increases	10% Every 5 Years
Options	Four, Five-Year

Annualized Operating Data

Rent Increases	Annual Rent	Monthly Rent
2012-2016	\$95,500.00	\$7,958.33
2017-2021	\$105,050.00	\$8,754.17
2022-2026	\$115,555.00	\$9,629.58
2027-2031	\$127,111.00	\$10,592.58
Base Rent (\$31.03/SF)		\$95,500
Net Operating Income		\$95,500
Total Return		7.00% / \$95,500

Tenant Information: Duenow Corporation of Nebraska, Inc. owns and operates seven KFC locations in the Midwest.

The lease is personally guaranteed by Gene C. Duenow, CEO of Duenow Corporation of Nebraska, Inc.

TENANT OVERVIEW

Property Name	KFC
Property Address	1500 Hamilton Boulevard Sioux City, IA 51103
Property Type	Net Leased Restaurant Fast Food
Rentable Square Feet	3,078
Lease Commencement Date	January 1, 2012
Rent Commencement Date	January 1, 2012
Lease Expiration Date	December 31, 2031
Term Remaining on Lease	18 Years
Lease Type	Absolute Net
Roof and Structure	Tenant Responsible
Lease Term	20 Years
Year 1 Net Operating Income	\$95,500
Increases	10% Every 5 Years
Options to Renew	Four, Five-Year
Options to Terminate	None
Options to Purchase	None
First Right of Refusal	None
Headquartered	Louisville, Kentucky
Web Site	www.kfc.com

KFC Corporation, based in Louisville, Kentucky, is the world's most popular chicken restaurant chain, specializing in Original Recipe, Extra Crispy, Kentucky Grilled Chicken and Original Recipe Strips with home-style sides, Honey BBQ Wings, and freshly made chicken sandwiches.

Every day, more than 12 million customers are served at KFC restaurants in 109 countries and territories around the world. KFC operates more than 5,200 restaurants in the United States and more than 15,000 units around the world. KFC is world famous for its Original Recipe fried chicken - made with the same secret blend of 11 herbs and spices Colonel Harland Sanders perfected more than a half-century ago. Customers around the globe also enjoy more than 300 other products - from Kentucky Grilled Chicken in the United States to a salmon sandwich in Japan.

INVESTMENT OVERVIEW

Investment Highlights

- 18 Year Absolute NNN Lease
- Personal Guarantee From Tenant
- Located on Heavily Traveled Corridor
- 10% Rent Escalations Every Five Years
- Adjacent to Heeland Catholic High School Field



This KFC is located along Hamilton Boulevard in Sioux City, IA. Hamilton Boulevard is a busy four-lane thoroughfare that connects to Interstate 29, which is approximately one mile from the subject property. Hamilton Boulevard is lined with major national tenants such as McDonald's, Dollar Tree, Wendy's, Pizza Hut, Applebee's, Burger King, Taco John's, and Taco Bell, all within three blocks of KFC. Adjacent to the subject property lies the Heelan Catholic High School Memorial Field. Located about two blocks away on Omaha Street is a strip retail center anchored by a Bomgaars and Petco.

SIOUX CITY, IA

Sioux City, named an All-American City twice by the National Civic League is located in the Northwestern part of Iowa. It is part of both Woodbury and Plymouth counties and borders Southeast South Dakota and Northeast Nebraska which is considered the tri-state metropolitan area. With a population of approximately 83,000 residents, Sioux City serves as the core for business, employment, industry, retail trade, medical care, educational opportunities, and tourism in the tri-state metropolitan area. The tri-state metropolitan area has a population of more than 140,000 people. In March 2013, Site Selection recognized Sioux City as the 4th Top Metro area in the Midwest Region. Nestled in the Loess Hills and bordering the Missouri River, Sioux City provides a landscape that gives an array of living choices for everyone. Money recognized Sioux City in its August 2010 issue of "Best Places To Live". Within the past few years, Sioux City has advanced in economic development and was ranked by Forbes in the top 15 Best Places for Business and Careers in 2010. Sioux City has many entertainment options for all types of personalities. From seeing a concert at The Tyson Events Center, watching a play at The Orpheum Theatre, camping/hiking at the Stone State Park or attending the annual ARTSPLASH festival, there's something for everyone.

PROPERTY PHOTOS

Side view of the subject property



View of the KFC from Hamilton Boulevard.



AREA PHOTOS



View of Neighboring Wendy's



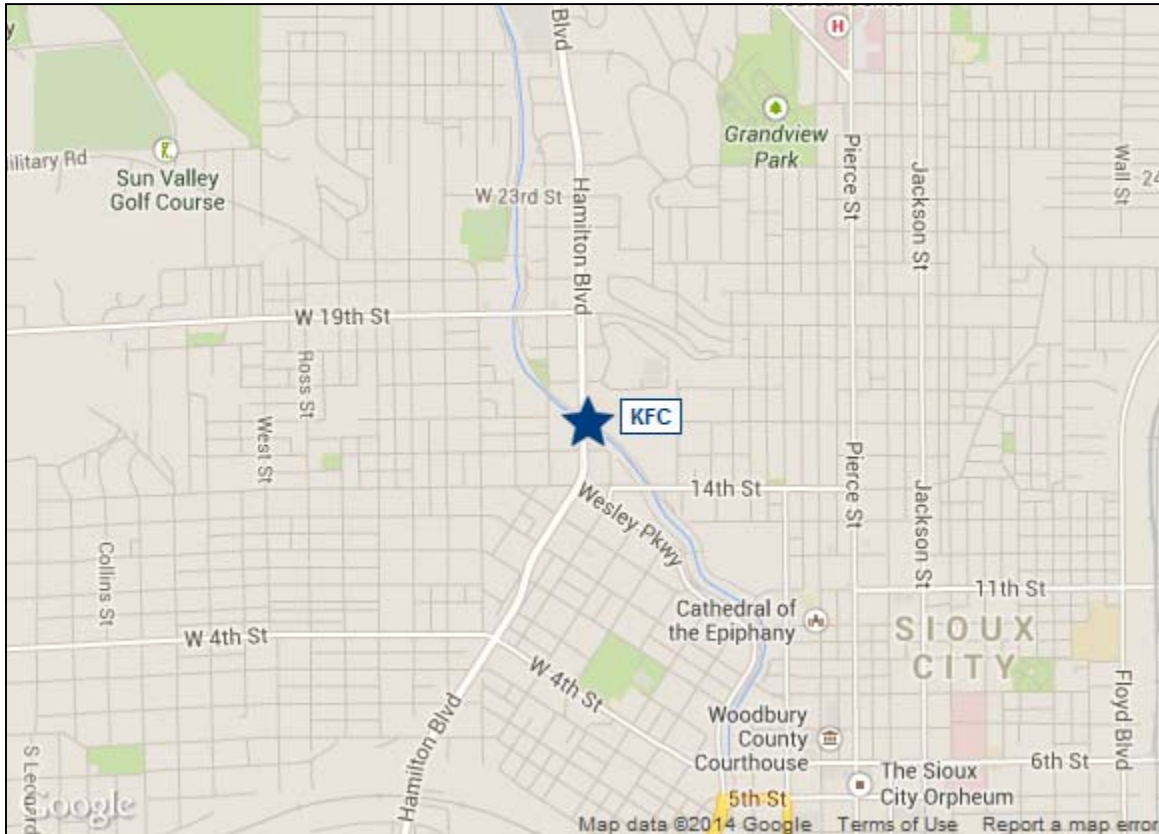
AREA PHOTOS

Hamilton Boulevard



Intersection of Hamilton Boulevard & West 14th Street

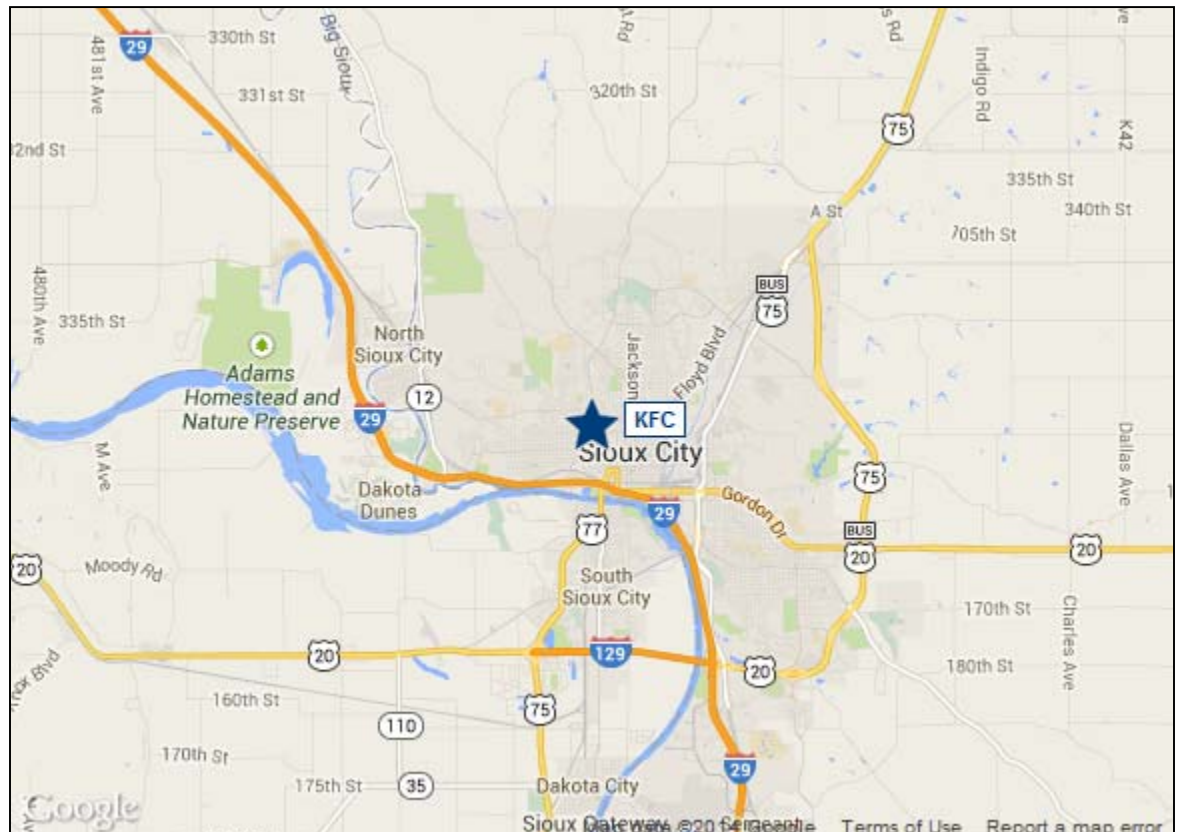




Local Map



Regional Map



AERIAL PHOTO



DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
2000 Population	19,695	59,351	97,899
2010 Population	18,526	59,129	98,023
2013 Population	18,614	59,290	98,468
2018 Population	17,914	58,396	97,540
2000 Households	7,094	21,957	36,735
2010 Households	6,561	21,709	36,787
2013 Households	6,617	21,835	37,077
2018 Households	6,441	21,781	37,154
2013 Average Household Size	2.78	2.65	2.59
2013 Daytime Population	8,940	31,582	41,834
2000 Median Housing Value	\$74,565	\$75,128	\$76,428
2000 Owner Occupied Housing Units	45.22%	56.86%	61.42%
2000 Renter Occupied Housing Units	48.40%	36.37%	32.78%
2000 Vacant	7.70%	6.07%	5.44%
2013 Owner Occupied Housing Units	47.38%	57.32%	62.62%
2013 Renter Occupied Housing Units	52.62%	42.68%	37.38%
2013 Vacant	8.22%	5.86%	5.48%
2018 Owner Occupied Housing Units	47.67%	57.21%	62.64%
2018 Renter Occupied Housing Units	52.33%	42.79%	37.36%
2018 Vacant	8.20%	5.76%	5.46%
\$ 0 - \$14,999	21.8%	16.8%	14.2%
\$ 15,000 - \$24,999	17.2%	14.5%	13.4%
\$ 25,000 - \$34,999	13.1%	13.2%	13.1%
\$ 35,000 - \$49,999	17.1%	16.6%	16.7%
\$ 50,000 - \$74,999	16.9%	19.7%	20.5%
\$ 75,000 - \$99,999	6.4%	9.0%	10.4%
\$100,000 - \$124,999	4.3%	4.9%	5.6%
\$125,000 - \$149,999	0.7%	1.7%	2.2%
\$150,000 - \$199,999	1.6%	2.1%	2.1%
\$200,000 - \$249,999	0.4%	0.8%	0.8%
\$250,000 +	0.7%	1.0%	1.1%
2013 Median Household Income	\$33,336	\$39,484	\$43,405
2013 Per Capita Income	\$16,419	\$19,951	\$21,908
2013 Average Household Income	\$45,350	\$53,399	\$57,297

Demographic data © 2012 by Experian.

SUMMARY REPORT

Geography: 5 Miles

Population

In 2013, the population in your selected geography was 98,468. The population has changed by 0.58% since 2000. It is estimated that the population in your area will be 97,540 five years from now, which represents a change of 0.94% from the current year. The current population is 49.5% male and 50.5% female. The median age of the population in your area is 33.4, compare this to the U.S. average which is 37. The population density in your area is 920.02 people per square mile.

Households

There are currently 37,077 households in your selected geography. The number of households has changed by 0.93% since 2000. It is estimated that the number of households in your area will be 37,154 five years from now, which represents a change of 0.20% from the current year. The average household size in your area is 2.58 persons.

Income

In 2013, the median household income for your selected geography is \$43,405, compare this to the U.S. average which is currently \$53,535. The median household income for your area has changed by 13.75% since 2000. It is estimated that the median household income in your area will be \$47,590 five years from now, which represents a change of 9.64% from the current year.

The current year per capita income in your area is \$21,908, compare this to the U.S. average, which is \$28,888. The current year average household income in your area is \$57,297, compare this to the U.S. average which is \$75,373.

Housing

The median housing value in your area was \$76,428 in 2000, compare this to the U.S. average of \$110,781 for the same year. In 2000, there were 23,864 owner occupied housing units in your area and there were 12,737 renter occupied housing units in your area. The median rent at the time was \$425.

Employment

In 2013, there are 41,834 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 53.8% of employees are employed in white-collar occupations in this geography, and 46.1% are employed in blue-collar occupations. In 2013, unemployment in this area is 3.91%. In 2000, the median time traveled to work was 15.7 minutes.

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POPULATION DENSITY



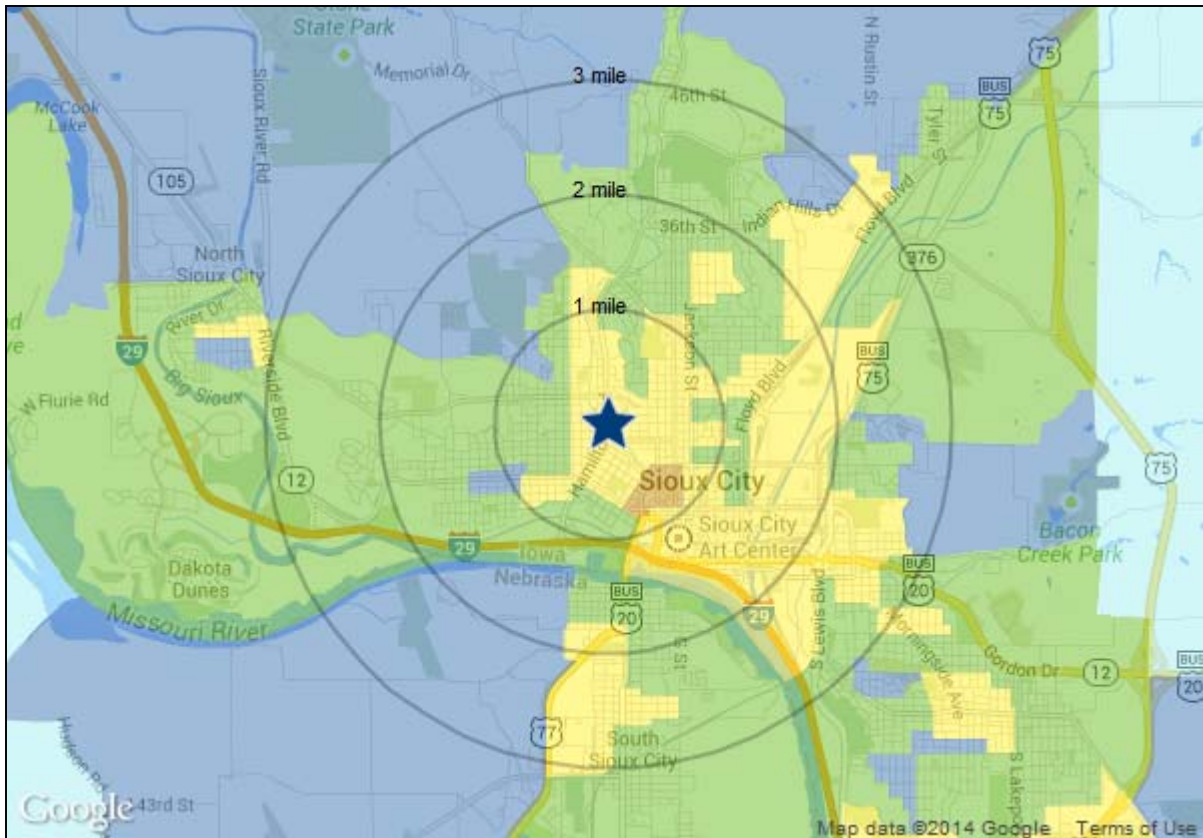
Demographic data © 2012 by Experian.

Population Density

Theme	Low	High
Low	less than	55
Below Average	55	475
Average	475	4100
Above Average	4100	35000
High	35000	or more

Number of people living in a given area per square mile.

EMPLOYMENT DENSITY



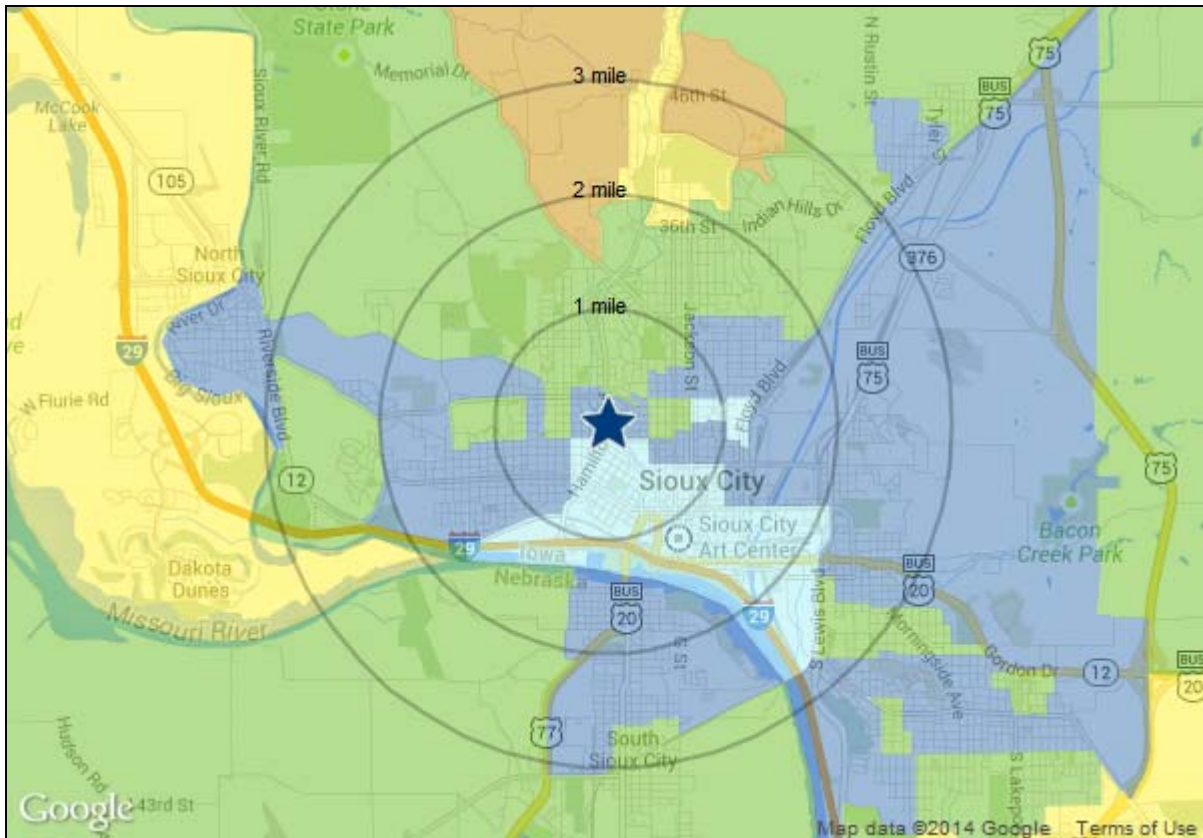
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Employment Density

Theme	Low	High
Low	less than	9
Below Average	9	96
Average	96	1025
Above Average	1025	10875
High	10875	or more

The number of people employed in a given area per square mile.

AVERAGE HOUSEHOLD INCOME



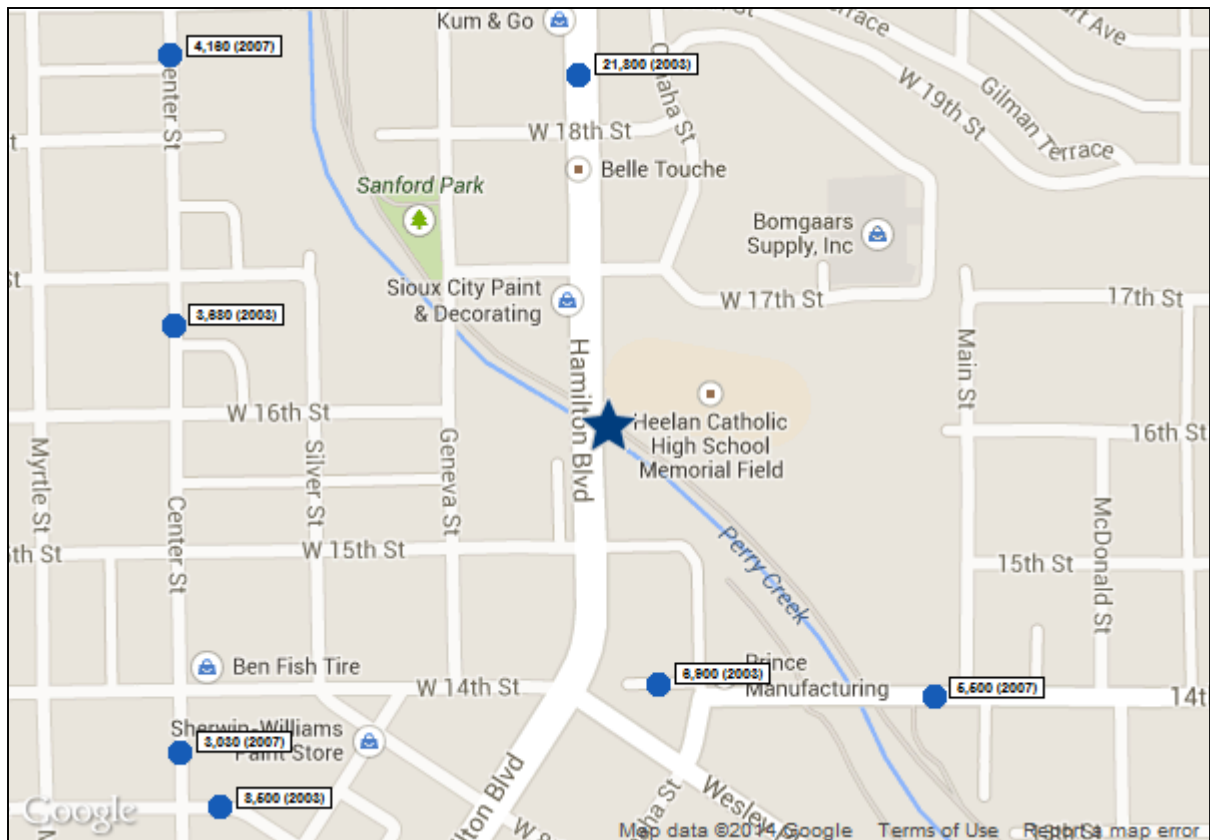
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Average Household Income

Theme	Low	High
Low	less than	\$29,500
Below Average	\$29,500	\$48,500
Average	\$48,500	\$80,000
Above Average	\$80,000	\$132,500
High	\$132,500	or more

Average income of all the people 15 years and older occupying a single housing unit.

TRAFFIC COUNTS



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Two-way, average daily traffic volumes.

* Traffic Count Estimate

KFC

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