



OFFERING MEMORANDUM

Applebee's - Ground Lease
Walmart Supercenter Outparcel
Warren, MI

APPLEBEE'S GROUND LEASE - WALMART SUPERCENTER OUTPARCEL

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Exclusively Retail. Extensive Solutions.

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APPLEBEE'S GROUND LEASE
WALMART SUPERCENTER OUTPARCEL

Executive Summary

Introduction

Situated with excellent visibility and multiple access points in the midst of a densely populated area, the Applebee's was built in 1996 and renovated in 2014, and is strategically located to provide convenient access to a large number of residents and nearby employees.

The Property is an outparcel of a brand new, 185,000 square foot Walmart, which opened in March 2014. The prime site provides direct access to Highway 53, a major north-south route that connects several suburbs in eastern Michigan.

Applebee's is ideally located within a heavily populated, residential area with over 106,000 residents within a three mile radius. There are several major employers located nearby including General Motors, U.S. Manufacturing, Johnson Controls and more. With the recent opening of Walmart, several additional retailers are expected to open in the vicinity within the coming months.

Applebee's is the world's largest casual dining brand with more than 2,000 restaurants in 49 states and 16 countries. The company has increased focus on becoming more competitive and differentiated in the casual dining industry with expectations of maintaining their position at the top.

Located along a major corridor with over 49,000 vehicles per day, this well-situated, newly remodeled restaurant is positioned for sustained sales growth due to its excellent location both in front of a brand new Walmart and convenient to major employers.



Investment Summary

Address

8025 Twelve Mile Road
Warren | Macomb County | Michigan | 48093

| | |
|----------------------|------------------------------------|
| OFFERING GLA | 5,500 SF |
| LAND AREA | +/- 0.968 Acres |
| OCCUPANCY | 100% |
| YEAR BUILT | 1996 |
| REMAINING LEASE TERM | 16 years + |
| ASKING PRICE | \$1,500,000 |
| CAP RATE | 5.00% |
| NOI | \$74,939 |
| OWNERSHIP | Fee Simple |
| RENOVATION | 2014 |
| LEASE STRUCTURE | NNN Ground Lease |
| PARKING | +/- 69 spaces (12.55 per 1,000 SF) |



Investment Highlights

- Largest casual dining restaurant in U.S.
- Over 16 years left on lease; four 5-year options
- 10% rent increases every 5 years
- Outparcel to brand new Walmart (opened in March 2014)
- Newly remodeled in 2014
- 3-Mile Population: 107,417
- 3-Mile Average Household Income: \$59,017
- Traffic Count: 49,400 AADT (Van Dyke Avenue)

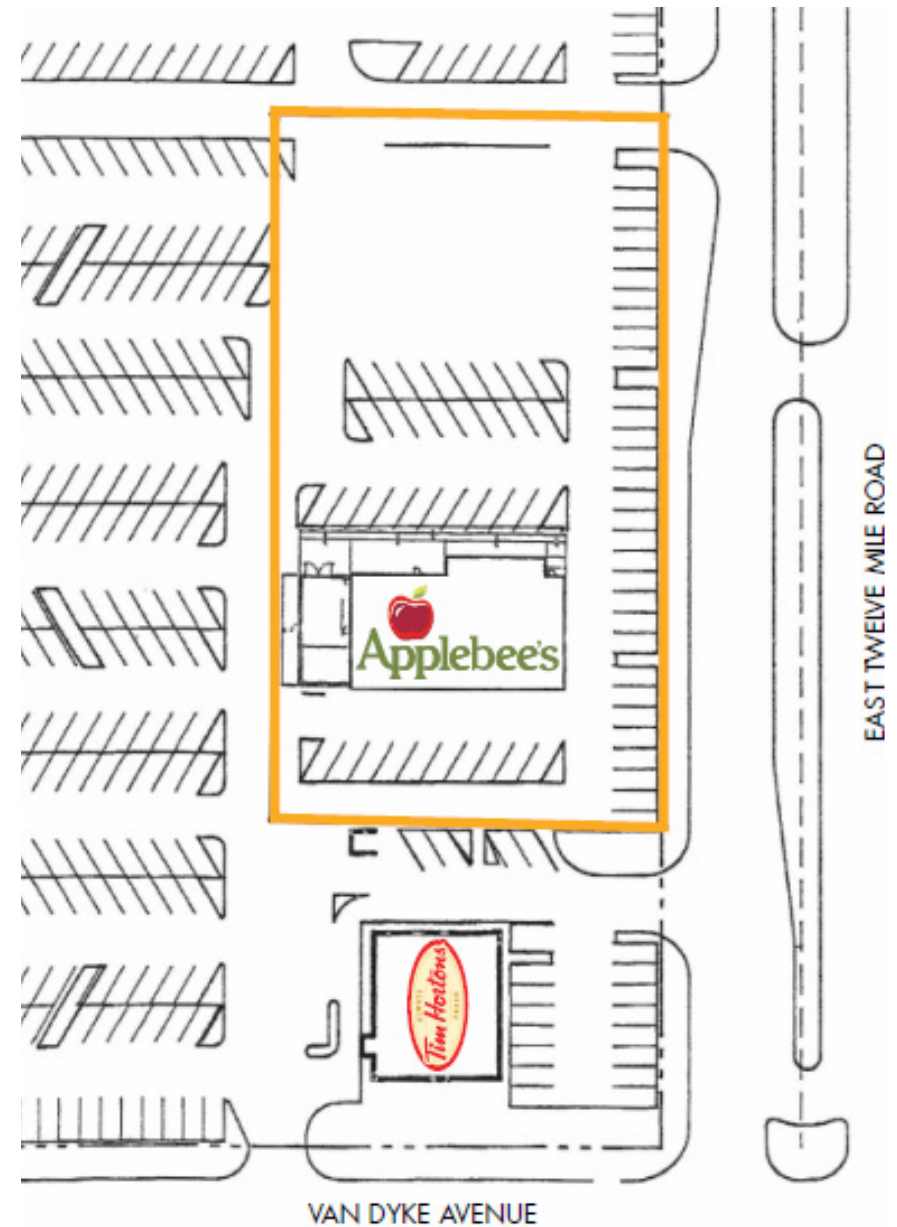
Project History

The Applebee's is a 5,500 square foot casual dining restaurant located along Twelve Mile Road a mile north of Interstate 696 in Warren, Michigan.

The Property was built and initially occupied in 1996 by Applebee's and recently renovated in 2014.



Site Plan



Property Overview

Site Description

Location

The Property is located on the northern side of Twelve Mile Road near the intersection of Van Dyke Avenue in Warren, Macomb County, Michigan.

Visibility and Signage

The Applebee's restaurant has excellent visibility and a prominent pylon sign on Twelve Mile Road with planned signage on the Walmart pylon sign.

Frontage

The Property has approximately 280 feet of frontage along Twelve Mile Road.

Access

Applebee's features multiple points of ingress and egress along both Twelve Mile Road and Van Dyke Avenue. Van Dyke Avenue provides access to Interstate 696 via an interchange approximately 1 mile south of the Property.

Utilities and Services

All basic utilities are available including electricity, water and sewer, telephone, and gas.

Parking Lot

The Applebee's contains asphalt paved parking for 69 cars at a ratio of 12.55 per 1,000 square feet.

Landscaping

The entranceway, perimeter and concrete islands throughout the parking area are attractively landscaped with flowering shrubs and trees.

Improvement Features

Size

The property contains 5,500 square feet of gross leasable area (GLA).

Building Dimensions

The building is approximately 100 feet wide and 55 feet deep.

Exterior Finishes

The building features a brick façade with decorative canopies over pedestrian entrances and windows.

Windows

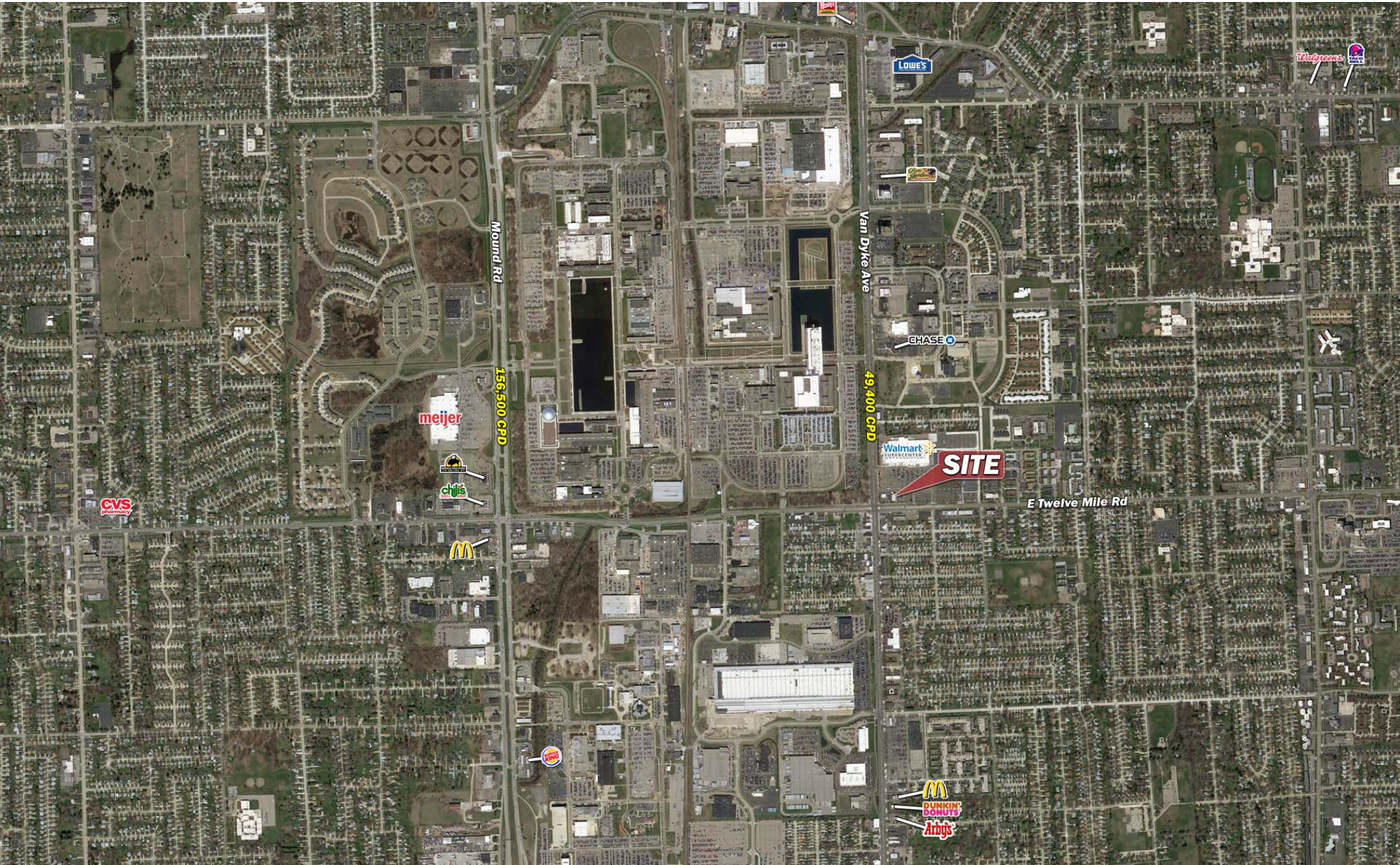
Three sides of the building have full sized, aluminum frame glass windows.



Property Aerial



Trade Area Overview





APPLEBEE'S GROUND LEASE
WALMART SUPERCENTER OUTPARCEL

Market Overview

Market Overview

Trade Area Dynamics

Applebee's is located within Macomb County in the city of Warren. The trade area has seen its population remain stable over the past decade and projections show slight growth over the next five years. The estimated population within 3 miles of the Property is 107,417, while the average household income is \$59,017.

Applebee's is a 5,500 square foot casual dining restaurant located in a heavily populated residential and industrial district, approximately 1 mile north of Interstate 696 in Warren, Michigan.

The Property caters to both local residents and workers, due to its ideal location bordering both residential neighborhoods and major regional employers, including General Motors, U.S. Manufacturing, Johnson Controls and more. The Property is an outparcel to a brand new 185,000 square foot Walmart, which opened in March 2014. The current investments of General Motors' new data center and other renovations within the area have caused a ripple effect, inviting more retailers, hotels, housing, etc.

Tech Plaza, which is adjacent to the Walmart Supercenter, is expected to open in the near future with over 130,000 SF of retail space. This heavy concentration of customers will provide stable, long-term business for Applebee's.

Located across the street from Applebee's is The General Motors' Technical Center, which is home to over 16,000 GM engineers, designers, and technicians and has been the center of the company's engineering effort since its inauguration in 1956.

They continue to improve and expand their facilities, coupled by the creation of an estimation of 2,600 jobs with the estimated completion date of 2018.

The facility is the site of two Information Technology Operations and Command centers that bring in-house GM's global IT infrastructure and consolidate a network of multiple sites. The two centers will integrate and streamline all aspects of product development, manufacturing, marketing, sales and OnStar applications to speed access to any GM employee anywhere in the world.

GM recently reported 2016, First Quarter Net Income of \$2.0 Billion, which marks the continuing profit for the automaker.

The United States Army TACOM (Tank-automotive and Armaments Command) is located less than 1 mile from Applebee's. The military and civilian employees at this facility hire and implement technology and logistics solutions from tank-automotive and armaments weapons systems research and development, through procurement and fielding to sustainment and retirement to support America's armed forces.



Demographic Summary

| | 1 mile | 3 miles | 5 miles |
|------------------------|--------|---------|---------|
| Population | | | |
| 2000 Population | 9,426 | 106,456 | 339,013 |
| 2010 Population | 9,430 | 104,857 | 325,654 |
| 2016 Population | 9,725 | 107,417 | 328,649 |
| 2021 Population | 10,031 | 110,510 | 335,466 |
| 2000-2010 Annual Rate | 0.00% | -0.15% | -0.40% |
| 2010-2015 Annual Rate | 0.49% | 0.39% | 0.15% |
| 2015-2020 Annual Rate | 0.62% | 0.57% | 0.41% |
| 2016 Male Population | 46.6% | 48.1% | 48.3% |
| 2016 Female Population | 53.4% | 51.9% | 51.7% |
| 2016 Median Age | 41.6 | 43.2 | 40.0 |

In the identified area, the current year population is 9,725. In 2010, the Census count in the area was 9,430. The rate of change since 2010 was 0.49% annually. The five-year projection for the population in the area is 10,031 representing a change of 0.62% annually from 2015 to 2020. Currently, the population is 46.6% male and 53.4% female.

| Data for all businesses in area | | | |
|--|--------|---------|---------|
| Total Businesses: | 430 | 4,099 | 12,540 |
| Total Employees (Daytime Population): | 15,561 | 81,526 | 188,610 |
| Total Residential Population: | 9,725 | 107,417 | 328,649 |
| Employee/Residential Population Ratio: | 1.6:1 | 0.76:1 | 0.57:1 |

Median Age

The median age in this area is 41.6, compared to U.S. median age of 37.9.

| Race and Ethnicity | | | |
|--|-------|-------|-------|
| 2016 White Alone | 74.1% | 75.7% | 70.7% |
| 2016 Black Alone | 18.2% | 15.1% | 19.8% |
| 2016 American Indian/Alaska Native Alone | 0.3% | 0.3% | 0.4% |
| 2016 Asian Alone | 4.2% | 5.9% | 5.7% |
| 2016 Pacific Islander Alone | 0.0% | 0.0% | 0.0% |
| 2016 Other Race | 0.4% | 0.3% | 0.5% |
| 2016 Two or More Races | 2.8% | 2.5% | 2.9% |
| 2016 Hispanic Origin (Any Race) | 2.1% | 2.1% | 2.3% |

Persons of Hispanic origin represent 2.1% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 44.0 in the identified area, compared to 63.0 for the U.S. as a whole.

| Median Household Income | | | |
|--------------------------------|----------|----------|----------|
| 2016 Median Household Income | \$41,745 | \$48,586 | \$44,564 |
| 2021 Median Household Income | \$46,026 | \$53,691 | \$50,848 |
| 2015-2020 Annual Rate | 1.97% | 2.02% | 2.67% |

| Average Household Income | | | |
|---------------------------------|----------|----------|----------|
| 2016 Average Household Income | \$54,679 | \$59,017 | \$56,279 |
| 2021 Average Household Income | \$59,914 | \$64,534 | \$61,439 |
| 2015-2020 Annual Rate | 1.85% | 1.80% | 1.77% |

| Per Capita Income | | | |
|--------------------------|----------|----------|----------|
| 2016 Per Capita Income | \$23,780 | \$24,812 | \$22,804 |
| 2021 Per Capita Income | \$25,973 | \$27,135 | \$24,916 |
| 2015-2020 Annual Rate | 1.78% | 1.81% | 1.79% |

Demographic Summary

| | 1 mile | 3 miles | 5 miles |
|-----------------------------|--------|---------|---------|
| Households | | | |
| 2000 Households | 4,431 | 44,514 | 135,542 |
| 2010 Households | 4,110 | 43,395 | 130,771 |
| 2016 Total Households | 4,192 | 44,494 | 132,265 |
| 2021 Total Households | 4,311 | 45,838 | 135,249 |
| 2000-2010 Annual Rate | -0.75% | -0.25% | -0.36% |
| 2010-2015 Annual Rate | 0.32% | 0.40% | 0.18% |
| 2015-2020 Annual Rate | 0.56% | 0.60% | 0.45% |
| 2016 Average Household Size | 2.32 | 2.38 | 2.47 |

The household count in this area has changed from 4,110 in 2010 to 4,192 in the current year, a change of 0.32% annually. The five-year projection of households is 4,311, a change of 0.56% annually from the current year total. Average household size is currently 2.32, compared to 2.29 in the year 2010. The number of families in the current year is 2,401 in the specified area.

Households by Income

Current median household income is \$41,745 in the area, compared to \$53,217 for all U.S. households. Median household income is projected to be \$46,026 in five years, compared to \$60,683 for all U.S. households

Current average household income is \$54,679 in this area, compared to \$74,699 for all U.S. households. Average household income is projected to be \$59,914 in five years, compared to \$84,910 for all U.S. households

Current per capita income is \$23,780 in the area, compared to the U.S. per capita income of \$28,597. The per capita income is projected to be \$25,973 in five years, compared to \$32,501 for all U.S. households

| | | | |
|------------------------------------|-------|--------|---------|
| Housing | | | |
| 2000 Total Housing Units | 4,597 | 45,579 | 139,774 |
| 2000 Owner Occupied Housing Units | 3,268 | 34,921 | 102,554 |
| 2000 Renter Occupied Housing Units | 1,163 | 9,593 | 32,988 |
| 2000 Vacant Housing Units | 166 | 1,065 | 4,232 |
| 2010 Total Housing Units | 4,462 | 46,352 | 142,404 |
| 2010 Owner Occupied Housing Units | 3,045 | 32,283 | 91,554 |
| 2010 Renter Occupied Housing Units | 1,065 | 11,112 | 39,217 |
| 2010 Vacant Housing Units | 352 | 2,957 | 11,633 |
| 2016 Total Housing Units | 4,525 | 47,809 | 145,735 |
| 2016 Owner Occupied Housing Units | 3,048 | 32,428 | 90,886 |
| 2016 Renter Occupied Housing Units | 1,144 | 12,066 | 41,379 |
| 2016 Vacant Housing Units | 333 | 3,315 | 13,470 |
| 2021 Total Housing Units | 4,593 | 49,282 | 149,508 |
| 2021 Owner Occupied Housing Units | 3,137 | 33,366 | 92,971 |
| 2021 Renter Occupied Housing Units | 1,174 | 12,473 | 42,278 |
| 2021 Vacant Housing Units | 282 | 3,444 | 14,259 |

Currently, 67.4% of the 4,525 housing units in the area are owner occupied; 25.3%, renter occupied; and 7.4% are vacant. Currently, in the U.S., 55.7% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.6% are vacant. In 2010, there were 4,462 housing units in the area - 68.2% owner occupied, 23.9% renter occupied, and 7.9% vacant. The annual rate of change in housing units since 2010 is 0.63%. Median home value in the area is \$106,568, compared to a median home value of \$200,006 for the U.S. In five years, median value is projected to change by 3.57% annually to \$126,982.

Tenant Profile

www.applebees.com

DineEquity: (NYSE: DIN)

Franchisee: TSFR Apple Venture LLC



With more than 2,033 restaurants in 49 states, 15 countries and one U.S. territory, Applebee's is the world's largest casual dining brand. Founded in 1980 in Atlanta, Georgia by Bill and T.J. Palmer, Applebee's has always been dedicated to full service, consistently good food, reasonable prices and quality service in a neighborhood setting. Today, the company is focused on building upon this heritage and maintaining Applebee's brand position at the top of the casual dining industry by becoming more competitive and differentiated in the casual dining segment of the restaurant industry.

DineEquity, Inc. (NYSE: DIN), formerly known as IHOP Corporation, is an American company that both franchises and operates IHOP (International House of Pancakes) and Applebee's restaurants. The company is headquartered in Glendale, California, and was founded in 1976 as IHOP until after it acquired Applebee's when it changed its corporate identity. International, Inc announced on July 16, 2007 that it intended to acquire the bar-and-grill chain Applebee's International, Inc. in an all-cash transaction that was valued at approximately US\$2.1 billion. Under the deal, IHOP paid would pay \$25.50 per share for Applebee's. IHOP stated it would franchise most of Applebee's 500 company-owned stores. In 2015, Applebee's had 2,033 restaurants overall worldwide, all operated by franchisees.

TSFR Apple Venture LLC is part of a family of Michigan-based restaurant companies started in 1981 by the Schostak Family, which owns, operate or has an investment in more than 160 restaurants including fast food, family dining and casual dining and employs more than 4,000 people throughout Michigan. The business is led by Mark Schostak and professional managers Bill Angott and Mike Devlin, all Michigan natives and veterans in the restaurant industry. As part of its operating group, TSFR Apple Venture LLC has an experienced and stable senior management team.



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