


Applebee'sSM
GRILL + BAR

6615 MAIN STREET, GRANGER, IN 46530

Absolute NNN Applebee's

Central Location in Major
South Bend Retail Corridor



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EXECUTIVE SUMMARY

Pegasus Investments Real Estate Advisory Inc., as exclusive sales advisor to Seller, is pleased to present the opportunity to acquire a single tenant 100% absolute triple net leased Applebee's in Granger (South Bend MSA), IN (the "Property"). This Applebee's site is secured with 12 years of lease term remaining after nearly 25 years of successful operating history.

The Property benefits from tremendous visibility at a hard corner, signalized intersection with traffic counts of 34,000 vehicles per day ("VPD") adjacent to the University Crossing Shopping Center, featuring regionally dominant anchor tenants Costco Wholesale and Target. Located at the epicenter of the region's primary retail corridor, the Property is flanked by 1) Heritage Square: an open-air lifestyle shopping center anchored by Martin's Supermarket with boutique tenants Orange Theory Fitness, Trek Bicycle Center, White House Black Market, and Eddie Bauer 2) the Indian Ridge Shopping Centers: anchored by Walmart Supercenter, Sam's Club and Home Depot, and 3) University Park Mall: a 920,000 SF super-regional mall boasting more than 130 specialty shops including the Apple Store, one of only two in the state of Indiana.

In the time of COVID-19, market and tenant sector recoveries are some of the most important factors to consider when investing in a net leased retail asset. Fortunately, market data reflects a fierce recovery by full-service dining restaurants; importantly, Applebee's has seen a 45% increase in spend per panelist since peak COVID-19. The Midwest, in particular, has experienced the greatest recovery in the country for the full-service dining sector, benefitting investors with comfort in the future viability of the Property.



PRICING

PRICE \$2,192,000

CAP RATE 6.75%

NOI \$147,933

INVESTMENT HIGHLIGHTS

ADJACENT TO COSTCO IN MAJOR RETAIL CORRIDOR + 34,000 VPD INTERSECTION

Strategically situated at the hard corner, signalized intersection of University Drive and Main Street, the Property benefits from tremendous visibility to traffic counts exceeding 34,000 VPD. As an outparcel to Menards, the Property is located directly across the street from the University Crossing Shopping Center, anchored by Costco Wholesale and Target, two major consumer drivers. Furthermore, the Property is centrally located at ground zero of the market's dominant retail corridor flanked on all sides by 1) Heritage Square: an open-air lifestyle shopping center anchored by Martin's Supermarket with boutique tenants Orange Theory Fitness, Trek Bicycle Center, White House Black Market, and Eddie Bauer 2) the Indian Ridge Shopping Centers: anchored by Walmart Supercenter, Sam's Club, and Home Depot, and 3) University Park Mall: a 920,000 SF super-regional mall boasting more than 130 specialty shops, including the Apple Store, one of only two in the state of Indiana.

SALES TRENDING POSITIVELY WITH 11% INCREASE YEAR-OVER-YEAR

While management, operation, and location are all important factors in determining a casual dining restaurant's future success, the most critical factor in the restaurant business is which direction the sales are trending. The loyal Applebee's customer base in the South Bend market has provided for continued success and positively trending sales for the past three years, highlighted by a staggering 11% year-over-year increase from 2018 – 2019.



100% ABSOLUTE TRIPLE NET LEASE FOR PASSIVE OWNERSHIP

The Property is offered as one of the most passive forms of direct real estate ownership, allowing investors to experience a truly "hands-off" investment. The absolute triple net lease structure requires the tenant to self-maintain the common area and reimburse the owner for real estate taxes and insurance, creating an extremely passive form of real estate ownership. Additionally, the tenant is responsible for maintaining the roof and structure of the building.

OPERATED BY SECOND-LARGEST APPLEBEE'S FRANCHISEE IN THE USA

RMH Franchise Holdings, Inc. operates this Applebee's location and is the second-largest Applebee's franchisee in the United States, currently operating 130 Applebee's locations across 14 states. The company acquired its first Applebee's location in December 2012 and has been growing its super-regional footprint ever since. In October 2013, RMH acquired an additional 80 locations, securing itself as one of the top Applebee's franchisees. Headquartered in Lincoln, Nebraska, RMH currently employs over 7,000 people and plans future Applebee's acquisitions.





SIGNIFICANT NEW DEVELOPMENTS IN A RAPIDLY GROWING MARKET

Granger, Indiana is a suburb of 30,815 located 20 minutes from the South Bend city center and is one of Indiana's safest places to live. Development in the local market has been at a near all-time high with multiple new developments either recently completed or slated for construction:

- The recently developed **Grandview Complex** directly north of the Property opened its second phase in August 2020, offering 380 apartment units and 36,000 SF of retail, including a three-level restaurant space anchored by Bar Louie.
- The 76-acre **Hills at St. Joe** is set to break ground along Bittersweet Road with 230 new single-family homes and plans to expand to that figure to 500.
- The **Mirador at 23** along SR-23 was announced earlier this year with plans to develop a 25,000 SF retail and business complex to meet the rapidly growing area's needs along the highly trafficked corridor.

FOURTH LARGEST MSA IN INDIANA

The South Bend – Granger MSA is the fourth-largest MSA in Indiana, featuring a population of over 320,000 residents. The MSA is home to multiple universities, including the world-famous Notre Dame University and Indiana State University, which have a combined enrollment of nearly 20,000 students. Granger's top employers include the Beacon Health System and Notre Dame University. The area is home to the corporate headquarters for AM General, Grow Horwath, Tire Rack, and Martin's Super Markets.



FULL-SERVICE DINING SEGMENT REBOUNDING RAPIDLY SINCE PEAK COVID-19

Many casual dining establishments have now bounced back to performance levels pre-COVID-19, per the latest report produced by Sense360 (July 28, 2020). The consumer behavioral intelligence and benchmarking platform aggregates millions of consumer activities to allow one to understand where, how, and why consumers spend their money and time. Per the report, foot traffic to the restaurant market is now on par with foot traffic to all businesses.

Since the peak COVID period, dinner and late-night are the dayparts that have seen the greatest improvement in total foot traffic, with a 28% increase in foot traffic for each daypart, respectively, benefitting the Property for Applebee's busiest operating hours.

Furthermore, the full-service dining market has best recovered in the Midwest since peak COVID with a 42% recovery in spend per panelist. Applebee's has seen a 45% recovery since peak COVID in national spend per panelist based on credit/debit purchases directly with the brand. Lastly, Applebee's has seen additional gains through app-based food delivery services, and according to the data, is back at its normal levels from a year-over-year change.

LEASE SUMMARY

LESSEE NAME: RMH FRANCHISEE CORPORATION
LEASE GUARANTOR: RMH FRANCHISE HOLDINGS, INC.
TYPE OF OWNERSHIP: FEE SIMPLE
LEASE TYPE: NNN
ROOF & STRUCTURE: TENANT RESPONSIBLE
TERM REMAINING: ± 12 YEARS
OPTIONS REMAINING: FOUR, 5-YEAR OPTIONS
LEASE COMMENCEMENT DATE: 11/1/2018
LEASE EXPIRATION DATE: 10/31/2032
RENT INCREASES: 1.5% INCREASES ANNUALLY OR 1.25 TIMES CPI ANNUALLY



ANNUALIZED OPERATING DATA

	MONTHLY RENT	ANNUAL RENT	CAP RATE
CURRENT – 10/31/2021	\$12,327	\$147,933	6.75%
11/1/2021 – 10/31/2022	\$12,512	\$150,152	6.85%
11/1/2021 – 10/31/2023	\$12,700	\$152,404	6.95%
11/1/2023 – 10/31/2024	\$12,890	\$154,690	7.06%
11/1/2024 – 10/31/2025	\$13,084	\$157,011	7.16%
11/1/2025 – 10/31/2026	\$13,280	\$159,366	7.27%
11/1/2026 – 10/31/2027	\$13,479	\$161,756	7.38%

PHYSICAL DESCRIPTION

PROPERTY NAME: APPLEBEE'S (GRANGER, IN)

ADDRESS: 6615 MAIN STREET
GRANGER, IN 46530

APN: 71-04-28-276-005.000-005

GLA: ± 5,396 SF

LOT SIZE: ± 1.54 AC

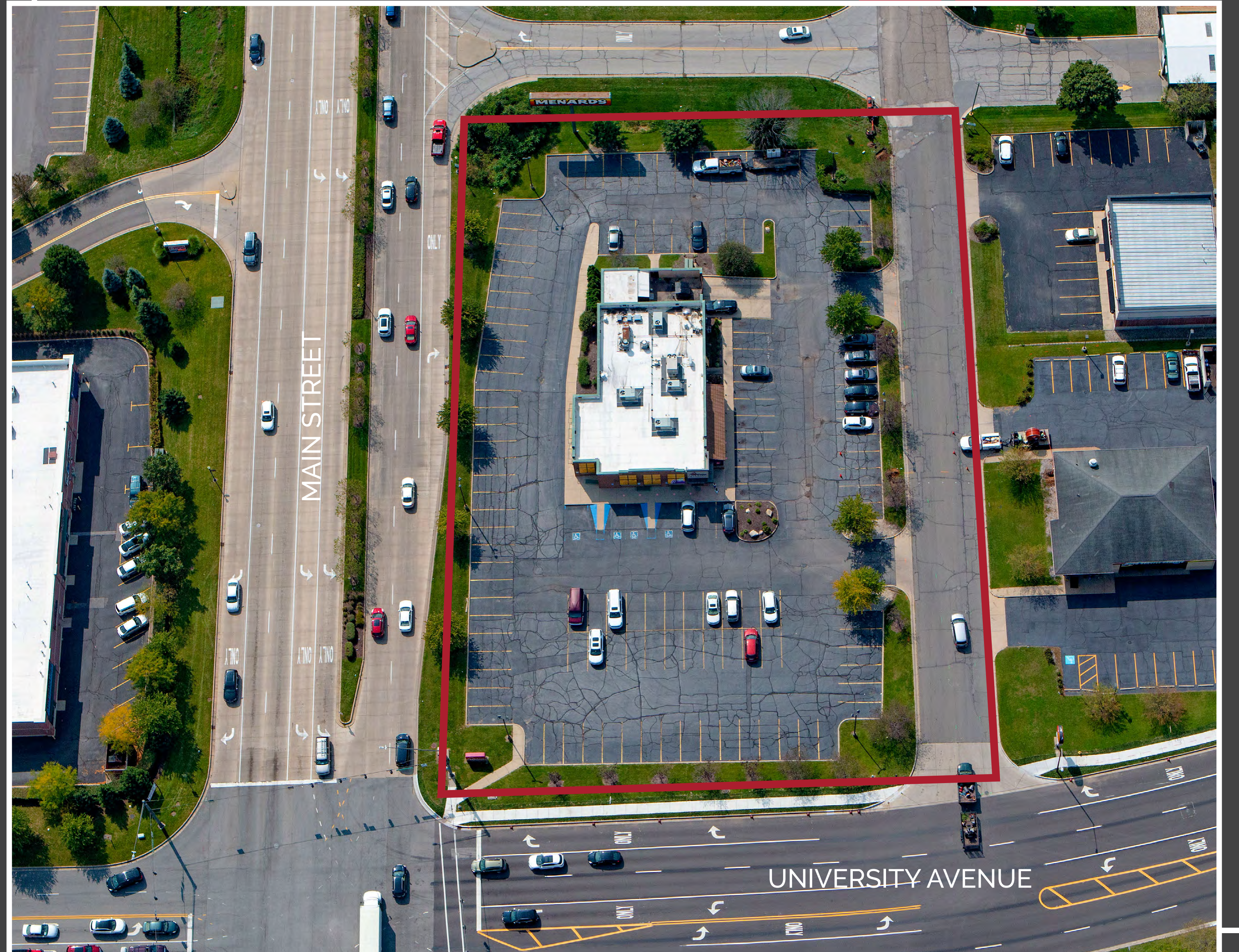
YEAR BUILT / RENOVATED: 1995

NUMBER OF STORIES: 1

NUMBER OF BUILDINGS: 1

PARKING SPACES: ± 131 SURFACE SPACES

PARKING RATIO: 24.28 : 1,000 SF



RMH FRANCHISE



TENANT PROFILE

NAME:	RMH FRANCHISEE CORPORATION
PRIVATE/PUBLIC:	PRIVATE
WEBSITE:	WWW.RMHFRANCHISE.COM
# OF LOCATIONS:	131
# OF EMPLOYEES:	7,000
HEADQUARTERED:	ATLANTA, GA
YEAR FOUNDED:	2012

ABOUT THE TENANT: RMH FRANCHISEE CORPORATION

"At RMH Franchise, we're striving to be a multi-brand restaurant company focused on operational excellence and a thriving team culture. We grow and promote our talent from within, and we live our mission and values of PRIDE every day."

RMH Franchise now operates over 130 restaurants across 14 states with a dynamic and dedicated team working in the front of the house, the back of the house, as trainers and managers, multi-unit operators and in our support centers. RMH Franchise is the 2nd largest Applebee's franchisee and one of the fastest growing casual dining restaurant companies in America. The company is a thriving and respected restaurant company that creates experiences where employees want to be and guests want to go.

TENANT PROFILE

NAME:	RMH FRANCHISEE CORPORATION
PRIVATE/PUBLIC:	PUBLIC: DINE BRANDS (NYSE: DIN)
WEBSITE:	WWW.APPLEBEES.COM
# OF LOCATIONS:	1,787 (2019)
# OF EMPLOYEES:	28,000 (2013)
HEADQUARTERED:	GLENDALE, CA
YEAR FOUNDED:	1980



ABOUT APPLEBEES GRILL + BAR

It all started in 1980 in Atlanta, Georgia. Bill and TJ Palmer opened the restaurant that would later become Applebee's. The company has grown up a lot since then, with almost 2,000 locations in the U.S. and around the world. At Applebee's you will always be welcome – for delicious food, in a neighborhood setting, with attentive service, at a great value.

In 1989, the company went public, opening its 100th restaurant in Nashville, Tennessee. Growing exponentially during the 1990s, the company spread beyond the continental US into Canada, the Caribbean, Germany and the Netherlands. By 1998, the company had grown to 1,000 locations with no end in sight. By the end of the 2000s, the company operated over 1,500 restaurants and in 2008 were acquired by Dine Brands Global, Inc. (NYSE: DIN). Applebee's unveiled a complete revitalization of its brand in 2010, revamping the restaurants with improvements such as remodeled interiors and exteriors with warmer color tones, contemporary designs; features specific to the neighborhood the restaurant serves; service improvements; and new food and drink selections.

Good food, good people. That's what Applebee's believes in. That philosophy lives on in each and every Applebee's restaurant across North America and around the world.

MARKET OVERVIEW

Granger, IN is a census designated place with a population of 30,815 located in St. Joseph County, Indiana. This area is known as the South Bend Region and is located in North Central Indiana, with a population of 272,325 people. The city of South Bend, population 102,028, is the economic and cultural hub of a multi-county, bi-state greater region. South Bend also ranks as the fourth largest city in the state and is home to the iconic University of Notre Dame. The neighboring city of Mishawaka is the second largest retail center in the state of Indiana, and the entire region boasts modest housing costs, more than a dozen institutions of higher learning, easy transportation access and convenient commute times that average 20 minutes. Target industries include IT/data, logistics/warehousing and advanced manufacturing.



DEMOGRAPHICS

2020 EST. POPULATION			2020 EST. HOUSEHOLDS			2020 EST. AVG. HOUSEHOLD INCOME		
1-MILE	3-MILE	5-MILE	1-MILE	3-MILE	5-MILE	1-MILE	3-MILE	5-MILE
5,485	52,004	133,278	2,099	18,960	51,166	\$75,305	\$83,393	\$74,573

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ABOUT PEGASUS INVESTMENTS

Pegasus Investments Real Estate Advisory (“Pegasus Investments”) represents a broad range of clients, from institutional investment firms to developers, high net worth individuals, family trusts and partnerships in connection with the purchase & sale and leasing of high quality investment properties nationwide. Pegasus Investments is one of the foremost leading advisory firms within the single tenant and multi-tenant triple net leased retail property category having completed in excess of \$1.5 billion in volume since 2014.

Pegasus Investments offers a highly differentiated advisory platform given its ability to collaborate within a vertically integrated environment with Pegasus Capital Markets and Pegasus Asset Management to ensure a seamless transaction for all parties involved. The result is highly customized, creative, streamlined execution.

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