



IHOP

4310 E. ROOSEVELT BLVD | PHILADELPHIA, PA
OFFERING MEMORANDUM



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LIC # 01927216 (CA)

BROKER OF RECORD

KYLE MATTHEWS

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INVESTMENT HIGHLIGHTS

- One of the top performing IHOP locations in the system – see broker for details on sales history
- 65+ year operating history at this location and a recently extended lease provide for a safe and secure investment
- ±11.5 years remaining on a corporately guaranteed lease
- Fixed 7.50% rental increases throughout the initial term and option periods
- Healthy 6.50% occupancy ratio and improving year-over-year revenue
- High barriers to entry market, with low vacancy and a great mix of surrounding national retailers such as Walmart, Chick Fil A, PetSmart, Home Depot, McDonald's and Wells Fargo
- Oversized 1.21-acre parcel with great access from both E. Roosevelt Blvd and Adams Avenue
- Excellent visibility to over 56,000 vehicles per day and ideal parcel layout for future redevelopment
- Incredibly dense in-fill location with over 422,000 people within a 3-mile radius and over 870,000 within a 5-mile radius
- Philadelphia is the 6th most populous city in the United States and plays host to over 43.3 million visitors annually

Financial Overview

Investment Summary

» ADDRESS	4310 E. Roosevelt Blvd Philadelphia, PA 19124
» LIST PRICE	\$3,091,000
» NOI	\$170,000
» CAP RATE	5.50%
» GLA	± 6,440 SF
» LOT SIZE	1.21 ACRES (52,670 SF)
» YEAR BUILT	1950
» NUMBER OF STORIES	One
» LANDSCAPING	Professional
» TOPOGRAPHY	Generally Level
» YEAR BUILT/REMODEL	1950; R-2018



Parcel Map



Tenant Summary

Tenant Trade Name	IHOP
Type of Ownership	Fee Simple
Tenant	Corporate
Lease Type	NNN
Roof and Structure	Tenant Responsible
Term Remaining	± 11.5 Years
Lease Expiration Date	6/30/2030
Increases	7.5% Every 5 Years
Options	Four, 5-Year Options

Annualized Operating Data

	Monthly Rent	Annual Rent	Cap Rate
Current-6/30/2020	\$10,583.33	\$127,000.00	4.11%
7/1/2020 ⁽¹⁾ -6/30/2025	\$14,166.67	\$170,000.00	5.50%
7/1/2025-6/30/2030	\$15,229.17	\$182,750.00	5.91%
Option 1	\$16,371.35	\$196,456.25	6.36%
Option 2	\$17,599.21	\$211,190.47	6.83%
Option 3	\$18,919.15	\$227,029.75	7.34%
Option 4	\$20,338.08	\$244,056.99	7.90%

(1) Property is being marketed based on a future rent increase and seller will agree to credit the difference between current rent and the rent increase in 2020, at the close of escrow.

Tenant Overview

» Company Name	» # of Locations	» Headquarters
International House of Pancakes	±1,700	Glendale, CA
	» Year Founded	» Website
	1958	www.ihop.com

Since 1958, IHOP® has been the place where people connect over breakfast, enjoy study breaks, grab a bite before or after sporting events and so much more. The IHOP family restaurant chain continues to serve their world-famous pancakes and a wide variety of breakfast, lunch and dinner items that are loved by people of all ages. The casual dining restaurant offers pancakes, omelets, French toasts and waffles, crepes, burgers, sandwiches, soups, salads, hash brown stacks, desserts and beverages. International House of Pancakes, LLC also provides a line of syrups through retail stores, mass merchandisers and grocery outlets in the United States. Offering an affordable, everyday dining experience with warm and friendly service, IHOP restaurants are franchised and operated by Glendale, California-based International House of Pancakes, LLC, a wholly-owned subsidiary of DineEquity, Inc., and its affiliates. DineEquity, Inc. is one of the largest full-service restaurant companies in the world with more than 400 franchisee partners.

STRATEGY

As the leader in Family Dining, IHOP's 99%-franchised system delivers strong free cash flow results that have been the hallmark of the brand's financial performance for more than half a century. IHOP relies primarily on discounted value pricing and limited-time offers, such as its Free Pancake Giveaway, to drive traffic to its restaurants. The company operates in four segments: franchise operations, company restaurant operations, rental operations, and financing operations. With mostly franchised locations, the IHOP chain includes a dozen corporate-run locations used mostly for testing and training.

Focused on providing strategic, visionary leadership for their franchisees, DineEquity successfully brought Applebee's and IHOP together in 2007 to revitalize the brands. The company's dedicated focus combined with an expertise in brand revitalization and franchising have been the basis of their financial success in recent years.





Surrounding Retail



Area Overview



PHILADELPHIA, PA

Philadelphia is the largest city in Pennsylvania, and the sixth-most populous U.S. city, with a 2017 census-estimated population of 1,580,863. Since 1854, the city has been coterminous with Philadelphia County, the most populous county in Pennsylvania and the urban core of the eighth-largest U.S. metropolitan statistical area, with over 6 million residents as of 2017. Philadelphia is also the economic and cultural anchor of the greater Delaware Valley, located along the lower Delaware and Schuylkill Rivers, within the Northeast megalopolis. The Delaware Valley's population of 7.2 million ranks it as the eighth-largest combined statistical area in the United States.

"The City of Brotherly Love," from the literal meaning of the city's name in Greek, is a commercial, educational, and cultural center. It was a centerpiece of early American history, and is home to many national historical sites that relate to the founding of the U.S. Independence National Historical Park is the center of these historical landmarks including, Independence Hall, and the Liberty Bell. The city contains three major research universities: the University of Pennsylvania, Drexel University, and Temple University. The city contains many historic and cultural museums, such as the Pennsylvania Academy of the Fine Arts and the Rodin Museum, which holds the largest collection of work by Auguste Rodin outside of France. The city's major art museum, the Philadelphia Museum of Art, is one of the largest art museums in the country.

Demographics

POPULATION	1-MILE	3-MILE	5-MILE
2024 Projection	41,281	424,224	883,028
2019 Estimate	41,354	422,256	873,930
2010 Census	43,244	427,313	857,242
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2024 Projection	12,985	144,820	323,626
2019 Estimate	13,029	144,352	320,497
2010 Census	13,722	147,068	315,339
INCOME	1-MILE	3-MILE	5-MILE
2018 Average Household Income	\$47,726	\$48,661	\$54,926

CITY OF FIRSTS

Philadelphia is the birthplace of the United States Marine Corps, and is also the home of many U.S. firsts:

- » The Library Company of Philadelphia (1731)
- » Pennsylvania Hospital (1751)
- » University of Pennsylvania School of Medicine (1765)
- » Very First US National Capital (1774)
- » Board of Brokers (stock exchange) (1790)
- » The Wharton School of the University of Pennsylvania (1881)

Philadelphia contains 67 National Historic Landmarks and the World Heritage Site of Independence Hall. The city became a member of the Organization of World Heritage Cities in 2015, as the first World Heritage City in the United States. Although Philadelphia is rapidly undergoing gentrification, the city actively maintains mitigation strategies to minimize displacement of homeowners in gentrifying neighborhoods.

EDUCATIONAL AND ECONOMIC HUB

The Philadelphia area's many universities and colleges make it a top study destination, as the city has evolved into an educational and economic hub. According to the Bureau of Economic Analysis, the Philadelphia area had a gross domestic product of US\$431 billion in 2016, the eighth-largest metropolitan economy in the United States. Philadelphia is the center of economic activity in Pennsylvania and is home to five Fortune 1000 companies. The Philadelphia skyline is expanding, with a market of almost 81,900 commercial properties in 2016, including several nationally prominent skyscrapers. Philadelphia has more outdoor sculptures and murals than any other American city. Fairmount Park, when combined with the adjacent Wissahickon Valley Park in the same watershed, is one of the largest contiguous urban park areas in the United States.

2017 TOURISM

Tourism and hospitality are one of the largest industries in the region and important to the vitality of Greater Philadelphia. The growth of the industry depends on all types of visitors — leisure, business, and convention — traveling to Philadelphia. In 2017, this industry generated more than \$11.5 billion in economic impact in the region. The money visitors spend supports local businesses, creates jobs and generates taxes, helping to build quality of life in Philadelphia.



VISITOR VOLUME

43.3 million people from the U.S. visited Greater Philadelphia

VISITOR SPENDING

\$7.1 billion was the amount visitors spent in Greater Philadelphia

ECONOMIC IMPACT

\$11.5 billion

THAT EQUATES TO
\$31.5 million every day

JOB CREATOR

98,300 jobs



Confidentiality Agreement and Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of **IHOP** located at **4310 E. Roosevelt Blvd, Philadelphia, PA** (“Property”). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

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1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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